

ANNUAL REPORT

2021–22



Food
Authority

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ABOUT US



Our Minister



This year saw the continuation of one of the most serious crises to affect our population. The global COVID-19 pandemic touched every part of our food production chain and, in this, my first year as Minister, I have observed first-hand the NSW Food Authority's commitment to food safety. Drawing on its close links with industry stakeholders, with NSW Health and its community outreach through local councils and education programs, the Food Authority delivered an exceptional response over this challenging period.

The Food Authority continued its outstanding management of licenced businesses, conducting 2839 food safety audits over the 2021–2022 period. The Food Authority also undertook 233 compliance inspections of non-licensed food manufacturing and wholesale businesses. Business compliance was over 90% with appropriate follow-up actions undertaken where necessary. The Food Authority also seized over 300 kilograms of meat products from a meat processing facility operating without a NSW Food Authority licence which was in breach of the NSW *Food Act 2003*.

Our partnerships with local councils resulted in important outreach to local food businesses and managing food safety risk in the retail food sector. Key stakeholder meetings continued at local, regional and state levels in Food Regulation, Retail Information, managing pest control and food safety investigations.

The Authority continued to speedily respond to food safety issues, guiding consumers in their choice of where to eat or buy food. It addressed over 850 enquiries into food businesses, issued 177 improvement notices, 68 penalty notices and undertook 2,330 food safety compliance tests. The Food Authority also published 474 penalty notices issued to 257 facilities on the name and shame register over the 2021–2022 period.

I have observed first-hand the NSW Food Authority's commitment to food safety. Drawing on its close links with industry stakeholders, with NSW Health and its community outreach through local councils and education programs, the Food Authority delivered an exceptional response over this challenging period.

The Food Authority helpline successfully triaged and handled over 13,000 food safety enquiries from the public through calls, emails, via the website and social media, and through the post.

The Authority recognised the integral role of trained staff on the ground.

- In-house training sessions were attended by over 650 council officers
- Ten new Regional Training Organisations were approved for the Food Safety Supervisor program for the retail/food service sector—a pipeline of qualified, competent staff to secure food safety standards into the future
- 16,669 food safety supervisor certificates were issued.

The Food Authority takes pride in its rigorous evidence-based policy approach. This year, it used artificial intelligence and machine learning to support food safety, food safety licencing functions and regulation.

Increasing businesses' contributions to the economic growth and prosperity of NSW is a key function of the Authority. This year, the Authority worked with the shellfish industry in maintaining export listing for 32 harvest areas and achieved 37 industry accreditations. It assessed 13 Primary Production and Rural Development SEPP applications.

The NSW Food Authority provided timely, quality advice on multiple amendments to food standard regulations and was able to provide valuable input to the national food regulatory system. The Government was able to influence outcomes at national and international policy levels through Ministers' Meetings, parliamentary Advisory Committee meetings, and the Australia New Zealand Food Standards Code.

The NSW Food Authority provided timely, quality advice on multiple amendments to food standard regulations and was able to provide valuable input to the national food regulatory system.

Once again, I would like to acknowledge the extent to which the pandemic and the extreme weather events this year curtailed our lives. The rolling, unprecedented emergency responses to mitigate the spread of the virus and manage major floods highlight our reliance on the safety and security of the food industry. I would like to thank every one of you for your work.

I am proud to present the NSW Food Authority's 2021–2022 Annual Report.



The Hon. Dugald Saunders MP

Minister for Agriculture
Minister for Western New South Wales

Letter of submission



14 October 2022

The Hon. Dugald Saunders
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 2022.

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

Yours sincerely

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

Dr Lisa Szabo
Chief Executive Officer
NSW Food Authority

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Our charter

The NSW Food Authority contributes to the overall health 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

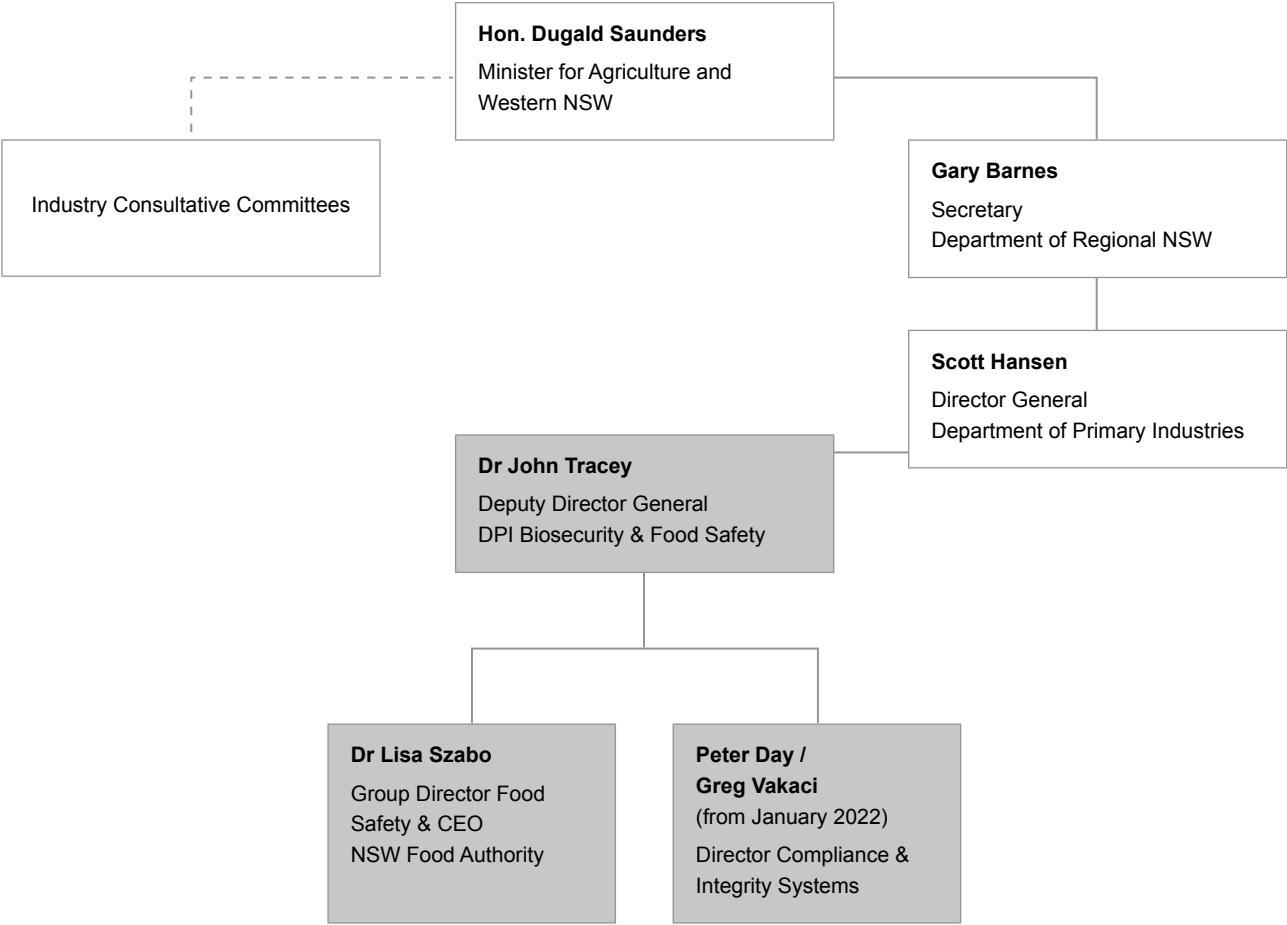
The NSW Food Authority has a coordinated and consistent approach to ensuring the people of NSW are safe and protected from risks to their health from food poisoning.

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

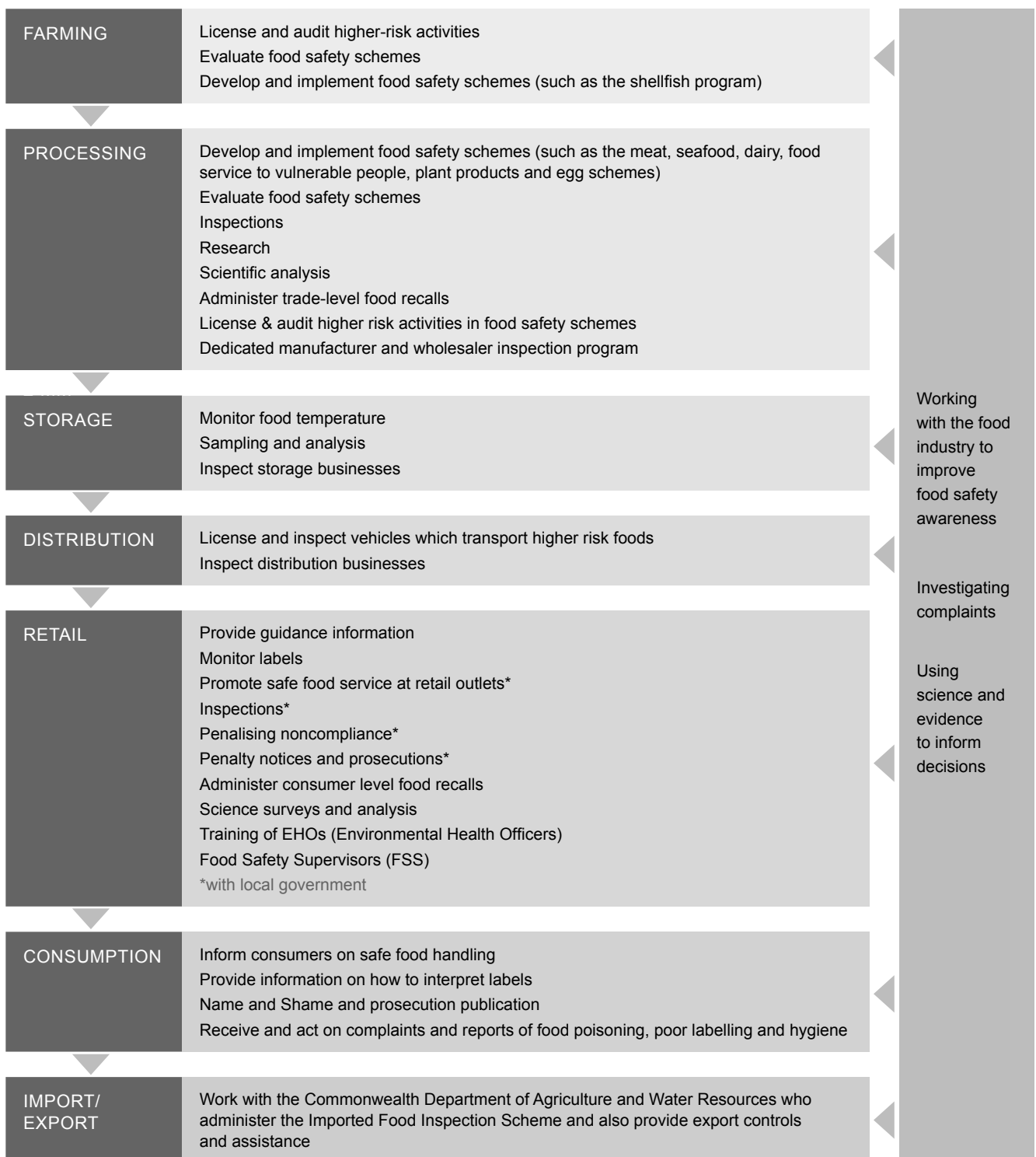
DPI Biosecurity & Food Safety Management Structure as at 30 June 2022



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.



PERFORMANCE



Highlight summary

2021–2022 brought a continuation of the pandemic, with worsening conditions for many of our growers and suppliers with much of the state locked down for over four months coupled with devastating floods at the start of 2022. In these adverse conditions, food safety remained a priority, and the Food Authority once again met its goals.

The 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 Food Authority has delivered multiple benefits to the people of NSW, helping food businesses contribute to the state's economic growth and prosperity in difficult times.

Highlights:

The Food Authority continues to work consultatively with the State's 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.

Through this successful collaboration the Food Authority has achieved the following outcomes.

- **Oversight of business compliance with food safety requirements**

Audits and inspections

Across all licensed sectors the compliance rate against food safety requirements was 95% from 2,839 audits and 3,146 inspections.

There were three prosecutions under the *Food Act 2003*.

Of the 191 urgent food safety complaints in 2021–22, 98% were responded to within 24 hours. Three responses fell outside the 24-hour period by between 45 minutes and six hours. These matters did not result in adverse outcomes.

- **Continued assistance to the NSW response to the pandemic**

In response to the ongoing pandemic, approximately 1,985 food businesses were inspected for compliance with the COVID-19 Public Health Orders by these officers.

The inspections showed a high level of compliance with the Public Health Orders, with only three penalty notices issued and two of which were court elected.

Staff also worked with NSW Health on Venue Risk Assessments for businesses that had customers or staff infected with COVID-19. Several operational documents and procedures were developed, including guidance for supermarket distribution centres.

There were two prosecutions under the *Public Health Act 2010* (two court elected penalty notices).

- **Engagement and training of third party auditors**

Eleven Third Party Auditors (TPA) and nine Regional NSW staff were trained in their respective duties under the *Food Act 2003*. The NSW Food Authority hosted three online and one face-to-face training session for TPAs. This training assists TPAs to maintain the required high standards and skill levels, supports compliance with the *Food Regulation 2015*, and protects public health and safety.

In May 2022, a conference and networking function was attended by 26 TPAs (53%).

- **Partnering with local government to manage food safety risk in the retail food sector**

The 128 NSW local councils were guided on regulation of home-based, mobile and temporary food businesses, as well as on delivery-only food businesses; two Food Regulation Forum meetings; two Retail Information Sessions (71 registrations); four State Liaison Group meetings (112 attendees); 46 Regional Food Group meetings attended by 652 council officers; issued 44 communications to councils and responded to 853 enquiries.

Compliance with food safety requirements across the retail food sector for the 2021–2022 financial period was 98%.

- **Using research and science to underpin policy, communications and food safety**

The Food Authority collaborated with multijurisdictional outbreak investigations on *Vibrio parahaemolyticus* linked to oysters from the Coffin Bay region of South Australia and a *Salmonella* Typhimurium outbreak linked to poultry products; assisted with development of a webpage on alternative compliance and published six articles in peer-reviewed scientific journals.

Pilot projects on the use of artificial intelligence and machine learning to support food safety, food safety licensing functions and innovation in food safety regulation were initiated. Ongoing support for use of real-time salinity monitoring/management to provide an additional three weeks of oyster harvest per year, the benefit of which is expected to be up to \$3 million per annum.

- **Investigations and risk analysis**

Conducted either surveillance, sampling and/or microbiology, chemistry and allergen tests and supported investigation of foodborne illness outbreaks. Work included 3025 samples submitted and over 4700 tests completed.

- **Maintaining adequate food safety programs in the shellfish industry**

76 annual reviews of harvest areas were completed; 9 depuration tanks compliance assessed; 37 industry accreditations; 13 SEPP 62 Development Application reviewed; and 35 product retrievals.

A second La Nina weather event influenced summer and saw extensive rainfall, which caused an extremely high number of harvest area closures. The rainfall also caused a higher-than-average number of sewage spills as well as production challenges collectively resulting in 589 harvest area closures.

Procured biotoxin testing services for the NSW industry via a tender process.

The Food Authority successfully completed a tender for an accredited biotoxin testing service to support on-going access to key domestic and export markets for the state's shellfish industry. The new commercial arrangement ensures that the NSW shellfish industry has access to accurate, timely and cost-effective biotoxin testing service that meets the needs of industry now and into the future.

- **Developing, implementing and reviewing contemporary food standards, food safety schemes and initiatives**

Issued 16,669 food safety supervisor certificates; approved 10 Registered Training Organisations delivering food safety supervisor training and certification; and provided advice to the Minister on 12 proposed changes to the Food Standards Code (the Minister accepted the advice provided by the Food Authority).

Led national working groups supporting the development of standards for high-risk horticulture and for the revision of the compliance plan for eggs.

- **Triaged and responded to food safety enquiries**

Assisted over 3.6 million customer requests for advice, to report food complaints and transactions, including 13,073 contacts via phone, email, online form, social media and post to the Food Authority helpline.

The helpline resolved 92% of those transactions that were potentially resolvable without referral during the first contact.

Coordinated NSW input to the national food regulatory system and influenced national and international policy to reduce foodborne illness, support public health objectives and maintain a strong and agile food regulation system, giving the community confidence in food safety. Advised Food Ministers' Meetings in-session and out-of-session agenda items, the Food Regulation Standing Committee meetings, the Conran Review and National Cabinet. Also, contributed to review and finalisation of a number of standards.

- **National Food Tampering Exercise**

Jurisdictional food safety regulators and police, food retailers and fresh produce industry representatives conducted a two day food tampering exercise at NSW Police Headquarters.

Meat

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

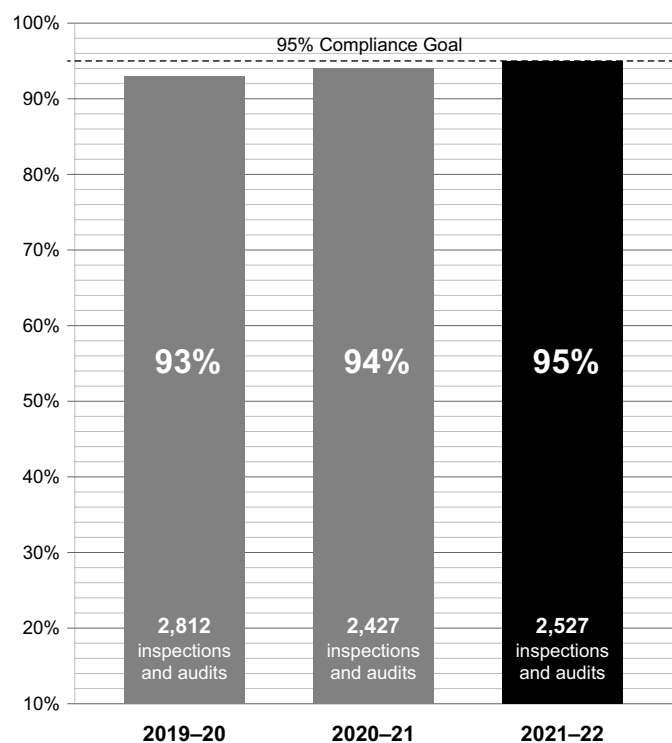
This includes:

- 30 poultry and rabbit abattoirs
- 29 red meat abattoirs
- 438 meat processing plants
- 330 poultry primary production premises
- 1,429 retail meat premises
- 701 game meat harvest vehicles and 112 field depots.

Of the 7,471 food transport vehicles licensed with the Food Authority, approximately 5,600 are authorised to transport meat products.

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 95%, up slightly on the average compliance rate over the past three years.

Meat sector compliance rate



Game Meat Compliance Project

Game meat harvester vehicles transport game animals (kangaroos, wild boar, goats, deer, rabbits, duck) from the point of harvest to a field depot. Operators of these vehicles need to hold a licence with the NSW Food Authority and a Statement of Attainment in Harvesting Wild Game Animals, have a food safety program, and comply with Australian Standards (and other conditions of licence depending on the game animal harvested).

During 2021–2022, a compliance project was undertaken that involved harvesters presenting their vehicles at one of 40 locations for inspection on pre-arranged dates and times. These inspections were conducted over a short three-week timeframe and were designed to minimise the logistical impact on harvesters.

Officers checked that:

- Harvest vehicles were clean and appropriately constructed and equipped
- Harvesters have the appropriate skills and knowledge in humane and hygienic processing
- Food safety and traceability records were maintained.

The most common defect identified was inadequate spacing between pelvic spikes on game racks. Other defects included rusty racks, unsuitable materials (e.g. fabric straps used to secure equipment on racks) and unclean surfaces. Licensees rectified defects by taking corrective actions, before being cleared to continue with game meat harvesting activities.

Over the three-week period, officers inspected 370 game meat harvest vehicles (57% of all licensees).

The overall compliance rate was 97%, with no critical food safety issues identified or serious enforcement action taken.

The successful outcomes of this project demonstrates that industry value the importance of safe game meat products and the sustainability of food production in NSW.

Illegal slaughter prosecution in Greater Sydney

Following an investigation in 2019, the prosecution of a company at Cobbitty in south-western Sydney, was finalised in Campbelltown Local Court. The company was prosecuted for not being licensed to operate a food business, failing to comply with the Food Standards Code relating to the processing of food and premises design and construction and failing to comply with the National Livestock Identification System.

The company was convicted of seven offences, five under the *Food Act 2003* and two under the *Biosecurity Act 2015*, fined \$18,000 and ordered to pay professional costs of \$29,218.75.

Marrickville business fined for failing to comply with the *Food Act 2003*

A Marrickville food business was inspected in response to complaints from the general public and local council. The business was found to be operating a meat processing facility without a NSW Food Authority licence, and failed to comply with Food Standards Code requirements relating to hygiene, pest control, food recall and hand washing. The business also failed to comply with the COVID-19 Public Health Orders in effect at the time.

338.6kg of meat was seized, five penalty notices were issued for breaches of the *Food Act 2003* and one penalty notice was issued for a breach of the *Public Health Act 2010*. Fines totalled \$9,840.

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.

In addition to food safety matters, the committee also provides advice and receives information on other issues affecting their industries.

In addition to food safety matters, the committee also provides advice and receives information on other issues affecting their industries such as:

- **Biosecurity:** the recent detection of Lump Skin Disease (LSD) and Foot and Mouth Disease (FMD) in Indonesia and DPI's Animal Biosecurity preparations. Surveillance, early detection and awareness and vaccine availability are a top priority. A task force has been established with significant resources and extra funding to help protect industry should an emergency response be needed.

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

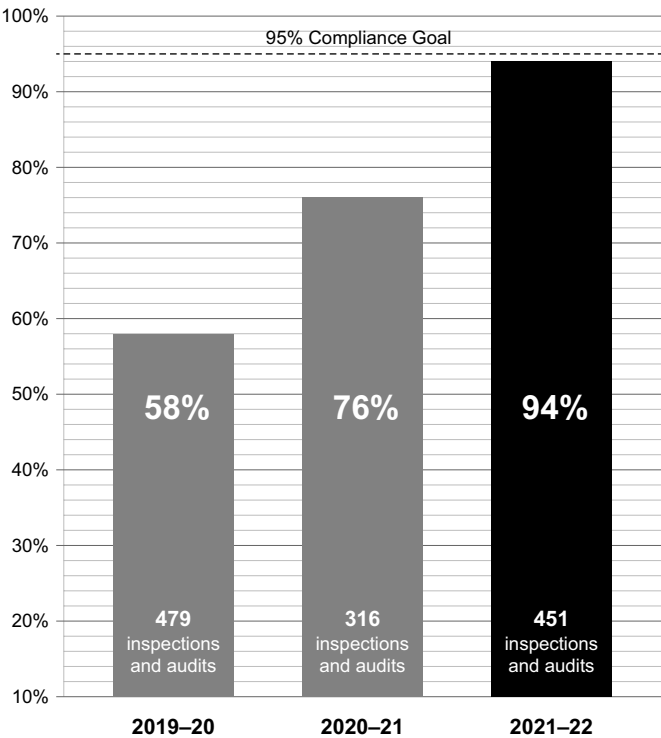
The NSW Food Authority licenses businesses across the supply chain in this sector. This includes:

- 16 egg processors
- 260 egg producers and cold food stores.

Of the 7,417 food transport vehicles licensed with the NSW Food Authority, approximately 2,800 are authorised to transport egg products.

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 94%.

Egg sector compliance rate



Compliance across the egg industry has significantly improved since 2019–2020. Efforts to work with industry to comply with the *Salmonella* Enteritidis (SE) control order and subsequent operational responses have contributed to the increase in industry compliance. At the completion of the operational phase of the current SE control order, every producer inspected was found to comply with the requirements of the order.

Since May 2020, there have been 33 people with locally acquired illness caused by SE. The SE strain is closely related to the NSW outbreak strain that was linked to the commercially layer industry in 2018–2019. Unfortunately, the epidemiological data and sporadic occurrence has not assisted with identifying the source. It remains important for the egg industry to ensure they continue to meet the requirements outlined in the Biosecurity SE Control Order and expect that the NSW Food Authority will continue to monitor compliance with these and food safety requirements.

Further information in Food Testing and Surveys.

Assisting egg industry with managing COVID-19

As the NSW egg industries continued to adapt to issues affecting their operations and as part of the NSW Government response to the COVID-19 response, the NSW Food Authority continued to work closely with industry as part of the COVID-19 Primary Industries Liaison Team and other agencies including NSW Health and Safework NSW to educate and support this sector in managing COVID-19 risks.

Egg Industry Consultative Committee

The Egg Industry Consultative Committee (EICC) meets approximately every six months and provides feedback to the NSW Food Authority and the NSW 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.

In addition to food safety matters the committee also provides advice and receives information on other issues affecting their industries.

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)

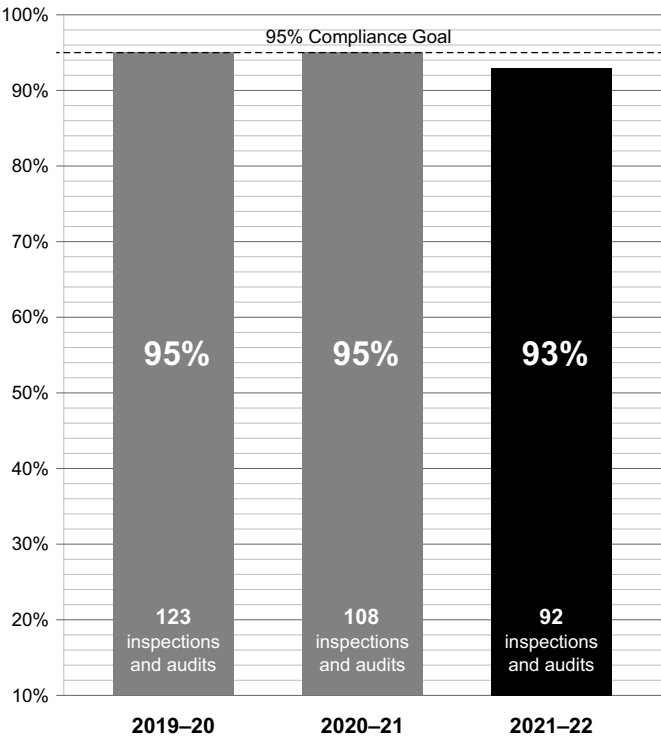
NSW Department of Primary Industries

Shellfish

The NSW Food Authority licenses 271 businesses in this sector. This includes 229 oyster farmers, and 42 shellfish wild harvest businesses.

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 93%, slightly below previous compliance rates.

Shellfish sector compliance rate



Support of Food Safety Programs assisting the State's shellfish industry

As part of its commitment to supporting the NSW shellfish industry the NSW Food Authority achieved 76 annual reviews of harvest areas, nine depuration tank assessments, 37 industry accreditations, 13 State Environmental Planning Policy - Primary Production and Rural Development application assessments, 589 harvest area closures, 35 product retrievals and worked with industry to maintain export approval for 32 export listed harvest areas in NSW.

Online Training and Services

The NSW Food Authority continued its commitment to supporting and educating industry despite some restrictions imposed as a result of COVID-19 impacting traditional training opportunities early in the financial year.

This Depuration and Harvest & Hold courses continued to be offered via video-conferencing, with face-to-face training provided when COVID-19 restrictions permitted. This mix of training options maximised industry access to training while catering for the needs of individual industry members.

Food Agility CRC Project

The NSW Food Authority continues to provide technical and operational support to the oyster industry's Food Agility CRC project that aims to increase the number of days that shellfish can be harvested by improving environmental monitoring of harvest areas.

The implementation of real-time salinity monitoring to replace rainfall as a management tool progressed, with six harvest areas now operating under a salinity only management plan. Modelling of these areas has confirmed that this approach offers increased harvest days and improved food safety risk management.

A DPI economic assessment of the project's real-time salinity management demonstrated that the new harvest area management regimes resulted in around three additional weeks of harvest per year. The benefit of applying this across NSW is expected to be up to \$3 million per annum.

A sub-project to develop PCR based testing methods has successfully used PCR based assays to determine the relative faecal input from different sources such as human, bird and cattle. This information will assist to identify sources of contamination and drive remediation efforts benefiting industry and the environment.

Detailed project reports are being completed for each estuary covered by the project. As of 30 June reports have been published for the Manning River and Wagonga Inlet. The reports are available on the [Food Agility CRC website](#).

Work to develop a PCR based assay to detect the presence of toxic algae has also shown considerable progress. If successful, this work could result in a step change in how this risk is managed providing a faster and more economical test method.

Secured Biotoxin Testing Services

The Food Authority successfully completed a tender for an accredited biotoxin testing service to support on-going access to key domestic and export markets for the state's shellfish industry. The commercial arrangement with Symbio Laboratories will ensure that the NSW industry has access to accurate, timely and cost-effective biotoxin testing service that meets the needs of industry now and into the future.

Published papers

The Food Authority contributed to five published papers during the 2021–2022 period.

- Ajani, P.A., Verma, A., Kim, J.H., Woodcock, S., Nishimura, T., Farrell, H., Zammit, A., Brett, S., Murray, S.A (2021) 'Using qPCR and high-resolution sensor data to model a multi-species Pseudo-nitzschia (Bacillariophyceae) bloom in south-eastern Australia', Harmful Algae, Volume 108, August 2021
- Ajani, P.A., Henriquez-Nunez, H.F., Verma, A., Nagai, S., Uchida, H., Tesoriero, M.J. Farrell, H., Zammit, A., Brett, S., Murray, S.A. (2022). 'Mapping the development of a Dinophysis bloom in a shellfish aquaculture area using a novel molecular qPCR assay'. Harmful Algae, Volume 116, July 2022
- Ajani, P.A., Dove, M., Farrell, H., O'Connor, W., Tesoriero, M., Verma, A., Zammit, A., Hughes, B., Murray, S., 2022 'Transforming Australian Shellfish Production: Lower Honeymoon Bay Harvest Area', Wagonga Inlet. University of Technology Sydney, Report on Stage 1, December 2017-March 2021, Sydney, Australia, pp. 54.
- Ajani, P.A., Dove, M., Farrell, H., O'Connor, W., Tesoriero, M., Verma, A., Zammit, A., Hughes, B., Murray, S., 2022 'Transforming Australian Shellfish Production: Pelican Point Harvest Area – Manning River'. University of Technology Sydney, Report on Stage 1, December 2017-March 2021, Sydney, Australia, pp. 46.
- Ajani, P.A.; Sarowar, C.; Turnbull, A.; Farrell, H.; Zammit, A.; Hellenen, S.; Hallegraeff, G.; Murray, S.A. 'A Comparative Analysis of Methods (LC-MS/MS, LC-MS and Rapid Test Kits) for the Determination of Diarrhetic Shellfish Toxins in Oysters, Mussels and Pipis'. Toxins, Volume 13(8), 2021 pp. 563.

NSW Shellfish Committee

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

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

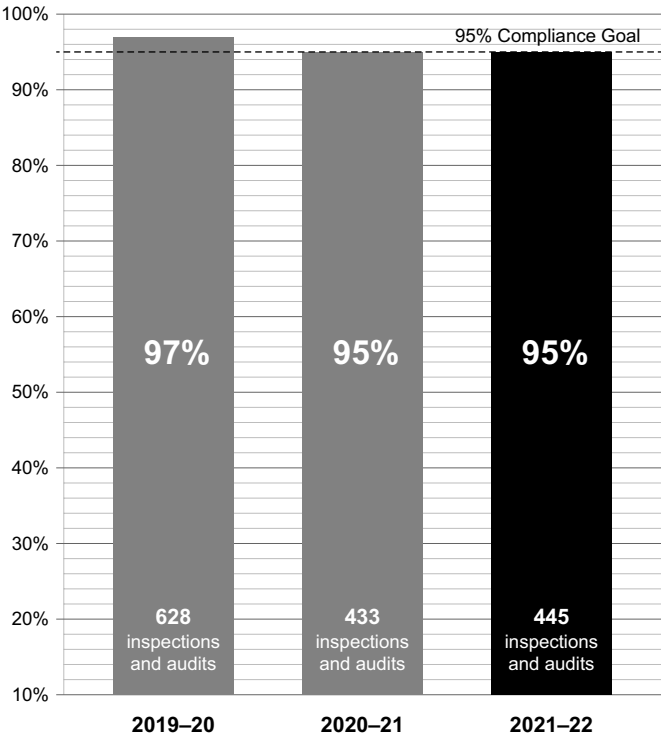
Seafood

The NSW Food Authority licenses businesses across the supply chain in this sector. This includes 206 seafood processing plants and 788 facilities that handle wild caught seafood as well as cold food stores.

Of the 7,417 vehicles licensed with the NSW Food Authority, approximately 4000 are authorised to transport seafood products.

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 95%, consistent with, or slightly below, the average compliance rate over the past three years.

Seafood sector compliance rate



Assisting the seafood sector with managing COVID-19

Industry continues to adapt to address issues affecting their operations and as part of the NSW Government response, the NSW Food Authority continued to work closely with industry as part of the COVID-19 Primary Industries Liaison Team and other agencies including NSW Health and Safework NSW to educate and support this sector in managing COVID-19 risks.

As part of its efforts to provide tangible support to business the NSW Food Authority developed a Resource Paper that provided key links to published COVID-19 information to support the NSW food industry including advice for businesses on food safety aspects of COVID-19, workforce management and regulatory obligations.

Abalone Viral Ganglioneuritis update

Abalone Viral Ganglioneuritis (AVG) affects abalone's central nervous system. 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.

Following the detection and subsequent eradication of AVG in NSW live seafood holding facilities in July 2021, NSW DPI revised its border movement restrictions to minimise the risk of introduction of AVG into NSW abalone populations. All affected premises were de-stocked and cleaned, and as a result, NSW has now been declared AVG free. AVG has not been detected in wild NSW abalone. The revised movement restrictions

and biosecurity conditions are established under the Biosecurity (Abalone Viral Ganglioneuritis) Control Order (No 4) 2021.

There was a detection of AVG in western Victoria during the 2020-21 period. In response NSW has implemented a Biosecurity Control Order to prevent importation of wild abalone from western Victoria. Only abalone from eastern Victoria is permitted into NSW.

The NSW Food Authority worked closely with the Sydney Fish Market to ensure this message was conveyed to stakeholders in a timely manner. AVG was subsequently detected in a number of abalone live holding premises in Sydney and was the focus of a significant emergency response. As a precaution a Control Order was initially implemented to prohibit movement of live abalone into and within NSW.

Subsequently, limited trade of live wild abalone of NSW origin resumed. The NSW Food Authority continues to work with DPI Fisheries in its efforts to support industry in its response and management of AVG through education and compliance programs.

NSW Seafood Industry Forum

The NSW Seafood Industry Forum meets approximately every six months and provides feedback to the 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 Forum 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

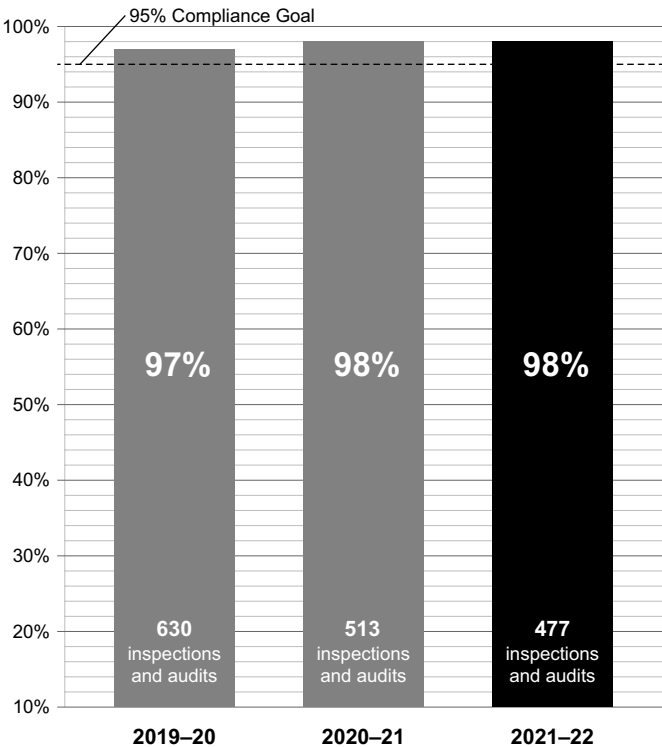
The NSW Food Authority licenses businesses across the supply chain in this sector. This includes:

- 505 dairy farms
- 213 dairy processing factories
- 152 farm milk collectors as well as cold food stores

Of the 7,417 food transport vehicles licensed with the NSW Food Authority approximately 4,250 are authorised to transport dairy products.

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 98%, maintaining the improvement on the average compliance rate over the past three years.

Dairy sector compliance rate



Assisting Dairy Industry with managing COVID-19

The increasing impact of COVID-19 throughout the 2021–2022 Financial Year was an issue of concern for the State’s dairy industry, particularly supply chain issues and labour shortages caused by border closures and quarantine requirements with Queensland and Victoria. The extreme weather conditions in NSW and Queensland was an additional challenge.

In response, the NSW Food Authority continued to work closely with industry as part of the COVID-19 Primary Industries Liaison Team and other agencies including NSW Health and Safework NSW to educate and support businesses in managing COVID-19 risks.

In an effort to provide tangible support to the sector the NSW Food Authority, via Officers who are authorised under the *Public Health Act 2010*, proactively visited dairy processing licensees to ensure food businesses have a COVID-19 Safety Plan in place and educate and support them in their management of risks.

This included provision of a Resource Paper that provides key links to published COVID-19 information to support the NSW food industry including advice for businesses on food safety aspects of COVID-19, workforce management and regulatory obligations.

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.

In addition to food safety matters the committee also provides advice and receives information on other issues affecting their industries such as:

- **Biosecurity:** the recent detection of Lump Skin Disease (LSD) and Foot and Mouth Disease (FMD) in Indonesia and DPI’s Animal Biosecurity preparations. Surveillance, early detection and awareness and vaccine availability are a top priority. A task force has been established with significant resources and extra funding to help protect industry should an emergency response be needed.
- The Department received over 4,800 responses to the *NSW Animal Welfare Reform: Discussion Paper*, which set out the key proposals for the Draft Bill. from a wide range of community members and stakeholders. Submissions closed 28 February 2022 and feedback will be used to refine reform proposals and inform the drafting of the new animal welfare legislation.

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

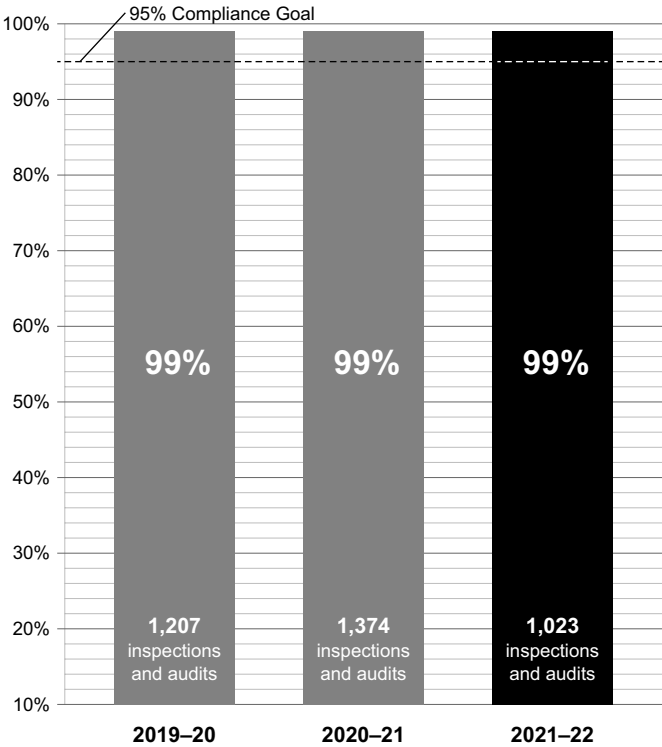
Vulnerable persons

The NSW Food Authority licenses 1,221 businesses in food service to the Vulnerable Persons (VP) sector.

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

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 99%, maintaining the average compliance rate over the past three years.

Vulnerable Persons sector compliance rate



Third party auditor training

During 2021–2022, the NSW Food Authority hosted three online and one face-to-face training session for Third Party Auditors (TPAs). This training assists TPA's to maintain the required high standards and skill levels, supports compliance with the Food Regulation 2015, and protects public health and safety.

On 11 May 2022, a conference and networking function was hosted for TPAs in Parramatta. There are currently 49 licensed TPAs who conduct food safety audits on behalf of the NSW Food Authority, predominantly in the vulnerable populations (aged care facilities) and dairy sectors (dairy farms). Now in its sixth year, the conference was attended by 26 TPAs and provided the opportunity for these auditors to convene face-to-face for the first time since August 2019, with COVID-19 disrupting in-person stakeholder engagement activities for the last two years.

The TPA Conference continues to evolve into a professional development forum, with a keynote presentation from the CEO of the Australian Institute of Food Technology, on the agri-food industry of the future and how food safety trends were informing this.

Other presentations included:

- A year in review: Compliance Data/Remote Auditing/ COVID-19 Impacts
- Alternative food safety compliance
- Renewal process for Third Party Auditors
- Foodborne illness investigations and plain English allergen labelling (PEAL) legislation
- Investigation – from inspection to prosecution
- New operational compliance calendar

The TPAs were also provided a demonstration of a new web-based application being developed to assist them in recording and reporting audit outcomes.

The conference was followed with a networking function where TPAs were able to meet with businesses that are eligible to use their services. These businesses were invited to meet and greet the TPAs with a view to facilitate future audits in their business.

Consultative Committee representation

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

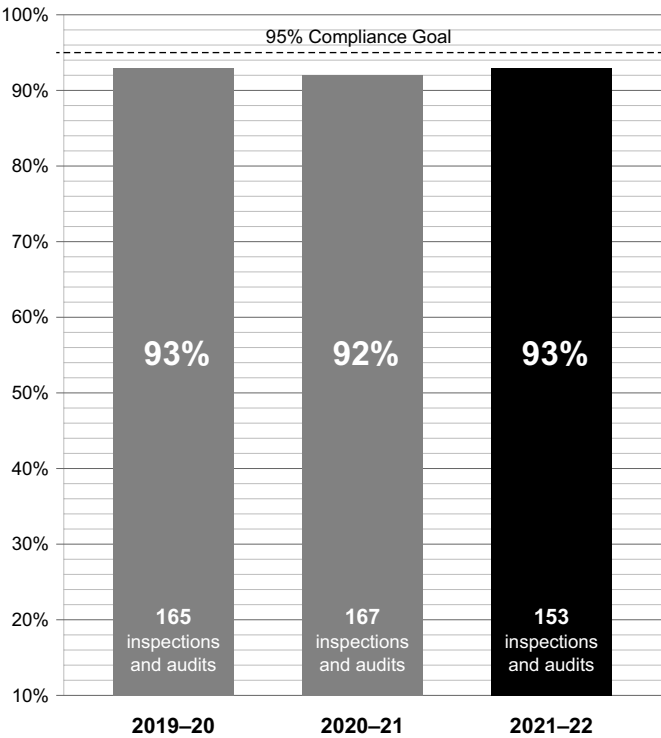
Plant

The NSW Food Authority licenses 88 businesses in the plant processing sector as well as cold food stores.

Of the 7,417 food transport vehicles licensed with the NSW Food Authority, approximately 3,000 transport vehicles are authorised to transport plant products.

Compliance across the sector with food safety program requirements for the 2021–2022 financial period was 93%, an improvement on last year’s result.

Plant sector compliance rate



Pesticide residue survey

A planned survey of pesticide residue of a variety of plant products was postponed due to the impact of COVID-19. It is anticipated this work will recommence in the new Financial Year.

In order to find ways to best support the sector during these challenging times, the Authority met with stakeholders from the fresh produce industry to garner their views and experience to date, and discuss ways to address how best to minimise food safety risks in the sector. An outcome of the meeting was for a targeted group of representatives to meet regularly to progress these discussions and actions. This work will be ongoing.

Listeria traced to a licensed food manufacturer

Listeriosis is a rare illness caused by eating food contaminated with the bacteria *Listeria monocytogenes*. It is a serious disease for pregnant women and people with weakened immune systems. Although listeriosis is rare, it has a high death rate.

Following an increase in human cases of listeriosis in April 2022, officers successfully traced the outbreak to a Sydney based manufacturer of fresh cut fruit and juices. Using whole genomic sequencing from NSW Health, Food Authority officers were able to link *Listeria monocytogenes* found in the food production environment to a human case and issued a prohibition order on the facility.

Over 300 food and environmental samples were collected as a part of the investigation and the facility was inspected multiple times to ensure that defect areas were rectified before the facility re-commenced operations.

Consultation

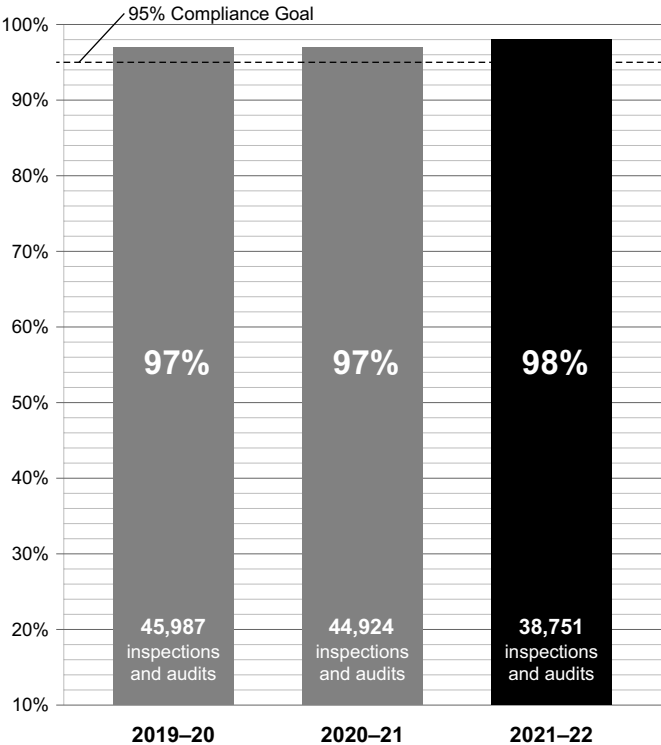
The NSW Food Authority consults directly with each licence holder in the plant products industry.

Retail

There are 50,630 high and medium risk fixed retail food premises, mobile and temporary food premises in NSW. The number of retail food businesses has decreased over the last three years due to the impact of COVID-19.

Compliance with food safety requirements across the retail food sector for the 2021–2022 financial period was 98%, in line with the average compliance rate over the past three years.

Retail sector compliance rate



Retail activity snap shot

Key NSW Food Authority performance indicators			
	2019–20#	2020–21#	2021–22#
Name & Shame listings	906	651	474
No. of retail food business inspections	45,987	44,924	38,751
No. of complaints about retail food businesses investigated	5,505	5,568	4,760
Overall compliance rate for food businesses regulated by councils (retail)	97%	97%	98%
Warning letters issued by councils	8,212	7,720	5,734
Improvement notices issued by councils	1,297	1,164	794
Prohibition orders issued by councils	137	112	67
Prosecutions undertaken by councils	10	5	5
Penalty Infringement notices issued by councils	1,034	748	550

95% Compliance Goal*

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

The Food Regulation Partnership (FRP)

The Food Regulation Partnership (FRP) is a formal regulatory partnership between the NSW Food Authority (Food Authority), the 128 NSW local councils in respect of their own local government areas, the Secretary Department of Planning and Environment in respect of Kosciuszko National Park, and Lord Howe Island Board in respect of Lord Howe Island. All are appointed as an enforcement agency under the NSW *Food Act 2003* (the Act), except Lord Howe Island Board that is prescribed as an enforcement agency.

The FRP was developed to ensure that food in the retail sector is safe. The Food Authority works with these enforcement agencies to ensure retail food service businesses in NSW are inspected and comply with food safety regulations.

Note: For ease, reference to 'council' below includes all enforcement agencies under the Act.

Consultation with the retail industry

During the period 2021–2022, the Food Regulation Partnership hosted two Food Safety Information Sessions for the retail and food service businesses in partnership with Mosman Council on 22 February 2022 and Snowy Valleys Council on 18 May 2022.

The Mosman event attracted 37 people and the Snowy Valleys event in Tumut attracted 33 people. Attendees had the opportunity for face-to-face engagement with the council and Food Authority to learn about food safety and the resources available to them. Presentations were provided on a wide range of food safety topics including food safety laws, cleaning and sanitising, food labelling, preventing foodborne illness,

council's food safety initiatives, and retail programs such as Scores on Doors.

Compliance activity

Data collected from councils for the 2021–2022 period show that compliance levels in the retail food sector remains high.

In the 2021–2022 financial year, 38,751 inspections were undertaken in the retail and food service sector and 75% of the high and medium risk food premises were inspected. This completion rate is less than previous periods.

Feedback from 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.

See Compliance and enforcement for more information.

COVID-19 activities

The Food Authority utilised its established and effective communication channels to engage with councils as the COVID-19 pandemic continued. The retail and food service sector was significantly impacted with a succession of Public Health Orders placing restrictions on those businesses. The Food Authority promoted its training materials and partner agency's COVID-19 resources to inform councils of the measures in place.

Supporting the retail food sector through education and training for councils' authorised officers

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

During 2021–2022, the Food Authority conducted three rounds of Regional Food Group meetings (RFGM) in 16 regions across NSW. The RFGMs have two components: a training session and a meeting where food safety updates are provided and any issues or problems in the region are raised and discussed.

In 2021–2022, the training focused on the food notification project for so called 'dark kitchens', pest control and *Food Act* investigation tips.

The food notification project was a collaborative project in response to concerns raised by EHOs that un-notified low-visibility food businesses were not being regulated, were significantly increasing in numbers and may pose a food safety risk. These businesses predominantly sell online via social media and operate from residential premises or commercial premises after hours. The training sought to raise awareness, outline the proposed survey and seek volunteer councils to participate in the project.

The pest control training was developed and delivered toward the end of 2021 in response to the mouse plague in NSW. It provided EHOs with an update on pests, compliance requirements, pest management and enforcement options.

The training on *Food Act* investigation tips provided EHOs information on their powers, issuing cautions and collecting evidence. Participants considered various scenarios to enhance their understanding and promote consistent application of enforcement action.

Most RFGMs were conducted online during 2021–2022 and continues to prove to be an efficient and effective alternative.

The Food Authority continues to provide all training materials and a recording of the training on the dedicated FRP Portal so that EHOs can access it if they were unable to attend or want a refresher.

Authorised Officer (Local Government) Food Surveillance Training

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

To appoint an authorised officer, NSW councils must be satisfied that prospective officers have the qualifications or work experience necessary to carry out their duties as stipulated in the NSW *Food Act 2003*. Anyone working in food surveillance should undertake adequate training in the inspection and regulation of retail food premises and this is a condition of appointment as an enforcement agency.

The authorised officer training course helps to provide a clear pathway for new officers, trainees or anyone wanting refresher training, to gain the appropriate skills and knowledge to conduct retail 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 Act in accordance with the FRP Protocols and Advisory Guidelines and Food Authority policies and guidelines
- promote consistency between councils
- provide a workforce continuity strategy to cover skills shortages in the environmental health field
- build working relationships between council authorised officers and Food Authority staff.

Due to the ongoing impact of COVID-19 in 2021–2022, the Authorised Officer (Local Government) Food Surveillance training program was conducted online via a series of webinars. There were 39 registered participants who were required to listen 21 pre-recorded webinars on the FRP Portal

in a self-directed manner consisting of a presentation and an assessment. To complement this there was a series of five one-hour live Q&A webinars on given topics. The Q&A webinars allowed participants to raise questions and comments with Food Authority staff.

The NSW Food Authority is developing an online training program for its staff and council officers. TOCAL College is engaged to produce a professional package.

The program will consist of approximately 24 topics such as inspections, enforcement, food science and labelling. Each topic will be delivered through a suite of interactive materials including presentations, activities, videos and assessments. The development of the online training program is due to be rolled out late 2022.

Participants undertaking the online training will also attend a one-day face to face workshop to complete the practical elements of the course and network with the experts from the wider Food Authority. The participants will receive a certificate of completion.

Food Safety Supervisor program

During 2021–2022, the NSW Food Authority continued to manage the NSW Food Safety Supervisor (FSS) program. Following consultation with RTOs on suggested content updates to all key focus area modules, updated modules were launched for allergen management, safe egg handling, cleaning and sanitation and Food Act offences.

The FSS program continues to enjoy positive growth with 16,669 FSS certificates issued in 2021–2022.

Scores on Doors

The ‘Scores on Doors’ program is designed to reduce foodborne illness in NSW by improving food safety in the retail sector through public display of food safety inspection results.

Over the past few years, participation in the voluntary Scores on Doors program has been thwarted due to the impacts of COVID-19, bushfires, floods, droughts and other events.

As at 30 June 2022, there were 59 councils participating in the program, which is a slight decrease from the 61 in the previous financial year. These 59 councils represent 26,835 eligible food businesses (up from 25,361 in the previous period), capturing 65% (up from 63%) of all eligible retail food businesses in NSW.

With councils, retail food businesses and consumers returning to business as usual, the Food Authority have plans to rebuild efforts to grow participation in the Scores on Doors program. This includes reinvigorating interest and refreshing materials for councils, retail food businesses and consumers.

Name and Shame

In 2021–2022, a total of 257 food businesses received penalty notices for failing to meet food safety standards. A total of 474 penalty notices appeared on the NSW Food Authority’s Name and Shame register, a register which names businesses that fail to meet food safety standards. Of these an estimate of 414 penalty notices were attributed to the retail sector, representing less than 1% per cent of NSW retail food businesses. Penalty notices appear on the register for a maximum of one year from the time it was first eligible to be published.

The most common food safety breaches under the Act during 2021–2022 were:

- unclean food premises (17%)
- improper food storage (14%)
- poor handwashing facilities (15%)
- poor pest control (9%)
- unclean fixtures and fittings and equipment (9%)
- poor display conditions (7%)
- poor cleaning and sanitising (6%)
- poor process controls (4%).

Name and Shame register			
	2019-20	2020-21	2021-22
No. of penalty notices published	906	651	474
No. of facilities that had penalty notices published	522	393	257

Food businesses, councils and communities continue to be significantly impacted during 2021–2022 due to COVID-19, floods and other events.

The retail and food service sector was again particularly affected by a succession of COVID-19 Public Health Orders placing restrictions that consequently limited councils' ability to implement their routine food surveillance activities. As a result, the numbers of penalty notices being issued and published in this period is lower than in previous years.

The Name and Shame register also lists businesses or individuals that have been found guilty by a court of a breach of food safety laws. The information on each breach is published for a maximum of two years following any appeal period. During 2021–2022, six prosecutions were published, of which five were attributed to the retail food sector.

COVID-19 food premises inspections

In response to the ongoing pandemic, COVID-19 inspections continued in 2021–2022. The NSW Food Authority have been involved in the COVID-19 response since early 2020 as part of a whole of government response to the pandemic. The CEO of the NSW Food Authority was delegated the function of appointing authorised officers under the *Public Health Act 2010* to undertake COVID-19 inspections of food businesses.

Approximately 1,985 food businesses were inspected for compliance with the COVID-19 Public Health Orders. Officers used an electronic checklist to complete these inspections, which included questions on:

- the COVID-19 Safety Plan
- physical distancing
- personal hygiene and cleaning
- the customer and visitor register
- customer, visitor and employee entry procedures
- availability and use of hand sanitiser, and
- information to employees on reducing the spread of COVID-19.

The inspections showed a high level of compliance with the Public Health Orders, with only three penalty notices issued in 2021–2022, two of which were court elected.

Registered Training Organisation (RTO) Forum

The NSW Food Authority hosted its annual RTO Forum on 30 November 2021 for RTOs delivering Food Safety Supervisor (FSS) training 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 Food Authority's engagement with registered training organisations. The event provides an opportunity for both the Food Authority and RTOs to learn from each other about the changing landscape for the vocational education and training sector.

This year the Food Authority provided an update on changes to the content in the national units of competency for the hospitality sector, Food Standards Australia New Zealand Proposal P1053 – Food Safety Management tools, alongside updates about the Food Authority's customer service portal for RTOs and various projects concerning the FSS program. Key updates to the FSS program were an overview of the 2021 RTO audit and the staged repeal of Food Regulation 2015. A presentation was also provided on the resumption of commercial trade of kava, under the Commonwealth pilot.

The 2021 audits of RTOs revealed continued high levels of compliance from approved RTOs with the Food Authority's Conditions of Approval.

Food Regulation Partnership Forum Committee

The NSW Food Regulation Forum oversees the Food Regulation Partnership between councils and the Food Authority.

The committee met twice during 2021–2022 period via teleconference (due to COVID-19 restrictions). The committee considers matters relating to the regulation of the retail food industry and the strategic focus of the FRP.

Committee representation

Chair: Mr Paul Braybrooks OAM

Dr Lisa Szabo representing NSW Food Authority

Mr Peter Day/Greg Vakaci (from January 2022 - representing NSW Food Authority)

Cr Phyllis Miller (representing Local Government NSW)

Cr Ruth Fagan (representing Local Government NSW)

Cr Helen Tickle (representing Local Government NSW)

Mr Angus Crichton (representing Environmental Health Australia)

Ms Erin Hogan (representing Environmental Health Australia)

Mrs Lisa Hughes (representing Environmental Health Australia)

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

Ms Yael Lang (representing Development and Environmental Professionals' Association)

Manufacturing and wholesale businesses

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

During the 2021–2022 Financial Year, the Food Authority conducted 233 inspections under this program.

- 23 unacceptable inspection results were recorded (subsequent follow-up inspections conducted achieved acceptable inspection result)
- 16 warning letters were issued for labelling and licensing breaches
- 21 improvement notices were issued
- 6 prohibition orders were issued for serious hygiene & maintenance defects. Prohibition orders restrict or prohibit the business from trading until corrective actions are completed to resolve serious defects.
- 23 penalty notices were issued to this sector for hygiene and labelling defects.

Inspection frequency of these businesses 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

Targeted inspections of poor performing manufacturers and wholesalers

The NSW Food Authority conducts a risk and performance-based inspection program on manufacturing and wholesaling food businesses that have minimal or no retail sales. These businesses are required to notify the Food Authority, comply with Standard 3.2.2, Standard 3.2.3 and Part 1.2 of the Australia New Zealand Food Standards Code, and have inspections conducted by the Authority.

The manufacturer and wholesale sector maintained a compliance rate of 95% over five years from 2016–2021. However, analysis of enforcement data over that period identified a cohort of poor performing businesses in this sector.

In February 2022, in response to this intelligence, the Food Authority commenced a targeted operation focused on these

businesses. To date, four businesses have been scrutinised, resulting in a total of 18 inspections, 11 of which were for enforcement action. Two short term improvement notices and one prohibition order were issued for construction and maintenance, pest control, and hygiene and sanitation breaches. The Food Authority is considering further enforcement action against one of these businesses.

The operation has delivered successful outcomes. A Sydney based dim sim producer transitioned from an unacceptable audit rating to an A rating within a few months. Auditors used a range of tools to facilitate this result including the use of the National Telephone Interpreting Service, translated fact sheets, and quality extension and advisory products. This innovative approach provided the producer a greater understanding of good hygiene and food manufacturing practices, enabling them to achieve the A rating.

This project will continue in 2022–2023.

Compliance and enforcement

SIGNIFICANT INVESTIGATIONS AND RESULTS

Retail food businesses prosecuted for failing to comply with COVID-19 requirements

- A Seven Hills bakery and Liverpool pizza shop were issued penalty notices under the *Public Health Act 2010* for failing to develop and comply with a COVID-19 Safety Plan. Both businesses elected to have the matter heard in court. The owner of the Seven Hills bakery pleaded guilty and the Court found the offences proven but dismissed the matter with no penalty. The company operating the Liverpool pizza shop also pleaded guilty and was convicted of one offence and fined \$1,500.
- A Newtown supermarket was fined for selling raw milk and product was seized. The supermarket was inspected in response to a report that the business was advertising the sale of raw milk. During the inspection, 16 litres of unpasteurised milk was found to be on display for sale on the premises. The raw milk was seized, and samples were taken for microbial analysis. While the milk was labelled as 'bath milk' evidence linked the unpasteurised milk to sale for human consumption, a breach of the *Food Act 2003*. The business was issued a penalty notice for \$1,320.

2021–22 Compliance and enforcement statistics (enforcement actions)

ACTIVITY	ACTUAL 2019–20	ACTUAL 2020–21	ACTUAL 2021–22
Audits	3,954	3,321	2,839
Failed audits	145 (3.7%)	112 (3.4%)	124 (4.3%)
Inspections of food businesses	5,905	9,591 ¹	5,131 ²
Failed inspections of food businesses	391 (6.6%)	288 (7.8%)	230 (7.3%)
Complaint investigations	2,490	2,600	2,347
Investigations of foodborne disease incident (two or more people)	260	267	226
Labelling Compliance Surveillance Program investigations	235	287	218 ³
Labelling Compliance Surveillance Program investigations resulting in enforcement action	68	38	45
Investigations of unlicensed businesses (resulting in enforcement action)	217	213	203
Written warnings	35	46	76
Improvement notices	202	186	177
Penalty notices	61	158 ⁴	68 ⁵
Prohibition orders	12	9	14
Product seizures	12	5	2
Licence cancellations	0	0	0
Use of emergency orders	0	0	0
Prosecutions (charges laid and finalised after hearing or plea of guilty)	24	13 ⁶	5
Company instigated food recalls (nationwide)	98	76	79
Company instigated food recalls (NSW companies)	30	26	20
Shellfish harvest area closures	446	668	589

¹ Includes COVID-19 inspections of retail food businesses

² Includes COVID-19 inspections of retail food businesses

³ Majority of the labelling issues relates to allergic reaction to an undeclared ingredient

⁴ Includes 45 penalty notices issued under the *Public Health Act 2010* (COVID-19)

⁵ Includes 3 penalty notices issued for breaches of the *Public Health Act 2010* (COVID-19)

⁶ Includes prosecutions under the *Public Health Act 2010* (court elected penalty notices)

2021–22 summary of product seizures

Commodity	Estimated quantity	Reasons for seizure
Meat products		
Packaged meat	338.6 kgs	Evidence of offence under the <i>Food Act 2003</i> for operating a meat processing facility without a licence.
Other products		
Raw bath milk	16 litres	Product was labelled as bath milk however evidence suggests it was unpasteurised milk being sold with the intention of human consumption which is a breach of the <i>Food Act 2003</i> .

2021–22 Licence numbers

BUSINESS ACTIVITIES	No. of licensed facilities 2021–22
Meat	
Abattoir - poultry	17
Abattoir - poultry & poultry primary production	12
Abattoir - poultry & red meat	1
Abattoir - red meat	28
Animal food field depot	35
Animal food field harvesting	26
Animal food processing and rendering plant	1
Animal food processing plants	28
Game meat field depot	112
Game meat field harvesting	701
Game meat primary processing plants	8
Knackery	5
Meat processing plants	367
Meat retail	1,429
Rendering	7
Poultry primary production	270
Dairy	
Dairy primary production	487
Dairy primary production and processing plants	16
Dairy processing plants	173
Food storage not requiring temp control (dairy)	19
Farm milk collectors (raw milk transport)	152
<i>Table continues over page</i>	

2021–22 Licence numbers (cont.)

BUSINESS ACTIVITIES	No. of licensed facilities 2021–22
Egg	
Egg & poultry primary production	46
Egg grading facilities	5
Egg primary production	214
Egg Processing plants	4
Vulnerable Persons	
Food service to vulnerable persons	1,221
Shellfish	
Oyster farmers	200
Oyster farmers & seafood processing	29
Shellfish wild harvest	42
Plant Products	
Plant Product processing plants	56
Seafood	
Seafood processing plants	123
Handling wild caught seafood	788
Multi permissioned businesses¹	
Cold food storage (meat, dairy, seafood, plant & egg products)	544
Poultry & dairy primary production	2
Food transport vehicles (meat, dairy, seafood, plant, egg products)	7,417
Food processing facilities	91
TOTAL number of licensed facilities	14,676

¹ Multi permissioned businesses that carry out 2 or more processing activities that include, meat, seafood, dairy, plant and or egg processing

Allergen Labelling Project

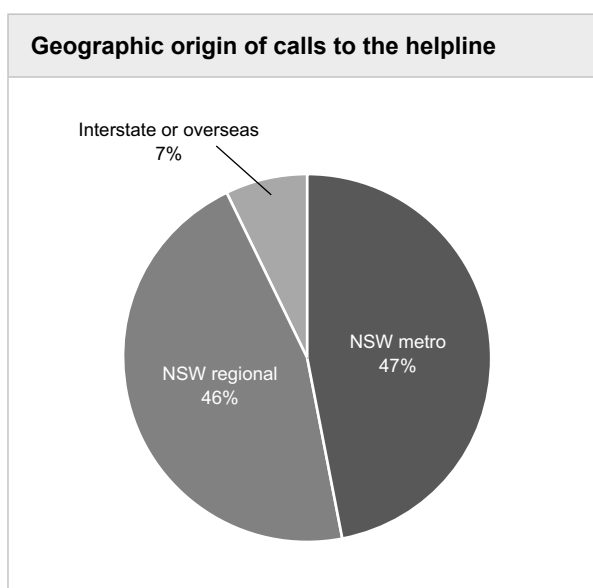
During 2021–2022, a project was undertaken to assess compliance with allergen labelling requirements in Standard 1.2.3. of the Australia New Zealand Food Standards Code (the Code) for allergen free and dietary preference claims on product labels.

Approximately 400 allergen tests were conducted on 79 samples from NSW food manufacturers, wholesalers and importers. Overall, 93% of samples labelled with an allergen free claim complied with allergen labelling requirements. All compliance issues were addressed and guidance material will be developed to assist businesses correctly label their products with appropriate PAL statements, and accurate allergen free and dietary preference claims.

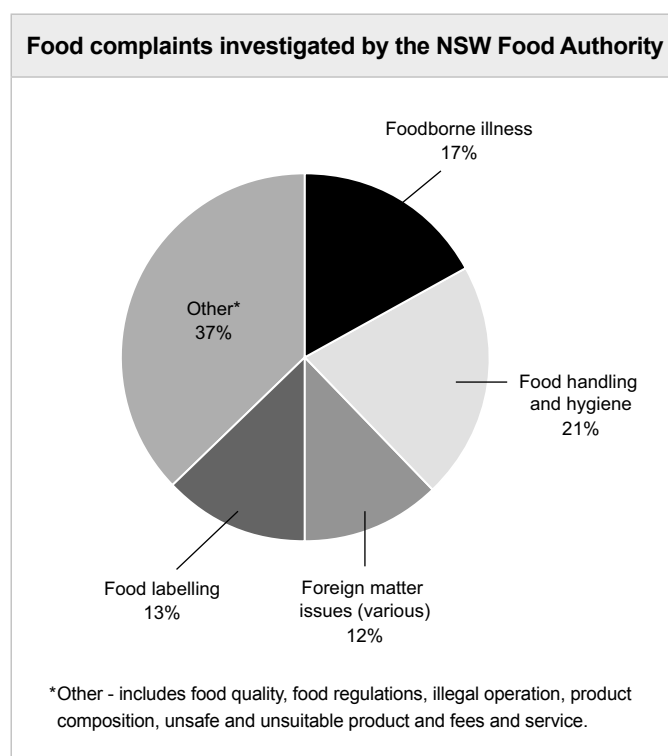
Working with our customers and stakeholders

NSW Food Authority customer engagement

The NSW Food Authority assisted over 3.6 million customer requests for advice, to report food complaints and transactions, through the consumer and industry helpline, website and social media channels. The helpline resolved 92% of those transactions that were potentially resolvable without referral during the first contact.



A total of 2,088 calls were food complaints investigated by the Food Authority. An additional 1,566 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 Food Authority's digital customer channels.

Customer channel	
Helpline	13,073 calls, emails, online forms
Website	1,443,188 unique visits
facebook	2,234,265 total reach and 3,174,549 impressions
Twitter	3,003 engagements and 101,305 impressions

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 and during the 2021–2022 Financial year period to 30 July 2022 more than 10,000 certificates were issued, taking the total figure to over 50,000.

Educational and technical guidance materials

The Food Authority continued to produce, update and disseminate a number of educational and technical guidance publications to assist compliance in the retail and manufacturing sectors. The Authority organised community language translations of many publications for food businesses and consumers.

2022 Sydney Royal Easter Show

Held over 12 days, from 8–19 April 2022, the Sydney Royal Easter Show again provided the Food Authority with an opportunity to engage with thousands of stakeholders, young and old, to educate them on the importance of food safety in the home.

The interactive ‘Food Safety Investigation (FSI): Kitchen Crimes’ exhibit stand was reactivated after its success at the 2021 Show. The stand was in the relocated educational Food Farm pavilion and

provided families with a mission to use their detective skills to find the causes of food poisoning on the stand.

A new hand washing activation on entry was a hit, with visitors challenged as to how well they had sanitised their hands. Using a Glitter Bug gel, visitors were surprised to learn the areas of their hands they neglected to cover when revealed under a UV light.

Families moved through ‘crime zones’ with around 10,000 children presented with a Junior FSI Squad Bag to take home and work through additional exercises, including an opportunity to rate the cleanliness and safety of their own kitchen at home.

The crime zones helped visitors to:

- learn about the golden rules of food safety
- identify a contaminated kitchen scene
- identify the guilty offenders in a fridge ‘line up’
- choose the correct scenario in the crime lab, and
- get a close-up view of nasty bacteria.

Printed postcards were distributed to help educate or post anonymously to assist visitors inform family and friends who do not follow the golden rules of food safety. They included topics such as washing raw chicken meat, incorrect egg storage and preparing food for people with food allergies.

Expert Food Authority staff greeted visitors on entry and highlighted poor food handling and personal hygiene habits, provided good food safety advice and answered questions.

An estimated 35,000 visitors walked away either confident they don’t commit any bad food handling habits, equipped with the why and how to reconsider their bad habits, or armed with information to educate guilty family and friends.

FOOD TESTING AND SURVEYS

The NSW Food Authority regularly conducts testing of food products to ensure compliance with 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 2021 to 30 June 2022, 3,025 samples were submitted for testing.

	[^] 2019-20	[^] 2020-21	[^] 2021-22
Verification programs	663	350	159
Research including targeted surveys	255	464	536
Food Safety Compliance	3,622	2,098	2,330
Total	4,540	2,912	3,025

[^] The number of samples in the past three years was lower than previous years due to the restriction of movement caused by the COVID-19 pandemic.

Ongoing response to the management of *Salmonella* Enteritidis (SE)

SE mandatory testing

As mentioned earlier, in August 2019, the Biosecurity (*Salmonella* Enteritidis) Control Order 2019 came

into effect. This was in response to more than 220 people becoming ill in 2018–2019 from consuming contaminated eggs. The Control Order aimed to prevent, eliminate, minimise and manage the biosecurity risk posed or likely to be posed by the spread of *Salmonella* Enteritidis (SE) in NSW. The Control Order mandates SE testing by NSW egg farmers.

On 23 June 2022, the Biosecurity (SE) Control Order was amended and extended until 30 June 2024. Mandatory testing by egg farmers continued in accordance with the Control Order and surveillance and clearance activities, including sampling and testing, continued for affected properties during the current Financial Year.

The NSW Food Authority will continue to fund the cost of mandatory testing under the Control Order until 30 June 2024 for samples submitted to EMAI and Birling Avian Laboratories. A total of 325 samples were tested at these laboratories in 2021–2022. SE was not detected.

*Further information in Eggs section.

National Food Tampering Exercise

Jurisdictional food safety regulators and police, food retailers and fresh produce industry representatives conducted a two day food tampering exercise at NSW Police Headquarters in June. The exercise was well executed and identified several improvements to policies and procedures, and opportunities for further enhancements on information sharing and coordination across industry and government.

There was agreement to conduct regular exercises every two to three years to test the effectiveness of procedures and maintain regular contact with stakeholders outside of a real incident.

Digital innovation through development of artificial intelligence proof of concept tools

The NSW Food Authority funded the development of two digital tools using artificial intelligence to automate licensing of food transport vehicles, and simplify horizon scanning for international food safety threats. The first allows businesses to apply for, and receive their transport license in minutes via an assessment of photos of the condition of the vehicle.

The second was developed in partnership with the Imported Foods Team from the Australian Government Department of Agriculture, Fisheries and Forestry, and Food Standards Australia New Zealand. The tool scans multiple sources of information on recalls and outbreaks overseas, assessing threat levels and generating alerts for Australian agencies. It can also be further developed for risk assessment and predictive scanning for threats.

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.

Staged Repeal of the Food Regulation 2015

Given the ongoing impact of COVID-19 and other significant incidents (e.g. flood disasters), a further postponement to the staged repeal of the Food Regulation 2015 was obtained, which has resulted in the Food Regulation 2015 having legal effect until 1 September 2023. All work on the policy projects to inform the staged repeal has concluded with legal advice sought to ensure that proposed changes may be introduced through amendment to Sub-ordinate legislation.

It is proposed to progress with re-making Food Regulation 2015 over the 2022–2023 financial year, with a view of a new regulation gazetted before 1 September 2023.

Participation in the Australian Meat Regulators Working Group (AMRG)

NSW chaired the AMRG from 1 July 2021 to 30 January 2022 and operated as the Secretariat for the period 1 July 2021 to 30 June 2022. Key Issues dealt over the 2021/22 reporting period included:

- Agreeing to progress changes to Schedules 2 and 3 of Australian Standard 4696 through Standards Australia (resulting in transfer of new Intellectual Property and copyright permissions to Standards Australia)
- Finalisation of a draft deed of license with Standards Australia on the transfer of copyright permissions to Standards Australia for the production of a new version of AS 4696
- The reforming of Standards Australia technical committee FT-021 to formally progress amendments to AS 4696
- Participation on an Australian Meat Processor Corporation convened Government-Industry steering group on risk management options for *Cysticercus Bovis* in cattle and buffalo.

Participation in the national agenda

The food regulation system features all Australian jurisdictions and New Zealand collaborating to implement consistent food standards, policies and food regulation approaches.

The system has two broad elements. The first establishes uniform food standards and laws through delegated arrangements to maintain, amend and agree uniform food standards and policy, maintain consistency with international food standards and policy, and commitments by each jurisdiction to enact uniform model food laws. The second uses each jurisdiction's regulatory systems to implement food standards and laws consistently and interact with other food-safety facing regulatory systems within that jurisdiction, e.g. health, biosecurity and local government.

In NSW, the Food Authority and NSW Health both engage with the first element and the Food Authority administers/delivers the second engaging across NSW government agencies as needed.

During 2021–2022, the Food Authority collaborated with NSW Health to support the food regulation system through continued contribution to the work of the Food Regulation Standing Committee and supporting participation by the NSW Minister for Agriculture and Western NSW, and NSW Minister for Health, in the Australia and New Zealand Food Ministers Meeting.

Current Food Regulation System priorities

The Ministerial group which decides national food policy and whether a food standard becomes law currently is operating as the Food Ministers' Meeting. Members bring a whole-of-government view.

In May 2017, Ministers identified three priority areas for 2017–2021 to further strengthen the food regulation system. Throughout 2021–2022 the NSW Food Authority continued to work towards the three priority areas identified:

- **Priority 1: Reduce foodborne illness**, particularly related to *Campylobacter* and *Salmonella*, with a nationally consistent approach.
- **Priority 2: 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.
- **Priority 3: 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. Work under this priority seeks to modernise the food regulation system, and, via a concurrent Australian Government review of the *Food Standards Australia New Zealand Act 1991*, modernise arrangements to maintain the Australia New Zealand Food Standards Code.

During 2021–2022, 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:

- **Urgent Proposal 1057 – Review of the kava standard**

In December 2021, Ministers noted that a request has been made for FSANZ to prepare an urgent Proposal

to consider Standard 2.6.3 – Kava to ensure the standard is still fit for purpose considering the Commonwealth Kava Pilot Program which will permit increased personal imports of kava root and allow unlimited commercial imports.

This work required extensive consultation within the broader NSW government due to the social, economic and health concerns associated with excess consumption and misuse of kava in non-target populations. The urgent proposal was finalised in March 2022, with a review due to Food Ministers by March 2023.

- **Proposal 1052 – Primary Production and Processing Standards for berries, melons and leafy vegetables**

NSW chaired the ISFR Horticulture Implementation Working Group, which coordinated the development of the national draft compliance plan for the proposed FSANZ horticulture standards. This plan was released with the second call for submissions for Proposal 1052 for public consultation over the period November 2021 to February 2022.

NSW also assisted in industry discussions on implementation considerations concerning elements of the proposed draft standards. It is anticipated that the draft horticulture standards (Food Ministers approved the standard in August 2022) will be gazetted during the financial year 2022/23.

- **Proposal 1053 – Food Safety Management Tools**

NSW participated in the development of draft implementation materials to assist in the consultation of Proposal 1053 – food safety management tools for high-risk retail/food service operations. The consultation (call for submissions) was undertaken between February 2022 and April 2022. NSW provided its support for the flexible approach proposed for the additional proposed measures. NSW anticipates the gazettal of Proposal 1053 over the course of the 2022–2023.

Standards finalised over 2021–2022

Draft standards finalised and gazetted into the Australia New Zealand Food Standards Code during the 2021–2022 Financial Year included:

- Application 1210 (Maltogenic alpha amylase enzyme from GM *Saccharomyces cerevisiae*)
- M 1018 (Maximum Residue Limits 2020)
- Application 1214 (Nicotinamide riboside chloride as Vitamin B3 in FSMP)
- Application 1218 (β Galactosidase from *Bacillus subtilis* (Enzyme))
- Application 1222 (Steviol glycosides from *Yarrowia lipolytica*)
- Application 1178 (Method AOAC 2017.16 as a new method of analysis for total dietary fibre)
- Application 1190 (2'-FL in infant formula and other products)
- Application 1211 (Maltogenic alpha amylase enzyme from GM *Bacillus licheniformis*)
- Application 1226 (Food derived from insect protected corn line MON9537)
- Application 1230 (Very Low Energy Diets)
- Application 1212 (Beta-fructofuranosidase enzyme from *Aspergillus fijiensis*)
- Application 1231 (Maltogenic alpha-amylase from GM *Escherichia coli* as a processing aid (enzyme)).

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 Regional NSW *Annual Report 2021-22* for the period 1 July 2021 – 30 June 2022. This information is accessible from the [OpenGov NSW website](#).

Workforce diversity

Information relating to workforce diversity initiatives for the period 1 July 2021 – 30 June 2022 appear in the Department of Regional NSW *Annual Report 2021-22*. This information is accessible from the [OpenGov NSW website](#).

Work health and safety

Information relating to work health and safety for the period 1 July 2021 – 30 June 2022 appear in the Department of Regional NSW *Annual Report 2021-22*. This information is 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 2021 – 30 June 2022 appears in the Department of Regional NSW *Annual Report 2021-22*. This information is 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, and
- our programs and services take account of culturally diverse and traditional methods of food preparation.

ACTIVITIES DURING 2021-22 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 2021 – 30 June 2022 appear in the Department of Regional NSW *Annual Report 2021-22*. This information is 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 about service through the primary contact point, the NSW Food Authority Helpline (email/phone/social media/online form/Feedback Assist).

The table below includes complaints about service received by the NSW Food Authority Helpline during 2021-22.

Verbal complaints resolved at first contact are not included.

Nature of complaints	Number of complaints
Delay in service/service quality	4
Process	0
Other	0
Total	4

More information on the NSW Department of Planning, Industry and Environment approach to service related complaint handling for the period 1 July 2021 – 30 June 2022 appears in the Department of Regional NSW *Annual Report 2021-22*. This information is accessible from the [OpenGov NSW website](#).

Other statutory requirements

Consultants

Two consultants were engaged by the NSW Food Authority in 2021-22 for a total cost of \$72,635. One consultant was engaged for more than \$50,000.

for the period 1 July 2021 – 30 June 2022, appear in the Department of Regional NSW *Annual Report 2021-22*. This information is accessible from the [OpenGov NSW website](#).

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 2021 – 30 June 2022 appear in the Department of Regional NSW *Annual Report 2021-22*. This information is accessible from the [OpenGov NSW website](#).

Annual Report production

There was no external cost for the production of the NSW Food Authority Annual Report 2021–22. 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 2021 – 30 June 2022, appear in the Department of Regional NSW *Annual Report 2021-22*. This information is accessible from the [OpenGov NSW website](#).

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

Public Interest Disclosures

Public Interest Disclosures (PIDs) for the NSW Food Authority are managed centrally and for the period 1 July 2021 – 30 June 2022, appear in the Department of Regional NSW *Annual Report 2021-22*. This information is 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

Cyber Security attestation



14 October 2022

Cyber Security Annual Attestation Statement for the 2021-2022 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 Regional NSW (for the period 1 July 2021 to 30 June 2022), 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 2020/2021 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](https://www.facebook.com/nswfoodauthority) | T: [@nswfoodauth](https://twitter.com/nswfoodauth)
ABN: 47 080 404 416

Internal Audit and Risk Management attestation

NSW Food Authority



OUT22/11825
14 October 2022

Director
Financial Management and Accounting Policy
NSW Treasury
PO Box 5469
SYDNEY NSW 2001
Email: finpol@treasury.nsw.gov.au

Re: Internal Audit and Risk Management Policy Attestation Statement for the 2021-2022 Financial Year for NSW Food Authority

Dear Sir/Madam,

Please find enclosed the abovementioned statement attesting compliance with TPP 20-08: *Internal Audit and Risk Management Policy for the General Government Sector*.

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

Sincerely

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

Lisa Szabo
Chief Executive Officer, NSW Food Authority

encl

Internal Audit and Risk Management Attestation Statement
2021-2022 Financial Year
NSW Food Authority

I, Lisa Szabo, Chief Executive Officer, NSW Food Authority, am of the opinion that the NSW Food Authority has internal audit and risk management processes in operation that are, excluding any exemptions or transitional arrangements described below, compliant with the seven (7) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements	Compliant, Non-Compliant, or In Transition
Risk Management Framework	
1.1 The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the Agency.	Compliant
1.2 The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the Agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018.	Compliant
Internal Audit Function	
2.1 The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose	Compliant
2.2 The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
Audit and Risk Committee	
3.1 The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.2 The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Audit and Risk Committee – Membership

The independent chair and members of the Audit and Risk Committee are:

- **Chair** - Ms Julie Elliott; Start: 1 November 2020 - Finish 30 October 2023
- **Member** – Mrs Kerry Adby; Start: 1 November 2020 - Finish 30 October 2023
- **Member** – Mr Gary Humphreys; Start: 1 November 2020 - Finish 30 October 2023

Shared Arrangements

I, Lisa Szabo, Chief Executive Officer, NSW Food Authority, advise that NSW Food Authority has entered into an approved shared arrangement with the following agencies:

- Department of Regional NSW – Principal Department
- Rural Assistance Authority
- Regional Growth (NSW) Development Corporation

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit function. The shared Audit and Risk Committee is a Principal Department Led Shared Audit and Risk Committee.



Lisa Szabo
Chief Executive Officer, NSW Food Authority

Payment of accounts

The tables below summarise the NSW Food Authority's performance in paying accounts during 2021-22.

Aged analysis at the end of each quarter

Below is a schedule of the dollar amount of payment made during 2021-22 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 2021	\$2,903,790	\$0	\$0	\$0	\$0
December 2021	\$987,258	\$0	\$0	\$0	\$0
March 2022	\$204,662	\$0	\$0	\$0	\$0
June 2022	\$13,906,390	\$0	\$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 2021	\$0	\$0	\$0	\$0	\$0
December 2021	\$0	\$0	\$0	\$0	\$0
March 2022	\$0	\$0	\$0	\$0	\$0
June 2022	\$0	\$0	\$0	\$0	\$0

Accounts paid on time within each quarter

All Suppliers

Measure	September 2021	December 2021	March 2022	June 2022	Full Year
Invoices due for payment (Number)	18	53	35	25	131
Invoices paid on time (Number)	18	53	35	25	131
Percentage paid on time (%)	100.0%	100.0%	100.0%	100.00%	100.0%
Amount due for payment (\$)	\$2,903,790	\$987,258	\$204,662	\$13,906,390	\$18,002,100
Amount paid on time (\$)	\$2,903,790	\$987,258	\$204,662	\$13,906,390	\$18,002,100
Percentage paid on time (%)	100.0%	100.0%	100.0%	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 2021	December 2021	March 2022	June 2022	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 2021-22 financial year, 100% 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 and Environment and Department of Regional NSW. There were no instances of penalty interest being paid or incurred during 2021-22.

FINANCIAL INFORMATION



Financial Information 2021–22

NSW Food Authority Statement by the Director Food Safety & CEO NSW Food Authority for the year ended 30 June 2022

Pursuant to section 7.6(4) of the Government Sector Finance Act 2018 ('the Act'), I state that these financial statements:

- (a) have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the Act, the Government Sector Finance Regulation 2018 and the Treasurer's directions, and
- (b) present fairly NSW Food Authority's financial position, financial performance and cash flows



Lisa Szabo
Director Food Safety & CEO NSW Food Authority

Date: 27/09/2022

Financial Information 2021–22



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 by the Director Food Safety & CEO NSW Food Authority, the Statement of Comprehensive Income for the year ended 30 June 2022, the Statement of Financial Position as at 30 June 2022, 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:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Authority's financial position, financial performance and cash flows.

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 2021–22

Chief Executive Officer's Responsibilities for the Financial Statements

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. Chief Executive Officer's responsibility also includes such internal control as the Chief Executive Officer determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer 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.

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

29 September 2022
SYDNEY

Financial Information 2021–22

NSW FOOD AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Expenses excluding losses				
Employee related expenses		-	2	-
Operating expenses	2(a)	16,057	18,636	15,800
Depreciation and amortisation	2(b)	768	995	727
Grants and subsidies	2(c)	588	574	465
Total expenses excluding losses		17,413	20,207	16,992
Revenue				
Industry levies and license fees	3(a)	7,973	8,341	8,272
Grants and contributions	3(b)	9,714	9,714	10,054
Investment revenue	3(c)	10	409	9
Miscellaneous income and fees for services	3(d)	1,407	2,368	1,417
Total revenue		19,104	20,832	19,752
Other gains / (losses) - Impairment of receivables	5	(257)	-	(39)
Net Result		1,434	625	2,721
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	6	375	-	91
Total other comprehensive income		375	-	91
TOTAL COMPREHENSIVE INCOME		1,809	625	2,812

The accompanying notes form part of these financial statements.

Financial Information 2021–22

NSW FOOD AUTHORITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
ASSETS				
Current Assets				
Cash and cash equivalents	4	11,561	12,204	10,096
Receivables	5	2,001	1,645	2,024
Total Current Assets		13,562	13,849	12,120
Non-Current Assets				
Property, plant and equipment				
Land and buildings		8,867	7,859	8,638
Plant and equipment		94	199	155
Total property, plant and equipment	6	8,961	8,058	8,793
Intangible assets	7	3,964	4,933	3,632
Total Non-Current Assets		12,925	12,991	12,425
Total Assets		26,487	26,840	24,545
LIABILITIES				
Current Liabilities				
Payables	9	4,437	16,926	4,304
Total Current Liabilities		4,437	16,926	4,304
Total Liabilities		4,437	16,926	4,304
Net Assets		22,050	9,914	20,241
EQUITY				
Accumulated funds		17,507	5,837	16,073
Reserves		4,543	4,077	4,168
Total Equity		22,050	9,914	20,241

The accompanying notes form part of these financial statements.

Financial Information 2021–22

NSW FOOD AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Accumulated Funds \$000	Asset Revaluation Reserve \$000	Total \$000
Balance at 1 July 2021		16,073	4,168	20,241
Net result for the year		1,434	-	1,434
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	6	-	375	375
Total other comprehensive income for the year		-	375	375
Total comprehensive income for the year		1,434	375	1,809
Balance at 30 June 2022		17,507	4,543	22,050
Balance at 1 July 2020		13,352	4,077	17,429
Net result for the year		2,721	-	2,721
Other comprehensive income				
Net change in revaluation surplus of property, plant and equipment	6	-	91	91
Total other comprehensive income for the year		-	91	91
Total comprehensive income for the year		2,721	91	2,812
Balance at 30 June 2021		16,073	4,168	20,241

The accompanying notes form part of these financial statements.

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NSW FOOD AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		-	(2)	-
Payments to suppliers		(16,332)	(18,637)	(16,333)
Grants and subsidies		(588)	(574)	(465)
Total Payments		(16,920)	(19,213)	(16,798)
Receipts				
Industry levies, licenses and other		9,554	8,341	10,332
Sale of goods and services		-	2,368	-
Grants and contributions received		9,714	9,714	10,054
Interest received		10	409	9
Total Receipts		19,278	20,832	20,395
NET CASH FLOWS FROM OPERATING ACTIVITIES	10	2,358	1,619	3,597
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for property, plant and equipment	6	-	(200)	-
Payment for intangible assets	7	(893)	(900)	(1,031)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(893)	(1,100)	(1,031)
NET INCREASE/(DECREASE) IN CASH				
		1,465	519	2,566
Opening cash and cash equivalents		10,096	11,685	7,530
CLOSING CASH AND CASH EQUIVALENTS	4	11,561	12,204	10,096

The accompanying notes form part of these financial statements.

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 Act 2003*. 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 not-for-profit entity as profit is not its principal objective.

These financial statements for the year ended 30 June 2022 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) Deemed appropriation

Section 117A of the *Food Act 2003* established a Food Authority Fund into which is to be paid the following:

- (a) all money advanced to the Food Authority by the Treasurer or appropriated by Parliament for the purposes of the Food Authority
- (b) all money directed or authorised to be paid into the Fund by or under this or any other Act
- (c) the proceeds of the investment of money in the Fund
- (d) all money received by the Food Authority under this Act from any other source.

This Fund is a Special Deposit Account and the Authority therefore does not have any deemed appropriation. Hence no disclosure under section 4.7 of the GSF Act on movement of deemed appropriations is required.

(c) 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 Government Sector Finance Act 2018 (GSF Act) and,
- Treasurer's Directions issued under the GSF Act.

Property, plant and equipment and financial assets and liabilities are measured using the fair value basis. 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.

(d) Going Concern

These financial statements of the Authority have been prepared on a going concern basis. The Authority is funded on a cash needs basis and will draw down Cluster Grants from the Principal Department as required to fund operations.

(e) Statement of compliance

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

(f) 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.

(g) Comparative Information

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

The budget amounts in the statement of comprehensive income and statement of financial position are full year original budget presented to Parliament in respect of the reporting period.

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Changes in accounting policies, including new or revised Australian Accounting Standards

i) Effective for the first time in FY2021-22

The accounting policies applied in 2021-22 are consistent with those of the previous financial year except as a result of the new or revised Australian Accounting Standard that has been applied for the first time in 2021-22.

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures For-Profit and Not-for-Profit Tier 2 Entities*
 - AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts*
 - AASB 2020-7 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions: Tier 2 Disclosures*
 - AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform - Phase 2*
 - AASB 2020-9 *Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*
 - AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*
 - AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*
- The adoption of the above revised Australian Accounting Standards has not had any significant impact on NSW Food Authority.

ii) Issued but not effective

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

The following new Australian Accounting standards have not been applied and are not yet effective:

- AASB 17 *Insurance Contracts*
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related Assets and Liabilities arising from a single transaction.*
- AASB 2021-6 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards*
- AASB 2021-7a *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2021-7b *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial application of AASB 17 and AASB 9 - Comparative Information.*

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.

(i) Impact of COVID-19 on financial reporting

The Authority assessed the impact of COVID-19 on its financial position as at 30 June 2022 and its financial performance for the year then ended. The Authority received \$0.6 million less miscellaneous income and fees for service due to the impact of COVID-19 for the financial year ending 30 June 2022 (2021: \$0.5 million less miscellaneous income and fees for service). This is due to decrease in audit and inspection fee revenue as compliance staff being diverted to COVID-19 venue risk assessments rather than food safety activities.

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. EXPENSES EXCLUDING LOSSES

	2022	2021
	\$000	\$000
(a) Operating expenses include the following:		
Audit Fees	103	100
Consultants	72	87
Contract laboratory services	219	277
Other Contractors	625	224
Legal Fees	36	106
Fee for staffing resources - Resources Agreement - DRNSW	12,779	12,546
Fee for service - Resources Agreement - DRNSW	1,610	1,920
Other operating expenses	280	93
Travel & Accommodation	333	447
	16,057	15,800

Recognition and Measurement

Fee expense

In accordance with the Biosecurity and Food Safety Resources Agreement (RA) for financial year 2021-22, the Authority reimburses the Department of Regional NSW (the Department) for staff and operating expenses incurred by the Department on behalf of the Authority, refer to note 17 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	146	142
Plant and equipment	61	67
Total Depreciation	207	209
Amortisation		
Intangibles	561	518
Total Amortisation	561	518
Total Depreciation and Amortisation Expense	768	727

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

(c) Grant and Subsidies

Grants Paid	588	465
	588	465

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 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. REVENUE

Recognition and Measurement

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 (2021: Nil)

	2022	2021
	\$000	\$000
(a) Industry levies and license fees		
Industry Levies	1,036	1,045
License Fees	6,937	7,227
	<u>7,973</u>	<u>8,272</u>

Recognition and Measurement

Levies, licenses and fines

The Authority receives revenue 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 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

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. Meat levies are recognised as revenue over the period of the levy.

Infringement charges and fines

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

	2022	2021
	\$000	\$000
(b) Grants and contributions		
Grants without sufficiently specific performance obligations.	9,714	10,054
	<u>9,714</u>	<u>10,054</u>

Recognition and Measurement

Contributions and grants from Government and Other bodies

Income from grants without sufficiently specific performance obligations are 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.

	2022	2021
	\$000	\$000
(c) Investment revenue		
Interest revenue	10	9
	<u>10</u>	<u>9</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.

	2022	2021
	\$000	\$000
(d) Miscellaneous income and fees for services		
Audit and inspection fees	887	1,081
Infringement charges and fines	251	222
Other income	269	114
	<u>1,407</u>	<u>1,417</u>

Financial Information 2021–22

NSW FOOD AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2022	2021
	\$000	\$000
Cash at bank and on hand	11,561	10,096
	<u>11,561</u>	<u>10,096</u>

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)	11,561	10,096
	<u>11,561</u>	<u>10,096</u>

Refer Note 16 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS - RECEIVABLES

	2022	2021
	\$000	\$000
CURRENT		
Receivables	2,310	2,085
Allowance for expected credit losses	(309)	(61)
	<u>2,001</u>	<u>2,024</u>
Movement in the allowance for expected credit loss		
Balance at 1 July	61	34
Amounts written off during the year	(9)	(12)
Increase/(decrease) in allowance recognised in net results	257	39
Balance at 30 June 2022	<u>309</u>	<u>61</u>

Details regarding credit risk of trade receivables that are neither past due nor impaired, are disclosed in Note 16.

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 2021–22

NSW FOOD AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
At 1 July 2021 - fair value			
Gross carrying amount	12,799	1,134	13,933
Accumulated depreciation and impairment	(4,161)	(979)	(5,140)
Net carrying amount	<u>8,638</u>	<u>155</u>	<u>8,793</u>
At 30 June 2022 - fair value			
Gross carrying amount	13,474	1,134	14,608
Accumulated depreciation and impairment	(4,607)	(1,040)	(5,647)
Net carrying amount	<u>8,867</u>	<u>94</u>	<u>8,961</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 year is set out below:

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
Year ended 30 June 2022			
Net carrying amount at beginning of year	8,638.00	155	8,793
Purchase of assets	-	-	-
Disposals	-	-	-
Net revaluation increments/(decrements)	375	-	375
Depreciation expense	(146)	(61)	(207)
Net carrying amount at end of year	<u>8,867</u>	<u>94</u>	<u>8,961</u>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 8.

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$000
At 1 July 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>

At 30 June 2021 - fair value

Gross carrying amount	12,799	1,134	13,933
Accumulated depreciation and impairment	(4,161)	(979)	(5,140)
Net carrying amount	<u>8,638</u>	<u>155</u>	<u>8,793</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 2021			
Net carrying amount at beginning of year	8,671	264	8,935
Purchase of assets	-	-	-
Disposals	-	-	-
Asset reclassification transfer to intangibles	18	(42)	(24)
Net revaluation increments/(decrements)	91	-	91
Depreciation expense	(142)	(67)	(209)
Net carrying amount at end of year	<u>8,638</u>	<u>155</u>	<u>8,793</u>

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

6. 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 Australian Accounting Standards.

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 21 09). 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.

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

Recognition and Measurement (continued)

Revaluation of property, plant and equipment (continue)

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 8 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. The last comprehensive revaluation of buildings was completed in 2019-20 financial year by Colliers International and the last comprehensive revaluation of land was completed by Colliers International in 2020-21 financial year.

Interim revaluations are also conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying value. Australis, professionally qualified external valuer, completed an interim revaluation (indexation) of land and buildings during the 2021-22 financial year.

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.

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NSW FOOD AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. INTANGIBLE ASSETS

	Total \$'000
Intangible Assets - Software	
At 1 July 2021	
Cost (gross carrying amount)	7,017
Accumulated amortisation and impairment	<u>(3,385)</u>
Net Carrying amount	<u>3,632</u>
At 30 June 2022	
Cost (gross carrying amount)	7,910
Accumulated amortisation and impairment	<u>(3,946)</u>
Net carrying amount at end of year	<u>3,964</u>
Year ended 30 June 2022	
Net carrying amount at beginning of year	3,632
Purchase of assets	893
Amortisation (recognised in 'depreciation and amortisation')	<u>(561)</u>
Net carrying amount at end of period	<u>3,964</u>
At 1 July 2020	
Cost (gross carrying amount)	6,657
Accumulated amortisation and impairment	<u>(3,562)</u>
Net Carrying amount	<u>3,095</u>
At 30 June 2021	
Cost (gross carrying amount)	7,017
Accumulated amortisation and impairment	<u>(3,385)</u>
Net Carrying amount	<u>3,632</u>
Year ended 30 June 2021	
Net carrying amount at beginning of year	3,095
Purchase of assets	1,031
Asset transfer from property, plant and equipment	24
Amortisation (recognised in 'depreciation and amortisation')	<u>(518)</u>
Net carrying amount at end of period	<u>3,632</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 year.

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

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NSW FOOD AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8. 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 2022				
Property, plant and equipment (Note 6)				
Land and buildings	-		8,867	8,867
	-	-	8,867	8,867
At 30 June 2021				
Property, plant and equipment (Note 6)				
Land and buildings	-		8,638	8,638
	-	-	8,638	8,638

(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.

9. CURRENT LIABILITIES

	2022 \$000	2021 \$000
Payables		
Creditors - trade & accruals	3,145	3,037
Unearned income		
Unearned income	1,292	1,267
	4,437	4,304

Details regarding credit, liquidity and market risk, including a maturity analysis of the above creditors are disclosed in note 16. 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 Resource agreement.

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

	2022	2021
	\$000	\$000
Net cash flows from operating activities	2,358	3,597
Depreciation and amortisation	(768)	(727)
Movement in allowance for impairment	(248)	(27)
Increase/(Decrease) in Receivables	225	(278)
Decrease/(Increase) in Payables	(133)	156
Net Result for the year	1,434	2,721

11. COMMITMENTS

The Authority is unaware of any capital commitments as at 30 June 2022 (2021: Nil).

12. 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 year 2021-22 was a surplus of \$625,000. Actual net result for the year was a surplus of \$1,434,000. The favourable variance for the year of \$809,000 is consistent with changes in food safety activities affected by COVID-19 restrictions and lockdowns and staff redirected to COVID-19 inspections and related activities which led to lower operating expenses during the year.

Assets and Liabilities

Cash and cash equivalents are lower than budgeted at year end mainly due to timing of collection of receivables. Actual total current assets are almost the same as the budget.

Cash flows

Payments to suppliers were lower than budget mainly due to unpaid Resources Agreement (RA) fee for the period 1 May to 30 June 2022 to the Department of Regional NSW (The Department) of \$2,773,948. A liability to the Department for the RA is recognised and payment will be settled early next financial year.

Financial Information 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Authority has no contingent assets or contingent liabilities at 30 June 2022 (2021: Nil).

14. STATE OUTCOMES

The Authority operates to contribute to NSW State Outcome 2 : Stronger primary industries. Focusing on primary industries' productivity, growth and ensuring the sector's sustainability for the benefit of all citizens. Our commitment to innovation, safe and secure food supply and industry support and development programs, delivered via an on-ground presence across the state, ensures food security and economic growth for the state.

15. RELATED PARTY DISCLOSURES

During the period, the Authority incurred \$288,814 (30 June 2021: \$281,489) 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 2021-2022.

Entity	Nature of Transaction
Local Land Services	Collection of meat levy.
Department of Regional NSW	Service Fee expenses for operational expenses. The Authority's recurrent grants are also received through the Department.

16. 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	
			2022 \$000	2021 \$000
Financial Assets				
Cash and cash equivalents	4	Amortised cost	11,561	10,096
Receivables ¹	5	Amortised cost	2,001	2,024
Financial Liabilities				
Payables ²	9	Financial liabilities measured at amortised cost	3,143	3,031

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 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. 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

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 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. 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 2022 and 30 June 2021 was determined as follows:

	30 June 2022					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate (%)	1%	3%	4%	1%	93%	
Estimated total gross carrying amount (\$ 000)	728	552	78	135	305	1,798
Expected credit loss (\$ 000)	(7)	(14)	(3)	(1)	(284)	(309)

	30 June 2021					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate (%)	-	4%	4%	-	17%	
Estimated total gross carrying amount (\$ 000)	831	405	21	5	254	1,516
Expected credit loss (\$ 000)	-	(17)	(1)	-	(43)	(61)

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 5.

The Authority is not materially exposed to concentrations of credit risk to a single debtor or group of debtors as at 30 June 2022 and 30 June 2021.

(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 the Authority had no loans or drawdowns on its overdraft facility. 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.

Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced.

Financial Information 2021–22

NSW FOOD AUTHORITY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. 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
2022								
<i>Payables</i>	-	3,143	-	-	3,143	3,143	-	-
		3,143	-	-	3,143	3,143	-	-
2021								
<i>Payables</i>	-	3,031	-	-	3,031	3,031	-	-
		3,031	-	-	3,031	3,031	-	-

(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 2021. 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%	
2022					
Financial Assets					
Cash and cash equivalents	11,561	(116)	(116)	116	116
Receivables	2,001	-	-	-	-
Financial Liabilities					
Payables	3,143	-	-	-	-
2021					
Financial Assets					
Cash and cash equivalents	10,096	(101)	(101)	101	101
Receivables	2,024	-	-	-	-
Financial Liabilities					
Payables	3,031	-	-	-	-

(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 2021–22

NSW FOOD AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

17. RESOURCES AGREEMENT

The Authority entered into the Biosecurity and Food Safety Resources Agreement (Resources Agreement) with the Department of Regional NSW, effective from 1 July 2021. 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 in the right of New South Wales were transferred to the Department of Regional NSW and the Authority does not recognise any personnel services expenses.

18. EVENTS AFTER THE REPORTING PERIOD

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

END OF THE AUDITED FINANCIAL STATEMENTS

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