

Regulatory Impact Statement

Food Amendment (Child Care Centres) Regulation 2008

A proposed amendment to Food Regulation 2004
A Regulation under the *Food Act 2003*

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Additional copies of this Regulatory Impact Statement can be obtained from the NSW Food Authority's website: www.foodauthority.nsw.gov.au

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ABOUT THIS DOCUMENT

Who is it for?

This document is relevant to NSW children's services required to comply with the national Food Safety Standard 3.3.1. That is, child care centres that:

- provide food as part of the service,
- serve potentially hazardous food (as a rule-of-thumb, foods that need to be stored refrigerated), and
- provide care for 6 or more children per day.

It **does not** apply to family day care, nor to those centres where children bring food from home - even if that food is handled in some way by centre staff (eg chopping fruit or reheating meals). Other centres such as preschool education conducted by a school and resort 'kids clubs' are also exempt. A more detailed description of the children's services impacted is provided in Section 1.3.

What does it do?

This document assesses the impact of the draft Food Amendment (Child Care Centres) Regulation 2008 (Appendix 1) which has been developed by the NSW Food Authority (the Authority) and is proposed by The Hon. Ian Macdonald MLC, Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources and Minister for State Development.

This Regulatory Impact Statement (RIS) explains the need for government action, states the objective of that action and analyses the costs and benefits of a range of options. In doing so it establishes that the proposed Regulation is required, reasonable and responsive.

This RIS fulfils the requirements of the *Subordinate Legislation Act 1989* for development of new statutory rules and the *Food Act 2003* (s103) for development of Food Safety Scheme Regulations (Appendix 2) and is consistent with the Better Regulation Office's (BRO) Guide to Better Regulation.

Cost benefit analysis methods used are consistent with the document titled Regulatory Impact Statement Instruction Manual, NSW Business Deregulation Unit (undated) and requirements for economic appraisal as outlined in the NSW Treasury document titled NSW Government Guidelines for Economic Appraisal (1997).

EXECUTIVE SUMMARY

Young children are more vulnerable to foodborne illness than the general population. Improving food safety controls in food service to this group (eg in child care centres) is therefore a priority. The cost of foodborne illness attributable to child care centres is estimated to be \$5.6 million each year in NSW.

A new national Standard

When Standard 3.3.1 *Food Safety Programs for Food Service to Vulnerable Persons* (Appendix 3) was gazetted on 5 October 2006, it became part of the national *Food Standards Code* and, under the *Food Act 2003*, law in NSW. The Standard mandates food safety programs (as defined in Standard 3.2.1 – Appendix 4) for a range of business types including certain child care centres.

The options for implementing the Standard

This Regulatory Impact Statement (RIS) explores three options for implementing Standard 3.3.1 in an estimated 1,856 NSW child care centresⁱ:

- **Option A – Go-it-alone**

NSW child care centres independently comply with Standard 3.3.1.

- **Option B – Food Safety Scheme Regulation**

Option B is the making of a Regulation. NSW child care centres would be licensed by the NSW Food Authority. Licensing is a compliance tool that also raises the funds required for the Authority to properly administer Standard 3.3.1 and to support and assist businesses with its implementation.

- **Option C – Industry Self Management**

Option C is the hypothetical establishment of an industry-run accreditation agency by several collaborating children's services industry associations. Child care centres would pay accreditation fees. The associations would support and assist centres with the development and implementation of food safety programs. Centres that complied with Standard 3.3.1 would be granted accreditation.

ⁱ The options for implementing Standard 3.3.1 in NSW hospitals, hospices, aged care facilities and delivered meals organisations were the subject of a separate Regulatory Impact Statement available on the NSW Food Authority's website (www.foodauthority.nsw.gov.au)

Key differences

This RIS seeks to identify the best implementation option. The options differ in two key ways – business support and the regulatory framework.

1. Business support

Food is not the core business of child care centres. Therefore it is unlikely that they will be able to develop and implement robust food safety programs without some external assistance

Centralised, coordinated business support services would be available to assist NSW child care centres under Options B and C, but not Option A.

Food safety is the NSW Food Authority's core business. It would be difficult for children's services industry associations to replicate the Authority's wide technical and legislative knowledge base. Therefore it is likely that business support services provided by the Authority (Option B) would be better than those that could be provided under Option C.

2. Regulatory framework

Options A and C rely on the existing regulatory framework.

Option B would improve effectiveness in two key ways:

- **Enhanced legislative underpinning**

NSW child care centres would be required to be licensed by the NSW Food Authority. Licences are an important compliance tool. They can be used, for example, to apply conditions tailored to individual businesses. They are also a condition of operation which, if necessary to protect public health, can be revoked.

The proposed Regulation would also apply generic Food Safety Scheme offences and Vulnerable Persons Food Safety Scheme offences.

- **Secure funding base**

Licence fee income generated by Option B would provide the funding needed for the Authority to properly administer Standard 3.3.1. The Authority's functions would include reviewing all audit reports prepared by commercial food safety auditors, as well as conducting an audit verification program to ensure the integrity of regulatory audits provided by commercial third parties.

Licence fee income would also provide the funding needed for the Authority to provide business support services (see above).

Cost recovery of these services from NSW child care centres is consistent with the current NSW Government policy position on funding for food safety regulation¹.

Benefits

Foodborne disease attributable to child care centres represents a significant economic burden for NSW – an estimated \$5.6 million each year. Food safety programs are an effective food safety risk management method. It therefore follows that under all options there will be benefits due to reduced foodborne disease burden. The magnitude of these reductions, however, varies among the options

A robust food safety program reduces the risk of foodborne illness by 70%². This RIS argues that, on an industry-wide basis, robust food safety programs are only achieved where there is comprehensive business support and an adequate regulatory framework.

Option A does not provide business support, nor additional legislative underpinning. It is therefore assumed to be least effective at reducing foodborne illness.

Option B provides comprehensive business support by the Authority and an enhanced regulatory framework. It therefore represents the best possible chance of achieving robust food safety programs.

Option C provides business support by industry associations but no additional legislative underpinning. It is therefore assumed to be more effective than Option A but less effective than Option B. This RIS is based on the following assumptions of efficacy:

	Option A	Option B	Option C
Business support	Nil	Comprehensive	Some
Legislative underpinning	Status quo	Enhanced	Status quo
Effectiveness rating	35%	50%	45%

Option B provides the greatest potential benefits

Costs

Regardless of which option is chosen, NSW child care centres will incur the cost of complying with Standard 3.3.1. These costs are for:

- one-off establishment of food safety programs,
- ongoing management of food safety programs, and
- audit fees.

This RIS assumes that audit fees payable by NSW child care centres will be the same under all three options.

Food safety program establishment and management costs of each option, however, vary on the basis of both the availability and quality of business support.

Maximum establishment and management costs are incurred under Option A because NSW child care centres do not have access to coordinated business support.

Where business support is provided by the Authority (Option B) and by industry associations (Option C), NSW child care centres will realise savings on food safety program establishment and management costs, due to reduced staff time and/or less reliance on commercial consultants. The estimated savings per business per year are:

Cost Item	Option B savings	Option C savings
Food safety program establishment (one-off)	\$1,900	\$1,350
Food safety program management (annual)	\$750	\$550

Option B

Option B imposes the additional costs of licence fees payable to the NSW Food Authority:

Licence category	No. FTE food handlers	Annual fee
Very small	0-3	\$239
Small	4-10	\$306
Medium	11-30	\$565
Large	31-49	\$820
Very Large	50+	\$1,077

On an industry-wide basis the additional costs of licence fees would be more than offset by food safety program establishment and management savings (see above).

Option B provides a net benefit of \$10 million (over 5 years) relative to Option A

Option C

Option C imposes additional costs due to accreditation fees (\$350 per year). These additional costs would be offset by food safety program establishment and management savings (see above).

Option C provides a net benefit of \$6.2 million (over 5 years) relative to Option A

Option B, established by the proposed Regulation, is therefore preferred on economic efficiency grounds.

Conclusion

There are several advantages in adopting Option B [Food Amendment (Child Care Centres) Regulation 2008]:

- It best supports the consumer protection objectives of the *Food Standards Code*, *Food Act 2003* and Food Regulation 2004 because it will be most effective at reducing foodborne disease
- It minimises the cost impact for NSW child care centres implementing Standard 3.3.1
- It is preferred on economic efficiency grounds, providing the best outcome for consumers, the child care industry and government with a cost benefit ratio of 6.24 (compared to 1.00 and 3.31 for Options A and C respectively)

Next steps

The proposed Regulation is only a draft at this stage. This RIS is being released so that interested parties may consider the proposed requirements and submit comments and suggestions. You can respond by:

Writing to: Child Care Centres Regulation 2008
Science and Policy Branch
NSW Food Authority
PO Box 6682
SILVERWATER NSW 1811

Emailing: contact@food.authority.nsw.gov.au with Child Care Centres Regulation in the subject line.

The final date for submissions is 6 March 2009

1. NEED FOR GOVERNMENT ACTION

Food contaminated with harmful bacteria and viruses is a serious problem. Australia-wide it causes around:

- 5.4 million cases of gastroenteritis,
- 6,000 non-gastrointestinal illnesses (eg listeriosis), and
- 42,000 episodes of long-term health effects (eg reactive arthritis) per year³.

The total cost of foodborne illness in Australia is estimated at \$1,249 million per year⁴.

1.1 The safety of food in child care centres

Children are more vulnerable to foodborne illness

Young children are at higher risk of foodborne illness compared to the general population. This is because their immune systems are not fully developed. Also a child's lower body weight means that it takes a smaller number of harmful bacteria or viruses to make a child sick than it would a healthy adult.

The vulnerability of children to foodborne disease is evidenced by higher rates among young children compared to the general population. For instance a national survey in 2000-01 found that young children (aged 0-4 years) have the highest rate of gastroenteritis of all age groups⁵. This is supported by more recent data from NSW; for the 1 year period (1 May 2007 to 30 April 2008) the number of NSW salmonellosis notifications in the 0-4 years age group was a least 3.3 times higher than for any other age group⁶.

Young children also get more seriously ill compared to the general population; illness due to enterohaemorrhagic *E. coli* (EHEC) is an example. EHEC-related food poisonings have been linked to a range of foods including undercooked beef, unpasteurised cheese and salad vegetables. Most commonly EHEC causes gastroenteritis – with bloody diarrhoea, stomach cramps and vomiting. However, young children tend to develop more severe symptoms – such as hemolytic uraemic syndrome (HUS). HUS is a disease affecting the kidneys and is one of the leading causes of acute kidney failure in children. Approximately 1 in every 10 children who have EHEC gastroenteritis will go on to develop HUS. The serious risk posed by EHEC to young children was demonstrated by the 1995 Garibaldi food poisoning outbreak in South Australia due to contaminated salami; 22 children developed HUS and one 4 year old girl died.

Finally, some food safety issues are unique to young children; infant botulism is an example. Infant botulism is caused by *Clostridium botulinum*. When a young child (less than 1 year old) swallows spores of this bacterium, the spores grow and produce a poison in the baby's intestine. Symptoms include muscle weakness and breathing difficulties; without treatment permanent disability or death may occur. *Clostridium botulinum* spores have been found in honey which is the only food source that has been linked to infant botulism. Accordingly health departments and food authorities the world-over advise parents and caregivers not to feed honey to infants. A NSW survey (Section 5.1) found that despite this advice a small proportion (3%) of NSW child care centres continue to serve honey to children aged 1 or less.

NSW centres conduct some risky activities

A NSW Food Authority survey (Section 5.1) found that NSW child care centres currently engage in some inherently risky activities. These included that:

- 44% of centres serve foods containing raw eggs (eg mayonnaise, mousse and custard). *Salmonella* food poisonings are often linked to foods containing raw eggs. In NSW approximately 10% of all *Salmonella* food poisoning outbreaks are linked to these foods⁷.
- 70% of centres puree food (eg for babies). Pureeing is particularly risky because it mixes any harmful bacteria present on the food or processing equipment evenly through the puree. Safe pureeing relies on thorough cooking of the food, proper cleaning and sanitising of the puree equipment (which can be difficult) and good temperature control post-puree.

It is also noteworthy that significant proportions of centres in NSW serve foods that have been implicated in past food poisonings in NSW child care centres:

- 20% of centres prepare perishable foods that are packed for class excursions. In 2005 an excursion lunch was implicated in a suspected outbreak of *Salmonella* food poisoning at a NSW child care centre.
- 75% of centres serve pikelets. In 2006 undercooked egg in pikelets was identified as the likely cause of a food poisoning outbreak in a NSW child care centre.

Foodborne illness in child care centres

Due to the vulnerability of their clients, child care centres have been identified as one of the highest risk food business types in Australia².

Between 2002 and June 2005 there were 5 confirmed foodborne disease outbreaks within child care facilities Australia-wide. In NSW there were 2 outbreaks during the same period. In reality, however, the incidence of foodborne disease within child care centres is likely to be much higher. The symptoms of foodborne gastroenteritis are indistinguishable from non-foodborne gastroenteritis (a common illness among children in child care settings) making it likely that foodborne disease often goes undiagnosed.

Food allergy in child care settings

In addition to foodborne disease, risks posed by food allergens (eg anaphylaxis due to peanut allergy) are also of particular concern in the child care setting. Managing risks associated with food allergy is a significant and growing issue for NSW child care centres. Based on a recent survey (Section 5.1) the Authority estimates that, on average, there are 5 children per NSW child care centre with food allergy.

1.2 Food safety management in child care

The current food safety laws

Currently all businesses in NSW that provide food for sale (including child care centres) are required to comply with basic hygiene requirements that relate to food safety practices and food premises/equipment. These are specified within the national *Food Standards Code* (Standards 3.2.2 and 3.2.3).

The rate of compliance of NSW child care centres with Standards 3.2.2 and 3.2.3 is currently unknown. Inspections have traditionally been within the purview of local councils. Currently Authority officers only visit child care centre kitchens on a complaint-basis (eg in response to reports of foodborne illness). The NSW Food Authority is however planning a survey to collect this information (see Section 7.2).

National Child Care Accreditation

Quality Trends Reports by the National Childcare Accreditation Council (NCAC) indicate that there may be problems with current food safety management in long day care centres.

The National Childcare Accreditation Council (NCAC), on behalf of the Australian Government, administers the national child care quality assurance system for long day care [called the 'Quality Improvement Accreditation System' (QIAS)]. Accreditation is a condition for payment of Child Care Benefit which effectively mandates implementation of the QIAS by long day care centres. The QIAS is based on 7 Quality Areas and 33 Principles that summarise and define long day care. Food safety is dealt with in Quality Area 6 (Health), Principle 6.2 (Staff implement effective and current food safety and hygiene practices).

At the time of writing, Quality Trends Reports (issued six-monthly) were available on the NCAC website (www.ncac.gov.au) for the period 1 January 2004 to 31 December 2007. Principle 6.2 was consistently identified as a problem area. In the most recent report 22% of centres were rated 'Unsatisfactory' for Principle 6.2.

International directions

Internationally there is a general trend toward improving food safety controls in child care settings. For example outbreaks of EHEC in child care centres in Canada and Ireland have seen moves toward stricter regulatory controls.

In 2003 a Canadian coroner's jury recommended licensing of food preparation areas in child care centres and improved record keeping⁹. The recommendations were made following the death of a 23 month-old boy in an outbreak of EHEC in a child care centre.

In Ireland, if food is being prepared in a child care facility, it is a legal requirement that the person preparing the food is trained in basic food hygiene procedures and the kitchen should have hygiene procedures based on the principles of HACCP⁹.

1.3 Development of a new national food safety standard

Research supports mandating food safety programs in child care

In 2000 the Commonwealth Department of Health and Ageing commissioned a two year national research program to provide improved data on foodborne illness and an assessment of the cost and impact of mandatory food safety programs. The key outputs were:

- A study into the costs and efficacy of introducing food safety programs in Australia (the 'Allen Report')¹⁰ which found that the benefits of mandatory food safety programs outweigh the costs for all but low risk businesses.
- The National Risk Validation Project² which identified the highest risk sectors of the food industry and undertook specific cost and benefit analysis of these sectors.
- The establishment of a national health network, called OzFoodNet, to provide data on the incidence and causes of foodborne illness in Australia.

These projects provided an evidence-base for stronger regulatory intervention (specifically mandatory food safety programs) in a number of industry sectors (including child care) and underpinned the development of Policy Guidelines on food safety management in Australia¹¹.

Ministers agreed a new food safety standard should be developed

On 12 December 2003 the Australia New Zealand Food Regulation Ministerial Council (ANZFRMC) approved the Ministerial Policy Guidelines on *Food Safety Management in Australia: Food Safety Programs* for national application. These guidelines recommend which food business sectors should develop and implement mandatory food safety programs. The sectors are:

- food service to vulnerable persons (including children in child care centres),
- producers, harvesters, processors and vendors of raw ready-to-eat seafood,
- catering operations serving food to the general public, and
- producers of manufactured and fermented meats.

The guidelines were referred to Food Standards Australia New Zealand (FSANZ). In turn FSANZ developed Standard 3.3.1 (Food Safety Programs for Food Service to Vulnerable Persons).

FSANZ developed Standard 3.3.1

Food Safety Standard 3.3.1 *Food Safety Programs for Food Services to Vulnerable Persons* (Appendix 3) was gazetted on 5 October 2006. It requires businesses that provide potentially hazardous food to vulnerable persons to implement a documented and audited food safety program. Vulnerable persons are defined by the Standard in terms of the facility in which they are cared for, or as clients of a delivered meals organisation. The facilities listed in the Standard include:

- Hospital facilities, including acute care, psychiatric, hospice, chemotherapy and renal dialysis facilities.
- Aged care facilities, including nursing homes, respite care, same-day aged care and low care aged care facilities.

- **Child care facilities, including long day care, occasional day care and employer-sponsored childcare.**

In relation to child care Standard 3.3.1 specifically excludes:

- Services that provide preschool education conducted by a school.
- Services principally conducted to provide therapeutic services, residential facilities, instruction in a particular activity (eg dance, music or a sport), tutoring, coaching or religious instruction or, recreational activity (eg a camp or party).
- Services for which, ordinarily, the children are entirely or mostly different on each occasion child care is provided (eg resort care for children of guests of the resort).

Additionally the Standard does not apply to in-home care (eg family day care), nor to child care centres that only serve food that has been supplied by parents.

Some child care centres serve lunches that have been supplied by parents but also provide fresh cut fruit and vegetables as snacks. The Standard will apply to some, but not all of these centres – depending on the types of fruits and vegetables served. Based on their pH, the NSW Food Authority has identified some types of cut fruit and vegetables as potentially hazardous, others are not:

Potentially hazardous cut fruit and vegetables	Non-potentially hazardous cut fruit and vegetables
Apricots Asparagus Avocados Bananas Green Beans Capsicum Carrots Celery Cucumbers Mangoes Melons (rockmelon, honey dew) Netarines Oranges Paw paw Pears Plums Tomato Watermelon	Apples Blueberries Cherries Grapes Peaches Pineapple Raisins Raspberries Strawberries

Centres that restrict their menu to non-potentially hazardous cut fruit and vegetables would not be required to comply with the Standard. Centres that serve potentially hazardous cut fruits and vegetables will be required to comply with Standard 3.3.1.

NSW child care centres required to comply with Standard 3.3.1 must implement a food safety program which complies with national Standard 3.2.1 (Food Safety Programs).

Standard 3.3.1 uses the definition of food safety programs in Standard 3.2.1

Food Safety Standard 3.2.1 *Food Safety Programs* (Appendix 4) specifies the requirements for food safety programs. A food safety program is a written document indicating how a food business will manage the food safety hazards relevant to its food handling activities.

Specifically, Standard 3.2.1 states that a business must:

- systematically examine all of its food handling operations in order to identify the potential hazards that may reasonably be expected to occur,
- develop and implement a documented food safety program to control the hazards,
- comply with the food safety program,
- review the food safety program at least annually, and
- ensure that the food safety program is audited by a food safety auditor (who is approved by the NSW Food Authority as a person competent to conduct such audits).

Food safety program requirements under Standard 3.2.1 are based on HACCP (Hazard Analysis Critical Control Points) principles. HACCP is an internationally recognised tool to assess hazards and establish control systems that focus on preventative measures to improve the safety of food.

1.4 Implementing Standard 3.3.1 in NSW

NSW is obliged to adopt Standard 3.3.1

NSW is a signatory to a national *Food Regulation Agreement*¹² (FRA). The FRA commits all Australian States and Territories to a national food regulatory system, including a single set of national standards – the *Food Standards Code*. NSW can amend the *Food Standards Code* as it applies in NSW but only if the modification would not have a significant impact on the implementation and enforcement of uniform food laws in Australia (*Food Act 2003*, s141).

The NSW Food Authority is responsible for administering Standard 3.3.1

The NSW Food Authority is the sole agency responsible for food regulation at the NSW State Government level. The Authority was established by the *NSW Food Act 2003* which also provides that a person in NSW must comply with any relevant requirements imposed by the *Food Standards Code*.

The Authority, in partnership with local councils, administers and enforces the *Food Standards Code* in NSW.

The *Food Act 2003* also allows the Authority to make regulations called Food Safety Schemes.

NSW is taking a phased approach to implementing Standard 3.3.1

On 18 August 2008 the Authority established a Vulnerable Persons Food Safety Scheme through the commencement of the Food Amendment (Vulnerable Persons Food Safety Scheme) Regulation 2008. The Scheme created the administrative framework needed to efficiently and effectively implement Standard 3.3.1 in NSW hospitals, aged care and delivered meals organisations. The Scheme requires

businesses affected by Standard 3.3.1 to be licensed by the NSW Food Authority. Licenses are a compliance tool in their own right that also raise the funds required for the Authority to properly administer Standard 3.3.1 and support and assist businesses with its implementation.

Child care centres were excluded from the Scheme [Food Regulation 2004, cl4(3)(b)] to allow time for the Authority to properly develop and assess implementation options for the sector. The proposed Food Amendment (Child Care Centres) Regulation 2008 would delete that exemption. This would create a framework to efficiently and effectively implement Standard 3.3.1, as it applies to NSW child care centres.

2. OBJECTIVE OF GOVERNMENT ACTION

2.1 Maximising improvements in the safety of food

The key objective of the Food Amendment (Child Care Centres) Regulation 2008 is to maximise the effectiveness of Standard 3.3.1 (to reduce foodborne illness in NSW child care centres). This will be achieved because the Regulation will enhance the legislative underpinning and facilitate provision of business support services by the NSW Food Authority.

Enhanced legislative underpinning

The proposed Regulation will enhance the legislative underpinning of Standard 3.3.1, and in turn its effectiveness to reduce foodborne illness in NSW child care centres.

NSW child care centres would be required to be licensed by the NSW Food Authority. Licences are an important compliance tool. They can be used, for example, to apply conditions tailored to individual businesses. They are also a condition of operation which, if necessary to protect public health, can be revoked.

Licensing will also provide the funding needed for the Authority to properly administer Standard 3.3.1 (see Section 4.2) and to support and assist NSW child care centres with implementation (see below).

In addition to licensing, some new offences targeting compliance would apply.

Providing support for businesses

The proposed Regulation will also facilitate provision of business support services by the NSW Food Authority (licence fees will be used to fund these services). Business support services will accelerate and increase compliance of NSW child care centres with Standard 3.3.1; in turn maximising the Standard's impact on reducing foodborne illness attributable to NSW child care centres.

2.2 Minimising the burden for NSW child care centres

A secondary objective of the proposed Regulation is to minimise the burden of Standard 3.3.1 for NSW child care centres. This will be achieved because the Regulation will facilitate provision of business support services by the NSW Food Authority (see above). For example, the availability of a NSW Food Authority food safety program template will save staff time and money (eg by reducing/eliminating the need for NSW child care centres to employ external food safety consultants). Compliance burden may also be reduced due to lower audit frequencies (see Section 4.4).

2.3 Ongoing liaison with the NSW child care industry

The proposed Regulation will establish formal means for responding to the child care industry. This includes applying clause 22 of the Food Regulation 2004 which gives individual child care centres the right to seek review in the Administrative Decisions Tribunal if they are dissatisfied with decisions of the Authority relating to licensing. It will also provide for the appointment of child care industry representatives to the NSW Food Authority's Vulnerable Persons Food Safety Scheme Consultative Committee (Food Regulation 2004, cl175). The Authority is required to consult with the Committee about the ongoing operation of the Regulation.

2.4 Achieving NSW State Plan priorities

The Food Amendment (Child Care Centres) Regulation 2008 will contribute to the achievement of the following NSW State Plan priorities:

F5 – Reduced avoidable hospital admissions

Reducing foodborne illness attributable to NSW child care centres will reduce avoidable hospital admissions.

P3 – Cutting red tape

Business support services provided by the NSW Food Authority will reduce the burden faced by NSW child care centres required to comply with national Standard 3.3.1.

2.5 Alignment with NSW Government Policy

The Food Amendment (Child Care Centres) Regulation 2008 is consistent with existing NSW Government policy.

NSW is a signatory to the Food Regulation Agreement 2002

NSW, as a signatory to a national *Food Regulation Agreement*¹² (FRA), has made a commitment to a national food regulatory system, including a single set of national standards – the *Food Standards Code*. The proposed Regulation will create a legislative framework to facilitate implementation of Standard 3.3.1 of the *Food Standards Code* in NSW, as it applies to NSW child care centres.

Consistent regulation among States and Territories, in the interest of minimising red tape for businesses, is a current focus for the Australian Government. The Council of Australian Governments (COAG)ⁱⁱ has established a Business Regulation and Competition Working Group (BRCWG). The BRCWG is tasked with developing options to reduce the regulatory burden on businesses and not-for-profit organisations in relation to food regulation. In this context the compliance of States and Territories with the FRA is likely to be considered.

NSW food safety funding policy

The principles which should apply to funding of food regulatory activities in NSW were most recently reviewed in 2001 by The Hon. John Kerin¹³. The review sought to identify the circumstances in which specified regulatory activities should be funded by cost recovery, either from the regulated industry or from consumers of the regulated products, or directly by government.

ⁱⁱ COAG is a committee comprising the Prime Minister and the Premier of each State/Territory

In 2001, the NSW Government adopted the Kerin recommendations¹ and provided SafeFood Production NSW with government funding for certain activities. These activities included policy and standards development, Ministerial and Parliamentary support, and some aspects of food law enforcement. Under the Kerin model SafeFood continued to fund its direct regulatory activities in the food industry through cost recovery, principally by licence fees and charges for audits and inspections. The NSW Food Authority is funded in the same way. Cost recovery (eg via licence and, where applicable, audit fees) by the NSW Food Authority for regulatory services provided to NSW child care centres under the proposed Regulation will therefore be consistent with the NSW Government's current policy position on funding food regulation.

3. CONSIDERATION OF OPTIONS

3.1 The options analysed in this RIS

This RIS examines four options in detail:

- **Option 1** (Do Nothing), where NSW child care centres would be exempt from national Standard 3.3.1.

Plus three 'Implementation' Options (A, B and C). National Standard 3.3.1 would apply in full in NSW. NSW child care centres would be required to implement and maintain food safety programs:

- **Option A** (Go-it-alone) – NSW child care centres would independently implement Standard 3.3.1.
- **Option B** (Food Safety Scheme Regulation) – is the application of a Food Safety Scheme Regulation to NSW child care centres. In addition to complying with Standard 3.3.1, NSW child care centres would be required to be licensed by the NSW Food Authority. Licences are a compliance tool. They can be used, for example, to apply conditions tailored to individual businesses. They are also a condition of operation which, if necessary to protect public health, can be revoked.

Licence fee income generated by Option B would also provide the funding needed for the Authority to properly administer Standard 3.3.1 and support and assist businesses to develop and implement robust food safety programs.

- **Option C** (Industry Self Management) – is the hypothetical establishment of an industry-run accreditation agency by several collaborating child care industry associations. Child care centres would pay accreditation fees. The associations would support and assist child care centres with the development and implementation of food safety programs. Centres that complied with Standard 3.3.1 would be granted accreditation.

NSW child care centres would volunteer to participate in the industry-run accreditation program. Industry leaders and well-managed businesses would be most likely to participate. However, for the purposes of this analysis, 100% participation is assumed.

The roles and responsibilities of various parties under Options A, B and C are described in Table 1.

Table 1: The roles and responsibilities of relevant parties under Options A, B and C

Party	Option A (Go-it-alone)	Option B (the proposed Regulation)	Option C (Industry Self Management)
Child care centres	<ul style="list-style-type: none"> • Develop and manage a food safety program as defined in Standard 3.2.1 [Standard 3.3.1, cl3(1)] • Have the program audited by a qualified food safety auditor approved by the NSW Food Authority, at a frequency determined by the Authority [<i>Food Act 2003</i>, s104(5)] 	<ul style="list-style-type: none"> • Develop and manage a food safety program as defined in Standard 3.2.1 [Standard 3.3.1, cl3(1)] • Have the program audited by either a Food Safety Officer employed by the Authority or a qualified food safety auditor approved by the NSW Food Authority, at a frequency determined by the Authority [<i>Food Act 2003</i>, s104(5)] • Hold a NSW Food Authority licence 	<ul style="list-style-type: none"> • Develop and manage a food safety program as defined in Standard 3.2.1 [Standard 3.3.1, cl3(1)] • Have the program audited by a qualified food safety auditor approved by the NSW Food Authority, at a frequency determined by the Authority [<i>Food Act 2003</i>, s104(5)] • Be accredited • Display accreditation certificate in a prominent place
Commercial food safety auditors	<ul style="list-style-type: none"> • Be approved by the Authority [<i>Food Act 2003</i>, s87(2)-87(3)] • Conduct audits (under direct contract to individual child care centres) • Provide a copy of audit results to the Authority (<i>Food Act 2003</i>, s95) • Report serious breaches to the Authority [<i>Food Act 2003</i>, s95(5)] 	<ul style="list-style-type: none"> • Be approved by the Authority [<i>Food Act 2003</i>, s87(2)-87(3)] • Conduct audits (under direct contract to individual child care centres) • Provide a copy of audit results to the Authority (<i>Food Act 2003</i>, s95) • Report serious breaches to the Authority [<i>Food Act 2003</i>, s95(5)] 	<ul style="list-style-type: none"> • Be approved by the Authority [<i>Food Act 2003</i>, s87(2)-87(3)] • Conduct audits (under contract to the accreditation agency) • Provide a copy of audit results to the Authority (<i>Food Act 2003</i>, s95) • Report serious breaches to the Authority [<i>Food Act 2003</i>, s95(5)]

Party	Option A (Go-it-alone)	Option B (the proposed Regulation)	Option C (Industry Self Management)
NSW Food Authority	<ul style="list-style-type: none"> • Approve commercial food safety auditors (<i>Food Act 2003, s87</i>) • Administer audit reports prepared by commercial food safety auditors • Investigate reported serious food safety breaches and take appropriate enforcement action (e.g. issue penalty infringement notices, issue improvement notices, issue prohibition orders, undertake prosecutions). 	<ul style="list-style-type: none"> • Approve commercial food safety auditors (<i>Food Act 2003, s87</i>) • Administer audit reports prepared by commercial and Authority auditors • Investigate reported serious food safety breaches and take appropriate enforcement action (e.g. issue penalty infringement notices, issue improvement notices, issue prohibition orders, undertake prosecutions). • Provide business support services for NSW child care centres (eg food safety program template) • If child care centres choose to use NSW Food Authority-employed auditors, conduct audits • Conduct an audit verification program (to verify the consistency and integrity of audits provided by commercial auditors) • Administer licences 	<ul style="list-style-type: none"> • Approve commercial food safety auditors (<i>Food Act 2003, s87</i>) • Administer audit reports prepared by commercial and Authority auditors • Investigate reported serious food safety breaches and take appropriate enforcement action (e.g. issue penalty infringement notices, issue improvement notices, issue prohibition orders, undertake prosecutions).
Industry associations	<ul style="list-style-type: none"> • Raise industry awareness about Standard 3.3.1 	<ul style="list-style-type: none"> • Raise industry awareness about Standard 3.3.1 and the proposed Regulation • Provide feedback to the NSW Food Authority during the design and delivery of its business support program 	<ul style="list-style-type: none"> • Provide business support services for NSW child care centres • Establish a food safety program accreditation agency for NSW child care centres
Hypothetical accreditation agency	Not Applicable	Not Applicable	<ul style="list-style-type: none"> • Organise food safety program audits • Administer accreditation (including issuing accreditation certificates)

3.2 Other options considered but not analysed

Combining food safety audits with existing accreditation audits

The possibility of merging the audit requirements for Standard 3.3.1 with the existing national child care accreditation and audit framework has already been explored at a national level and rejected.

NSW child care centres are accredited by the National Childcare Accreditation Council (NCAC) (see Section 1.2). FSANZ investigated these arrangements, as part of the development process for Standard 3.3.1, to determine whether they duplicate the Standard, and to investigate the possibility of combining audits for accreditation and food safety programs.

FSANZ found¹⁴ that Standard 3.3.1 does not duplicate any of the NCAC requirements. FSANZ also found that NCAC auditors are not required to hold specific food safety auditing qualifications and as such are not currently appropriately qualified to audit food safety programs.

Administration of Standard 3.3.1 by NSW DoCS

The possibility of DoCS administering Standard 3.3.1 was considered by the NSW Food Authority and rejected.

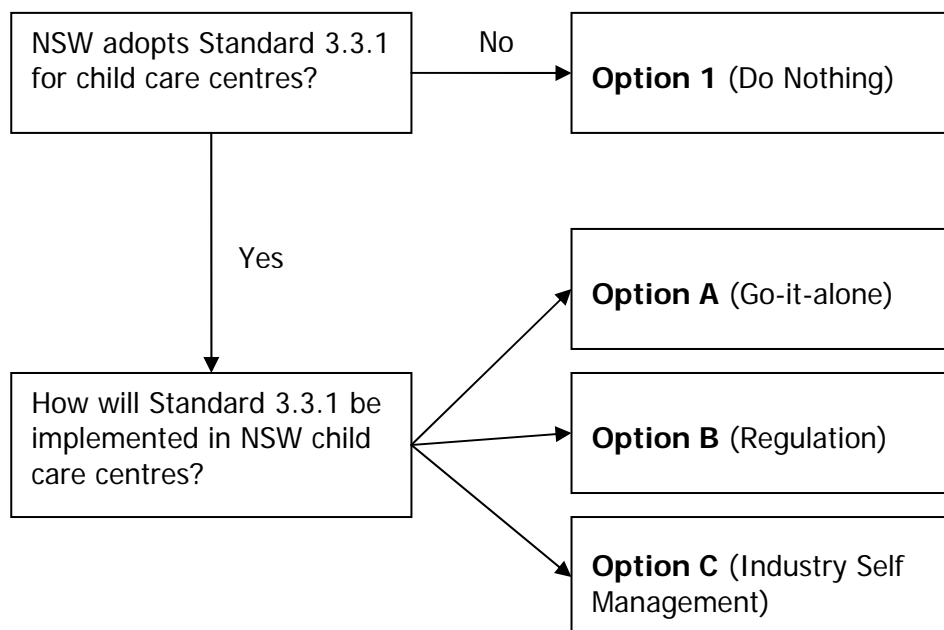
NSW child care centres are required to be licensed by the NSW Department of Community Services under the Children's Services Regulation 2004. The Regulation prescribes a range of requirements relevant to ensuring that children are provided with a safe and appropriate environment for their care and wellbeing. For example centres must provide age appropriate development activities, employ suitably qualified staff and keep certain records. DoCS-employed Children's Services Advisors regularly visit licensed centres to monitor compliance with the Regulation. Children's Services Advisors are experts in the field of early childhood education and care. Visits are carried out in accordance with regional monitoring plans and also in response to complaints.

The NSW Food Authority investigated whether there was any overlap between DoCS requirements and Standard 3.3.1 and the possibility of combining audits for DoCS compliance and food safety programs.

The Authority found that Standard 3.3.1 does not duplicate any of the DoCS requirements. The Authority also found that DoCS staff are not currently appropriately qualified to audit food safety programs. It would not be practical to up-skill all relevant DoCS staff in this highly technical and specialised field.

4. COSTS AND BENEFITS OF OPTIONS

This RIS examines four options:



Option B (Regulation) is favoured on cost-benefit grounds.

The cost benefit analysis results for the three 'implementation' options are summarised below. Option B provides the most net benefits to the NSW community.

	Option A (Go-it-alone)	Option B (Regulation)	Option C (Industry Self- Management)
Net Benefits (over 5 years and 7% Net Present Value)	Economic Base Case	+\$10 million	+\$6.2 million
Benefit Cost Ratio	1.00	6.24	3.31

Source: AgEconPlus Analysis

The main reasons why Option B is best on a cost-benefit basis are that it is:

- most effective at reducing foodborne illness, and
- the lowest cost option for child care centres.

4.1 Option 1 (Do Nothing) is not viable

Under Option 1 NSW child care centres would not be required to implement food safety programs. The exemption for NSW child care centres from Standard 3.3.1, introduced in August 2008 (see Section 1.4), would remain.

Option 1 is not viable because:

- the public health case for regulatory intervention to minimise food safety risks to vulnerable people, including children under five years old, has already been established and accepted nationally,
- the economic case for adopting Standard 3.3.1 has already been established and accepted nationally, and
- doing nothing would breach NSW's obligations to the national food regulatory system and create national inconsistency.

Intervention is needed on public health grounds

Food service to vulnerable people (including children in child care centres) was identified as Australia's highest risk food industry sector in Part 1 of the NRVP². The risk assessment underpinning this finding considered three factors:

- the reasons for past food poisoning outbreaks,
- the frequency of food poisonings relative to the total number of eating occasions, and
- the severity of illness.

When the three factors were combined the food businesses/sectors ranked highest risk in order of priority were:

1. Food service to vulnerable populations (including children in child care)
2. Producers, harvesters, processors and vendors of raw ready to eat seafood
3. Catering operations serving food to the general population
4. Eating establishments

The benefits of Standard 3.3.1 outweigh the costs

Option 1 (Do Nothing) was the base case for national work on the costs and benefits of implementing food safety programs in child care centres. This base case was rejected (nationally) because the benefits of food safety programs in child care centres outweigh the costs.

Two reports, commissioned by the Commonwealth Department of Health and Ageing, provided the economic case for national adoption of Standard 3.3.1:

- Food Safety Management Systems: Costs, Benefits and Alternatives (the 'Allen Report')¹⁰, and
- Part 2 of the 'National Risk Validation Project' (NRVP)².

The Allen Report assessed the costs and efficacy of mandating food safety programs for all food businesses Australia-wide. Costs were determined through a program of over 200 face-to-face interviews with food businesses (including child care centres and family day care) across Australia. Identified costs included:

- one-off food safety program establishment costs,

- ongoing food safety program management costs (including audit costs), and
- costs to Government (eg business support services and staff training).

Benefits were based on estimated cost savings due to reduced foodborne illness.

The Allen Report concluded that the benefits of food safety programs outweigh the costs and that implementation of mandatory requirements should proceed for all but 'low risk' businessesⁱⁱⁱ. This conclusion was however qualified; the Allen Report warns that benefits would only be realised if governments acted to underpin successful implementation. The government action cited as being required included:

- enforcing the requirements (so that all relevant businesses are motivated to comply), and
- providing support for businesses.

Part 2 of the NRVP provided a more specific cost benefit analysis of implementing food safety programs the high risk industry sectors identified in Part 1 (see above). The analysis showed that the benefits outweigh costs for each of the high risk food industries except eating establishments. The methodology applied, however, precluded specific cost benefit analysis for child care.

Combined, the Allen and NRVP reports provided the cost benefit evidence-base for development of Standard 3.3.1 and underpinned its adoption into the national *Food Standards Code* (see Section 1.3).

NSW child care industry participants appear to agree with the formal cost benefit findings. In a recent survey (Section 5.1) 81% of respondent NSW child care centres indicated that they believed the benefits of implementing and maintaining food safety programs outweigh the costs.

NSW is obliged to adopt Standard 3.3.1

NSW's obligations to a national food regulatory system are described in Section 1.4. Exempting NSW child care centres from Standard 3.3.1 would be a significant departure from the *Food Standards Code*. NSW would be the only Australian State/Territory where child care centres would be exempt from Standard 3.3.1. Option 1 would therefore undermine national consistency and place NSW in breach of its obligations to the national food regulatory system.

NSW child care centres support food safety programs

It is also relevant that NSW child care centres recognise the value of food safety programs. In a NSW survey (Section 5.1) 91% of centres said that implementing food safety programs should be a priority for the NSW children's services sector. And 81% of centres believe that implementation of food safety programs will improve food safety outcomes.

Given that Option 1 is not viable, the remainder of this cost benefit analysis focuses on how best to **implement** mandatory food safety programs (Standard 3.3.1) in relevant NSW child care centres.

ⁱⁱⁱ The NRVP², using internationally recognised risk assessment methodology, identified child care centers as a high risk food business.

4.2 The impact of Options A, B and C on foodborne illness

The major benefit from implementing Standard 3.3.1 will be cost savings due to reduced foodborne illness attributable to NSW child care centres. For Options A, B and C these estimated cost savings are (per year):

Option A (Go-it-alone)	Option B (Regulation)	Option C (Industry Self-Management)
\$1.96 million	\$2.80 million	\$2.52 million

Source: AgEconPlus Analysis

These cost savings are based on:

- a estimate of the total cost of foodborne illness attributable to NSW child care centres, and
- assumptions about how effective Options A, B and C will be at reducing foodborne illness.

Foodborne illness in NSW child care centres costs \$5.6 million/year

The total cost of foodborne illness attributable to NSW child care centres is \$5.6 million per year (26.8 million meals/year at a cost of \$0.21/meal)^{iv}. A NSW Food Authority survey (Section 5.1) and the National Risk Validation Project² provided the data on which this estimate is based (see Boxes 1 and 2).

The estimate is considered reasonable because:

- The healthcare cost alone of foodborne gastroenteritis in Australian children under 4 years of age is \$47 million per year⁴.
- The average cost of foodborne illness in Australia across all populations and all settings is \$0.08 per meal². Higher costs for sub populations more vulnerable to foodborne illness (ie young children) in settings where food is prepared in bulk (ie in child care centres) would be expected.
- The NRVP estimate of the cost of foodborne illness due to food service to sensitive populations (which included hospitals, aged care facilities and child care centres) (ie \$0.21 per meal) includes only the direct costs of illness . It makes no allowance for the loss of parents' salaries and wages (and lost productivity) associated with carer absenteeism to look after sick children. It is therefore conservative.
- The NRVP estimate of the cost of foodborne illness due to food service to sensitive populations (which included hospitals, aged care facilities and child care centres) (ie \$0.21 per meal) does not include costs due to food allergy (eg anaphylaxis due to peanut allergy). Food safety programs are effective in adding another layer of protection to avoid these sometimes fatal risks. Australia-wide allergy cost \$7.8 billion in 2007¹⁵.

^{iv} Source: AgEconPlus

Box 1: NSW child care centres sell 26.8 million meals per year

A NSW Food Authority survey (Section 5.1) established that:

- 1,856 child care centres in NSW provide food as part of the service. On average each of these centres cares for 43 children per day. Therefore 79,808 children are served food in NSW child care centres every day (1,856 centres at 43 children per centre).
- On average, 3.5 meals per day are served by NSW child care centres. Some of these are main meals and some are snacks. NSW child care centres differ in the number of main meals and snacks they provide. Some snacks (though not all) may be potentially hazardous. However in this RIS it is assumed that only main meals are potentially hazardous. This assumption is conservative.

From a sample of 418 NSW child care centres there were 566 main meals served per day (173 breakfast, 378 lunch, 15 dinner). That is:

- 1.4 main/potentially hazardous meals served per centre per day, or
- 111,731 meals per day NSW-wide (79,808 children at 1.4 meals per day),
- 558,656 meals per week (assuming centres operate 5 days per week), and
- 26,815,488 meals per year (assuming centres operate 48 weeks per year)

Box 2: Foodborne illness costs \$0.21 per meal sold by NSW child care centres

The NRVP² established that Australia-wide:

- Food service to vulnerable populations (which included hospitals, aged care facilities and **child care centres**) is the highest risk food business sector.
- Foodborne illness costs the Australian community in excess of \$1.67 billion per year.
- Foodborne illness attributable to food service to sensitive populations costs \$75 million per year or \$0.21 per meal served.

Option B is most effective at reducing foodborne illness; Option A is least

The extent to which foodborne illness attributable to NSW child care centres will be reduced by implementing Standard 3.3.1 depends on the effectiveness of food safety programs. The effectiveness ratings used in this analysis are:

Option A (Go-it-alone)	Option B (Regulation)	Option C (Industry Self-Management)
35%	50%	45%

These ratings are based on published estimates of the effectiveness of food safety programs that suggest robust programs are 70% effective (see below) and the extent to which each option supports NSW child care centres to implement food safety programs and enhances the legislative underpinning of Standard 3.3.1.

This RIS argues that, on an industry-wide basis, the most effective food safety programs are achieved where there is comprehensive support for businesses and adequate legislative underpinning. This position is supported by the Allen Report¹⁰ which warns that the benefits of mandatory food safety programs will only be realised if governments provide support for businesses and enforce requirements. NSW child care centres also agree – in a recent survey (Section 5.1) 74% of respondents ranked food safety programs with regulatory support as the most effective option (see also Box 3). 80% of respondents ranked food safety programs with no support as least effective.

Box 3: Comments by NSW child care centres when asked to explain their ranking of Options A, B and C.

"Regulatory support is required to ensure compliance to safety standards"

"Unless regulated, services will not do it"

"Food safety programs with regulatory support and audits would be most effective as all services would be legally bound to ensure compliance with the program. Industry association support would assist services implementing and complying with the program but may not have the same legal power as a regulatory body. No support would leave services to research, implement and monitor themselves which may lead to failings in the program."

"We no longer have visits from the local council health inspector which I believe for most services is a huge mistake given the lack of qualified cooking staff in most child care centres. The child care industry is not an 'expert' in food safety, although we attend training and undertake practices required we are not as focused as a regulatory representative. No support is dangerous!"

Option A does not provide business support, nor additional legislative underpinning. It is therefore assumed to be half as effective as robust food safety programs ($70\%/2 = 35\%$).

Option B provides comprehensive business support by the NSW Food Authority and enhanced legislative underpinning. It should be 70% effective. Conservatively, however, 50% is assumed.

Under Option C support for businesses would be provided by industry associations but there would be no additional legislative underpinning. It is therefore assumed to be intermediate between the effectiveness of Options A and B (45% effective).

Robust food safety programs are 70% effective at reducing foodborne illness

Not all food safety programs will be robust. Robustness depends on:

- the quality of the program (that is whether all food safety hazards have been identified and appropriate controls have been assigned), and
- the rate of compliance with the programs (that is whether, in practice, businesses do what their food safety program says they'll do).

The NRVP is the most comprehensive relevant study in Australia on the effectiveness of food safety programs. That study used Australian epidemiological data to assess the effectiveness of food safety programs. It found that a robust food safety program could reduce risk of foodborne illness by 70%.

Food safety programs are higher quality if businesses are supported

Food is not the core business of child care centres. Therefore, it is unlikely that they will be able to comply with Standard 3.3.1 without some external assistance.

It is the Authority's experience that, on an industry-wide basis, food safety programs developed in the absence of centralised, coordinated business support services are not likely to be robust. For example, in 2001 the Authority's predecessor organisation, SafeFood Production NSW, mandated food safety programs for certain seafood businesses but did not provide direct business support services (other than publishing a Manual). Compliance with the new requirement was poor until business support services (including food safety program templates and workshops on their

use) were ultimately provided in 2003-05. This is also the experience of interstate food regulators.

Centralised, coordinated business support services would be available to assist NSW child care centres under Options B and C but not Option A. The NSW Food Authority and various children's services industry associations would provide business support services under Options B and C respectively.

Food safety is the NSW Food Authority's core business. It would be difficult for children's services industry associations to replicate the Authority's wide technical and legislative knowledge base. Therefore business support services provided by the Authority (Option B) are likely to achieve better outcomes than those under Option C.

Strong legislative underpinning promotes compliance with food safety programs

Options A and C rely on the existing regulatory framework. Option B would enhance the legislative underpinning of Standard 3.3.1, in two key ways:

- **Licensing** – NSW child care centres would be required to be licensed by the NSW Food Authority. This would expand the Authority's compliance and enforcement toolkit. For example, licenses can be used to apply conditions tailored to individual business circumstances. They are also a condition of operation which, if necessary to protect public health, can be revoked.
- **Offences** – Some new offences will apply to NSW childcare centres. These include generic food safety scheme offences (*Food Act 2003*, s104) and specific Vulnerable Persons Food Safety Scheme offences.

Licensing would also provide the funding needed for the Authority to properly administer Standard 3.3.1. Most significant in this regard will be conducting an 'audit verification program' to ensure the consistency and integrity of regulatory audits provided by commercial food safety auditors. The Authority would also undertake general administrative tasks including maintaining a database and reviewing audit reports prepared by commercial auditors. Current NSW Government policy (see Section 2.5) requires that such activities are cost recovered from industry. In the absence of such cost recovery mechanisms (Options A and C) these activities would either not be undertaken (eg audit verification) or done in a minimalist way using resources diverted from other Authority services (eg reviewing audit reports).

4.3 Costs and benefits of Option A (Go-it-alone)

Option A is that NSW child care centres comply with Standard 3.3.1 without access to centralised, coordinated business support services.

In summary the costs and benefits of Option A are:

Group	Costs	Benefits
Child care centres	<ul style="list-style-type: none"> One-off establishment of food safety programs Ongoing management of food safety programs Audit fees 	<ul style="list-style-type: none"> Efficiency savings (eg reduced wastage of food)
Parents	<ul style="list-style-type: none"> Higher child care fees Reduced availability of child care centres that provide food as part of the service 	
Government	Australian Government: <ul style="list-style-type: none"> Increased family assistance payments NSW Food Authority: <ul style="list-style-type: none"> Administering Standard 3.3.1 (including administering audit reports and undertaking investigation and enforcement activities) Other NSW Government departments and local governments: <ul style="list-style-type: none"> One-off establishment and ongoing management of food safety programs (including audit fees) 	
Community		<ul style="list-style-type: none"> 35% reduction in foodborne illness

Option A – Costs in detail

Child care centres – establishing food safety programs

Industry-wide the cost of NSW child care centres establishing food safety programs is estimated be \$4.27 million (1,856 child care centres at \$2,300 per centre).

This is a one-off, set-up cost which relates to:

- staff time to research and develop food safety programs,
- training of staff in the development, implementation and management of food safety programs,
- engaging an external consultant, and
- the ongoing management of the food safety program in the establishment year.

Asset and equipment purchasing costs are not included because child care centres currently complying with national Food Safety Standards 3.2.2 and 3.2.3 (as required since August 2000) should not need additional equipment to implement food safety programs.

Based on a NSW Food Authority survey of NSW child care industry representatives (Appendix 5) the total value of one-off food safety program establishment costs was

estimated to be \$2,300 per centre. This estimate is higher than the cost of establishing food safety programs calculated by The Allen Consulting Group¹⁰ (\$1,010) in 2002, but comparable given that the 'Allen estimate' assumed a level of support by government for businesses which would not be provided under Option A.

Child care centres – managing food safety programs

Industry-wide the cost of NSW child care centres managing food safety programs under Option A would be \$2.97 million per year (1,856 child care centres at \$1,600 per centre).

This is an ongoing, annual cost which largely relates to staff time involved in:

- keeping and checking the records specified in the food safety program,
- regularly reviewing and updating the program, and
- conducting internal audits (at least annually).

Based on a NSW Food Authority survey of industry representatives (Appendix 5) the likely on-going management costs of food safety programs under Option A would be approximately \$1,600 per child care centre each year. This estimate aligns closely with food safety program management costs calculated by The Allen Consulting Group¹⁰ (\$1,485 per child care centre, per year).

Child care centres – audit fees

Industry-wide, under Option A, NSW child care centres would pay an estimated \$0.93 million per year for food safety program audits (1,856 childcare centres; two audits per year; \$250 per audit).

Regular audits by qualified individuals are part of the requirements under the national Standard. Under Option A these audits would be provided by commercial food safety auditors. The cost of an audit would depend on:

- commercial auditor pricing,
- audit duration, and
- audit frequency.

Fee amounts charged by commercial food safety auditors are not readily available in the public domain. The NSW Food Authority estimates that on average child care centres would be charged \$250 per hour. It is important to note that this is a conservative, 'average' estimate which includes basic travel fee, fees for issuing of critical action requests (CARs), and, where required, regional travel (flights/accommodation) costs.

The Authority (as part of its advisory audit initiative for aged care facilities) currently audits kitchens of a similar scale to those in child care centres. On the basis of this experience the duration of NSW child care centre food safety program audits is likely to be one hour.

Under Option A the NSW Food Authority would determine audit frequency (Standard 3.2.1). The Authority's current, performance-based, system for determining audit frequency would therefore apply. In summary, at audit NSW child care centres would be rated 'A', 'B', 'C', 'D' or 'E'; where A indicates good performance, C indicates marginal performance and E very poor performance/failure. A-rated centres would be audited annually. B-rated centres would be audited six-monthly; and C-rated

centres three-monthly. D and E-rated centres would be audited monthly (or more frequently depending on the severity of the risk).

Audit Rating	Audit Frequency
A	12 months
B	6 months
C	3 months
D & E	1 month (or more frequently depending on the severity of the risk)

On average it is likely that NSW child care centres will be B-rated and are therefore audited twice per year.

Parents – increased child care fees and/or reduced services

Additional costs will be incurred by child care facilities affected by Standard 3.3.1. To the extent that market forces permit, these costs will be ‘passed on’ by child care centres to parents in the form of higher child care fees or reduced services. A competitive market will force child care centres to absorb some of the cost increase in lower margins. It is also possible that some child care centres will choose to avoid having to comply with Standard 3.3.1 by ceasing the supply of food as part of the service. Parents would have to provide food from home.

In economic terms increased fees and/or reduced services is a transfer payment rather than a resource cost and has therefore not been estimated.

(Australian) Government – increased family assistance payments

If child care fees rise (see above) there would be an increase in payments made by the Australian Government to assist families with the cost of child care.

The Australian Government provides two types of assistance – Child Care Benefit (CCB) and Child Care Tax Rebate. The amount of CCB paid to families depends on parental income and the number of hours each child is in care. It would be unaffected by higher child care fees. Higher fees would however increase the Child Care Tax Rebate. Child Care Tax Rebate covers 50% of out-of-pocket expenses up to a maximum of \$7,500 per child per year.

In economic terms an increase Child Care Tax Rebate is a transfer payment rather than a resource cost and has therefore not been calculated.

(NSW) Government – administering Standard 3.3.1

The NSW Food Authority has a statutory responsibility to administer Standard 3.3.1. This would include administering audit reports prepared by commercial food safety auditors, investigating reported serious breaches and taking appropriate enforcement action. These services would need to be provided from within existing Authority resources.

(NSW and Local) Government – compliance costs

Some NSW Government departments provide employer-sponsored child care. Many NSW local governments also operate child care centres. The cost for those centres to comply with Standard 3.3.1 have been included in the analysis of costs to business above.

Option A – Benefits in detail

Community – reduced cost of foodborne illness

Food safety will improve under Option A providing cost savings (due to reduced foodborne disease). A 35% reduction in costs due to foodborne illness attributable to child care centres is expected (see Section 4.2). The approximate cost to NSW of foodborne illness contracted by children in NSW child care centres is \$5.6 million per year. Therefore, Option A would reduce the cost of foodborne illness by \$1.96 million per year.

Child care centres – efficiency savings

Businesses that implement food safety programs often realise efficiency savings due to their better understanding and control of food processing which leads, for example, to less wastage. It is difficult to make meaningful estimates of such savings, for the purposes of this RIS they have not been calculated.

4.4 The benefit:cost ratio of Option B (Regulation) is 6.24

Option B is the application of a Food Safety Scheme Regulation to NSW child care centres. In addition to complying with Standard 3.3.1, NSW child care centres would be licensed by the NSW Food Authority.

The **incremental** costs and benefits of Option B compared to Option A are summarised below.

Group	Incremental Costs	Incremental Benefits
Child care centres	<ul style="list-style-type: none"> One-off licence application fee Annual licence fee Sampling and analysis of food 	<ul style="list-style-type: none"> Lower one-off cost of establishing food safety programs Lower ongoing cost of managing food safety programs Greater efficiency savings Lower audit costs Avoid local government inspection fees
Parents		<ul style="list-style-type: none"> Lesser impact on child care fees Lesser impact on availability of child care centres that provide food as part of the service
Government	NSW Food Authority: <ul style="list-style-type: none"> Administering the Regulation Supporting businesses to develop and manage food safety programs 	Australian Government <ul style="list-style-type: none"> Lesser impact on family assistance payments NSW Food Authority <ul style="list-style-type: none"> Licence fee income Audit fee income (from those services who choose to be audited by Authority-employed auditors) Other NSW Government departments and local governments: <ul style="list-style-type: none"> Lower cost to establish and manage food safety programs (including audit costs)
Community		<ul style="list-style-type: none"> Extra 15% reduction in foodborne illness

Option B – Incremental costs in detail (additional to Option A)

Child care centres – one-off licence application fee

Under Option B, the NSW Food Authority would charge a flat licence application fee of \$50 per child care centre. The fee would only be applicable in the first year of the Regulation or when a new child care centre opens or when centres make changes to their licence.

Industry-wide the total cost of this licence application fee, a one off cost, would be \$92,800 (1,856 child care centres at \$50 per centre).

Child care centres – annual licence fee

Under Option B, the Authority would charge annual licence fees. Fee amounts would be based on the number of full time equivalent (FTE) food handlers employed:

Licence category	No. FTE food handlers	Annual fee
Very small	0-3	\$239
Small	4-10	\$306
Medium	11-30	\$565
Large	31-49	\$820
Very Large	50+	\$1,077

A NSW Food Authority survey (Section 5.1) established that, on average, 0.8 FTEs per centre are engaged in kitchen duties. It is therefore assumed that all NSW child care centres employ less than three (3) FTE food handlers. Therefore, the total cost of annual licence fees, industry-wide would be \$443,584 per year (1,856 childcare centres at \$239 per centre).

Child care centres – sampling and analysis

Option B will provide for child care centres to undertake sampling and analysis of foods at their own expense, when required by the NSW Food Authority. It is not the Authority's intention to impose routine sampling and analysis requirements on centres. The purpose of the provision is to allow the Authority to require sampling and analysis in special circumstances (eg in the event of a foodborne illness outbreak).

The provision would allow child care centres and the Authority to identify the source of the bacteria, and target actions to eradicate it from the environment or food handling process. Effective targeted expert action such as this could save child care centres thousands of dollars in lost earnings by ensuring the centre is operating safely again as soon as possible.

Because sampling and analysis is not a routine requirement under Option B, for the purpose of this RIS, these costs have not been calculated.

(NSW) Government – administering the Regulation

Under Option B the NSW Food Authority would incur the cost of administering the Regulation as it applies to NSW child care centres. The most significant cost in this regard would arise from conducting an 'audit verification program' to ensure the consistency and integrity of regulatory audits provided by commercial food safety auditors. There will also be costs associated with maintaining a database of child care centres, administering licences, reviewing audit reports prepared by commercial

auditors etc. The cost of auditing centres which elect to be audited by food safety auditors employed by the Authority would also be incurred. All of these items would be cost recovered via licence and audit fees paid by child care centres. In economic terms this is a transfer payment rather than a resource cost therefore no 'line item' is included in the cost benefit analysis.

(NSW) Government - business support services

Under Option B the NSW Food Authority would incur the cost supporting NSW child care centres with food safety program establishment and management. These would be cost recovered via licence fees paid by child care centres. In economic terms this is a transfer payment rather than a resource cost therefore no 'line item' is included in the cost benefit analysis.

Option B – Incremental benefits in detail (additional to Option A)

Community – reduced cost of foodborne illness

Option B, would reduce costs associated with foodborne illness attributed to NSW child care centres by an extra 15% compared to Option A (see Section 4.2). The incremental net benefit is therefore \$0.84 million per year (ie 15% of \$5.6 million – which is the total cost of food borne illness attributable to NSW child care centres).

Child care centres – food safety program establishment cost savings

The one-off costs associated with establishing food safety programs are outlined in Section 4.3. Under Option B these costs would be reduced by \$3.53 million (1,856 childcare centres at \$1,900 per centre) – due to the business support services that would be provided by the NSW Food Authority for NSW child care centres.

Food safety is the NSW Food Authority's core business. The Authority's wide technical and legislative knowledge-base means that it is well placed to provide business support services for NSW child care centres. This would include publishing a food safety program template tailored to the child care sector and providing support on its use.

The provision of business support services by the Authority for NSW child care centres would save centres staff time and money (eg by reducing/eliminating the need for centres to employ external food safety consultants and reducing the time taken to research and write the food safety program document). The value of these savings is estimated to be \$1,900 per centre in the establishment year.

Child care centres – food safety program management cost savings

The costs associated with managing food safety programs are outlined in Section 4.3. For the same reasons identified above for establishment costs, under Option B food safety management cost savings would be realised – an estimated \$750 per business per year. Option B would therefore result in an incremental net cost saving of \$1.39 million per year (1,856 childcare centres at \$750 per centre).

Child care centres – efficiency savings

Potential efficiency savings for NSW child care centres as a result of implementing food safety programs are discussed in Section 4.3. Under Option B efficiency savings are likely to be greater than those under Option A (for the same reasons as those used to justify lower food safety program establishment costs, see above). The value of these savings could not be meaningfully estimated.

Child care centres – audit cost savings

Under Option B NSW Food Authority auditors would be available to audit NSW child care centres. However child care centres that have achieved an A or B-rating at audit would have the option to use commercial auditors. The criteria for determining audit frequency would be the same as for Option A (see Section 4.3).

This RIS assumes that audit fees payable by NSW child care centres would be the same under all three options. In reality, however, lower costs are likely under Option B compared to Option A because:

- a standard (NSW Food Authority) food safety program template (tailored for child care centres) will be available which should streamline the audit process and therefore reduce audit duration, and
- business support services available under Option B should result in better industry performance leading to better audit scores and, therefore lower audit frequencies.

These potential cost savings have not been quantified. Therefore the cost benefit analysis, with respect to audit costs, is conservatively based on nil savings of Option B over Option A.

Child care centres – local government inspection cost savings

Under Option B child care centres would avoid fees that are currently paid for local government food safety services. Industry-wide NSW child care centres would save \$182,000 per year.

In NSW, food businesses (such as child care centres) that are not licensed by the NSW Food Authority may be inspected by local councils. Local councils have the right to cost recover these services via an annual administration charge and inspection fees:

- The *Food Act 2003* gives councils the power to charge annual administration fees, the maximum administration charge is \$250 for businesses with less than five (5) full-time-equivalent food handlers. Councils can choose to waive the administration charge or charge less than this amount.
- The *Local Government Act 1993* gives councils the power to charge inspection fees. Fee amounts are determined by council resolution after a period of public consultation. The NSW Food Authority recommends maximum inspection fee amounts. Currently this rate is \$143.08 per hour although higher inspection fees may be charged where justified. Inspection fees charged in 2007 ranged from \$0-\$200+, with an estimated average of \$100.

The NSW Food Authority Childcare Benchmark Evaluation 2008 (Section 5.1) found that 28% of child care centres had been inspected by Council in the last 12 months.

The total cost to NSW child care centres of local government fees and charges are therefore estimated on the following basis:

- 1856 childcare centres, 28% are inspected and subject to local government charges and fees, ie 520 childcare centres are inspected and charged by local government (1856 by 28%).
- Annual cost to childcare centres of local government inspection is \$350 per centre (\$250 administration charge + \$100 inspection fee).

- Total cost to childcare centres of local government charges and fees is \$182,000 (520 childcare centres at \$350 per centre).

This estimate of costs due to local government inspections is conservative. From 1 July 2008 the NSW Food Regulation Partnership¹⁶ will operate. In the absence of a Food Safety Scheme Regulation this would effectively require councils to inspect retail food businesses (including child care centres) at least annually.

Parents – lesser impact on child care fees and/or services

The potential costs of Standard 3.3.1 to parents – including higher child care fees and/or reduced services – are discussed in Section 4.3. Overall Option A is more costly to NSW child care centres than Option B. Therefore impacts for parents under Option B would be less than Option A.

(Australian) Government – lesser impact on family assistance payments

The potential costs of Standard 3.3.1 to the Australian Government are discussed in Section 4.3. Overall Option A is more costly to NSW child care centres than Option B. Therefore impacts for the Australian Government under Option B would be less than Option A.

(NSW and Local) Government – compliance cost savings

Under Option B NSW Government departments and local governments that operate child care centres will realise the same (food safety program establishment and management cost) savings as other NSW child care centres. The benefits for those centres have been included in the analysis of savings to business above.

Benefit:cost ratio of Option B compared to Option A

Table 2 provides a summary of the above data and cost benefit analysis results over a 5 year time period at the central discount rate (7%) and sensitivity tests at 4% and 10%. The five (5) year period was chosen because the Regulation will be repealed on the fifth anniversary of the date on which it was published (see Section 7.3).

Option B results in an incremental net present value (NPV) of \$10 million over five years at a central discount rate of 7% over Option A. The benefit cost ratio (BCR), estimated as the present value of benefits over the present value of costs, is 6.24. That is, for every one dollar of cost incurred by the community as a result of Option B, an additional \$6.24 of benefit is generated.

Table 2: Cost Benefit Analysis of Option B compared to Option A

	2009	2010	2011	2012	2013
Costs					
Child care centres - licence application fee	92,800	0	0	0	0
Child care centres - annual licence fee	443,584	443,584	443,584	443,584	443,584
Total incremental costs	536,384	443,584	443,584	443,584	443,584
Benefits					
Child care centres - program establishment cost savings	3,526,400	0	0	0	0
Child care centres - program management cost savings		1,392,000	1,392,000	1,392,000	1,392,000
Child care centres – avoid local council fees	182,000	182,000	182,000	182,000	182,000
Community - reduced foodborne illness	840,000	840,000	840,000	840,000	840,000
Total incremental benefits	4,548,400	2,414,000	2,414,000	2,414,000	2,414,000
Cost benefit results					
Net benefits	4,012,016	1,970,416	1,970,416	1,970,416	1,970,416
NPV @ 4%	\$10,735,019				
NPV @ 7%	\$9,987,132				
NPV @ 10%	\$9,325,427				
Present value of benefits	\$11,892,643				
Present value of costs	\$1,905,511				
BCR	6.24				

4.5 The benefit:cost ratio of Option C (Industry Self Management) is 3.31

Option C is the hypothetical establishment of an industry-run accreditation agency by several collaborating child care industry associations. Child care centres would pay accreditation fees.

The **incremental** costs and benefits of Option C compared to Option A are summarised following.

Group	Incremental Costs	Incremental Benefits
Child care centres	<ul style="list-style-type: none"> Annual accreditation fee 	<ul style="list-style-type: none"> Lower one-off cost of establishing food safety programs Lower ongoing cost of managing food safety programs Greater efficiency savings Lower audit costs
Parents		<ul style="list-style-type: none"> Lesser impact on child care fees Lesser impact on availability of child care centres that provide food as part of the service
Government		Australian Government <ul style="list-style-type: none"> Lesser impact on family assistance payments Other NSW Government departments and local governments: <ul style="list-style-type: none"> Lower cost to establish and manage food safety programs (including audit costs)
Community		<ul style="list-style-type: none"> Extra 10% reduction in foodborne illness

Option C – Incremental costs in detail (additional to Option A)

Child care centres – accreditation fees

Under Option C, collaborating industry associations would establish an accreditation agency. The agency would incur a range of costs, including general administration and indemnity insurance.

It is assumed that these costs would be cost recovered from child care centres via accreditation fees. The Authority estimates that accreditation agency would charge each centre \$350 per year. This would result in a net cost to business of \$649,600 per year (1,856 child care centres at \$350 per centre).

Option C – Incremental benefits in detail (additional to Option A)

Community – reduced cost of foodborne illness

Option C, would reduce costs associated with foodborne illness attributed to NSW child care centres by an extra 10% compared to Option A (see Section 4.2). The incremental net benefit is therefore \$0.56 million per year (ie 10% of \$5.6 million – which is the total cost of food borne illness attributable to NSW child care centres).

Child care centres – food safety program establishment cost savings

The costs associated with establishing food safety programs are outlined in Section 4.3. Under Option C these costs would be reduced by \$2.506 million (1,856 childcare centres at \$1,350 per centre) – due to the business support services that would be provided by industry associations for NSW child care centres.

The provision of business support services by industry associations would save centres staff time and money (e.g. by reducing/eliminating the need for centres to employ external food safety consultants). The value of these savings is conservatively estimated to be \$1,350 per centre in the establishment year.

Child care centres – food safety program management cost savings

The costs associated with managing food safety programs are outlined in Section 4.3. For the same reasons identified above for food safety program establishment cost savings, under Option C food safety program management cost savings will be realised – an estimated \$550 per business per year. Option C would therefore result in an incremental net cost saving of \$1.021 million over Option A (1,856 child care centres at \$550 per centre).

Child care centres – efficiency savings

Potential efficiency savings for NSW child care centres as a result of implementing food safety programs are discussed in Section 4.3. Under Option C efficiency savings are likely to be greater than those under Option A (for the same reasons as those used to justify lower food safety program establishment costs, see above). The value of these savings could not be meaningfully estimated.

Child care centres – audit cost savings

Under Option C food safety program audits would be provided by commercial food safety auditors under contract to the accreditation agency. The criteria for determining audit frequency would be the same as for Option A (see Section 4.3).

This RIS assumes that audit fees payable by NSW child care centres would be the same under all three 'implementation' options. In reality, however, lower costs are likely under Option C, compared to Option A, because:

- The accreditation agency would be purchasing commercial audit services in bulk. It should therefore be possible to negotiate lower hourly audit fees compared to Option A where individual child care centres would directly contract auditors.
- Business support services available under Option C (by industry associations) should result in better industry performance leading to better audit scores and therefore lower audit frequencies.

These potential cost savings have not been quantified. Therefore the cost benefit analysis, with respect to audit costs, is conservatively based on nil savings of Option C over Option A.

Parents – lesser impact on child care fees and/or services

The potential costs of Standard 3.3.1 to parents – including higher child care fees and/or reduced services – are discussed in Section 4.3. The total costs to NSW child care centres under Option C would be less than Option A. Therefore impacts for parents under Option C would be less than Option A.

(Australian) Government – lesser impact on family assistance payments

The potential costs of Standard 3.3.1 to the Australian Government are discussed in Section 4.3. Overall Option A is more costly to NSW child care centres than Option C. Therefore impacts for the Australian Government under Option C would be less than Option A.

(NSW and Local) Government – compliance cost savings

Under Option C NSW Government departments and local governments that operate child care centres will realise the same (food safety program establishment and management cost) savings as other NSW child care centres. The benefits for those centres have been included in the analysis of savings to business above.

Benefit:cost ratio of Option C compared to Option A

Table 3 below provides a summary of the above data and the incremental cost benefit analysis results for Option C at the central discount rate (7%) and sensitivity tests of 4% and 10% over Option A.

Table 3: Cost Benefit Analysis of Option C compared to Option A

	2009	2010	2011	2012	2013
Costs					
Child care centres - annual accreditation fee	649,600	649,600	649,600	649,600	649,600
Total incremental costs	649,600	649,600	649,600	649,600	649,600
Benefits					
Child care centres - program establishment cost savings	2,505,600	0	0	0	0
Child care centres - program management cost savings	1,020,800	1,020,800	1,020,800	1,020,800	1,020,800
Community – reduced foodborne illness	560,000	560,000	560,000	560,000	560,000
Total incremental benefits	4,086,400	1,580,800	1,580,800	1,580,800	1,580,800
Cost benefit results					
Net benefits	3,436,800	931,200	931,200	931,200	931,200
NPV @ 4%	\$6,554,768				
NPV @ 7%	\$6,159,786				
NPV @ 10%	\$5,807,799				
Present value of benefits	\$8,823,274				
Present value of costs	\$2,663,488				
BCR	3.31				

Option C results in a net present value (NPV) of \$6.2 million over five years at a central discount rate of 7% over Option A. This means that the NSW community is better off under Option C than under Option A. Alternative discount rates (4% and 10%) do not alter this outcome. The benefit cost ratio is 3.31, that is, for every dollar of cost incurred by the community, \$3.31 of benefit is created.

4.6 Additional Sensitivity Testing

The cost benefit analysis uses best available data to establish the benefit to the NSW community of illness avoided in child care centres based on an estimate derived from the NRVP of \$0.21 per meal served. If a lower end estimate derived from the cost of foodborne illness to all Australian population groups of \$0.08 per meal was applied to the cost benefit analysis, results would be as per Table 4.

Option B is still preferred.

Table 4: Additional Sensitivity Test - Cost Benefit Analysis Results

	Option A Go-it-alone	Option B Food Safety Scheme	Option C Self-Management
NPV @ 7%	Economic Base Case	\$7.9 million	\$4.7 million
BCR	1.00	5.12	2.78

Source: AgEconPlus Analysis

5. CONSULTATION

5.1 The consultation process to date

Survey of NSW child care centres

In February 2008 the NSW Food Authority contacted 2484 NSW child care centres that it understood to be impacted by Standard 3.3.1. The package included a covering letter and a food safety survey (Appendix 6). The letter explained the implications of national Food Safety Standard 3.3.1 for NSW child care centres.

Seven hundred and thirty five (735) NSW child care centres completed and returned the survey to the Authority. The findings of the survey have been reported throughout this RIS. It provided information about the current status of food safety management in NSW child care centres. It also informed the development and analysis of the options.

Publication of information bulletins

Since 21 February 2008 the Authority has been preparing information bulletins. To date two have been issued. These are short information pieces. They were loaded onto the Authority's website and provided to relevant industry peak bodies for distribution to their members.

Establishment of an Industry Stakeholder Group

To facilitate dialogue with the NSW child care industry, the Authority established an Industry Stakeholder Group. The Group includes representatives from relevant industry peak bodies as well as industry participants:

Peak Bodies	
Child Care NSW Community Childcare Cooperative Ltd. Community Connections Solutions Australia Early Childhood Australia Indigenous Professional Support Unit Local Government and Shires Associations of NSW	
Industry Participants	Representative
Local Government operated children's service	Penrith City Council
Not-for-profit children's service (medium-sized)	Uniting Care
Not-for-profit children's service (large sized)	KU Children's Services
For-profit children's service (independent)	Midson Road Child Care Centre
For-profit children's service (medium-sized)	Cubbyhouse Child Care Centre
For-profit children's service (large-sized)	ABC Learning Centres
Not-for-profit children's service / information centre / training centre	Lady Gowrie Child Care Centre
Supplier	Kids Gourmet Food

The role of the Industry Stakeholder Group was to act as a conduit for information flow between the Authority and the children's services sector. The terms of reference were:

- To advise on the costs, benefits, barriers and opportunities of implementation options for Standard 3.3.1.

- To advise on the development of the criteria by which child care centres could demonstrate compliance with Standard 3.3.1.
- To assist in the development of materials to assist child care centres to implement Standard 3.3.1.
- To provide input and feedback during the development of the Benchmark Evaluation Survey (see above).

To date the Industry Stakeholder Group has met three (3) times (twice face-to-face and once by teleconference).

Meetings with non-industry stakeholders

The Authority identified two non-industry organisations with an interest in the implementation of Standard 3.3.1 in NSW (the NSW Department of Community Services and the National Childcare Accreditation Council). Consultation was via face-to-face meetings or by teleconference. The main purpose of this consultation was to ensure that the current proposal does not conflict with, or duplicate, existing interventions in the children's services sector. Meetings were held at key points in the development of the proposal:

Organisation	Meeting Dates
National Childcare Accreditation Council	May 2007 4 July 2008
NSW Department of Community Services	7 March 2008 3 June 2008 2 October 2008

5.2 The central themes arising from consultations

The main themes arising from consultations with stakeholders were:

- Concerns about the cost impact of Standard 3.3.1 for child care centres.
- That centres be given adequate lead-time to develop and implement food safety programs.
- The need for coordination between the Authority and other regulators of the child care industry.

Minimising cost impacts for NSW child care centres

Minimising the burden of Standard 3.3.1 for NSW child care centres is an express objective of the proposed Regulation (Section 2.2). Stakeholders were most concerned about the cost of developing and implementing food safety programs. These costs would be minimised if the proposed Regulation is adopted because it will facilitate provision of business support services by the NSW Food Authority. This would include publication of a template food safety program tailored to for child care centres.

Providing adequate lead times

In response to stakeholder concerns about centres having adequate lead times, the proposed Regulation provides a six month transition period between commencement of the Regulation and the requirement for centres to have developed and implemented food safety programs.

Coordination with other regulators

Coordination between regulators is essential to ensure that the requirements of different systems do not conflict with or duplicate each other. For this reason the Authority liaised with NSW DoCS and NCAC during the development of the proposed Regulation (see above) and intends to continue to work with these agencies during its implementation. The Children's Services Regulation 2004 does contain some requirements that relate broadly to food safety. NSW DoCS is currently reviewing that Regulation which presents a timely opportunity to ensure that it and the proposed Food Amendment (Child Care Centres) Regulation 2008 are harmonised.

6. PREFERRED OPTION

The preferred option is **Option B (Regulation)** because:

- it best supports the consumer protection objectives of the *Food Standards Code, Food Act 2003* and Food Regulation 2004 because it will be most effective at reducing foodborne disease,
- it minimises the cost impact for NSW child care centres implementing national Standard 3.3.1, and
- it is preferred on economic efficiency grounds, providing the best outcome for consumers, the child care industry and government with a cost benefit ratio of 6.24 (compared to 1.00 and 3.31 for Options A and C respectively).

7. EVALUATION AND REVIEW

7.1 Ongoing consultation with the NSW children's services sector

The NSW Food Authority plans to maintain a dialogue with the NSW children's services sector if the proposed Regulation is made. This will be achieved by including industry representatives on the NSW Vulnerable Persons Food Safety Scheme Consultative Committee.

The Food Regulation 2004 (cl175) requires the Authority to establish the NSW Vulnerable Persons Food Safety Scheme Consultative Committee. The Committee includes representatives of those industry sectors impacted by the Vulnerable Persons Food Safety Scheme (currently hospitals, aged care facilities and delivered meals organisations). If the proposed Regulation is made, representatives of the NSW children's services sector would be invited to join the Committee.

Consultative Committees are the primary means by which the Authority consults with industries about the continuing operation of food safety scheme regulations as well as any future amendments to schemes. Committees generally meet 3-4 times each year and provide a forum for the Authority and industry to jointly identify problems and develop remedies.

7.2 The Authority's structured evaluation program

The Authority plans to conduct a formal evaluation of the proposed Regulation within 5 years of it being made. The evaluation will be conducted in accordance with the Authority's Evaluation Framework¹⁷.

Between 2005 and 2008 the Authority researched, developed and piloted a formal framework for evaluating its risk management programs (including regulations). Evaluations conducted under the auspices of the framework assess the efficiency, effectiveness and appropriateness of the Authority's programs. The Authority uses the findings to drive continuous improvement in its own, and the regulated industries', food safety management systems.

It is the Authority's aim to evaluate all food safety scheme regulations on a five-year cycle. Over the coming months the Authority will conduct a benchmark evaluation of NSW child care centres – against which impacts of the proposed Regulation could be measured.

7.3 Statutory five year review

The proposed Regulation amends Food Regulation 2004. Food Regulation 2004 is due for repeal on 1 September 2009 and may either lapse or be remade (with major or minor amendments) on that date, subject to any postponement of the repeal which may be granted beforehand. This process of automatic repeal of regulation is known as the NSW Government's staged repeal program which operates under the *Subordinate Legislation Act 1989* to repeal a regulation five years after it is made.

The provisions of this proposed amending Regulation will therefore be subject to repeal and review in 2009 and, assuming its provisions are carried over on any remake of Food Regulation 2004, will be subject to further review five years from then. If the Regulation is to be remade in five years time the Authority will be required to demonstrate that it is required, reasonable and responsive. Evaluation program findings (see Section 7.2) will be a key input to any remake considerations.

APPENDIX 1: Draft Food Amendment (Child Care Centres) Regulation 2008

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New South Wales

Food Amendment (Child Care Centres) Regulation 2008

under the

Food Act 2003

[The following enacting formula will be included if the Regulation is made:]

Her Excellency the Governor, with the advice of the Executive Council, and the approval of the Premier, has made the following Regulation under the *Food Act 2003*.

Minister for Primary Industries

Explanatory note

The *Food Standards Code* of the Commonwealth requires certain food businesses providing services to vulnerable persons to prepare and implement a food safety program. Currently, the *Food Regulation 2004* exempts from the application of those requirements food businesses providing services in child care centres (as defined in the Code) and requires the other food businesses providing services to vulnerable persons to be licensed. The object of this Regulation is to amend the *Food Regulation 2004* to remove that exemption and extend the licensing requirements to food businesses providing services in child care centres.

This Regulation is made under the *Food Act 2003*, including sections 102, 139 (the general regulation-making power) and 141.

draft

Clause 1 Food Amendment (Child Care Centres) Regulation 2008

Food Amendment (Child Care Centres) Regulation 2008

under the

Food Act 2003

1 Name of Regulation

This Regulation is the *Food Amendment (Child Care Centres) Regulation 2008*.

2 Amendment of Food Regulation 2004

The *Food Regulation 2004* is amended as set out in Schedule 1.

Schedule 1 Amendments

(Clause 2)

[1] Clause 3 Definitions

Insert in alphabetical order in clause 3 (1):

child care centre food business means a food business that engages in one of the activities listed and described in the Table to clause 1 (1) of Standard 3.3.1 of the Food Standards Code where the facility concerned is a child care centre as defined in the Schedule to that Standard.

[2] Clause 4 Modification of Food Standards Code

Omit “who is carrying on a food business to which this Standard applies at 5 October 2008” from clause 4 (3) (a).

Insert instead “who was carrying on a food business to which this Standard applies (other than a child care centre food business) at 5 October 2008”.

[3] Clause 4 (3)

Insert at the end of clause 4 (3) (a):

- (4) Despite subclause (1), clause 3 of Standard 3.2.1 is to be read as not requiring a person who is carrying on a child care centre food business at the commencement of the *Food Amendment (Child Care Centres) Regulation 2008* to implement or comply with a food safety program until the date that is 6 months after that commencement or such later date as is notified in writing to the person by the NSW Food Authority.

[4] Clause 4 (3) (b)

Omit the paragraph.

[5] Clause 172 Meaning of “vulnerable persons food business”

Omit “will apply when inserted into that Code (as modified by this Regulation)”.

Insert instead “applies”.

[6] Schedule 15 Savings and transitional provisions

Omit the heading to Division 1. Insert instead:

**Part 1 Provisions consequent on enactment of
Food Amendment (Food Safety Schemes)
Regulation 2005**

[7] Schedule 15

Omit the heading to Division 2. Insert instead:

**Part 2 Provisions consequent on enactment of
Food Amendment (Vulnerable Persons
Food Safety Scheme) Regulation 2008**

[8] Schedule 15

Insert at the end of the Schedule with appropriate Part and clause numbers:

**Part Provisions consequent on enactment of
Food Amendment (Child Care Centres)
Regulation 2008**

Licensing of existing child care centre food businesses

If a person who is carrying on a child care centre food business on the commencement of the *Food Amendment (Child Care Centres) Regulation 2008* makes an application to the Food Authority:

- (a) in accordance with this Regulation, and
- (b) before the date that is 2 months after that commencement, for a licence to carry on the business, the person is taken to be the holder of a licence authorising the carrying on of the business until the Food Authority determines the application.

Development of food safety programs for existing child care centre food businesses

Despite clause 10 (2), the Food Authority may grant a licence to an applicant who is carrying on a child care centre food business on the commencement of the *Food Amendment (Child Care Centres) Regulation 2008*, being a business for which the Food Authority considers there should be a food safety program, even though the applicant has not prepared a proposed food safety program.

APPENDIX 2: *Food Act 2003* (s103) requirements

The proposed Regulation would apply the Vulnerable Persons Food Safety Scheme under the Food Regulation 2004 to a new industry (child care centres). The requirements of section 103 of the *Food Act 2003* are therefore relevant to this proposal. Each of those requirements has been fulfilled as indicated in the following table.

Section	Requirement	Comment
s103(3)(a)	An assessment of food safety risks in the industry or sector of industry to which the food safety scheme relates.	A full assessment is provided by the NRVP ² and summarised in Section 1.
s103(3)(b)	Statement of whether the Scheme is based on national standards or supplements national standards.	The Scheme adopts national Standard 3.3.1 for NSW child care centres (Sections 1.3 & 1.4).
s103(3)(c)	An explanation as to whether the Scheme is performance-based or prescriptive, or a combination of both, and the rationale for the approach adopted. This takes into account the assessed food safety risks in the relevant sector of industry and the capacity of the people involved in that sector to deal adequately with those risks.	National Standard 3.3.1, which the Scheme adopts, is outcome-based. The NSW Food Authority will build the capacity of the NSW children's services industry to manage food safety risk (Section 2.1).
s103(3)(d)	An explanation of the scope of the Scheme, including the persons who have responsibilities under the Scheme.	Refer Sections, 1.3, 2.1 and 3.1
s103(3)(e)	An explanation of agreements involving the NSW Food Authority and other government agencies as to the regulation of food business or activity carried out to which the Scheme relates.	Refer Section 3.2
s103(3)(f)	An explanation of why the licensing scheme is necessary to ensure the safety of food.	Refer Section 2.1
s103(3)(g)	An assessment of quality assurance schemes operating in the child care sector, including an assessment of the extent to which the Scheme satisfies the requirements of any relevant national standard.	Refer Section 3.2

APPENDIX 3: Food Safety Standard 3.3.1

STANDARD 3.3.1

FOOD SAFETY PROGRAMS FOR FOOD SERVICE TO VULNERABLE PERSONS

To commence on 5 October 2008

(Australia only)

Purpose and commentary

This Standard requires food businesses that process food for service to vulnerable persons to implement a documented and audited food safety program.

Food businesses that process or serve potentially hazardous food for hospital patients, aged care recipients, children in child care centres and vulnerable people receiving other services will generally fall within the requirements of this Standard, provided the food is intended for six or more vulnerable persons. This Standard also applies to delivered meals organisations that process potentially hazardous meals intended for six or more vulnerable persons.

Table of Provisions

- 1 Application
- 2 Interpretation
- 3 Food safety programs

Clauses

1 Application

(1) This Standard applies to food businesses that engage in one of the activities listed and described in the Table to this subclause.

Table to subclause 1(1)

Activity 1	Process or serve potentially hazardous food within a facility listed and defined in the Schedule to six or more vulnerable persons at any given time
Activity 2	The principal activity is processing food into ready to eat food for service in a facility listed and defined in the Schedule and the processed food – (a) is for service to six or more vulnerable persons at any given time; and (b) includes ready to eat potentially hazardous food.
Activity 3	The principal activity is processing food into ready to eat food for delivery by a delivered meal organisation and the processed food – (a) is for service to six or more vulnerable persons at any given time; and (b) includes ready to eat potentially hazardous food.

Editorial note:

‘Process’ in relation to food is defined in Standard 3.2.2 as an activity conducted to prepare food for sale including chopping, cooking, drying, fermenting, heating, pasteurising, thawing and washing, or a combination of these activities.

A number of the definitions of the facilities listed in the Schedule are adapted from the National Health Data Dictionary, version 12. This Dictionary contains core definitions endorsed by the Australian Health Ministers Advisory Council as the authoritative source of national standard definitions for use in clinical care delivery.

- (2) This Standard also applies to delivered meals organisations that –
- (a) are food businesses; and
 - (b) process food for service to six or more vulnerable persons at any given time, and the food served is ready to eat food which includes ready to eat potentially hazardous food.

Editorial note:

‘Potentially hazardous food’ is defined in Standard 3.2.2 as food that has to be kept at certain temperatures to minimise the growth of any pathogenic micro-organisms that may be present in the food or to prevent the formation of toxins in the food.

- (3) This Standard does not apply to –
- (a) food businesses that only serve milk or soy milk as, or in, a beverage; or
 - (b) delivered meals organisations that only deliver food.
- (4) Subclause 1(2) of Standard 1.1.1 does not apply to this Standard.

2 Interpretation

(1) Unless the contrary intention appears, the definitions in Parts 3.1 and 3.2 of this Code apply in this Standard.

(2) In this Standard –

milk includes flavoured and modified milk.

ready to eat in relation to food means food that is ready for consumption, but includes food that may be re-heated, portioned or garnished or food that undergoes similar finishing prior to service.

vulnerable person means a person who is in care in a facility listed in the Schedule or a client of a delivered meals organisation.

3 Food safety programs

(1) A food business to which this Standard applies must comply with Standard 3.2.1

(2) Clause 6 of Standard 3.2.1 applies to a food business to which this Standard applies.

SCHEDULE

Column 1	Column 2
Facility	Definition
Acute care hospitals	<p>Establishments which provide at least minimal medical, surgical or obstetric services for inpatient treatment or care, and which provide round-the-clock comprehensive qualified nursing services as well as other necessary professional services. Most patients have acute conditions or temporary ailments and the average stay per admission is relatively short. Acute care hospitals include:</p> <ul style="list-style-type: none"> (a) Hospitals specialising in dental, ophthalmic aids and other specialised medical or surgical care; (b) Public acute care hospitals; (c) Private acute care hospitals; (d) Veterans' Affairs hospitals.
Psychiatric hospitals	<p>Establishments devoted primarily to the treatment and care of inpatients with psychiatric, mental or behavioural disorders including any:</p> <ul style="list-style-type: none"> (a) Public psychiatric hospital; (b) Private psychiatric hospital.
Nursing homes for the aged	<p>Establishments which provide long-term care involving regular basic nursing care to aged persons and including any:</p> <ul style="list-style-type: none"> (a) Private charitable nursing home for the aged; (b) Private profit nursing home for the aged; (c) Government nursing home for the aged.
Hospices	<p>Freestanding establishments providing palliative care to terminally ill patients, including any:</p> <ul style="list-style-type: none"> (a) Public hospice; (b) Private hospice.

SCHEDULE (continued)

Column 1	Column 2
Facility	Definition
Same day establishments for chemotherapy and renal dialysis services	<p>Including both the traditional day centre/hospital that provides chemotherapy and/or renal dialysis services and also freestanding day surgery centres that provide chemotherapy and/or renal dialysis services including any:</p> <ul style="list-style-type: none"> (a) Public day centre/hospital (b) Public freestanding day surgery centre (c) Private day centre/hospital (d) Private freestanding day surgery centre that provides those services. <p>Day centres/ hospitals are establishments providing a course of acute treatment on a full-day or part-day non- residential attendance basis at specified intervals over a period of time.</p> <p>Freestanding day surgery centres are hospital facilities providing investigation and treatment for acute conditions on a day-only basis.</p>
Respite care establishments for the Aged	Establishments which provide short-term care including personal care and regular basic nursing care to aged persons.
Same – day aged care establishments	Establishments where aged persons attend for day or part-day rehabilitative or therapeutic treatment.
Low care aged care establishments	Establishments where aged persons live independently but on-call assistance, including the provision of meals, is provided if needed.
Child care centres	<p>A facility which is not a private residential dwelling and is designated for the purpose of childcare and provides long day care, employer sponsored childcare, or occasional care, for children four years of age or less, but does not include the following:</p> <ul style="list-style-type: none"> (a) a service for providing preschool education conducted by a school; (b) a service principally conducted to provide: <ul style="list-style-type: none"> (i) therapeutic services; (ii) residential facilities; (iii) instruction in a particular activity e.g. dance, music or a sport; (iv) tutoring, coaching or religious instruction; (v) a recreational activity, for example, a camp or party. (c) a service for which, ordinarily, the children in care are entirely or mostly different on each occasion child care is provided, for example, resort care for children of guests of the resort.

APPENDIX 4: Food Safety Standard 3.2.1

STANDARD 3.2.1

FOOD SAFETY PROGRAMS

(Australia only)

Purpose

This Standard is based upon the principle that food safety is best ensured through the identification and control of hazards in the production, manufacturing and handling of food as described in the Hazard Analysis and Critical Control Point (HACCP) system, adopted by the joint WHO/FAO Codex Alimentarius Commission, rather than relying on end product standards alone. This standard enables States and Territories to require food businesses to implement a food safety program based upon the HACCP concepts. The food safety program is to be implemented and reviewed by the food business, and is subject to periodic audit by a suitably qualified food safety auditor.

Contents

Division 1 – Interpretation and application

- 1 Interpretation
- 2 Application

Division 2 – Food safety programs

- 3 General food safety program requirements
 - 4 Auditing of food safety programs
- Content of food safety programs
- 6 Fund raising events

Division 1 – Interpretation and application

1 Interpretation

In this Standard –

auditing frequency means the most recently determined frequency of auditing determined by the appropriate enforcement agency, or a food safety auditor, in accordance with the Act.

food safety program means a food safety program that satisfies the requirements of clause 5.

food safety auditor means a person approved as a food safety auditor under the Act as a person competent to audit the relevant class of food business.

Editorial note:

Jurisdictions may approve environmental health officers, private contractors, or a mixture of the two as food safety auditors.

monitoring includes checking, observing or supervising in order to maintain control.

2 Application of this Standard

(1) This Standard applies to food businesses in Australia in accordance with Standard 3.1.1 and subclause (2).

(2) Unless expressly provided elsewhere in this Code, this Standard applies to all food and primary food production businesses that are determined by the appropriate enforcement agency under the Act to be within a priority classification of food business from the commencement date for that priority classification of food business.

Editorial note:

Under the Act, the appropriate enforcement agency must determine the priority classification of individual food businesses.

Jurisdictions may determine the mechanism by which a priority classification system and date of commencement is established, i.e. by regulation or declaration.

Division 2 – Food safety programs

3 General food safety program requirements

A food business must –

- (a) systematically examine all of its food handling operations in order to identify the potential hazards that may reasonably be expected to occur;
- (b) if one or more hazards are identified in accordance with paragraph (a), develop and implement a food safety program to control the hazard or hazards;
- (c) set out the food safety program in a written document and retain that document at the food premises;
- (d) comply with the food safety program; and
- (e) conduct a review of the food safety program at least annually to ensure its adequacy.

4 Auditing of food safety programs

A food business must –

- (a) ensure that the food safety program is audited by a food safety auditor at the auditing frequency applicable to the food business;

- (b) make the written document that sets out the food safety program, and the appropriate records referred to in paragraph 5(f), available to any food safety auditor who has been requested to conduct an audit of the food safety program; and
- (c) retain copies of all written reports of the results of all audits of the food safety program conducted by a food safety auditor within the last four years, for inspection upon request by a food safety auditor who audits the food safety program or an authorised officer.

Editorial note:

ANZFA has developed food safety auditor approval criteria for food safety auditors in conjunction with the States and Territories.

5 Content of food safety programs

A food safety program must –

- (a) systematically identify the potential hazards that may be reasonably expected to occur in all food handling operations of the food business;
- (b) identify where, in a food handling operation, each hazard identified under paragraph (a) can be controlled and the means of control;
- (c) provide for the systematic monitoring of those controls;
- (d) provide for appropriate corrective action when that hazard, or each of those hazards, is found not to be under control;
- (e) provide for the regular review of the program by the food business to ensure its adequacy; and
- (f) provide for appropriate records to be made and kept by the food business demonstrating action taken in relation to, or in compliance with, the food safety program.

6 Fund raising events

A food business does not have to prepare a food safety program in accordance with this Standard in relation to fundraising events conducted by the food business, that is, events that raise funds solely for community or charitable causes and not for personal financial gain.

APPENDIX 5: NSW Food Authority children's services associations survey

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Please note upon completion of the questionnaire:

The Authority may use the information you provide for the generation of other documents and reports for publication and internal use.

If the Authority publishes any information in relation to this survey, it will be presented as de-identified data.

If you regard specific information you have supplied is "confidential", please mark it accordingly, and provide us with reasons why you consider it falls into/under that category. As a government agency, the Authority is subject to applications for disclosure of information under the Freedom of Information Act (NSW). If an application is made, providing us with these details will assist us in determining whether the information can be considered exempt from disclosure under the Act.

Please return completed questionnaire by Wednesday 26 March 2008 to either:

***NSW Food Authority Fax No: (02) 9647 0026; or mail to PO Box 6682 Silverwater NSW 1811
;or email to contact@foodauthority.nsw.gov.au***

Thank you for your participation! 😊



Please note upon completion of the questionnaire:

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Thank you for your participation! 😊

APPENDIX 6: NSW Food Authority children's services survey


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 NSW Food Authority	Children's Services Food Safety Evaluation - Questionnaire (February 2008)
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Instructions on how to complete the questionnaire

1. This questionnaire should take approximately 30 minutes to complete.
2. If the "other" option is chosen in multiple choice questions, please specify the detail.
3. Definitions are provided throughout the survey. Whenever you see this symbol , a definition is provided for the question directly above it. Please refer to these definitions to assist you in answering the questions.
4. Wherever you see this symbol , please follow the direction to the next question or end the questionnaire.
5. Where you are asked to provide a cost, and you don't know the exact figure, it is okay to just provide an estimate.


1.	Business Name:			
2.	Business Address:			
3.	Business Phone Number:			
4.	Business Email Address:			
5.	How many days per week is your centre open?:			
6.	Daily hours of operation (e.g. 9am to 3pm):			
7.	Type of ownership (please circle one option only)			
	Local Council	Not for Profit	Private	Education Provider
	Other:			
8.	Type of facility (please circle one option only)			
	Long Day Care	Preschool	Stand alone Occasional Care	
	Work Institution		Other:	
	<p>Long Day Care: Generally operates for 8-12 hours per day, 5 days per week. Must be open for a minimum of 8 hours per day</p> <p>Preschool: Generally operates between 9am- 3pm. Some operate from 8:30am-4pm. Can provide morning and afternoon sessions. Preschools enrol children from times ranging from 2 to 5 days per week</p> <p>Stand alone Occasional Care: Varied operational times up to 5 days per week Times can vary from hourly, daily, weekly, regular sessions and short sessions. Never operates as a long day care, preschool or work institution service</p> <p>Work Institution: childcare centre operates at parent's place of work or sponsored by an employer</p>			
9.	Is food provided as part of the service?	Yes	No	
	<p>→ If No, please end the questionnaire and return to the NSW Food Authority. Thank you for your participation 😊</p>			

 NSW Food Authority	Children's Services Food Safety Evaluation - Questionnaire (February 2008)
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10.	Do you provide food that requires refrigeration and/ or heating as part of the service (excluding food supplied by parents)?	Yes	No
	→ If No, please end the questionnaire and return to the NSW Food Authority. Thank you for your participation ☺		


11.	Has your facility had a food safety/ food hygiene inspection from your local Council or NSW Food Authority in the last 12 months?	Yes	No
12.	How many children aged 4 or less are you licensed to have at the centre?		
	5 or less	6 or more	If 6 or more, please specify no. of children:
	→ If '5 or less', please end the questionnaire and return to the NSW Food Authority. Thank you for your participation ☺		




13.	How many full-time equivalent kitchen staff are employed at the centre? (Please circle one option only)				
	0	0.5	1	1.5	2
	2.5	3	3.5	4	Other:


 **Full-time equivalent:** means staff employed for a minimum of 38 hours per week. To calculate how many full-time equivalent kitchen staff you have, add up the number of hours that kitchen staff work. For every 38 hours worked this equals 1 staff member e.g. 4 staff working 10hrs/ week in the kitchen equals approximately 1 full-time equivalent staff.

14.	Do you usually serve the following meal types?		
	Breakfast	Yes	No
	Morning Tea	Yes	No
	Lunch	Yes	No
	Afternoon tea	Yes	No
	Dinner	Yes	No
	Other (specify):		

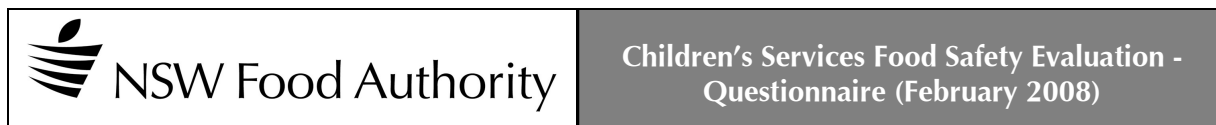
15.	If your centre is a member of a peak body/ industry association, please indicate which organisation? (Please circle all that apply)			
	None	Childcare NSW	Community Childcare Cooperative	Early Childhood Australia
	National Association of Community Based Children's Services (NACBCS)		Country Children's Services Association	Other:

 NSW Food Authority	Children's Services Food Safety Evaluation - Questionnaire (February 2008)
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16.	Does your centre buy in any of the following?			
	Pre-made fresh cut salads	Yes	No	
	Pre-made fresh cut fruit salads	Yes	No	
	Sliced deli meats served cold (e.g. ham, chicken loaf etc)	Yes	No	
17.	Does your centre make and/ or serve?			
	Hot food made and served that day	Yes	No	
	Hot food that was cooked and chilled	Yes	No	
	Cold foods containing raw eggs e.g. mayonnaise, mousse, custards	Yes	No	
	Infant formula (do not include if parents prepare formula)	Yes	No	
	Pikelets	Yes	No	
	Cut up fresh fruit and vegetables	Yes	No	
	Pureed food	Yes	No	
	Perishable foods packed for class excursions	Yes	No	
	Honey to children under 1 year old	Yes	No	
	18.	Do you have a food safety program?		Yes
 Food Safety Program: a document containing procedures that identify the food safety hazards related to the centre's food processing and handling activities (from the receipt of ingredients and/ or meals to the feeding of children) and specifies adequate control measures for these hazards.				
 → If No, go to Question 21				
19.	Has your food safety program been audited by an external food safety auditor? (This does not include a national accreditation audit conducted by NCAC)		Yes	No
	 → If No, go to Question 21			
20.	How often is your food safety program audited by an external auditor?			
	12 monthly	6 monthly	Other:	
21.	Even if you already have a food safety program, do you think that implementing food safety programs should be a priority for the Children's Services sector in NSW?		Yes	No


 NSW Food Authority	Children's Services Food Safety Evaluation - Questionnaire (February 2008)
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22.	Please explain your answer to Q21:									
23.	<p>National studies predict that audited food safety programs are at least 70% effective at preventing foodborne illness outbreaks. For the Children's Services sector, please indicate by ranking from 1 (most effective) to 3 (least effective) how effective do you think the following scenarios would be?</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 80%;">Scenario</th> <th style="width: 20%;">Ranking (1, 2 or 3)</th> </tr> </thead> <tbody> <tr> <td>Food safety programs with regulatory support</td> <td></td> </tr> <tr> <td>Food safety programs with no support</td> <td></td> </tr> <tr> <td>Food safety programs with industry association support only</td> <td></td> </tr> </tbody> </table>	Scenario	Ranking (1, 2 or 3)	Food safety programs with regulatory support		Food safety programs with no support		Food safety programs with industry association support only		
Scenario	Ranking (1, 2 or 3)									
Food safety programs with regulatory support										
Food safety programs with no support										
Food safety programs with industry association support only										
24.	Please explain your answer to Q23:									
25.	<p>If you are planning on implementing a food safety program, who do you expect to develop the program?</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 33%;">Centre Staff</td> <td style="width: 33%;">Consultant</td> <td style="width: 34%;">Other:</td> </tr> <tr> <td>N/A – not planning on implementing a food safety program</td> <td colspan="2">N/A – already have a food safety program</td> </tr> </table>	Centre Staff	Consultant	Other:	N/A – not planning on implementing a food safety program	N/A – already have a food safety program				
Centre Staff	Consultant	Other:								
N/A – not planning on implementing a food safety program	N/A – already have a food safety program									
26.	<p>On average, what percentage of children at your centre are sick each week?</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Summer (Dec-Feb):</td> <td style="width: 50%;">Winter (Jun-Aug):</td> </tr> </table>	Summer (Dec-Feb):	Winter (Jun-Aug):							
Summer (Dec-Feb):	Winter (Jun-Aug):									
27.	<p>What percentage of sick children is caused by a tummy upset?</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 33%;">Less than 25%</td> <td style="width: 33%;">25 – 50%</td> <td style="width: 34%;">51 – 75%</td> </tr> <tr> <td colspan="2">More than 75%</td> <td>Unsure</td> </tr> </table>	Less than 25%	25 – 50%	51 – 75%	More than 75%		Unsure			
Less than 25%	25 – 50%	51 – 75%								
More than 75%		Unsure								
28.	<p>What is the average number of days a child is absent from your centre as a result of a tummy upset?</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 20%;">1</td> <td style="width: 20%;">2</td> <td style="width: 20%;">3</td> <td style="width: 20%;">More than 4</td> <td style="width: 20%;">Unsure</td> </tr> </table>	1	2	3	More than 4	Unsure				
1	2	3	More than 4	Unsure						
29.	<p>What do you think would be the consequences (short term and/ or long term) of a food borne illness outbreak on the centre? (Please circle all that apply)</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 33%;">reduced income</td> <td style="width: 33%;">increase in staff/management stress level</td> <td style="width: 34%;">legal action</td> </tr> <tr> <td>reduced patronage</td> <td>increase in insurance premium</td> <td>implementation of more rigorous food safety procedures</td> </tr> <tr> <td colspan="3">Other (please specify):</td> </tr> </table>	reduced income	increase in staff/management stress level	legal action	reduced patronage	increase in insurance premium	implementation of more rigorous food safety procedures	Other (please specify):		
reduced income	increase in staff/management stress level	legal action								
reduced patronage	increase in insurance premium	implementation of more rigorous food safety procedures								
Other (please specify):										



30.	How many children in your centre have a food allergy?:				
31 & 32.	By implementing food safety programs in your business, do you feel the likely benefits over time could include the following? (If possible, please provide an estimate in \$ per year)				
				Potential benefits	Estimated \$ value/ yr
Reduced insurance premiums		Yes	No	Maybe	
Improved food safety outcomes		Yes	No	Maybe	
Reduced cost through improved shelf life and/or reduced wastage		Yes	No	Maybe	
Improved business management through better understanding of own business		Yes	No	Maybe	
Improved standards from suppliers		Yes	No	Maybe	
Improved relationships with food regulators		Yes	No	Maybe	
Reduced maintenance costs		Yes	No	Maybe	
Improved staff morale		Yes	No	Maybe	
Improved staff productivity		Yes	No	Maybe	
Training benefits increase competency level of staff		Yes	No	Maybe	
Improved defence against legal action		Yes	No	Maybe	
Improved public/client relations		Yes	No	Maybe	
Other (please specify):					
33.	In your view, would the benefits of implementing and maintaining a food safety program outweigh the costs?			Yes	No
34.	Please explain your answer to Q33:				
35.	What advice would you offer the NSW Food Authority when considering options for implementing food safety programs for the childcare sector?				

 NSW Food Authority	Children's Services Food Safety Evaluation - Questionnaire (February 2008)
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36.	Would you like to receive assistance from NSW Food Authority in implementing and/ or maintaining a food safety program? (Please circle one option only)			
	Yes - a lot of help	Yes - some help	No help	
	37. If 'Yes', what type of assistance would you like? (Please circle all that apply)			
	Food safety program templates	Newsletters	Phone helpline	
	Presentations/ Roadshows	Audit guidelines	Industry consultation forum	
	Factsheets	Other (please specify):		
38.	Does your centre currently receive any food safety information?		Yes	No
	 → If No, please end the questionnaire and return to the NSW Food Authority. Thank you for your participation 😊			

39.	Please specify the source and frequency of this food safety information?				
	Name of organisation		Frequency		
	1.		Fortnightly	Monthly	Other:
	2.		Fortnightly	Monthly	Other:
	3.		Fortnightly	Monthly	Other:
40.	How would you rate the quality of the information you receive? (Please circle one only)				
	Very useful	Somewhat useful	Not useful		
41.	Please use the space below to write any additional comments about this questionnaire or food safety in the Children's Services sector:				

Thank you for your participation! 😊

Date completed: _____

Time taken to complete survey: _____

ABBREVIATIONS

ASCIA	Australasian Society of Clinical Immunology and Allergy
BCR	Benefit Cost Ratio
BRO	Better Regulation Office
DoCS	NSW Department of Community Services
EHEC	Enterohaemorrhagic <i>Escherichia coli</i>
FRA	Food Regulation Agreement
FSANZ	Food Standards Australia New Zealand
FSS	Food Safety Scheme
FTE	Full Time Equivalent
GP	General Practitioner or ‘the doctor’
HACCP	Hazard Analysis Critical Control Point
HUS	Haemolytic Uraemic Syndrome
NCAC	National Childcare Accreditation Council
NPV	Net Present Value
NRVP	National Risk Validation Project
RIS	Regulatory Impact Statement

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