

ANNUAL REPORT

2019–20



Food
Authority

More resources at foodauthority.nsw.gov.au



[nswfoodauthority](https://www.facebook.com/nswfoodauthority)



[nswfoodauth](https://twitter.com/nswfoodauth)

CONTENTS

ABOUT US	5
Our Minister	6
Letter of submission	8
Our charter	9
Management and structure	10
Our contribution to food safety	11
PERFORMANCE	13
Highlight summary	14
Meat	16
Eggs	19
Shellfish	22
Seafood	26
Dairy	28
Vulnerable persons	30
Plant	32
Retail	34
Manufacturing and wholesale businesses	42
Compliance and enforcement	43
Working with our customers and stakeholders	48
Legislative changes and reduced regulatory burden	52
Participation in the national agenda	54
STATUTORY REPORTING	57
Human resources	58
Workforce diversity	58
Work health and safety	59
Privacy management	59
Multicultural policies and services program	60
Consumer response	61
Other statutory requirements	62
Payment of accounts	67
FINANCIAL INFORMATION 2019–2020	69
Index	96

Annual Report 2019–20 © NSW Food Authority 2020.

All rights reserved. Except as provided in the Copyright Act 1968 (Commonwealth), no use of this work, which is within the exclusive right of the copyright owner, may be made. Copies of this report can be downloaded from the NSW Food Authority website: foodauthority.nsw.gov.au

ABOUT US



Our Minister



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

This is the consistent message of confidence and certainty the NSW Food Authority has proudly promoted and achieved for 16 years. Never has it been more important than during these recent extraordinary times.

It is fair to say that the 2019-20 Financial Year has been one like no other. Coronavirus (COVID-19) brought with it challenges that people, communities, industry and Government could never have anticipated.

One of those challenges was assuring the public that the state's food and production supply was safe, particularly in an environment with rapidly changing dynamics and an abundance of unhelpful information.

As the COVID-19 situation evolved - and continues to do so, so does the NSW Food Authority.

In addition to maintaining its core business functions, the NSW Food Authority increased its role and responsibility as part of the NSW Government's efforts to mitigate the challenges and impacts of COVID-19.

As part of these efforts the NSW Food Authority:

- continues to work closely with other state, national and international agencies to provide the most up to date information during COVID-19
- has developed free, voluntary online training in partnership with NSW Health. The 20 minute COVID-19 awareness for food service course is designed for the food retail and service sector but is available to everyone in order to widely educate and inform

In addition to maintaining its core business functions, the NSW Food Authority increased its role and responsibility as part of the NSW Government's efforts to mitigate the challenges and impacts of COVID-19.

- Regulatory Officers are now authorised under the Public Health Act 2010 to check for COVID-19 compliance at retail food service businesses, and at licensed facilities that are required to complete and register a COVID-19 Safety Plan.

These additional responsibilities during the COVID-19 response sit alongside the NSW Food Authority's key roles of reducing foodborne illness, maintaining an agile food regulatory system, enhancing technology systems and supporting - through clear information efforts - the reduction of chronic diet related health issues.

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

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

I acknowledge and thank the staff and management at the NSW Food Authority for their continued dedication and professionalism in consistently achieving such admirable results, even in the face of such unprecedented challenges.

I invite you to read the NSW Food Authority's 2019–20 Annual Report to learn more about the positive outcomes the agency continues to deliver as it works to ensure food produced, manufactured and sold in NSW is monitored and safe at each step of the way.



The Hon. Adam Marshall MP
Minister for Agriculture
Minister for Western New South Wales

Letter of submission



16 October 2020

The Hon. Adam Marshall MP
Minister for Agriculture and Western NSW
Level 19, 52 Martin Place
Sydney NSW 2000

Dear Minister

I am pleased to submit the Annual Report and the financial statements of the NSW Food Authority for the year ended 30 June 2020.

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

Yours sincerely

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

Dr Lisa Szabo
Chief Executive Officer
NSW Food Authority

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

Our charter

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

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

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

Our objectives

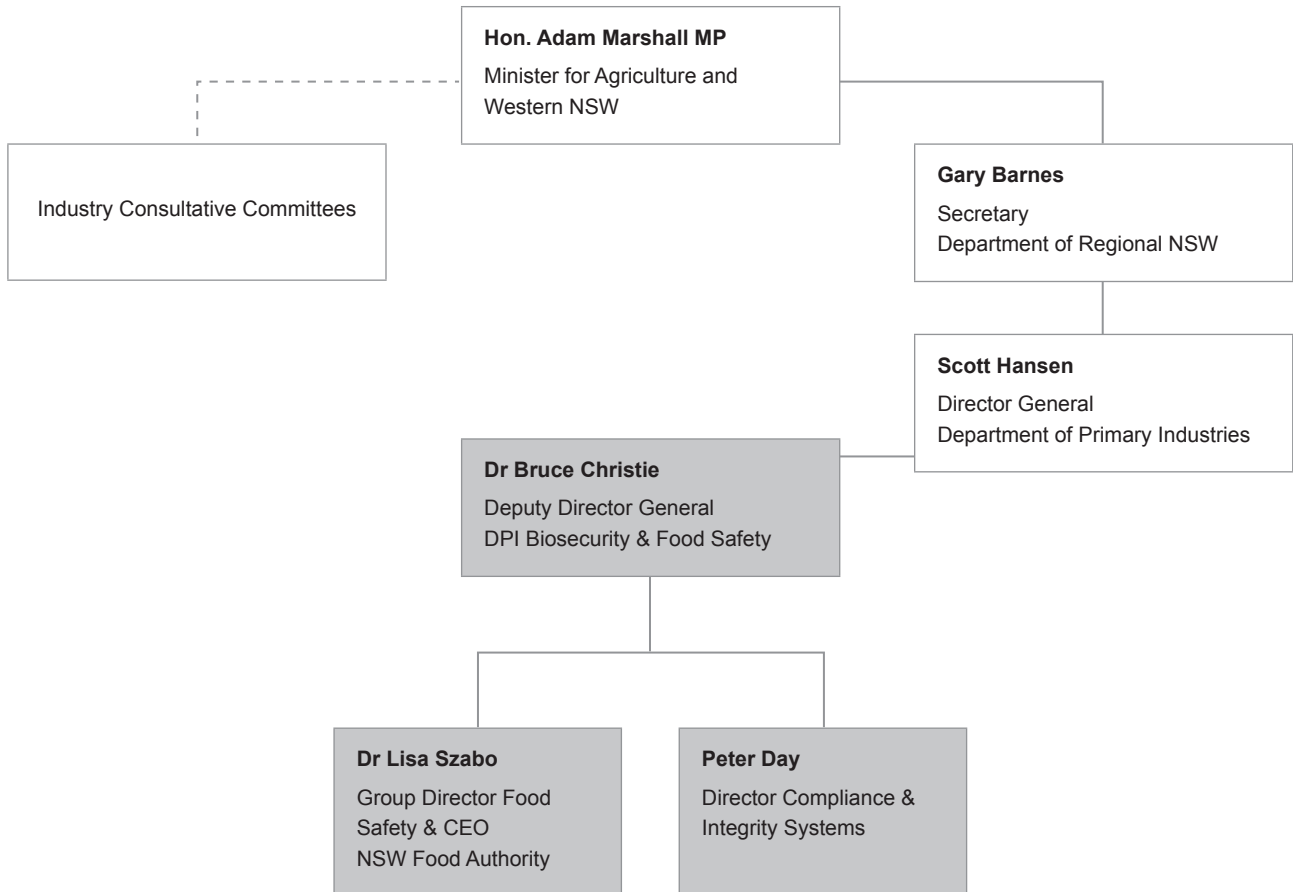
The NSW Food Authority has a coordinated and consistent approach to ensuring the people of NSW are safe and protected from risks to their health from food poisoning.

We work to protect NSW consumers by:

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

Management and structure

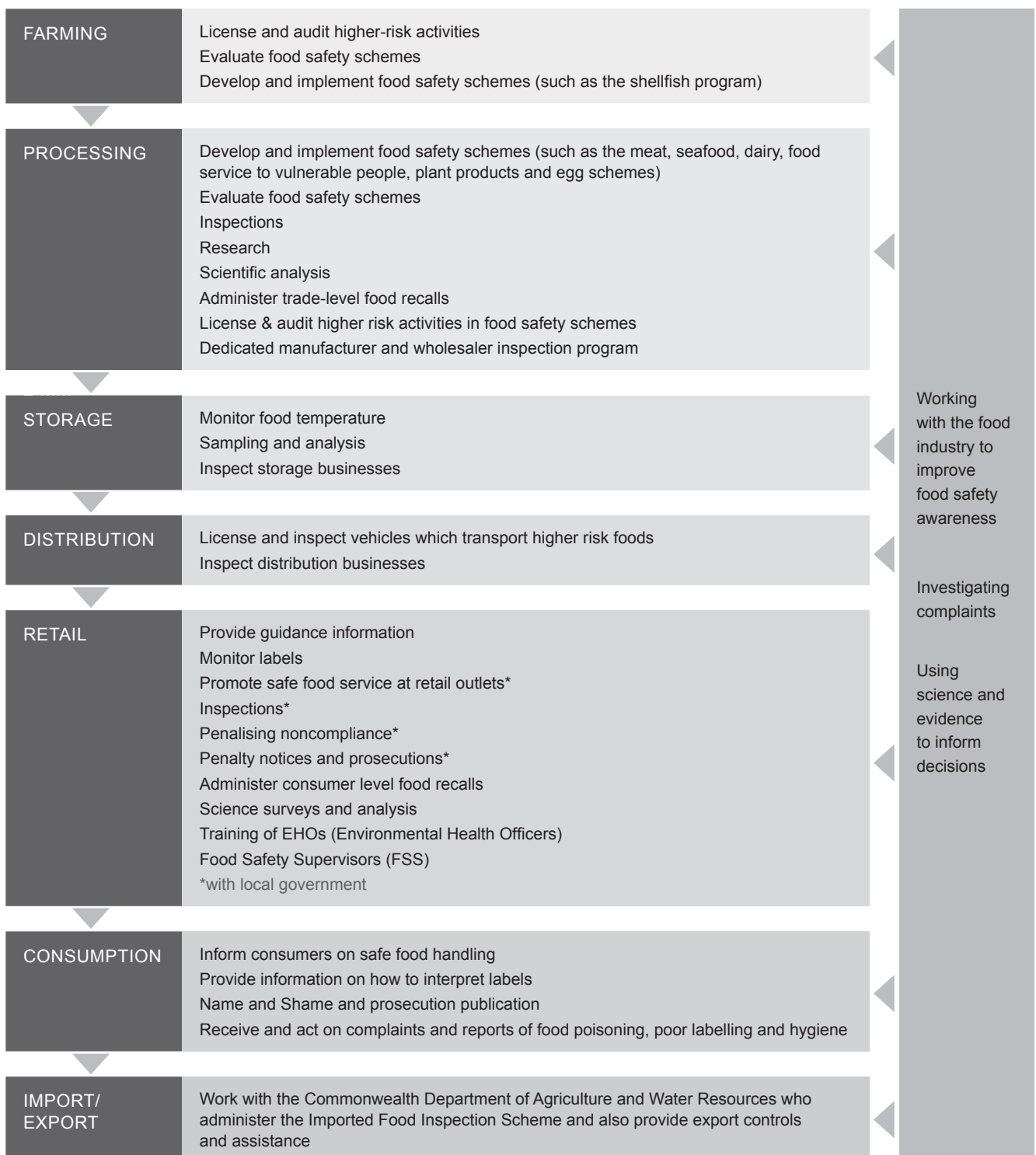
DPI Biosecurity & Food Safety Management Structure as at 30 June 2020



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

Our contribution to food safety

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



This page has been intentionally left blank

PERFORMANCE



Highlight summary

In a year where so many people, communities and businesses in NSW were adversely impacted by drought, bushfires, floods and the COVID-19 pandemic, confidence and certainty in the State's food safety continued to be delivered.

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

Highlights:

The NSW Food Authority has:

Reduced foodborne illness by:

- Partnering with local government
 - developed and facilitated professional development sessions on 'Assessing compliance with the 2/4 hour rule', 'Foodborne illness investigations' and 'Basic Food Microbiology'.
 - developed and facilitated a new professional development opportunity and training session on 'Allergen management in the retail sector'.
- Working with industry
 - Taken a consultative approach with egg, dairy, meat, plants, vulnerable persons, retail, seafood and shellfish industries as part of our regulatory responsibilities and charter to inform and develop an ongoing food safety culture.
- Growing the evidence base
 - Undertook NSW consumer food safety behavioural research to understand the current food safety knowledge, attitudes and behaviours of consumers in the home which present an increased risk of foodborne illness. A campaign will be developed to address these findings.
 - Contributed to the development of a draft national *Salmonella* Enteritidis response plan.

- Participation in a program of work to provide estimates of foodborne disease linked to horticultural products from different pathogens.
- Provided confidence to the community that there is no evidence of COVID-19 foodborne transmission.
- Engaging with educators
 - launched a new Food Safety Supervisor (FSS) COVID-19 Hygiene module.
 - partnered with industry and the University of Newcastle to undertake a study of the clearance rate of PAHs from Sydney Rock Oysters under normal cultivation practices.

Enhanced technology systems through:

- Improving the use of digital technology
 - Led the rapid development of new web-based resources to support the NSW Government response to COVID-19, including website pages for consumers and food businesses, and digital inspection forms for local government and food safety officers.
 - Provided technical and operational support for an oyster industry project that deployed remote sensing technology in 10 harvest areas.
- Development of online training tools
 - Developed and launched *COVID-19 awareness for food service* – a free, voluntary online course to support the NSW retail food service sector be COVID Safe, and customers to understand what to expect when they dine out
 - Converted the annual Authorised Officer (Local Government) Food Surveillance training to online delivery.

Maintained an agile food regulatory system via:

- Assisting industries:
 - developed and launched in domestic abattoirs an alternative techniques national guideline for the post-mortem inspection and carcass disposition judgements.

Reduced chronic diet related health issues by assisting in:

- Reviewing the Health Star Rating System
 - through representation on the national Health Star Rating Advisory Committee, participated in the five-year review of the system which saw Ministers agree to its continuation as a voluntary system for a further five years with enhancements incorporated.
- Evolved kJ menu labelling
 - Reviewed and contributed to several draft Regulatory Impact Statements for a national standard for kJ menu board labelling.

Meat

The NSW Food Authority licenses businesses across the supply chain in the meat sector.

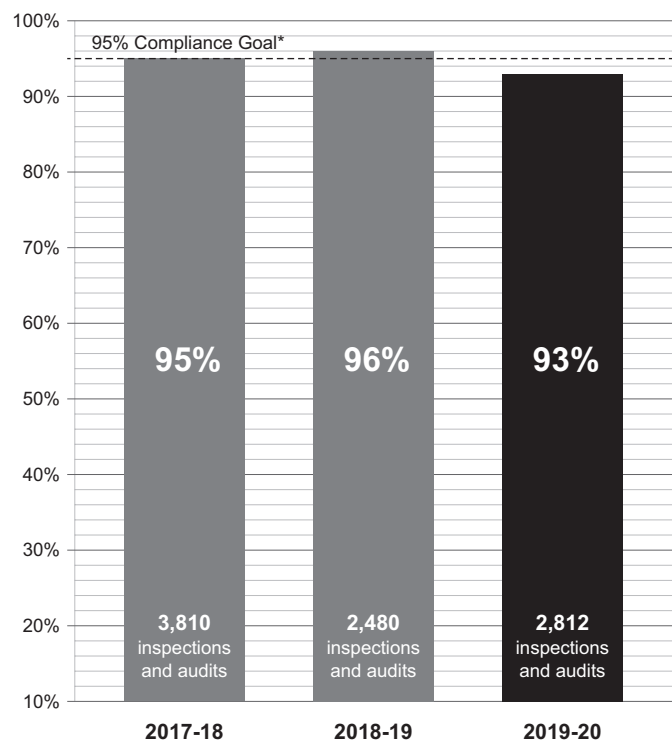
This includes:

- 29 poultry and rabbit abattoirs
- 30 red meat abattoirs
- 410 meat processing plants
- 350 poultry primary production premises
- 1,489 retail meat premises
- 642 game meat harvest vehicles and 110 field depots.

Of the 7,759 food transport vehicles licensed with the NSW Food Authority, approximately 5,800 are authorised to transport meat products.

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 93%, slightly below the average over the past three years.

Meat sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Assisting Meat Processors with managing COVID-19

Following advice that the meat processing environment was identified as high risk for the transmission of COVID-19, and discussions with the meat industry, as part of the NSW Department of Primary Industries (NSW DPI), the NSW Food Authority worked with SafeWork NSW and NSW Health to develop resources to support food processing and manufacturing businesses manage the risk of COVID-19.

These resources were developed to help keep workers, visitors and customers safe and include the *Animal Welfare and Business Continuity Self-Assessment Checklist* and a *Workplace Health Management Plan Template*. Both resources are accessible on the NSW Food Authority website.

Traceability in domestic abattoirs

Traceability practices within domestic abattoirs were enhanced during 2019-20 with all food safety audits expanded to include verification compliance activities related to the National Livestock Identification Systems (NLIS). This now means that at every food safety audit, records relating to livestock traceability are routinely monitored to ensure through chain traceability can be validated and corrective action taken if NLIS information is not adequately maintained.

As part of the NSW DPI, the NSW Food Authority further partnered with Local Land Services (LLS) at key points within the supply chain for sheep, cattle, pigs and goats to identify facilities that demonstrated non-compliance against their NLIS obligations.

This enabled targeted compliance and enforcement action to be taken against these poor performing businesses and corrective action to be taken.

African Swine Fever preparedness

African swine fever (ASF) is a contagious viral disease of domestic and feral pigs. The disease has established itself in Asia and parts of Europe, and most recently was detected in Papua New Guinea which has further heightened the risk of the exotic disease impacting Australia's pork industry.

While ASF is not a danger to human health or food safety, the management of food waste plays a vital role in protecting our pigs. Feeding, or allowing either domestic or feral pigs access to meat or meat products, or food that contains meat or that has been in contact with meat (known as 'swill'), has been directly linked to outbreaks of ASF, foot-and-mouth disease (FMD) and other devastating livestock diseases overseas. Through its communication channels and industry consultative committees, the NSW Food Authority assisted in raising community and industry awareness on the responsible disposal of waste and other high-risk practices to avoid.

NSW DPI has been actively preparing for cases of ASF in the event it reaches NSW. To that end, a webinar was held with all compliance officers, including those delivering for the NSW Food Authority, to assist in them being able to detect and know the signs of pigs that may be carrying ASF.

Biosecurity Management Plans

On 1 August 2019, the Biosecurity Amendment (Biosecurity Management Plans) Regulation 2019 introduced a new mandatory measure requiring persons to comply with biosecurity management plans when entering facilities/ areas where the plans apply. The objective of the measure is to prevent, eliminate and minimise the risks of biosecurity impacts posed by persons entering intensive or extensive agricultural or horticultural industries conducting commercial or educational activities with heavy fines for offenders. This also can deliver benefits for managing food safety hazards.

In order for the Regulation to apply, businesses must display signage at all entrances to the management areas. As such, signs were provided to producers and we also made available for download.

As part of NSW DPI, the NSW Food Authority assisted its licensed abattoirs and knackereries implement Biosecurity Management Plans (BMP). A BMP template specific for these facilities that covered baseline biosecurity activities was developed, piloted and implemented. The BMP also incorporated Emergency Animal Disease preparedness and was designed to complement existing food safety and animal welfare controls in place. This project is continuing into 2020-21.

Meat Industry Consultative Council

The Meat Industry Consultative Council (MICC) meets every six months or so and provides feedback to the NSW Food Authority and the Minister for Agriculture and Western NSW on industry issues, including:

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

The MICC membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the red meat and poultry meat sectors. The Australian Chicken Meat Federation was instrumental in developing COVID-19 workplace guidance, which was readily shared with other industries and the NSW Food Authority so all could prepare, and food supply continue.

Consultative Council representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Australian Meat Industry Council

Australian Meat Industry Council (red meat processors)

Australian Pork Limited

NSW Farmers Association (livestock producers)

NSW Farmers Association (poultry meat producers)

Australian Chicken Meat Federation (poultry meat industry)

Pepe's Ducks Limited (duck meat industry)

Baiada Poultry Pty Ltd (poultry meat industry processors)

Inghams Enterprises Pty Ltd (poultry meat industry processors)

NSW Department of Primary Industries

Eggs

The NSW Food Authority licenses businesses across the supply chain in this sector.

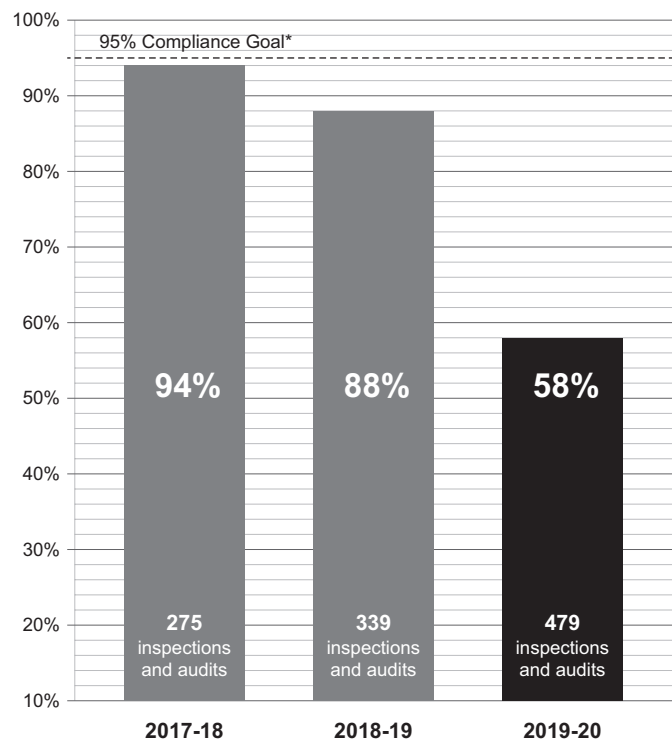
This includes:

- 11 egg processors
- 280 egg producers and cold food stores.

Of the 7,759 food transport vehicles licensed with the NSW Food Authority, approximately 2,700 are authorised to transport egg products.

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 58%. This low compliance was as a result of increased regulatory controls placed on industry due to the introduction of the Biosecurity (*Salmonella* Enteritidis) Control Order.

Egg sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Ongoing response to *Salmonella* Enteritidis (SE)

As in 2018-19, the NSW Food Authority as part of NSW DPI (supported by Local Land Services and industry) was almost exclusively focused on responding to, managing and controlling *Salmonella* Enteritidis (SE) within the egg sector.

In order to manage the risk of SE to consumers, complementary legislation was used through the issuing of a Biosecurity (*Salmonella* Enteritidis) Control Order (the Control Order) that came into effect on 1 August 2019 following reports of a number of cases of human illness linked to *Salmonella* Enteritidis (SE) in egg production. The objective of the Control Order was to prevent, eliminate, minimise and manage the biosecurity risk posed or likely to be posed by the spread of *Salmonella* Enteritidis within NSW.

The disease was detected in NSW poultry for the first time in September 2018 when cases of human illness were linked to locally consumed food.

SE is a bacterial disease that can pass through eggs and can make people sick with gastroenteritis.

To assist with the implementation of the Control Order, the NSW DPI developed and implemented the SE Egg Management Program which outlines all biosecurity and food safety controls that must be implemented to comply with the Control Order. The Program included existing food safety programs requirements, as well as new hygiene and biosecurity practices that are required in response to SE. The Control Order was amended on 30 June 2020 to introduce mandatory SE testing* requirements from 1 July 2020.

During the 2019-20 financial year, staff authorised under the *Biosecurity Act 2015* and the *Food Act*

2003 inspected NSW Food Authority licensed egg production and processing facilities to determine baseline compliance with the Control Order. At the conclusion of the inspection, each licensed facility was issued with a Biosecurity Direction outlining the areas of the Control Order and any additional requirements that required corrective action. Follow-up inspections are scheduled six months after the initial inspection to check if the licensed premises have complied with requirements outlined in the Control Order and food safety provisions.

The NSW Food Authority continues to work with other agencies and the egg and poultry industries in the ongoing management of SE.

* See Food Testing and Surveys for more detail.

Small egg farm survey

Small egg farms are those that produce no more than 20 dozen (240) eggs for sale in any week. Small egg farms are not required to hold a NSW Food Authority licence to operate, but are required to notify the NSW Food Authority of their business details and food activities.

In May 2020 the NSW Food Authority delivered a short survey to small egg farms who had previously notified that they own layer hens and produce eggs for sale, asking them to confirm contact details and business activities to ensure they continue to have access to support resources.

National Foodborne Illness Reduction Strategy 2018-2021

Despite the ongoing challenges of the detection of *Salmonella* Enteritidis in local flocks for the first time in NSW and associated illnesses with that particular strain, the trend towards a general decrease in salmonellosis outbreaks linked to raw egg foods in NSW continued during the 2019-20 period.

Data provided by NSW Health from January 2014 to July 2018 show that NSW has already achieved its 30% reduction target in foodborne salmonellosis as set out in the NSW Food Safety Strategy 2015-2021.

Egg Industry Consultative Committee

The Egg Industry Consultative Committee (EICC) meets every six months or so and provides feedback to the NSW Food Authority and the Minister for Agriculture and Western NSW on issues relating to egg industries, including:

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

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Australian Eggs

NSW Farmers Association Egg Farmers Australia

Pace Farm (representing large egg processors)

Pirovic Enterprises (representing large egg producers)

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

NSW Department of Primary Industries

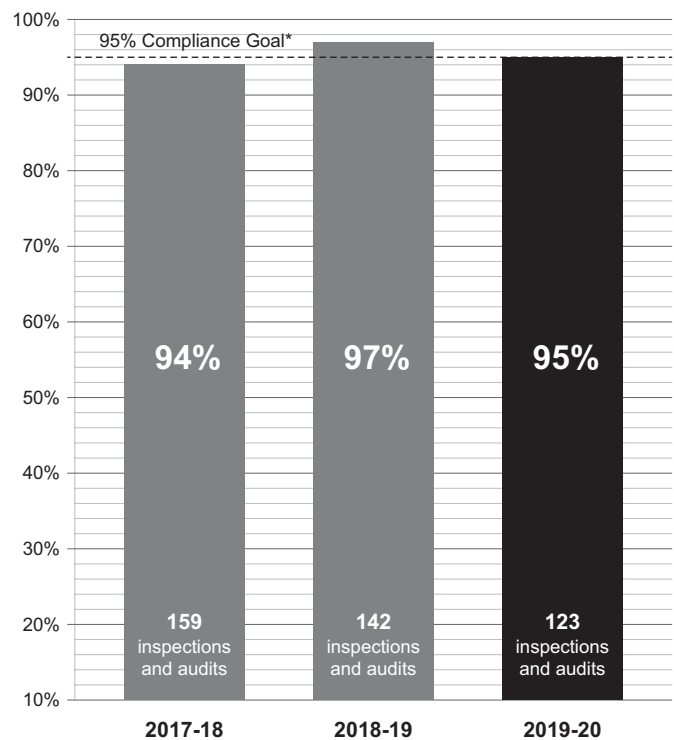
Shellfish

The NSW Food Authority licenses 283 businesses in this sector.

This includes 243 oyster farmers, 2 mussel farmers and 38 shellfish wild harvest businesses.

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 95%.

Shellfish sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Maintaining access to key export markets

The NSW Food Authority was successful in maintaining export market listing for export approved NSW shellfish harvest areas. In addition, two new NSW shellfish harvest areas achieved export listing during 2019-20 bringing the total number to 31. NSW has the highest number of export listed shellfish harvest areas in Australia, providing our shellfish industry with the opportunity to access valuable export markets.

Following the market impacts caused by COVID-19 restrictions, the NSW Food Authority provided technical assistance for the development of plans to reposition the industry to access export markets, and to implement marketing and supply chain development to promote the consumption of oysters at home. The NSW Food Authority assisted industry to navigate tough trading conditions by providing advice on the food safety requirements for direct customer sales and home delivery.

As part of NSW DPI, the NSW Food Authority is working closely with the DPI's International Engagement team and NSW Treasury's International Trade unit to grow the export presence of the industry. This involves facilitating market access, business matching and web-based industry promotion events. This work commenced in 2019-20 and will continue into the 2020-21 financial year.

The shellfish industry also endured the impacts of bushfires and floods during 2019-20. Stock mortality occurred and is still ongoing in several estuaries.

The NSW Food Authority funded increased monitoring for harmful algal blooms, mitigating the food safety risks posed by fireground runoff and flooding.

Polycyclic Aromatic Hydrocarbon Clearance Study – Sydney Rock Oysters

As part of NSW DPI, the NSW Food Authority partnered with the oyster industry, DPI Fisheries Research and the University of Newcastle to undertake a study on the clearance rate of Polycyclic Aromatic Hydrocarbon (PAH) from Sydney Rock Oysters (SRO) under normal cultivation practices. The study was the first to assess the rate of depuration of PAHs from SRO and will contribute to the development of science-based advice for industry. Two peer reviewed papers were published from this research.

The results of this research contribute to evidence-based policy development to manage environmental risks associated with PAHs in oyster production areas. This work will contribute to the future development of the oyster industry on a sustainable basis.

National shellfish safety workshop

The NSW Food Authority was a proud supporter of the Australian Shellfish Quality Assurance Advisory Committee (ASQAAC) Symposium and AGM held in Perth on 18-19 September 2019.

The conference was hosted by the Western Australian government and is recognised as Australia's premier industry conference on research in seafood safety with internationally respected experts in microbial, viral, algal and biotoxin fields, including speakers from the NSW Food Authority. The NSW Food Authority currently holds the ASQAAC Chair.

A key theme of the conference was the promotion of a nationally consistent approach to bivalve shellfish safety. The NSW Food Authority provided technical advice to states such as Western Australia and Northern Territory to implement food safety systems that support their rapidly expanding shellfish production. This ensures that the national shellfish industry is able to maintain a consistent approach to food safety, supporting Australia's reputation as a supplier of safe food.

Food Agility CRC Project

The NSW Food Authority provided technical and operational support to the oyster industry Food Agility CRC project to increase the number of days that shellfish can be harvested by improving environmental monitoring of harvest areas. The Australian Government Department of Industry, Science, Energy and Resources' as part of its 30-year celebration of the CRC program concept, called this project out as an exemplar CRC project involving collaboration between researchers, technologists, food safety regulators and farmers and a great showcase for agile design led innovation in Australia.

The NSW Food Authority has successfully implemented salinity only management plans for two shellfish harvest areas in NSW. Using this technology has demonstrated that these areas can reduce total closure days by an average of three weeks per year. The NSW Food Authority is working with industry on expanding the use of this technology to additional harvest areas.

The environmental data collected will contribute directly to improving the understanding of the impacts of poor environmental management and the downstream impact on industry sustainability and profitability. In particular, the impacts from the recent bushfires and subsequent runoff has highlighted a need for improved understanding and management of systemic risks to improve industry resilience.

Oyster Industry Clean up Week

Farmers from twenty shellfish farming estuaries in NSW were part of the national Oyster Industry Clean Up Week, held in the week commencing 17 February 2020.

The national initiative is designed to clean up estuaries of oyster farming materials that have escaped lease areas as well as general rubbish in the waterway in order to improve the local community's amenity. Nationally 154 oyster farmers took part in the clean up removing 11 tonnes of rubbish from waterways.

Published Papers

The NSW Food Authority contributed to seven published papers during the 2019-20 period. These papers share information on topical issues important to the industry.

- Ajani, P., Larsson, M., Woodcock, S., Rubio, A., Farrell, H., Brett, S., Murray, S. (2020). Fifteen years of *Pseudo-nitzschia* in an Australian estuary, including the first potentially toxic *P.delicatissima* bloom in the southern hemisphere. *Estuarine, Coastal and Shelf Science*. Vol 236 106651. <https://doi.org/10.1016/j.ecss.2020.106651>
- Barua, A.; Ajani, P.A.; Ruvindy, R.; Farrell, H.; Zammit, A.; Brett, S.; Hill, D.; Sarowar, C.; Hoppenrath, M.; Murray, S.A. First Detection of Paralytic Shellfish Toxins from *Alexandrium pacificum* above the Regulatory Limit in Blue Mussels (*Mytilus galloprovincialis*) in New South Wales, Australia. *Microorganisms* 2020, 8, 905.
- Chapman, I.J., Franklin, D.J., Turner, A.D., McCarthy, E.J. and Esteban, G.F., 2019. *Predator-prey interactions between the ciliate *Blepharisma americanum* and toxic (*Microcystis* spp.) and non-toxic (*Chlorella vulgaris*, *Microcystis* sp.) photosynthetic microbes*. *Aquatic Microbial Ecology*, 83(3), pp.211-224.

- Farrell, H., Ajani, P., Murray, S., Baker, P., Webster, G., Brett, S., Zammit, A., Barua, A., Hill, D. (2020) Time series of harmful algal blooms in New South Wales. In Richardson A.J, Eriksen R, Moltmann, T, Hodgson-Johnston I, Wallis, J.R. (Eds). State and Trends of Australia's Ocean Report. doi: 10.26198/5e16acea49e84.
- Franklin, D.J., Herbert, R.J., Chapman, I., Willcocks, A., Humphreys, J. and Purdie, D.A., 2020. *Consequences of nitrate enrichment in a temperate estuarine marine protected area; response of the microbial primary producers and consequences for management*. In Marine Protected Areas (pp. 685-702). Elsevier.
- Oluyoye Idowu, T.K.A. Tran., Grant Webster, Ian Chapman, Phil Baker, Hazel Farrel, Anthony Zammit, Kirk T. Semple, Phil Hansbro, Wayne O'Connor, Palanisami Thavamani., Quantitative biomonitoring of polycyclic aromatic compounds (PACs) using the Sydney rock oyster (*Saccostrea glomerata*), Science of the Total Environment (2020), <https://doi.org/10.1016/j.>
- Oluyoye Idowu, T.K.A. Tran., Phil Baker, Hazel Farrel, Anthony Zammit, Kirk T. Semple, Wayne O'Connor, Palanisami Thavamani., Bioavailability of polycyclic aromatic compounds (PACs) to the Sydney rock oyster (*Saccostrea glomerata*) from sediment matrices of an economically important Australian estuary Sci. Total Environ. 2020. <https://doi.org/10.1016/j.scitotenv.2020.139574>

NSW Shellfish Committee

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

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

Consultative Committee representation:

Chair: Associate Professor Shauna Murray, University of Technology Sydney (independent technical representative)

NSW Food Authority

NSW DPI Biosecurity & Food Safety

NSW DPI Fisheries

NSW DPI Aquatic Biosecurity

Industry – Aquaculture

Industry – Wild Harvest

NSW Farmers

NSW Oyster Extension Officer & Oyster Australia Chair

Seafood

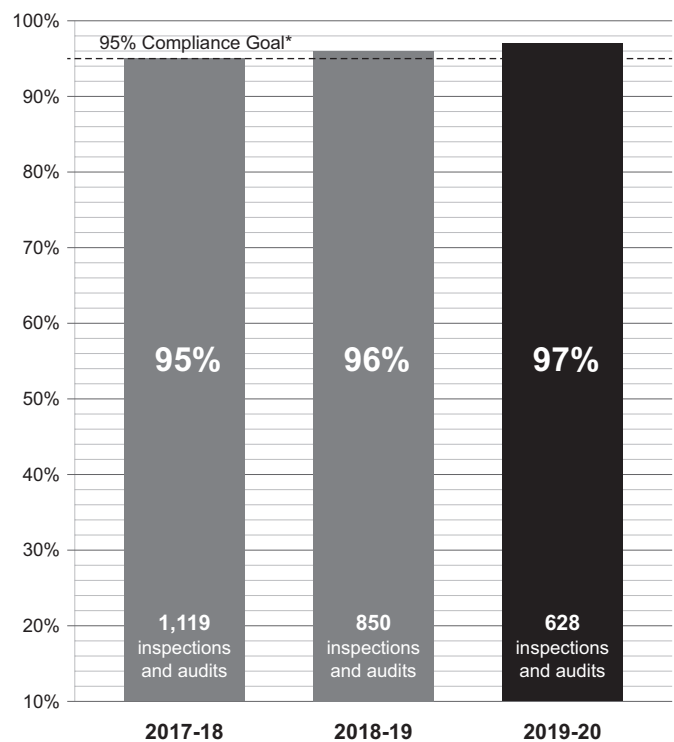
The NSW Food Authority licenses businesses across the supply chain in this sector.

This includes 206 seafood processing plants and 837 facilities that handle wild caught seafood as well as cold food stores.

Of the 7,759 vehicles licensed with the NSW Food Authority, approximately 4,200 are authorised to transport seafood products.

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 97%, an improvement on the average over the past three years.

Seafood sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Abalone Viral Ganglioneuritis

On 5 July 2019, the Biosecurity (Abalone Viral Ganglioneuritis) Control Order 2019 (No. 2) came into effect to prevent, eliminate, minimise and manage the biosecurity risk posed or likely to be posed by the spread of the virus that causes the disease Abalone Viral Ganglioneuritis (AVG) within NSW. While there is no evidence that AVG has any effect on human health, it has the potential to impact the productivity of the NSW abalone industry.

In September 2019, compliance officers conducted inspections of abalone suppliers to monitor compliance with the Control Order. A total of five inspections were conducted and information was provided to the suppliers about the requirements of the Control Order. One of the main focus areas during inspections was to ensure that waste water discharged when processing abalone was done so in accordance with the Control Order. There are also concerns that AVG can enter the environment from the use of abalone as bait by recreational fishers.

As part of NSW DPI, the NSW Food Authority worked with DPI Fisheries to address these areas of concern. DPI Biosecurity & Food Safety developed aquatic biosecurity education material on the new requirements. DPI Fisheries continue to monitor and educate recreational fishers through their established compliance program.

NSW Seafood Industry Forum

The NSW Seafood Industry Forum (SIF) meets every six months or so and provides feedback to the NSW Food Authority and the Minister for Agriculture and Western NSW on issues relating to seafood industries, including:

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

The SIF membership is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the seafood industry sector.

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority
Sydney Fish Market

Association of Fishermen's Cooperatives

Seafood Importers' Association

NSW Aquaculture Association

Professional Fishermen's Association

Seafood wholesale/processing sector

Master Fish Merchants Association of Australia

NSW Department of Primary Industries

Dairy

The NSW Food Authority licenses businesses across the supply chain in this sector.

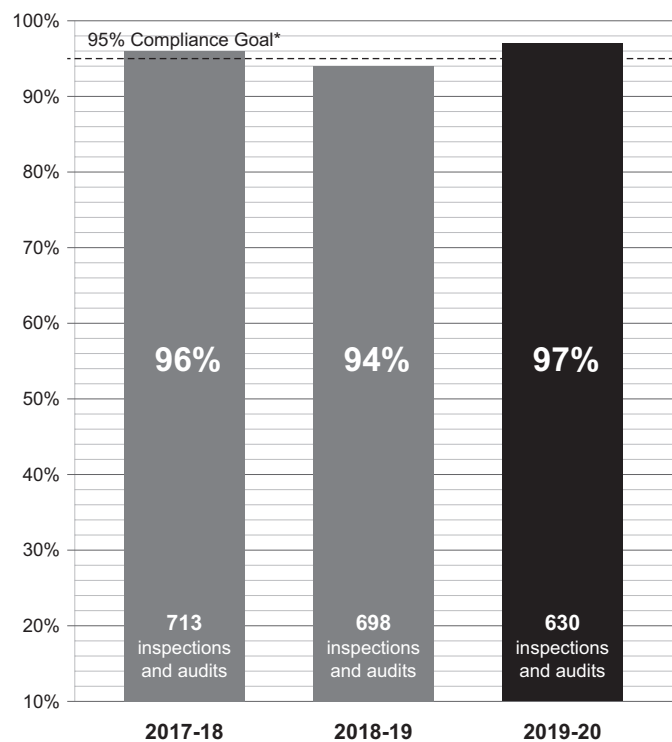
This includes:

- 533 dairy farms
- 205 dairy processing factories
- 150 farm milk collectors as well as cold food stores.

Of the 7,759 food transport vehicles licensed with the NSW Food Authority approximately 4,300 are authorised to transport dairy products.

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 97%, an improvement on the average over the past three years.

Dairy sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Change to existing audit arrangements due to COVID-19

In March 2020, the NSW Food Authority advised licensed dairy farms in NSW of a change to existing auditing arrangements due to COVID-19.

The change to the audit program saw desktop monitoring of dairy farms through the collection and review of processing information obtained and submitted by licensed processing facilities, replacing face to face audits with NSW Food Authority staff, or approved Third Party Auditors.

The NSW Food Authority continued to review the farm management systems in place within licensed dairy processing facilities to ensure that critical processing information, such as milk temperatures and antibiotic residues was continually monitored for compliance against all legislative requirements.

These restrictions were lifted on 1 June 2020.

NSW Dairy Industry Consultative Committee

The NSW Dairy Industry Consultative Committee meets every six months or so and provides feedback to the NSW Food Authority and the NSW Minister for Agriculture and Western NSW on industry issues including the dairy food safety scheme and management of food safety risks across the NSW dairy industry supply chain.

The committee includes representation from across the dairy production, processing and supply chain and is designed to bring expertise and new ideas to enhance strategic focus and issue resolution across the dairy sector.

Consultative Committee representation:

Chair: Dr Lisa Szabo, NSW Food Authority

Dairy Connect (representing dairy producers)

NSW Farmers Association (representing dairy producers)

Bega Cheese (representing dairy processors)

The Riverina Dairy (representing dairy processors)

Pecora Dairy (representing dairy processors)

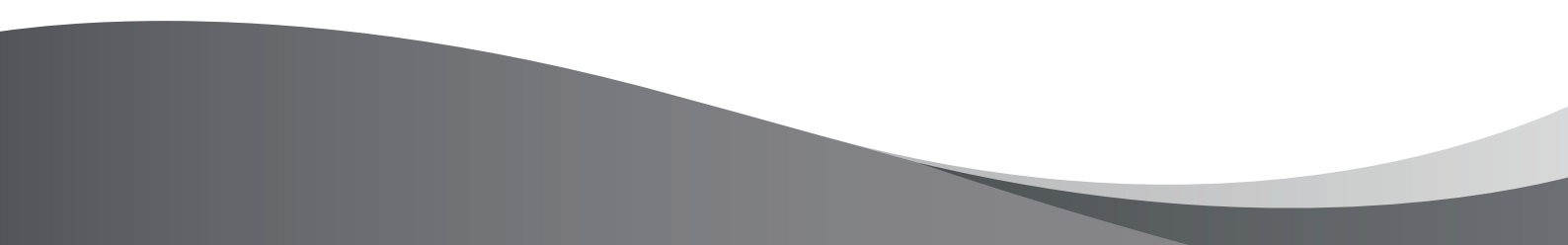
Serendipity Ice Cream (representing dairy processors)

Norco (representing dairy processors)

Dairy NSW (representing dairy research)

Dairy Australia

NSW Department of Primary Industries



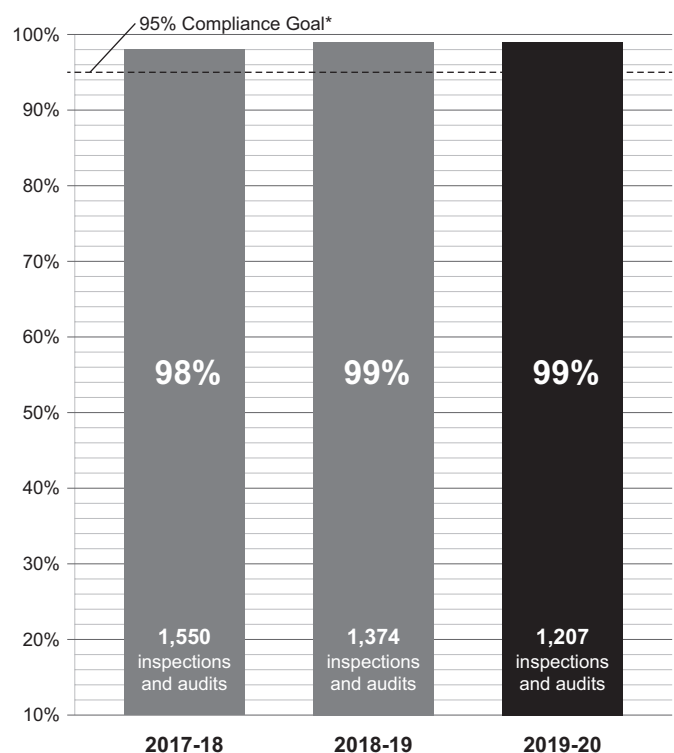
Vulnerable persons

The NSW Food Authority licenses 1,249 businesses in food service to the (VP) sector.

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

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 99%, consistent with the average over the past years.

Vulnerable Persons sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Third Party Auditor training

The NSW Food Authority hosted two training opportunities in September and November 2019 to support education and ensure the high standard and skill level of Third Party Auditors (TPA) approved by the NSW Food Authority to conduct audits in the Vulnerable Persons sector is maintained.

Highly trained and skilled TPAs help to ensure compliance with Food Regulation 2015 which helps to protect public health and safety and provides a framework to help food businesses who service Vulnerable Persons to identify and manage potential hazards to food safety.

Third Party Auditor Annual Conference

In an effort to provide registered Third Party Auditors (TPAs) an opportunity for professional development and ensure audit consistency across the state's VP sector, the NSW Food Authority hosts an annual TPA Conference.

This year's conference was held over two days in August 2019 and hosted 25 auditors participating either face to face, or online through a live webinar.

Now in its fifth year and continuing to evolve into a true professional development forum, the TPA Annual Conference for 2019-20 focused on industry developments, emerging trends in auditing, auditing performance, and other food safety specific topics.

These topics included behavioural insights of auditee/ auditor during the audit process, individual performance and behaviour, Influenza related learnings in the VP sector, *Salmonella* Enteritidis learnings in the Egg and Poultry sectors, and water quality testing updates.

The conference provides attendees with access to senior NSW Food Authority staff who can provide expert advice and training in all operational matters, including use of electronic auditing systems.

Impacts of COVID-19 on compliance auditing

Due to COVID-19 restrictions within the aged care sector, the NSW Food Authority worked to identify alternative options to monitor food safety compliance during the shutdown period.

The NSW Food Authority worked with accredited aged care audit providers to ensure that high risk hospital and aged care facilities could continue to receive audits when restrictions were in place limiting the number of people that could attend these facilities.

These audit processes also permitted NSW Food Authority auditors to conduct reviews of documentation and procedures away from the licensed facility to limit the time spent within a sector that services the most vulnerable in our community.

Consultative Committee representation:

There are currently no formal appointments to this committee and consultation with the sector has been conducted directly with each license holder as required. The NSW Food Authority is currently working with the sector to determine an appropriate way forward in terms of the most effective method of consultation.

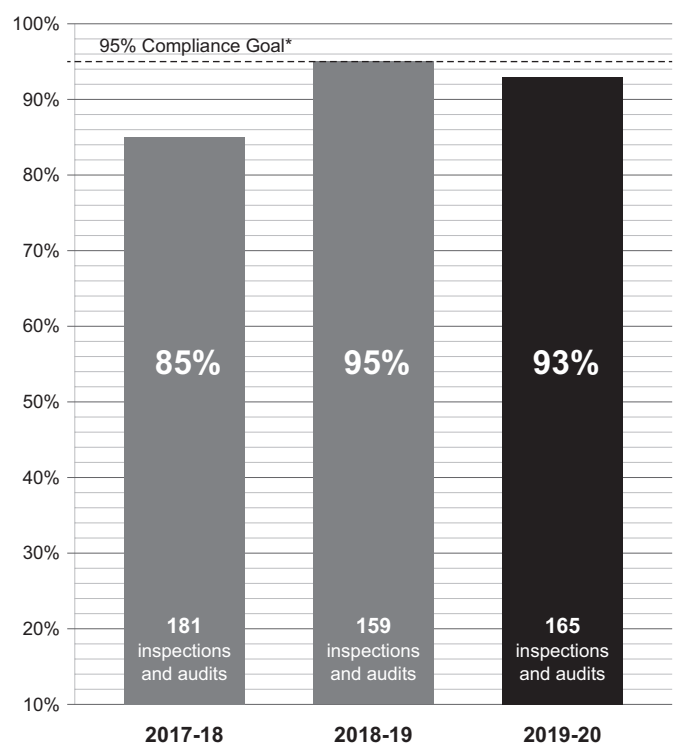
Plant

The NSW Food Authority licenses 77 businesses in the plant processing sector as well as cold food stores.

Of the 7,759 food transport vehicles licensed with the NSW Food Authority, approximately 3,100 transport vehicles are authorised to transport plant products.

Compliance across the sector with food safety program requirements for the 2019–20 financial period was 93%, consistent with the average of the past three years.

Plant sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Pre-harvest and harvest season review of NSW rockmelon production

A DPI training program coupled with testing by the NSW Food Authority demonstrated the safety of rockmelons produced in the Riverina area.

Following a listeriosis outbreak in 2018, NSW Food Authority conducted a training workshop and review of pre-harvest preparation (including food safety programs) for growers in the Riverina area. The training was based on content that was later published by DPI in *Melon food safety: A best practiced guide for rockmelons and specialty melons*.

This was followed up by a review of practices and post-harvest sampling of melons, which validated that all rockmelon growers in NSW had increased food safety knowledge and improved production practices.

No *Listeria monocytogenes* or *Salmonella* was detected in over 500 tests of pre- and post-harvest rockmelons.

These results support the work previously undertaken to produce specific rockmelon safety guidelines, and the work of the industry more broadly to recover from previous foodborne illness outbreaks and produce a safe product for consumers.

The NSW Food Authority have summarised the findings into a report titled *Pre-harvest and harvest season review of NSW Rockmelon Production 2018-19* which was published on the NSW Food Authority website in February 2020.

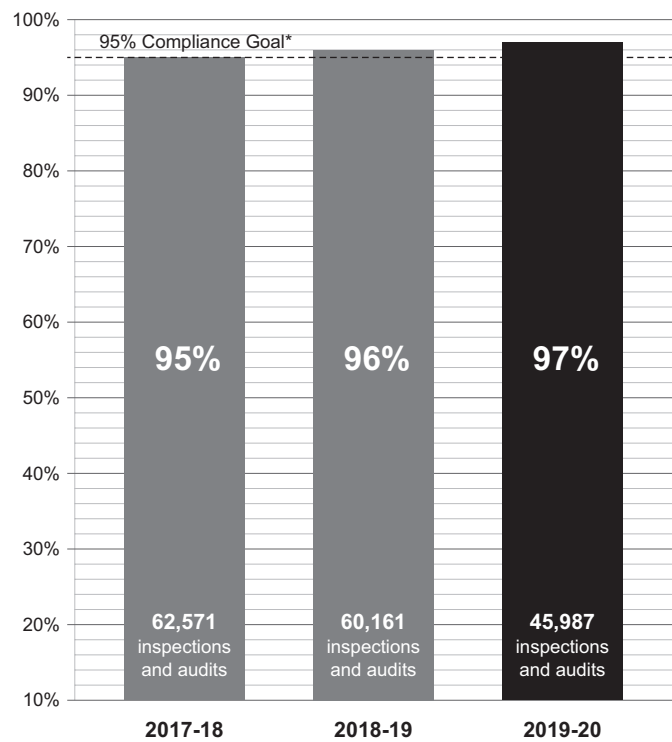
Consultation

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

Retail

There are 51,910 retail food businesses in NSW. Compliance across the retail food sector with food safety requirements for the 2019-20 financial period was 97%, an improvement on the average over the past three years.

Retail sector compliance rate



*NSW Food Safety Strategy 2015–21 target

Retail activity snap shot

Key NSW Food Authority performance indicators			
	2017-18	2018-19	2019-20#
Name & Shame listings	1,640	1,483	1,301
No. of retail food business inspections	62,571	60,161	45,987
No. of complaints about retail food businesses & % investigated	4863	5,339	5,505
Overall compliance rate for food businesses regulated by councils (retail)	95%	96%	97%
Warning letters issued by councils	11,962	11,394	8,212
Improvement notices issued by councils	1,836	1,846	1,297
Prohibition orders issued by councils	202	193	137
Prosecutions undertaken by councils	18	10	10
Penalty Infringement notices issued by councils	1,839	1,654	1,034

The combined impacts of bushfire, floods and the COVID-19 pandemic limited the ability of many local councils to conduct normal food surveillance activities.

Registered Training Organisation (RTO) Forum

The NSW Food Authority hosted its annual RTO Forum in November 2019 delivering Food Safety Supervisor (FSS) training for RTOs in NSW. The FSS provides practical skills and knowledge on food safety for food handlers in the retail and food service sectors.

The RTO Forum is an important part of the NSW Food Authority's engagement with training organisations. The event provides an opportunity for both the NSW Food Authority and RTOs to learn from each other about the changing landscape for the vocational training sector.

This year the NSW Food Authority provided an overview of outcomes from the 2019 annual RTO audits, Food Standards Australia New Zealand (FSANZ) Proposal 1053 – food safety management in the retail and food service sectors, the Food Safety Supervisor 2020 re-certification process, the *Salmonella* Enteritidis outbreak and an update on current projects of the NSW Food Authority Local Government Unit.

The 2019-20 audits of RTO's revealed continued high levels of compliance from approved RTO's with the NSW Food Authority's Conditions of Approval.

A presentation on the 2018-19 *Salmonella* Enteritidis outbreak was provided. This outlined the outbreak itself, case numbers and solutions implemented to date to address the emerging risk of domestically acquired *Salmonella* Enteritidis.

Updates on the 2020 FSS re-certification were provided. Editorial amendments to the existing key focus areas modules were proposed, mostly to account for the passage of time (the modules were last thoroughly reviewed in 2015).

RTO's were also briefed on FSANZ Proposal 1053 – Food Safety Management tools for the retail and food service sectors. This Proposal seeks to enhance specific measures in Standard 3.2.2 (Food safety practices and general requirements) to provide for national implementation of Food Safety Supervisors, evidence keeping provisions for specific control measures and mandatory non-certified food safety training.

Food Safety Supervisor program

During 2019-20, the NSW Food Authority consulted with RTO's on content updates to all key focus area modules, *allergen management*, *safe egg handling*, *cleaning and sanitation* and *Food Act offences*. Overall messaging in the modules was still current and considered fit for purpose, however the 2020 re-certification was an ideal time to update weblinks and case studies in the modules to reflect the passage of time.

A voluntary, additional module was prepared to assist retail and food service businesses adapt to the changed business environment of the hospitality sector due to COVID-19. This module provides an overview on the COVID-19 virus and advice on personal protective measures as well as practical advice on cleaning and sanitation procedures, social distancing measures for front of house and back of house, record keeping provisions and access to templates to assist supervisors implement COVID safe work practices in the hospitality sector.

Supporting the National Foodborne Illness Strategy through a *Campylobacter* Reduction Strategy in the retail sector

In July 2018 the NSW Food Authority commenced its "*Campylobacter* Education and Compliance Strategy at Retail" project. This work aimed to contribute towards reducing the incidence of *Campylobacter* as per the NSW goal of 30% reduction in overall foodborne illness by 2021.

Twenty-two councils from across NSW participated in the project, with results showing *Campylobacter* detected in only two food samples.

One of the recommendations from the project was to promote the continued need for vigilance on cleaning and sanitising, skills and knowledge and potential for cross-contamination by both authorised officers and food handlers. Training delivered as part of the authorised officer training course has seen a continued focus in these areas.

In 2019-20 the final project report was completed and circulated to our NSW local government partners. A summary report version of the project is currently in draft and will be available on the NSW Food Authority website before the end of 2020.

Supporting the sector through education and training for council officers

The NSW Food Authority provides training to local councils' Environmental Health Officers (EHOs) to enhance skills and knowledge, address priority topics and promote consistency in inspection and enforcement action.

During 2019-20 the NSW Food Authority conducted three rounds of Regional Food Group meetings in 16 regions across NSW. These meetings consisted of a training session as well as updates regarding topical food safety matters. Each meeting provides opportunities to problem solve and seek regionally consistent approaches to local issues. The regular program of face to face meetings during 2019-20 were disrupted due to the COVID-19 pandemic. Most meetings from March 2020 were conducted via webinar.

In 2019-20 the training focused on the results and lessons learned from the *Campylobacter* reduction strategy for the retail sector. There was a specific focus on promoting the benefits of taking a risk-based approach to food inspections, and the need for continued vigilance to ensure food businesses are cleaning and sanitising appropriately. Both focus areas will contribute to an overall reduction of foodborne illness in the retail and food service sector.

Another professional development opportunity and training session was 'Allergen management in the retail sector'. This essentially provided guidance for EHOs when assessing the risks (to allergic consumers) posed by allergens during routine food safety inspections. It also reinforced how critical strong food safety practices are in protecting the allergic consumer. This work links to one of the NSW Government's Food Safety Strategy priorities, to reduce foodborne illness including *Salmonella*, *Campylobacter*, *Listeria* and anaphylaxis across the food chain by 30% by 2021.

The NSW Food Authority recognises that many EHOs are geographically dispersed throughout NSW and are unable to attend all the training and engagement sessions that are delivered under the Food Regulation Partnership (FRP). To allow for this, all sessions are delivered via webinars which are recorded and placed on a dedicated FRP Platform. The sessions and accompanied training materials are available for all users on demand.

Feedback from users demonstrates the efficiencies and convenience afforded by this availability.

Authorised Officer (Local Government) Food Surveillance Training 2020

Each year the NSW Food Authority hosts food safety training sessions for up to thirty authorised officers from local councils across NSW to provide the latest information and skills for those officers who undertake or are learning to undertake food inspections at the retail level.

To appoint an authorised officer, NSW councils must be satisfied that prospective officers have the qualifications or work experience to carry out their duties as stipulated in the NSW *Food Act 2003*.

Local councils must therefore make sure that anyone working in food surveillance gets adequate training in the inspection and regulation of retail food outlets – a condition of the council’s appointment as an enforcement agency.

The authorised officer training course helps local councils provide a clear pathway for new officers, trainees or anyone wanting refresher training to gain the appropriate skills and knowledge to conduct food surveillance activities on behalf of their council.

Specifically, the course aims to:

- educate and train council staff responsible for carrying out food inspection duties under the NSW *Food Act 2003*, in accordance with the Food Regulation Partnership Protocols and Advisory Guidelines, and NSW Food Authority policies and guidelines
- promote consistency between councils
- provide a workforce continuity strategy to cover skills shortages in the EHO field
- build working relationships between local council authorised officers and NSW Food Authority staff.

In light of the COVID-19 pandemic the NSW Food Authority moved the annual training program online. By doing so it allowed the program to proceed in the event that staff and attendees might be unable to attend due to travel and movement restrictions. This year’s attendance was strong with over 40 attendees registering for the program. Feedback on the online delivery of weekly sessions was positive.

The NSW Food Authority will use the feedback to inform the delivery of future programs.

Scores on Doors

2019-20 continued to see positive growth for the NSW Food Authority’s voluntary Scores on Doors program.

The initiative is designed to reduce foodborne illness in NSW by improving food safety in the retail sector through public display of food safety inspection results.

On 30 June 2020 there were 62 councils participating in the program, which is a slight increase from the 59 in the previous financial year. These 62 councils represent 25,389 eligible food businesses, capturing 63% of all eligible retail food businesses in NSW.

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

Salmonella Reduction Strategy

The NSW Food Authority continued work in the 2019-20 period to reduce the rate of *Salmonella* outbreaks in the retail food sector through its *Salmonella* Reduction Strategy, specifically aimed at safe preparation of products containing raw egg.

The NSW Food Authority continues to promote vigilance in enforcing these standards by EHOs in the retail sector through ongoing and consistent training and messaging.

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

Data provided by NSW Health from January 2014 to July 2018 show that NSW has already achieved its 30% reduction target in foodborne salmonellosis as set out in the NSW Food Safety Strategy 2015–2021.

Name and Shame

In 2019–20, 522 retail food business facilities appeared on the NSW Food Authority's Name and Shame register, a register which names businesses that fail to meet food safety standards, and a total of 906 penalty notices were published, representing less than 2% of NSW retail food businesses.

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

- unclean food premises (17%)
- improper food storage (14%)
- poor handwashing facilities (13%)
- pest control (11%)
- unclean fixtures and fittings and equipment (10%)

Name and Shame register			
	2017-18	2018-19	2019-20#
No. of penalty notices published	1,640	1,483	906
No. of facilities that had penalty notices published	875	817	522

The combined impacts of bushfire, floods and the COVID-19 pandemic limited the ability of many local councils to conduct normal food surveillance activities.

Food Regulation Partnership

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

Food Regulation Partnership single electronic platform

A program of scoping, consultation and concept development for a single electronic platform was completed in 2018. A business case was approved by NSW DPI in September 2018 and submitted to the Department of Industry for funding consideration.

The NSW Food Authority continues to explore funding possibilities and other opportunities to progress this important project.

Consultation with the retail industry

During the period the Food Regulation Partnership hosted only one Food Service Information Sessions with retail and food service businesses in partnership with Blacktown City Council.

The event was well received by the local community with 64 people, including representatives from 33 local food retail businesses in attendance who had the opportunity for face to face engagement with local council, the NSW Food Authority and other retailers, and learn about food safety and the resources available to them.

Attendees heard presentations on a wide range of food safety topics, including mandatory labelling and health claims, allergens, foodborne illness, councils' food safety initiatives, display of nutritional information, updates on the Food Safety Supervisor and Scores on Doors programs.

Compliance activity

Data collected from local councils for the 2019–20 period showed compliance levels in the retail food sector to be high as a result of the activities of the Food Regulation Partnership. The average compliance rate of 97% was achieved.

In the 2019–20 financial year 45,987 inspections were undertaken in the retail and food service sector and 77% of the high and medium risk food premises were inspected. This completion rate is lower than in previous periods.

Feedback from local councils reveals that the combined impacts of bushfire, floods and the COVID-19 pandemic limited their ability to conduct normal food surveillance activities. This resulted in a re-prioritisation of services and resulted in a lower than average inspection rates.

COVID-19 activities

The NSW Food Authority used its communication channels to engage with local councils as the COVID-19 pandemic impacted the community. The retail and food service sector was hit hard with a succession of Public Health Orders placing restrictions on those businesses. The NSW Food Authority developed training materials to inform local councils of the measures in place.

As businesses re-opened their operations, an electronic checklist was developed specifically for local councils to easily undertake their COVID-19 safety plan inspections. This resulted in around 4,000 businesses being inspected for compliance with the COVID-19 Public Health Orders 2020.

COVID-19 Retail and Food Service COVID Industry Working Group

As part of the NSW Government's response to assist with the challenges resulting from COVID-19, in April

2020 the NSW DPI established an industry liaison working group initiative which aimed to capture and resolve COVID-19 issues relevant across industry groups so we are better placed to support them, and lead recovery.

The NSW Food Authority chaired the Retail and Food Service Working Group which included representation from key industry partners. From 24 April to 30 June 2020, the Working Group met formally on two occasions, and engaged in several informal communications via group email as needed. Discussion with local councils occurred through the established Food Regulation Partnership membership following the initial Retail and Food Service Working Group meeting.

COVID-19 awareness for food service – free, voluntary online training course

The NSW Food Authority partnered with NSW Health to develop a free, voluntary online training course *COVID-19 awareness for food service*, to support retail food businesses become COVID Safe. The course was launched on 2 June 2020.

The course was unique in providing a gateway to other NSW Government COVID-19 information and resources specifically designed for the retail food service sector, enabling them to trade safely and comply with all requirements of their COVID-19 Safety Plan. The course includes a quiz at the end with an acknowledgement certificate generated upon successful completion which participants can display in their business.

To ensure currency, *COVID-19 awareness for food service* is updated as required to reflect changes to requirements as made in Public Health Orders.

Food Regulation Partnership Forum Committee

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

The committee met three times during 2019-20 period, at Blacktown and twice via teleconference (due to COVID-19 restrictions). The Forum provides advice to the NSW Food Authority on matters relating to the regulation of the retail industry.

Committee representation

Chair: Cr Paul Braybrooks OAM

NSW Food Authority – Dr Lisa Szabo and Peter Day

Robyn Hobbs OAM - NSW Small Business
Commissioner (Independent)

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

Fiona Stalgis (representing the Development and
Environmental Professionals' Association)

Gina McConkey (representing Local Government
Professionals Australia)

Ruth Fagan (representing Local Government NSW)

Damien Thomas (representing Local Government
NSW)

Paul Harmon (representing Local Government NSW)

Sarah Flowers (representing Environmental Health
Australia)

Manufacturing and wholesale businesses

The NSW Food Authority conducts a compliance inspection program of manufacturing and wholesale food businesses in NSW.

These businesses are generally manufacturers or wholesalers that handle food not covered by current council food safety inspection programs, as they have limited or no retail sales component.

During the 2019-20 financial year, the NSW Food Authority conducted 252 inspections under this program:

- 11 unacceptable inspection results were recorded (subsequent follow-up inspections conducted achieved acceptable inspection result)
- 16 written warnings were issued for labelling and licensing breaches
- 15 improvement notices were issued
- 9 penalty notices were issued to this sector for continued non-compliance
- 2 prohibition orders were issued to the manufacturing sector for breaching hygiene and maintenance issues. These prohibition orders remained in place until sufficient corrective actions were taken by the businesses.
- A snack food distribution business was charged with 14 offences for selling imported snack foods that did not comply with the labelling and compositional requirements of the Australia New Zealand Food Standards Code and false descriptions of food under the *Food Act 2003*. Total fines issued by the court amounted to \$135,500 with professional costs of \$40,000.
- A Sydney based liquor wholesaler was charged with 8 offences for selling alcoholic spirits that were mislabelled and not suitable for human consumption. Total fines issued by the court amounted to \$18,000 with professional costs of \$5,000.

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

Compliance and enforcement

SIGNIFICANT INVESTIGATIONS AND RESULTS

Prosecution of Sydney based snack food supplier

A Sydney based snack food supplier was convicted and fined after pleading guilty to 14 offences of selling imported snack foods that did not comply with the labelling and compositional requirements of the Australia New Zealand Food Standards Code and the false description of various snack foods. Investigations revealed that a variety of products did not comply with the food standards, including energy drinks containing excessive caffeine, beverages not permitted to contain quinine, the fortification of foods with vitamins and minerals, foods making false claims about nutrition and others making health claims in breach of standards. Total fines amounted to \$135,500 and the business owner was also ordered to pay professional costs of \$40,000.

Liquor wholesaler prosecuted for selling unsafe and mislabelled alcohol

A liquor wholesaler located in the Hunter Valley was convicted, fined and ordered to pay costs totalling \$23,000 for 8 offences for selling alcoholic spirits that were unsuitable and for falsely describing these products on the label.

Butcher prosecuted for failing to comply with the Food Standards Code

A Sydney based butcher was prosecuted for selling kafta and sausages containing excess levels of sulphur dioxide than what is permitted in the Food Standards Code. The butcher was charged with 2 offences with court fines, professional costs and analysis costs totalling close to \$7,000.

2019–20 compliance and enforcement statistics (enforcement actions)

ACTIVITY	ACTUAL 2017-18	ACTUAL 2018-19	ACTUAL 2019-20
Audits	4,528	4,070	3,954
Failed audits	142 (3.1%)	85 (2.1%)	145 (3.7%)
Inspections of food businesses	6,590	4,928	5,905
Failed inspections of food businesses	334 (5.06%)	194 (3.9%)	391 (6.6%)
Complaint investigations	2,169	2,375	2,490
Investigations of foodborne disease incident (two or more people)	297	297	260
Labelling Compliance Surveillance Program investigations	348	260	235
Labelling Compliance Surveillance Program investigations resulting in enforcement action	84	53	68
Investigations of unlicensed businesses (resulting in enforcement action)	124	133	217
Written warnings	54	48	35
Improvement notices	330	211	202
Penalty notices	167	127	61
Prohibition orders	16	12	12
Product seizures	10	5	12
Licence cancellations	0	0	0
Use of emergency orders	0	0	0
Prosecutions (charges laid and finalised after hearing or plea of guilty)	63	97	24
Company instigated food recalls (nationwide)	81	105	98
Company instigated food recalls (NSW companies)	22	29	30
Shellfish harvest area closures	431	374	446

2019–20 summary of product seizures undertaken as enforcement action*

COMMODITY	Estimated quantity	Reasons for seizure
Meat products		
Meat carcasses	18 kgs	Storage of meat carcasses that were not stamped with prescribed brands.
Ready to eat meats	6,113 kgs	Ready to eat meats and uncooked comminuted fermented meat were not produced in accordance with a food safety management system that meets the requirements of <i>Food Standards Code</i> .
Ready to eat meats	2,160 kgs	Operating a food business without having a licence and the required food control measures in place.
Processed meat carcasses	21 carcasses	Evidence of offence under Section 104 of the <i>Food Act 2003</i> including operating an abattoir without a licence.
Other products		
Bakery products	16 boxes	Items seized were stored for distribution for sale at premises that was subject to a standing Prohibition Order issued under the <i>Food Act 2003</i> .

*Based on 12 individual seizures for 2019-2020 period.

2019–20 Licence numbers

BUSINESS ACTIVITIES	No. of licensed facilities 2019-20
Animal food field depot	27
Animal food field harvesting	16
Animal food processing plants	24
Animal food processing and rendering plant	1
Abattoir - poultry	15
Abattoir - poultry & poultry primary production	13
Abattoir - poultry & red meat	1
Abattoir - red meat	29
Rendering	5
Knackery	6
Game meat primary processing plants	7
Game meat field depot	110
Game meat field harvesting	642
Meat retail	1,489
Meat processing plants	357
Food processing facilities that carry out 2 or more processing activities that include, meat, seafood, dairy, plant and/or egg processing	87
Dairy processing plants	158
Plant Product processing plants	56
Seafood processing plants	121
Oyster farmers	212
Oyster farmers & seafood processing	31
Shellfish wild harvest	41
<i>Table continues over page</i>	

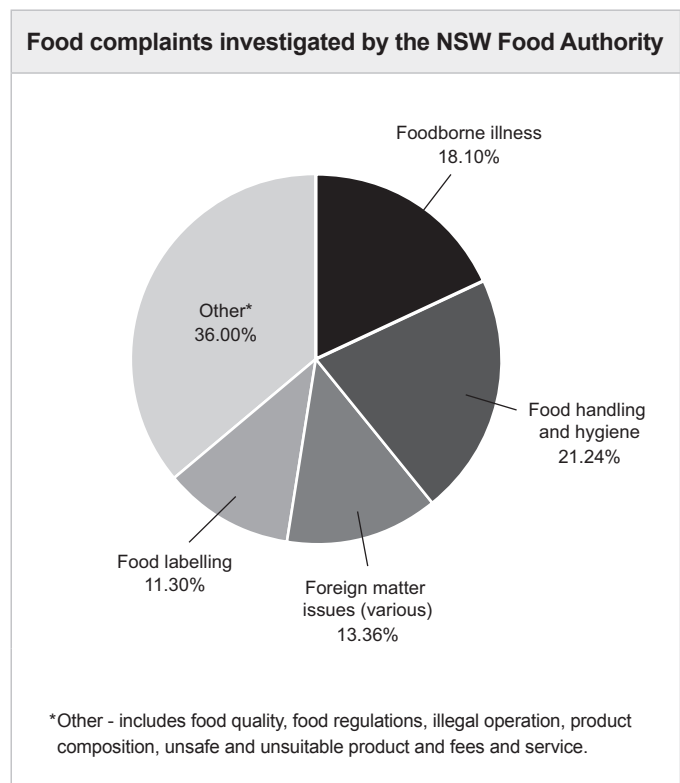
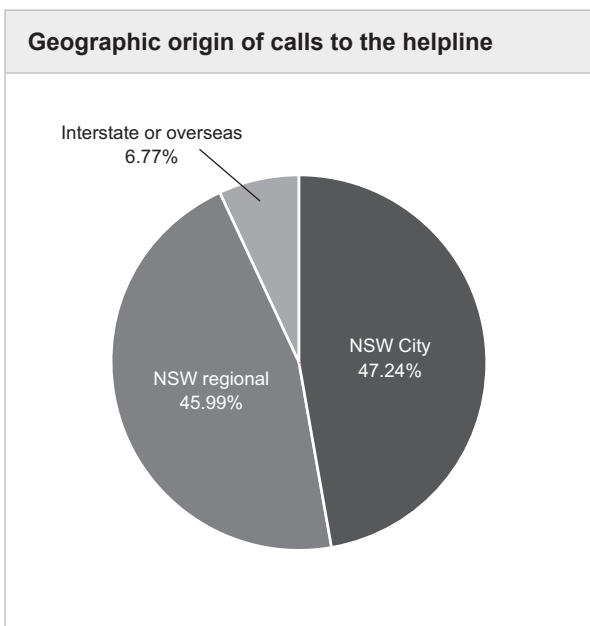
2019–20 Licence numbers (cont.)

BUSINESS ACTIVITIES	No. of licensed facilities 2019-20
<i>continued from previous page</i>	
Handling wild caught seafood	837
Egg Processing plants	2
Egg primary production	232
Egg & poultry primary production	48
Poultry primary production	285
Poultry & dairy primary production	4
Dairy primary production	532
Dairy primary production and processings plants	17
Farm milk collectors (raw milk transport)	150
Food transport vehicles (meat, dairy, seafood, plant, egg products)	7,759
Food storage not requiring temp control (dairy)	17
Cold food storage (meat, dairy, seafood, plant & egg products)	541
Food service to vulnerable persons	1,249
TOTAL number of licensed facilities	15,121

Working with our customers and stakeholders

NSW Food Authority customer helpline

The NSW Food Authority’s customer helpline assisted 17,620 customer requests for advice, to report food complaints and transactions. The helpline resolved 90% of those transactions that were potentially resolvable without referral during the first contact.



Some 2,367 calls were food complaints investigated by the NSW Food Authority and 2,707 food complaints about retail outlets were referred to the relevant local council.

Customers also sought information and advice on a self-serve basis through the NSW Food Authority’s digital customer channels.

Digital channel	
Website	1,082,897 unique visits
facebook	620,649 total reach and 1,434,596 impressions
Twitter	3,644 engagements and 239,813 impressions

Educational and technical guidance materials

In 2019–20 the NSW Food Authority identified a number of emerging issues requiring specific information targeting food businesses and consumers.

Retail food

- FSS Module - Food Act Offences
- Food Safety Supervisor Learner Guide
- Food Safety Supervisor Recertification Learner Guide - allergens
- Food Safety Supervisor Recertification Learner Guide - safe egg handling
- COVID-19 Cleaning and Sanitising Checklist
- COVID-19 Food Safety Supervisor Supplement
- COVID-19 awareness for food service - online training course

Compliance

- NSW Egg Monitoring Diary
- Licensing Requirements for Field Harvesters of Game Animals for Human Consumption
- AMRG Guideline 2020:1- Alternative techniques guideline
- Improving equivalence of alternative technique procedures (AS 4696:2007)

Science and surveys

- Pre-harvest and Harvest Season Review of NSW Rockmelon Production 2018-19

NSW consumer food safety behavioural research

The NSW Food Authority is responsible for regulating and monitoring food safety across the entire food industry supply chain in NSW. This includes educating consumers in food safety, such as good food handling practices and how to understand food labels, to reduce the risk of foodborne illness in the community.

Updated research was needed to inform the future direction of the NSW Food Authority's education activities. In September 2019, an independent qualitative and quantitative behavioural research project was conducted, with a focus on understanding consumers':

- Current food safety practices in the home
- Perceived motivations and barriers to practicing food safety
- Sources of food safety information and potential information gaps
- Experiences and actions relating to foodborne illness and food-related product recalls.

The research also highlighted consumer trends which can impact food safety outcomes, that have emerged since the last research was conducted.

Understanding current consumer knowledge, behaviours and trends relating to food safety enables the NSW Food Authority to refresh its education campaigns so they are targeted and evidence based – and promote positive behavioural change that reduces the incidence of foodborne illness in the home.

Outcomes of the report were positive with nearly all consumers (94%) indicating that food safety is more important than nutritional value (89%) and potential health benefits (86%). Specific areas were identified where knowledge and behaviours were low in some consumer segments.

These included, storage, temperature control, date marks and some activities relating to cleaning and hygiene.

The full summary of outcomes is available in the *NSW consumer food safety behavioural research summary report* to be published on the NSW Food Authority website in November 2020.

FOOD TESTING AND SURVEYS

The NSW Food Authority regularly conducts testing of food products to ensure compliance to regulatory requirements, gather information to identify and respond to food safety issues and complaints, and as part of foodborne illness investigations. Appropriate actions were carried out to rectify any issues identified. From 1 July 2019 to 30 June 2020, 4,540 samples were submitted for testing.

	2017-18	2018-19	[^] 2019-20
Verification programs	*893	*676	663
Research including targeted surveys	428	660	255
Food Safety Compliance	1,376	#5,095	3,622
Total	2,697	6,431	4,540

* The total number of samples in 2017-18 reflect reduced staffing levels while maintaining priority for foodborne illness investigations.

The number of samples in 2018-19 was extremely high due to the SE investigation.

[^]The number of samples in 2019-20 reflect the restriction of movement caused by the COVID-19 pandemic.

Salmonella Enteritidis (SE) surveillance at egg farms

Surveillance and monitoring sampling activities at NSW egg farms continued in 2019-20. In addition, extensive clearance sampling and testing were conducted on infected properties after decontamination and disinfection to allow them to recommence egg production.

In August 2019, the Biosecurity (*Salmonella* Enteritidis) Control Order 2019 came into effect. The Control Order aimed to prevent, eliminate, minimise and manage the biosecurity and human health risk posed or likely to be posed by the spread of *Salmonella* Enteritidis in NSW. The Control Order was amended on 30 June 2020 to include a requirement for all licensed egg business in NSW to undertake mandatory SE testing from 1 July 2020. Sampling and testing are required every 12 to 15 weeks for the duration of the Control Order. The NSW Food Authority is funding the cost of laboratory testing for the first two years of the program.

- **Plant-based food survey**

Innovative processed plant products that have a mouth-feel and taste that mimic meat are a fast growing market segment with products stocked in increasing numbers in retail outlets in NSW. Information on the microbiological quality of these products is not widely available in the literature, so a project was carried out to sample 85 products available at retail in NSW and through online shops. The results are being analysed and will be reported, together with an evaluation of labels and compliance with labelling Standards.

Science based surveys to assist the food industry

The NSW Food Authority undertakes scientific surveys in order to better understand, identify and respond to food safety issues and risks in NSW. The data obtained in the surveys allow the NSW Food Authority to identify key food safety issues and develop systems and processes to manage the prevention of food poisoning effectively and maintain food safety. During 2019-20 this includes:

- **27th Australian Total Diet Study (ATDS)**

The NSW Food Authority participated in the FSANZ led 27th ATDS that involved sampling a wide range of food products at retail in NSW. The products were tested for the presence of PFAS (Per- and polyfluoroalkyl substances) which can occur in the environment, usually as a result of historical use of aqueous firefighting foams. A total of 501 samples from 167 food types were sampled in NSW and sent to the FSANZ contracted laboratory for testing. The FSANZ report is expected to be available in 2021.

Legislative changes and reduced regulatory burden

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

Alternative techniques guideline for Post-mortem inspection and carcass disposition judgements

The *Australian Standard 4696:2007: Hygienic Production and transportation of meat and meat products for human consumption* (Australian Meat Standard) has been in effect as the accepted benchmark for the processing of cattle, sheep, pig and goat carcasses in Australia for domestic and export operations for the last 13 years. It offers a union of food safety, biosecurity, animal health, wholesomeness and market access controls under the one document that cannot be delivered as a single package through alternate regulatory channels due to their restrictive scope (e.g. FSANZ, Biosecurity, animal health). This union is reflected in FSANZ Standard 4.2.3 through an editorial note referencing the important role of Australian Standards for meat processing in lieu of a FSANZ food standard for the same purpose.

Post-mortem inspection and disposition judgments on animals are enabled through Schedules 2 and 3 of the Australian Meat Standard. These procedures have not been comprehensively reviewed since the mid 1980's, placing Australian processors at a potential competitive disadvantage as foreign jurisdictions have adopted a risk-based approach to these practices commensurate with contemporary science suggesting that visual inspection and risk based practices are favoured.

The application of risk assessment has meant that invasive post-mortem inspection practices are only applied to animals identified through visual detection of relevant abnormalities or issues have been identified through herd health history (e.g. PIC or device based status flags in the National Livestock Identification System). Such practices also offer food safety benefits, as increased use of observation techniques reduces opportunity for microbiological cross contamination of carcass surfaces due to less direct contact and exposure of lymph nodes to carcass surfaces.

The Australian Meat Regulators Group, chaired by NSW, but with membership of all states and territory meat regulatory authorities, the Australian Government and FSANZ undertook a comprehensive view of post-mortem inspection procedures and disposition judgements in the Australian Meat Standard over the period December 2016 – August 2019.

In February 2020, NSW launched the alternative techniques guideline for the Australian Meat Standard to all NSW domestic processors to enable the increased food safety benefit and carcass yields provided to be accessed by the industry.

The guideline can be accessed on the NSW Food Authority's website.

NSW also assisted in the preparation of fact sheets on each alternative technique and the overall review process to assist in the upskilling of the meat processor workforce in the implementation of the changes.

Participation in the national agenda

During 2019–20, the NSW Food Authority contributed to the work of the Food Regulation Standing Committee (FRSC) and supported participation by the Minister for Agriculture and Western NSW in the Australia and New Zealand Ministerial Forum on Food Regulation.

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

Food Regulation System priorities for 2017–2021

In May 2017, Ministers identified three priority areas for 2017–2021 to further strengthen the food regulation system. Throughout 2019–20 the NSW Food Authority continued to work towards the three priority areas identified:

- **Reduce foodborne illness**, particularly related to *Campylobacter* and *Salmonella*, with a nationally consistent approach.
- **Support the public health objectives** to reduce chronic disease related to overweight and obesity. This will include evaluating the effectiveness of existing initiatives and identify potential new initiatives, such as how the food regulation system can facilitate healthy food choices and positively influence the food environment.
- **Maintain a strong, robust and agile food regulation system** that gives confidence to consumers that their food is safe, and that the system can manage new and innovative industry approaches.

During 2019-20, progress was made on a number of activities that shape the implementation of these priority areas and the NSW Food Authority played a key role in coordinating NSW input and influencing national policy to enhance the food industry's reputation as producers of safe and sustainable food. These activities included:

Australia's Foodborne Illness Reduction Strategy 2018-2021+

The NSW Food Authority continues its work in co-leading the development of Australia's Foodborne Illness Reduction Strategy which was endorsed by the Australian and New Zealand Ministerial Forum on Food Regulation on 29 June 2018.

The Strategy focuses on food safety culture, sector-based initiatives (horticulture, poultry, eggs and food service), consumer and industry information, research, monitoring and surveillance, and national engagement.

Salmonella Enteritidis

On 16 August 2019, Ministers were advised on response actions taken to control locally acquired *Salmonella* Enteritidis (SE) in Australia, following a foodborne illness outbreak with over 200 human cases which lasted from September 2018 – May 2019. Significant work has been undertaken by Governments, particularly NSW to limit the spread of locally acquired SE.

Health Star Rating – Five year review

During the 2019-20 period Ministers considered the independent review of the Health Star Rating (HSR) system and its 10 recommendations. The voluntary HSR system had been in operation for five years.

Ministers agreed to the continuation of HSR as a voluntary system for a further five years, but with the following enhancements:

- Assigning a 5 star rating to some minimally processed fruit and vegetables (subject to the Food Regulation Standing Committee (FRSC) providing a suitable definition).
- Increase to penalties applied to total sugars from a 22 point table to a 25 point table (subject to advice from Food Standards Australia New Zealand (FSANZ)).
- Reducing the upper limit of the sodium table to enhance the sensitivity of the HSR score provided to high sodium foods (subject to FSANZ advice).
- Re-defining dairy categories for dairy desserts and surface ripened cheeses.
- Increased star rating for unsweetened flavoured waters (subject to FRSC providing a suitable definition).
- Explore interim uptake targets to allow for review within the five year voluntary period.

The independent review of the HSR was published on the website of the Food Regulation Secretariat on 19 December 2019.

Ministers responses to the independent review are also published on the website of the Food Regulation Secretariat in due course.

Labelling of sugars on packaged foods and drinks

On 16 August 2019, Forum Ministers noted a Policy Paper: *Labelling of sugars on packaged foods and drinks* prepared by the Food Regulation Standing Committee (FRSC). Based on the Policy Paper, the Forum agreed to request that Food Standards Australia New Zealand (FSANZ) review nutrition labelling for added sugars, noting that the option to quantify added sugars in the nutrition information panel best met the desired outcome.

The Forum further agreed that any label changes that may result should be accompanied by education to support consumers to understand sugars labelling and make informed healthy choices.

Expert elicitation process for high risk horticulture

In June 2018 The Australia and New Zealand Ministerial Forum on Food Regulation (the Forum) noted the recent increase of foodborne illness outbreaks in Australia and agreed that there is a need to reassess the food safety risk management of high-risk horticulture. In response, Food Standards Australia New Zealand (FSANZ) raised Proposal 1052 (*Primary Production and processing Requirements for High-risk Horticulture*).

In February 2020, FSANZ convened an expert elicitation panel to estimate the proportion of foodborne illness linked to high risk horticulture. Expert elicitation is an established method to generate estimates where there is a lack of published data.

FSANZ used a method similar to that adopted by the World Health Organisation Foodborne Disease Burden Epidemiology Reference Group, with a panel comprised of Australian food safety regulators, communicable diseases epidemiologists, and research scientists. The NSW Food Authority was included in the panel.

There was good agreement between panel members on the proportions of pathogens, such as *Salmonella* and *Listeria monocytogenes*, potentially linked to high risk commodities. FSANZ will use these estimates to model potential interventions for reducing illness linked to horticultural products.

Modernisation of the Food Regulation System

On 19 November 2019, Forum Ministers endorsed an ambitious plan to reform the bi-national Food Regulation System (the System) to ensure it remains strong, robust and agile into the future. This includes a review of the *Food Standards Australia New Zealand Act 1991* (FSANZ Act) as a key element.

Forum Ministers endorsed a strategic plan for the reform that includes pursuing new institutional and legislative foundations for the System.

The Forum recognises that governments, industry, consumers and public health advocates in both countries play an important role in the joint Food Regulation System. All relevant stakeholders will be engaged in the reform process.

STATUTORY REPORTING



Human resources

Since 1 July 2014 the NSW Food Authority has not directly employed staff: all staff are employed by the cluster department.

Since 1 July 2014 the NSW Food Authority has not directly employed staff: all staff are employed by the cluster department.

In the financial year 2015-16, there were some changes to the internal structure within the Department of Primary Industries.

This saw the NSW Food Authority and Biosecurity NSW come together in one branch, Biosecurity and Food Safety. As a result, the resource allocation and funding between the Department and the Food Authority was outlined in a *Shared Resources Agreement*, with the NSW Food Authority retaining its statutory entity status under the *NSW Food Act 2003*.

In 2017-18, this agreement was renamed *Resources Agreement*.

Employee-related information on staff who provide services to the NSW Food Authority is included in the Department of Primary Industries divisional section of the NSW Department of Planning, Industry and Environment *Annual Report 2019-20* for the period 1 July 2019 - 1 April 2020, and the Department of Regional NSW *Annual Report 2019-20* for the period 2 April - 30 June 2020. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Workforce diversity

Information relating to workforce diversity initiatives for the period 1 July 2019 - 1 April 2020 appear in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Work health and safety

Information relating to work health and safety for the period 1 July 2019 - 1 April 2020 appear in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Privacy management

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

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

Other information collected and used by the NSW Food Authority is managed according to the NSW Department of Planning, Industry and Environment *Privacy Management Plan*.

Matters relating to more general collection, disclosure and use of personal information by the NSW Food 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*.

More information on Privacy Management for the period 1 July 2019 - 1 April 2020 appears in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appears in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Multicultural policies and services program

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

The NSW Food 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,

This assists industry by ensuring that:

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

ACTIVITIES DURING 2019-20 INCLUDED:

Ongoing activities

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

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

DEPARTMENTAL ACTIVITIES

Information relating to other departmental activities within the multicultural policies and services program for the period 1 July 2019 – 1 April 2020 appear in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Consumer response

The NSW Food Authority aims to maintain and improve the quality of the services we provide by identifying, addressing and resolving complaints about service delivery promptly, consistent with NSW Government complaint handling procedures.

The NSW Food Authority receives feedback and complaints through the primary contact point, the NSW Food Authority Helpline (email/phone/social media/online form/Feedback Assist).

The table below includes complaints received by the NSW Food Authority Helpline during 2019-20. Verbal complaints resolved at first contact are not included.

Nature of complaints	Number of complaints
Delay in service/service quality	9
Process	1
Feedback assist	0
Other	0
Total	10

More information on the NSW Department of Planning, Industry and Environment approach to service related complaint handling for the period 1 July 2019 – 1 April 2020 appears in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appears in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Other statutory requirements

Consultants

Twelve consultants were engaged by the NSW Food Authority in 2019-20 for a total cost of \$113,722.

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

Risk Management and Insurance Activities

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

Risk management and all other insurance activities for the NSW Food Authority for the period 1 July 2019 – 1 April 2020 appear in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Public Interest Disclosures

Public Interest Disclosures (PIDs) for the NSW Food Authority are managed centrally and for the period 1 July 2019 – 1 April 2020, appear in the NSW Department of Planning, Industry and Environment *Annual report 2019-20*, and for the period 2 April - 30 June 2020, appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Overseas Travel

Information relating to overseas travel undertaken to promote investment in NSW and progress key business and research programs with global food safety partners for the period 1 July 2019 – 1 April 2020, appear in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April – 30 June 2020 appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Annual Report production

There was no external cost for the production of the NSW Food Authority Annual Report 2019–20. No hard copies were printed. This report is available for download from foodauthority.nsw.gov.au.

Formal access requests

GIPA (Government Information Public Access) applications for the NSW Food Authority are managed centrally and for the period 1 July 2019 – 1 April 2020, appear in the NSW Department of Planning, Industry and Environment *Annual Report 2019-20*, and for the period 2 April - 30 June 2020, appear in the Department of Regional NSW *Annual Report 2019-20*. From November 2020 this information is now accessible from the [OpenGov NSW website](#).

Further information about accessing documents under GIPA is on the NSW Food Authority's website.

Cyber Security attestation



9 October 2020

Cyber Security Annual Attestation Statement for the 2019-2020 Financial Year for the NSW Food Authority

I, Lisa Szabo, am of the opinion that the information security management system of NSW Food Authority a statutory authority within the Department of Planning, Industry and Environment (for the period 1 July 2019 to 1 April 2020) and Department of Regional NSW (for the period 2 April to 30 June 2020), have managed cyber security risks in a manner consistent with the Mandatory Requirements set out in the NSW Government Cyber Security Policy.

Governance is in place to manage the cybersecurity maturity and initiatives of Department of Regional NSW.

Risks to the information and systems of Department of Regional NSW have been assessed and are managed by Department of Planning Industry and Environment.

The Department of Planning Industry and Environment Cluster Corporate Services has maintained certified compliance with ISO 27001 Information technology - Security techniques - Information security management systems - Requirements by an Accredited Third Party (BSI) during the 2019/2020 financial year (Certificate Number is IS 645082).

Yours sincerely

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

Dr Lisa Szabo
Chief Executive Officer
NSW Food Authority

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

Internal Audit and Risk Management attestation



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

Dear Mr Osborn,

**Internal Audit and Risk Management Attestation for the 2019-2020 Financial Year
for the NSW Food Authority**

Please find enclosed the abovementioned statement attesting compliance with TPP 15-03:
Internal Audit and Risk Management Policy for the NSW Public Sector.

Should you wish to discuss this statement further please contact Allan Murray, Chief Audit Executive
on Mobile: 0409 287 106

Yours sincerely

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

Dr Lisa Szabo
Chief Executive Officer
NSW Food Authority

Date: 09/09/20
Encl

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



Internal Audit and Risk Management Attestation Statement
2019-2020 Financial Year
NSW Food Authority

I, Lisa Szabo, Director Food Safety & CEO NSW Food Authority, am of the opinion that the Authority has internal audit and risk management processes in operation that are materially compliant with the Core Requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	Compliant, Non-Compliant, or In Transition
Risk Management Framework	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2018	Compliant
Internal Audit Function	
2.1 An internal audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

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



Audit and Risk Committee (ARC) - Membership

The NSW Food Authority was part of a Department of Planning, Industry and Environment (DPIE) Led Shared ARC arrangement. The independent Chair and members of the DPIE Led Shared ARC are:

- Mrs Penny Hutchinson — Chair
- Mr Brian Blood
- Ms Julie Elliott
- Mr Alan Zammit

It should be noted that the NSW Food Authority transitioned from the Department of Planning, Industry and Environment Cluster to the newly created Regional NSW Cluster effective 2nd April 2020. With Treasury approval, and the approval of the Secretary Regional NSW, the Chief Executive Officer NSW Food Authority, and the DPIE ARC, the Authority temporarily appointed the members of the DPIE ARC to oversight the 2019/20 financial statements.

In early 2020/21 financial year, a fully compliant Regional NSW Led Shared ARC arrangement will be established of which NSW Food Authority will be a member.

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

Dr Lisa Szabo
Chief Executive Officer
NSW Food Authority

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

Payment of accounts

The tables below summarise the NSW Food Authority's performance in paying accounts during 2019-20.

Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payment made during 2019-20 by the NSW Food Authority. Also included is the time these documents were paid, in relation to due date.

All Suppliers

Quarter	Within Date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2019	\$1,770,617	\$0	\$0	\$0	\$0
December 2019	\$706,090	\$3,205	\$0	\$0	\$0
March 2020	\$159,027	\$0	\$0	\$0	\$0
June 2020	\$15,821,009	\$5,900	\$0	\$0	\$0

Small Business

Quarter	Within Date	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	Greater than 90 days overdue
September 2019	\$0	\$0	\$0	\$0	\$0
December 2019	\$0	\$0	\$0	\$0	\$0
March 2020	\$0	\$0	\$0	\$0	\$0
June 2020	\$0	\$0	\$0	\$0	\$0

Accounts paid on time within each quarter

All Suppliers

Measure	September 2019	December 2019	March 2020	June 2020	Full Year
Invoices due for payment (Number)	14	57	42	33	146
Invoices paid on time (Number)	14	56	41	33	144
Percentage paid on time (%)	100.0%	98.2%	97.6%	100.0%	98.6%
Amount due for payment (\$)	\$1,770,617	\$709,295	\$164,927	\$15,821,009	\$18,465,848
Amount paid on time (\$)	\$1,770,617	\$706,090	\$159,027	\$15,821,009	\$18,456,743
Percentage paid on time (%)	100.0%	99.5%	96.4%	100.0%	100.0%
Number of payments of interest on overdue accounts (Number)	0	0	0	0	0
Interest paid on late accounts (\$)	\$0	\$0	\$0	\$0	0

Small Business

Measure	September 2019	December 2019	March 2020	June 2020	Full Year
Invoices due for payment (Number)	0	0	0	0	0
Invoices paid on time (Number)	0	0	0	0	0
Percentage paid on time (%)	N/A	N/A	N/A	N/A	N/A
Amount due for payment (\$)	\$0	\$0	\$0	\$0	0
Amount paid on time (\$)	\$0	\$0	\$0	\$0	0
Percentage paid on time (%)	N/A	N/A	N/A	N/A	N/A
Number of payments of interest on overdue accounts (Number)	0	0	0	0	0
Interest paid on late accounts (\$)	\$0	\$0	\$0	\$0	0

For the full 2019-20 financial year, 98.6% of all accounts were paid on time, based on value of payments 100% of the amount due were paid on time.

All accounts for payment are directed to and processed by the NSW Food Authority's outsourced service provider, NSW Department of Planning, Industry and Environment and Department of Regional NSW. There were no instances of penalty interest being paid or incurred during 2019-20.

FINANCIAL INFORMATION




Financial Information 2019–20

Statement by the Director Food Safety & CEO NSW Food Authority

Pursuant to section 41C (1C) of the *Public Finance and Audit Act 1983*, and in relation to the NSW Food Authority, I state that:

- (a) The accompanying financial statements and notes to the financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* (the Act), the applicable clauses of the *Public Finance and Audit Regulation 2015* and the Treasurer's Directions issued under the Act;
- (b) The financial statements exhibit a true and fair view of the financial position of the NSW Food Authority as at 30 June 2020 and of its financial performance and its cash flows for the year then ended; and
- (c) At the date on which the statement is signed, I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



Lisa Szabo
Director Food Safety & CEO NSW Food Authority

Date: 19/10/2020

Financial Information 2019–20



INDEPENDENT AUDITOR'S REPORT

NSW Food Authority

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of NSW Food Authority (the Authority), which comprise the Statement of Comprehensive Income for the year ended 30 June 2020, the Statement of Financial Position as at 30 June 2020, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

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

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

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

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

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

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

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

Financial Information 2019–20

Other Information

The Authority's annual report for the year ended 30 June 2020 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Chief Executive of the Authority is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Director Food Safety and Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive's Responsibilities for the Financial Statements

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

In preparing the financial statements, the Chief Executive is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

Financial Information 2019–20

The scope of my audit does not include, nor provide assurance:

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



Min Lee
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

19 October 2020
SYDNEY

Financial Information 2019–20

Beginning of the audited financial statements

NSW FOOD AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
Expenses excluding losses				
Operating expenses	2(a)	18,032	18,918	16,487
Depreciation and amortisation	2(b)	680	1,277	742
Grants and subsidies	2(c)	520	567	502
Total expenses excluding losses		19,232	20,762	17,731
Revenue				
Industry levies and license fees	3(a)	7,393	8,100	8,082
Grants and contributions	3(b)	700	6,222	-
Investment revenue	3(c)	91	405	363
Miscellaneous income and fees for services	3(d)	1,860	2,183	1,823
Total revenue		10,044	16,910	10,268
Gains / (losses) on disposal & impairments	4	(17)	-	-
Net Result		(9,205)	(3,852)	(7,463)
Other comprehensive income				
<i>Items that will not be reclassified to net result in subsequent periods</i>				
Net change in revaluation surplus of property, plant and equipment	7	820	-	(165)
Total other comprehensive income		820	-	(165)
TOTAL COMPREHENSIVE INCOME		(8,385)	(3,852)	(7,628)

The accompanying notes form part of these financial statements.

Financial Information 2019–20

NSW FOOD AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
ASSETS				
Current Assets				
Cash and cash equivalents	5	7,530	10,603	15,946
Receivables	6	1,272	1,046	897
Total Current Assets		8,802	11,649	16,843
Non-Current Assets				
Property, plant and equipment				
Land and buildings		8,671	7,774	7,987
Plant and equipment		264	81	243
Total property, plant and equipment	7	8,935	7,855	8,230
Intangible assets	8	3,095	2,881	2,745
Total Non-Current Assets		12,030	10,736	10,975
Total Assets		20,832	22,385	27,818
LIABILITIES				
Current Liabilities				
Payables	10	3,403	1,149	1,996
Total Current Liabilities		3,403	1,149	1,996
Net Assets		17,429	21,236	25,822
EQUITY				
Accumulated funds		13,352	17,814	22,565
Reserves		4,077	3,422	3,257
Total Equity		17,429	21,236	25,822

The accompanying notes form part of these financial statements.

Financial Information 2019–20

NSW FOOD AUTHORITY
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Accumulated Funds \$000	Asset Revaluation Reserve \$000	Total \$000
Balance at 1 July 2019		22,565	3,257	25,822
Net result for the year		(9,205)	-	(9,205)
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	7	-	820	820
Total comprehensive income for the year		(9,205)	820	(8,385)
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers	18	(8)	-	(8)
Balance at 30 June 2020		13,352	4,077	17,429
Balance at 1 July 2018		30,028	3,422	33,450
Net result for the year		(7,463)	-	(7,463)
Total other comprehensive income				
Net change in revaluation surplus of property, plant and equipment		-	(165)	(165)
Total comprehensive income for the year		(7,463)	(165)	(7,628)
Transactions with owners in their capacity as owners				
Increase / (decrease) in net assets from equity transfers		-	-	-
Balance at 30 June 2019		22,565	3,257	25,822

The accompanying notes form part of these financial statements.

Financial Information 2019–20

NSW FOOD AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Payments to suppliers		(16,851)	(20,768)	(32,200)
Grants and subsidies		(520)	(567)	(502)
Total Payments		(17,371)	(21,335)	(32,702)
Receipts				
Industry levies, licenses and other		9,804	12,133	10,056
Grants and contributions received		-	6,222	-
Interest received		91	405	363
Total Receipts		9,895	18,760	10,419
NET CASH FLOWS FROM OPERATING ACTIVITIES	11	(7,476)	(2,575)	(22,283)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	4	8	-	-
Payment for property, plant and equipment	7	(129)	(200)	-
Payment for intangible assets	8	(819)	(900)	(711)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(940)	(1,100)	(711)
NET INCREASE/(DECREASE) IN CASH		(8,416)	(3,675)	(22,994)
Opening cash and cash equivalents		15,946	14,278	38,940
CLOSING CASH AND CASH EQUIVALENTS	5	7,530	10,603	15,946

The accompanying notes form part of these financial statements.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

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

On 2 April 2020 the Authority was transferred from the Planning, Industry and Environment cluster to the Regional NSW cluster. At the balance date, the Authority was negotiating the transitional arrangements with both the Department of Regional NSW and the Department of Planning, Industry and Environment relating to services currently provided by the Department of Planning, Industry and Environment under the Resource Agreement.

These financial statements for the year ended 30 June 2020 have been authorised for issue by the Director Food Safety & CEO NSW Food Authority on the date on which the accompanying statement by the Director Food Safety & CEO NSW Food Authority was signed.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (AAS) (which include Australian Accounting Interpretations),
- the requirements of the *Public Finance and Audit Act 1983* (the Act) and *Public Finance and Audit Regulation 2015* and,
- Treasurer's Directions issued under the Act.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets and liabilities are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Authority's presentation and functional currency.

(c) Going Concern

These financial statements of the Authority have been prepared on a going concern basis. The Authority reported a deficit of \$9.4 million in the Statement of Comprehensive Income for the year ended 30 June 2020. As the Authority is funded on a cash needs basis and had sufficient cash to meet its operations requirements for the year ended 30 June 2020, the authority did not draw down on any Cluster Grants from the Principal Department (Department of Regional NSW). Management's ability to obtain future cluster grant funding is dependent on the delayed 2020-21 NSW Budget. The delayed 2020-21 NSW budget will not have any impact on Department of Regional NSW's ability to draw down on the consolidated fund arising from the Treasurer authorising expenses under Section 4.10 of the GSF Act. Beyond this event, should the Authority be unable to meet its obligations for a twelve months period from the date of signing these financial statements, it has been provided with a letter of financial support from the Department of Regional NSW.

Further, Covid-19 has not resulted in any material impact on the Authority's revenue and expenses. At the date of this report there is no reason not to expect this financial support to continue.

(d) Statement of compliance

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

(e) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

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

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

(f) Comparative Information

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

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Changes in accounting policies, including new or revised AAS

i) Effective for the first time in FY2019-20

The Authority applied AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities*, and AASB 16 *Leases* for the first time. Several other amendments and interpretations also applied for the first time in the financial year 2019-20, but do not have an impact on the financial statements of the Authority.

The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

AASB 15 Revenue from Contracts with Customers (AASB 15)

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an Authority expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

In accordance with the transition provisions in AASB 15, the Authority has adopted AASB 15 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, i.e. 1 July 2019. The Authority has used the transitional practical expedient permitted by the standard to reflect the aggregate effect of all of the modifications that occur before 1 July 2018 when:

- identifying the satisfied and unsatisfied performance obligations
- determining the transaction price
- allocating the transaction price to the satisfied and unsatisfied performance obligations.

The adoption of AASB 15 did not have an impact on Statement of Financial Position, Statement of Comprehensive Income and the Statement of Cash Flows for the financial year.

AASB 1058 Income of Not-For-Profit Entities (AASB 1058)

AASB 1058 replaces most of the existing requirements in AASB 1004 *Contributions*. The scope of AASB 1004 is now limited mainly to contributions by owners (including parliamentary appropriations that satisfy the definition of a contribution by owners), administrative arrangements and liabilities of government departments assumed by other entities.

AASB 1058 applies to income with a donation component, i.e. transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit Authority to further its objectives; and volunteer services. AASB 1058 adopts a residual approach, meaning that entities first apply other applicable Australian Accounting Standards (e.g. AASB 1004, AASB 15, AASB 16, AASB 9, AASB 137) to a transaction before recognising income.

Not-for-profit Authorities need to determine whether a transaction is/contains a donation (accounted for under AASB 1058) or a contract with a customer (accounted for under AASB 15).

AASB 1058 requires recognition of receipt of an asset, after the recognition of any related amounts in accordance with other Australian Accounting Standards, as income:

- when the obligations under the transfer is satisfied, for transfers to enable an Authority to acquire or construct a recognisable non financial asset that will be controlled by the Authority.
- immediately, for all other income within the scope of AASB 1058.

In accordance with the transition provisions in AASB 1058, the Authority has adopted the AASB 1058 retrospectively with the cumulative effect of initially applying the standard at the date of initial application, i.e. 1 July 2019 and has restated comparatives for FY2018-19. The Authority has adopted the practical expedient in AASB 1058 whereby existing assets acquired for consideration significantly less than fair value principally to enable the Authority to further its objectives, are not restated to their fair value.

The adoption of AASB 1058 did not have any financial impact on Statement of Financial Position, Statement of Comprehensive Income and the Statement of Cash Flows for the financial year.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Changes in accounting policies, including new or revised AAS (continued)

AASB 16 Leases (AASB 16)

AASB 16 supersedes AASB 117 *Leases*, and, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have a significant impact for leases where the Authority is the lessor.

Lessee accounting

AASB 16 requires Authority to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. As the lessee, the Authority recognises a lease liability and right-of-use asset at the inception of the lease. The lease liability is measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. The corresponding right-of-use asset is measured at the value of the lease liability adjusted for lease payments before inception, lease incentives, initial direct costs and estimates of costs for dismantling and removing the asset or restoring the site on which it is located.

The Authority has adopted the partial retrospective option in AASB 16, where the cumulative effect of initially applying AASB 16 is recognised on 1 July 2019 and the comparatives for the year ended 30 June 2019 are not restated.

The Authority elected to use the practical expedient to expense lease payments for lease contracts that at their commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is valued at \$10,000 or under when new (low-value assets).

The adoption of AASB 16 did not have an impact on Statement of Financial Position, Statement of Comprehensive Income or Statement of Cash Flows.

ii) Issued but not effective

The following new Australian Accounting Standards have been issued but are not yet effective. NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The Authority has not early adopted any of these new standards or amendments. When applied in future periods, they are not expected to have a material impact on the financial position or performance of the Authority.

- AASB 1059 *Service Concession Arrangements - Grantors*
- AASB 17 *Insurance Contracts*
- AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*
- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-2 *Amendments to Australian Accounting Standards – Implementation of AASB 1059*
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*
- AASB 2019-7 *Amendments to Australian Accounting Standards - Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*

NSW Food Authority has assessed the impact of the new standards and interpretations issued but not yet effective and considers the impact to be not material.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. EXPENSES EXCLUDING LOSSES

	2020	2019
	\$000	\$000
(a) Operating expenses include the following:		
Audit Fees	100	97
Contract laboratory services	697	896
Contractors	962	980
Legal Fees	115	209
Maintenance	7	-
Fee for staffing resources - Resources Agreement - DPIE	9,476	12,098
Fee for staffing resources - Resources Agreement - DRNSW	3,264	-
Fee for service - Resources Agreement - DPIE	2,063	1,773
Fee for service - Resources Agreement - DRNSW	495	-
Other operating expenses	509	427
Printing and Stationery	-	3
Travel & Accommodation	344	4
	18,032	16,487

Recognition and Measurement

Insurance

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

Fee expense

In accordance with the Biosecurity and Food Safety Resources Agreement (RA) for financial year 2019-20, the Authority reimburses the Department of Regional NSW (the Department) a fee for service as well as operating expenses incurred by the Department on behalf of the Authority, refer to note 19 for more information.

Maintenance

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

(b) Depreciation and Amortisation Expense

Depreciation		
Buildings	136	176
Plant and equipment	75	89
Total Depreciation	211	265
Amortisation		
Intangibles	469	477
Total Amortisation	469	477
Total Depreciation and Amortisation Expense	680	742

Refer to note 7 and 8 for recognition and measurement policies on depreciation and amortisation.

(c) Grant and Subsidies

Grants Paid	520	502
	520	502

Recognition and Measurement

Grants and subsidies

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

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. REVENUE

Recognition and Measurement

Until 30 June 2019, revenue was recognised in accordance with AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*.

From 1 July 2019, revenue is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

	2020	2019
	\$000	\$000
(a) Industry levies and license fees		
Industry Levies	1,044	1,049
License Fees	6,349	7,033
	<u>7,393</u>	<u>8,082</u>

Recognition and Measurement

Levies, licenses and fines

The Authority's main source of revenue is from levies, licences and fines in accordance with established laws and regulations. In other words, these are non-contractual income arising from statutory requirements. These compulsory transfers do not give rise to a contract liability or revenue under AASB 15. This is because the Authority (recipient entity) does not promise to provide goods or services in an enforceable agreement.

Levies, licenses and fines are recognised as income as explained below:

Levies and licenses revenue

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.

Infringement charges and fines

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

	2020	2019
	\$000	\$000
(b) Grants and contributions		
Grants	700	-
	<u>700</u>	<u>-</u>

Recognition and Measurement

Contributions and grants from Government and Other bodies

Income from grants without sufficient specific performance obligations is recognised when the Authority obtains control over the granted assets (e.g. cash). The Authority is deemed to have assumed control when the grant is received or receivable. Control over contributions is normally obtained upon the receipt of cash.

	2020	2019
	\$000	\$000
(c) Investment revenue		
Interest revenue	91	363
	<u>91</u>	<u>363</u>

Recognition and Measurement

Interest revenue

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

	2020	2019
	\$000	\$000
(d) Miscellaneous income and fees for services		
Audit and inspection fees (from the food industry)	1,629	1,536
Infringement charges and fines	68	120
Other income	163	167
	<u>1,860</u>	<u>1,823</u>

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. GAINS/ (LOSSES) ON DISPOSAL

	2020	2019
	\$000	\$000
Gains/ (losses) on disposal of plant and equipment		
Proceeds from disposal	8	-
Written down value of assets disposed	(25)	-
Net gain/ (loss) on disposal	(17)	-

5. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2020	2019
	\$000	\$000
Cash at bank and on hand	7,530	15,946
	7,530	15,946

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, and short term deposits.

Cash and cash equivalents (per statement of financial position)	7,530	15,946
	7,530	15,946

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. CURRENT ASSETS - RECEIVABLES

	2020	2019
	\$000	\$000
CURRENT		
Receivables	1,306	946
Allowance for expected credit losses	(34)	(49)
	1,272	897
Movement in the allowance for expected credit loss		
Balance at 1 July	49	45
Amounts written off during the year	(38)	(22)
Increase/(decrease) in allowance recognised in profit or loss	23	26
Balance at 30 June	34	49

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 17.

Recognition and Measurement

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

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Subsequent measurement

The Authority holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Impairment

The entity recognises an allowance for expected credit losses (ECLs) for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows and the cash flows that the Authority expects to receive, discounted at the original effective interest rate.

For trade receivables, the Authority applies a simplified approach in calculating ECLs. The Authority recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. PROPERTY, PLANT AND EQUIPMENT

Total property, plant and equipment

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
At 1 July 2019 - fair value			
Gross carrying amount	11,630	1,357	12,987
Accumulated depreciation and impairment	(3,643)	(1,114)	(4,757)
Net carrying amount	<u>7,987</u>	<u>243</u>	<u>8,230</u>

At 30 June 2020 - fair value

Gross carrying amount	12,600	1,290	13,890
Accumulated depreciation and impairment	(3,929)	(1,026)	(4,955)
Net carrying amount	<u>8,671</u>	<u>264</u>	<u>8,935</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment held and used by the Authority at the beginning and end of the current reporting period is set out below:

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
Year ended 30 June 2020			
Net carrying amount at beginning of year	7,987	243	8,230
Additions	-	129	129
Disposals	-	(25)	(25)
Net revaluation increments/(decrements)	820	-	820
Depreciation expense - asset owned	(136)	(75)	(211)
Other movements - Equity transfer	-	(8)	(8)
Net carrying amount at end of year	<u>8,671</u>	<u>264</u>	<u>8,935</u>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 9.

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
At 1 July 2018 - fair value			
Gross carrying amount	9,046	1,396	10,442
Accumulated depreciation and impairment	(718)	(1,064)	(1,782)
Net carrying amount	<u>8,328</u>	<u>332</u>	<u>8,660</u>

At 30 June 2019 - fair value

Gross carrying amount	11,630	1,357	12,987
Accumulated depreciation and impairment	(3,643)	(1,114)	(4,757)
Net carrying amount	<u>7,987</u>	<u>243</u>	<u>8,230</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the previous reporting period is set out below:

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
Year ended 30 June 2019			
Net carrying amount at beginning of year	8,328	332	8,660
Net revaluation increments/(decrements)	(165)	-	(165)
Depreciation expense	(176)	(89)	(265)
Net carrying amount at end of year	<u>7,987</u>	<u>243</u>	<u>8,230</u>

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Recognition and Measurement

Acquisition of property, plant and equipment

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

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

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

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

Capitalisation thresholds

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

Depreciation of property, plant and equipment

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

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

Land is not a depreciable asset.

The depreciation rates the Authority uses are:

Plant and Equipment	10% to 25%
Buildings	2% to 7%

Revaluation of property, plant and equipment

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

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

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 9 for further information regarding fair value.

Revaluations are done with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The Authority conducts a comprehensive revaluation at least every three years for its land and buildings where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. During the 2019-20 financial year, a comprehensive revaluation of land was completed by Colliers International. The last comprehensive revaluation of building was completed in 2018-19 financial year by Azurium Real Estate.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. Colliers International, professionally qualified external valuer, completed an interim revaluation (indexation) of building during the 2019-20 financial year.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

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

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

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

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

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

Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal is material.

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

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

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

8. INTANGIBLE ASSETS

	Total \$'000
Intangible Assets - Software	
At 1 July 2019	
Cost (gross carrying amount)	5,838
Accumulated amortisation and impairment	<u>(3,093)</u>
Net Carrying amount	<u>2,745</u>
At 30 June 2020	
Cost (gross carrying amount)	6,657
Accumulated amortisation and impairment	<u>(3,562)</u>
Net Carrying amount	<u>3,095</u>
	Total \$'000
Year ended 30 June 2020	
Net carrying amount at beginning of year	2,745
Additions	819
Amortisation (recognised in 'depreciation and amortisation')	<u>(469)</u>
Net carrying amount at end of year	<u>3,095</u>
At 1 July 2018	
Cost (gross carrying amount)	5,126
Accumulated amortisation and impairment	<u>(2,615)</u>
Net Carrying amount	<u>2,511</u>
At 30 June 2019	
Cost (gross carrying amount)	5,838
Accumulated amortisation and impairment	<u>(3,093)</u>
Net Carrying amount	<u>2,745</u>
Year ended 30 June 2019	
Net carrying amount at beginning of year	2,511
Additions	711
Amortisation (recognised in 'depreciation and amortisation')	<u>(477)</u>
Net carrying amount at end of year	<u>2,745</u>

Recognition and Measurement

The Authority recognises intangible assets only if it is probable that future economic benefits will flow to the Authority and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Following initial recognition intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Authority's intangible software assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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

The useful lives of intangible assets are assessed to be finite. The Authority's intangible assets are amortised using the straight line method over their estimated useful lives. The rate the Authority uses are 20% to 50%. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

Fair value measurement and hierarchy

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

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

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

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

(a) Fair value hierarchy

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
At 30 June 2020				
Property, plant and equipment (Note 7)				
Land and buildings	-	8,671	-	8,671
	-	8,671	-	8,671
At 30 June 2019				
Property, plant and equipment (Note 7)				
Land and buildings	-	7,987	-	7,987
	-	7,987	-	7,987

(b) Valuation techniques, inputs and processes

The valuers have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in the subject market. A variety of approaches have been considered and details of principal approaches to value was provided. For land and buildings, the direct comparison approach was the primary method of valuation used which involves comparisons of sales of other properties in similar locations with reference to the rate per square metre of lettable area, and adjustments made for small points of difference. The valuers also considered the capitalisation approach as a check method. This method takes into account not only the initial return from the property but also rental growth and risk to income and capital value. The depreciated cost method has been used as a check method in deriving the valuation basis.

10. CURRENT LIABILITIES

	2020 \$000	2019 \$000
Payables		
Creditors - trade & accruals	3,403	1,996
	3,403	1,996

Recognition and Measurement

Details regarding credit, liquidity and market risk, including a maturity analysis of the above creditors are disclosed in note 17. Payables represent short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Payable include payments to be made to the Department in accordance with the 2019-20 Resource agreement.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING RESULT

	2020	2019
	\$000	\$000
Net cash flows from operating activities	(7,476)	(22,283)
Depreciation and amortisation	(680)	(742)
(Loss)/gain on disposal & impairments of Non-Current Assets	(17)	-
Movement in allowance for impairment	15	(4)
Increase/(Decrease) in Receivables	360	(147)
Decrease/(Increase) in Payables	(1,407)	15,713
Net Result for the year	(9,205)	(7,463)

12. COMMITMENTS

The Authority is unaware of any capital commitments as at 30 June 2020 (2019: Nil)

13. BUDGET REVIEW

The budgeted amounts are drawn from the original budgeted statements presented to Parliament in respect of the reporting period. Subsequent adjustments to the original budget are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the financial statements are explained below. The budget process is finalised prior to the beginning of each financial year. Events can arise after that date that necessitate variations to the planned activities of the Authority and this in turn may cause variations between the budgeted and actual results.

Net result

Net result budgeted for the year 2019-20 was a deficit of \$3,852,000. Actual net result for the year was a deficit of \$9,205,000. The unfavourable variance of \$5,353,000 is primarily attributable to non-receipt of grant revenue budgeted for the year from the Department of \$6,222,000. In accordance with NSW Treasury policy, the Authority is funded on a cash needs basis. The Authority had sufficient cash to meet its operational requirements during 2019-20 and did not require grant funding. This was partially offset by savings in fee for service and other operating expenses (\$648,000, net).

Assets and Liabilities

Cash and cash equivalents are lower than budgeted as expected when grant revenues were not required to be paid because the Authority had sufficient cash to meet its operational requirements.

Cash flows

Payments to suppliers was lower than budgeted due to outstanding payments yet to be made to the Department for period 1 May to 30 June 2020 of the Resources Agreement. Net cash inflows were lower than budgeted with the Authority not receiving grant funding from the Department.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Authority has no contingent assets or contingent liabilities at 30 June 2020 (2019: Nil)

15. STATE OUTCOMES AND PROGRAMS

The Authority operates wholly within the Stronger Primary Industries (NSW Food Authority) program to contribute to NSW State Outcome 3: Sustainable and productive regional industries and communities.

16. RELATED PARTY DISCLOSURES

During the year, the Authority incurred \$254,273 (2019: \$243,191) in respect of the key management personnel services that were provided by the Department.

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

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

Following are the list of NSW Government entities with whom the Authority had collectively, but not individually, significant transactions during financial year 2019-2020.

Entity	Nature of Transaction
Local Land Services	Collection of meat levy on behalf of NSW Food Authority
Department of Planning, Industry and Environment	Service fees expenses for operational expenses. The Authority's recurrent grants are also received through the Department.
Department of Regional NSW	Service fees expenses for operational expenses. The Authority's recurrent grants are also received through the Department.

17. FINANCIAL INSTRUMENTS

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

The Authority's main risks arising from financial instruments are outlined below, together with the Authority'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 has 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 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.

(a) Financial Instrument Categories

Class	Note	Category	Carrying Amount	
			2020 \$000	2019 \$000
Financial Assets				
Cash and cash equivalents	5	Amortised cost	7,530	15,946
Receivables ¹	6	Amortised cost	1,272	890
Financial Liabilities				
Payables ²	10	Financial liabilities measured at amortised cost	3,391	1,996

Notes

1. Receivables excludes statutory receivables and prepayments, not within scope of AASB 7.
2. Payables excludes statutory payables and unearned revenue, not within scope of AASB 7.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17. FINANCIAL INSTRUMENTS (continued)

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Authority transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- the Authority has transferred substantially all the risks and rewards of the asset; or
- the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the entity's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

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

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial Risk

(i) 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 credit losses or 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.

The Authority considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the entity may also consider a financial asset to be in default when internal or external information indicates that the entity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Authority.

Cash and cash equivalents

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability 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.

The Authority applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17. FINANCIAL INSTRUMENTS (continued)

The expected loss rates are based on historical observed loss rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others a failure to make contractual payments for a period of greater than 180 days past due.

The loss allowance for trade receivables as at 30 June 2020 and 30 June 2019 was determined as follows:

	30 June 2020					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate (%)	-	-	-	-	-12%	
Estimated total gross carrying amount (\$ 000)	791	(15)	46	29	291	1,142
Expected credit loss (\$ 000)	-	-	-	-	(34)	(34)

	30 June 2019					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate (%)	-	-	-	-	-4%	
Estimated total gross carrying amount (\$ 000)	645	433	255	188	1,173	2,694
Expected credit loss (\$ 000)	-	-	-	-	(49)	(49)

Notes: The analysis excludes statutory receivables, prepayments, as these are not within the scope of AASB 7. Therefore, the 'total' will not reconcile to the sum of the receivables total in Note 6.

The Authority is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2020 and 2019.

(ii) 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. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11-12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of an authority (or a person appointed by the Head of an authority) may automatically pay the supplier simple interest. There was no interest paid during the year (2019: Nil)

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17. FINANCIAL INSTRUMENTS (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate %	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000
2020								
Payables	-	3,391	-	-	3,391	3,391	-	-
		3,391	-	-	3,391	3,391	-	-
2019								
Payables	-	1,996	-	-	1,996	1,996	-	-
		1,996	-	-	1,996	1,996	-	-

(iii) 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 exposure 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. 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 exposure in existence at the year end. The analysis is performed on the same basis as for 2019. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount	Net Result	Equity	Net Result	Equity
	\$000	\$000	\$000	\$000	\$000
		-1%		+1%	
2020					
Financial Assets					
Cash and cash equivalents	7,530	(75)	(75)	75	75
Receivables	1,272	-	-	-	-
Financial Liabilities					
Payables	3,391	-	-	-	-
2019					
Financial Assets					
Cash and cash equivalents	15,946	(159)	(159)	159	159
Receivables	890	-	-	-	-
Financial Liabilities					
Payables	1,996	-	-	-	-

(e) Fair value measurement

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values, largely due to the short-term maturities of these instruments.

Financial Information 2019–20

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18. DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

The Authority transferred ownership of a boat and trailer to the Fisheries team in the Stronger Primary Industries program. The transfer of plant and equipment at fair value (note 7) has been disclosed as a decrease in net assets from equity transfers in the Statement of Changes in Equity.

Equity transfers - Recognition and Measurement

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

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

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

19. RESOURCES AGREEMENT

The Authority had previously entered into the Biosecurity and Food Safety Resources Agreement (Resources Agreement) with the Department of Planning, Industry and Environment. As a result of the Machinery of Government changes announced in the Administrative Arrangements (Administrative Changes – Regional NSW and Independent Planning Commission) Order 2020 and Administrative Arrangements (Administrative Changes—Public Service Agencies) Amendment Order 2020, the Resources Agreement transitioned to the Department of Regional NSW on 2 April 2020. The agreement includes a fee for staffing resources and reimbursement of operating expenses for activities undertaken by the Department of Regional NSW staff relating to the Authority's statutory functions. As a result of this agreement, all personnel services liabilities not assumed by the Crown Entity were transferred to the Department of Regional NSW and the Authority does not recognise any personnel services expenses.

20. EVENTS AFTER THE REPORTING PERIOD

As at 30 June 2020, the Authority assessed the impact of COVID-19 on the fair value of its non-current physical and financial assets. These assets include land, buildings, receivables and other liabilities. This was based on historical sales information, expectation of macroeconomic conditions and outlook at the time of assessment. Given continued uncertainty of the COVID-19 factor, it is possible that post 30 June 2020 there may be some new evidence that impacts this fair value assessment materially.

There are no other events subsequent to the balance date that affect the financial information disclosed in these financial

END OF THE AUDITED FINANCIAL STATEMENTS

This page has been intentionally left blank

Index

- Abattoir **15-18, 45, 46**
- Audits **9, 11, 17, 29, 31, 36, 44, 64-66, 70**
- Business hours **Back page**
- Charter **9, 14, 65**
- Compliance **7, 9, 10-11, 14, 16-17, 19-20, 22, 26-32, 34-36, 39-40, 42-44, 49-51, 60, 63, 64**
- Consumer response **61**
- COVID-19 **6-7, 14-15, 17-18, 23, 29, 31, 35-41, 49, 50**
- Customer helpline **48, 60, Back page**
- Dairy **11, 14, 28-29, 46, 47, 55**
- Eggs **19-21, 55**
- Enforcement **7, 17, 37, 38, 43, 44**
- Financial statements **8, 66, 69-94**
- Food Act 2003* **8, 20, 38, 39, 42, 45, 59**
- Foodborne illness **7, 9, 14, 20, 33, 36-39, 49, 50, 54-56**
- Food recall **11, 44**
- Food Regulation 2015 **31**
- Food Regulation partnership **37-41**
- Food Safety **7, 9-11, 14-34, 36-39, 42, 45, 49-53, 55-56, 58, 60, 62, 65,**
- Food Safety Supervisor **11, 15, 36, 39, 49**
- Food Standards Australia New Zealand (FSANZ) **9, 36, 51-53, 55-56**
- Food Standards Code **9, 42-43, 45**
- Government Information Public Access (GIPA) **62**
- Human resources **58**
- Investigations **14, 43-44, 50**
- Labelling **11, 15, 18, 21, 27, 39, 42-44, 51, 55-56**
- Letter of submission **8**
- Licensed facilities **7, 46-47**
- Listeria* **33, 37-38, 56**
- Local government **9, 11, 14-15, 36-37, 41**
- Management and structure **10**
- Manufacturing **17, 42**
- Meat (includes poultry) **11, 14, 16-18, 20, 31, 45-47, 51-53, 55**
- Minister for Agriculture and Western NSW **8, 9, 18, 21, 27, 29, 54**
- Multicultural **60**
- Name and Shame **11, 39**
- Our Minister **6-7**
- Overseas travel **62**
- Payment of accounts **67-68**
- Plant **11, 14, 32-33, 46-47, 51**
- Privacy management **59**
- Registered training organisations **36**
- Retail **6-7, 9, 11, 14-16, 34-42, 46, 48-49, 51**
- Risk management **56, 62, 64-65**
- Salmonella* **14, 19-20, 31, 33, 36-38, 50-51, 54-56**
- Scores on Doors **38-39**
- Seafood **11, 14, 23, 26-27, 46-47**
- Seizures **44-45**
- Shellfish **11, 14, 22-25, 44, 46**
- Surveys **11, 20, 49-51**
- Technical guidance materials **49**
- Third Party Auditor (TPA) **29, 31**
- Vulnerable persons **14, 30-31, 47**
- Wholesale **11, 27, 42-43**
- Workforce diversity **58**
- Work health and safety **59**

NSW Food Authority

6 Avenue of the Americas, Newington NSW 2121

PO Box 6682, Silverwater NSW 1811

Helpline: 1300 552 406

Fax: 02 9741 4888

Email: food.contact@dpi.nsw.gov.au

Helpline hours: 8.30am to 5.30pm, Monday to Friday

Office: 02 9744 4777

Office hours: 8.30am to 5.00pm, Monday to Friday

A decorative graphic at the bottom of the page consisting of several overlapping, wavy, curved shapes in shades of grey and dark grey, creating a modern, abstract background.