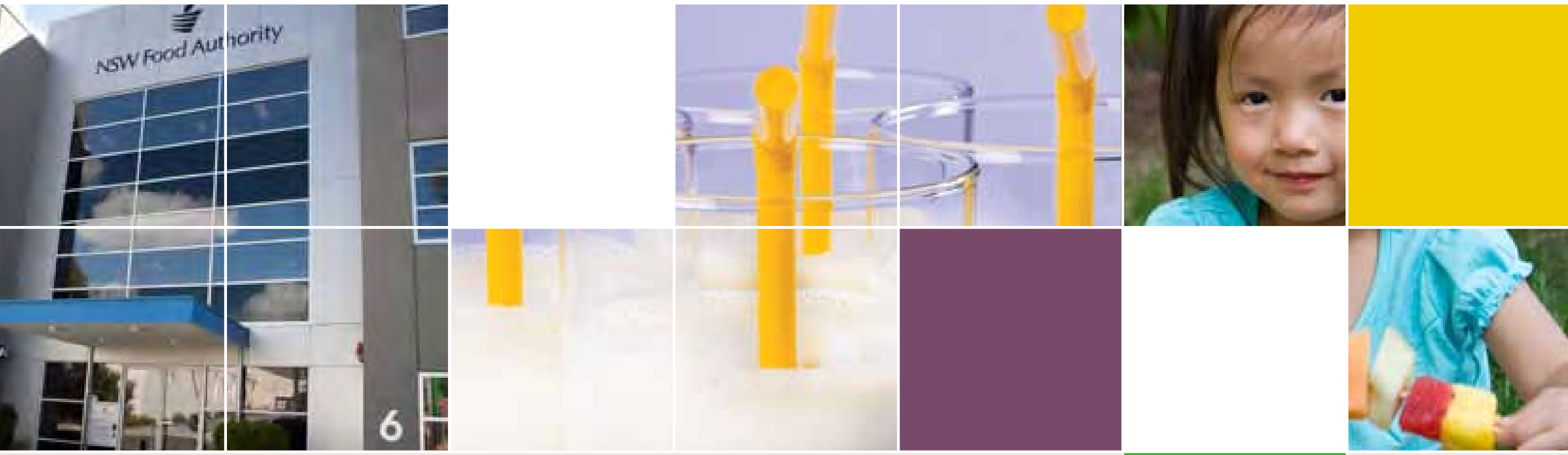
Financial information 2010-11



1 NSW Food Authority

Subsidiary Entities of the NSW Food Authority

2 Office of the NSW Food Authority

3 Milk Marketing (NSW) Pty Limited

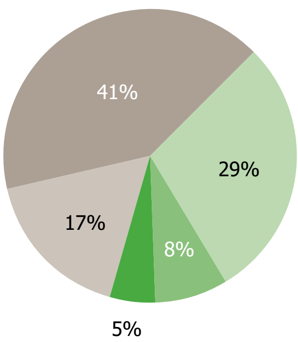
4 Pacific Industry Services Corporation Pty Limited

1 NSW Food Authority

Financial Summary 2010-11

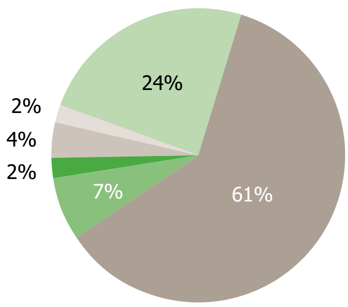
NSW Food Authority Income and Expenditure

NSW Food Authority 2010-11 actual expenses by Branch



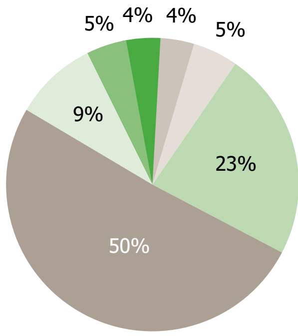
- Compliance Investigation & Enforcement
- Business Services
- Industry Liaison
- Communications
- Science and Poicy

NSW Food Authority 2010-11 actual expenses for the year



- Employee related expenses
- Depreciation & amortisation
- Grants & subsidies
- Information technology costs
- Laboratory services
- Other operationg expenses

NSW Food Authority 2010-11 actual income for the year



- Grants & contributions
- Increments on revaluation of non-current investments
- Industry levies
- Interest income
- Other income
- License fees
- Audit & inspection fees

NSW Food Authority
safer food, clearer choices

Statement by Acting Chief Executive Officer of the NSW Food Authority

Pursuant to the requirements of section 41C(1C) of the *Public Finance and Audit Act 1983*, I, Craig Lewis Sahlin, Acting Chief Executive Officer of the NSW Food Authority declare that in my opinion:

1. The accompanying Consolidated Financial Statements consisting of the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and the Notes thereto of the NSW Food Authority and its group, consisting of the NSW Food Authority, its controlled entities, Office of the NSW Food Authority, Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited, for the financial year ended 30 June 2011 exhibit a true and fair view of the financial position and transactions of the economic entity and NSW Food Authority.

2. The Consolidated Financial Statements have been prepared in accordance with applicable Australian Accounting Standards which include the Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

3. Further, I am not aware of any circumstances which would render any particulars included in the Consolidated Statements to be misleading or inaccurate.

Craig Sahlin
Acting Chief Executive Officer

17 October 2011

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

New South Wales Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the New South Wales Food Authority (the Authority), which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2011, and of their financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority and the consolidated entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Authority or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

Peter Barnes
Director, Financial Audit Services

20 October 2011
SYDNEY

NSW FOOD AUTHORITY

ABN 47 080 404 416

START OF AUDITED FINANCIAL STATEMENTS

Statements of Comprehensive Income for the Year Ended 30 June 2011

	Notes	Consolidated		Parent Entity	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Revenue from continuing operations					
Industry levies and licence fees	2	6,580	5,227	6,580	5,227
Grants and contributions	3	12,233	11,461	12,233	11,461
Miscellaneous income and fees for services	4	3,284	2,295	3,284	2,295
Investment revenue	5	905	652	876	621
Increment/(decrement) on revaluation of non-current assets	12(b)	-	834	-	834
Increment/(decrement) on revaluation of non-current investment		929	618	(73)	(105)
Total revenue from continuing operations		**23,931**	**21,087**	**22,900**	**20,333**
Expenses from continuing operations					
Employee related expenses	7	13,425	12,946	-	-
Personnel services	7	-	-	13,425	12,946
Other operating expenses	8	6,165	5,787	6,063	5,651
Maintenance		87	167	87	167
Depreciation and amortisation	9	953	740	953	740
Grants and subsidies		510	691	510	691
Loss on disposal of plant, equipment and furniture	6	151	74	151	74
Loss on transfer of ownership of non-current investment	1	671	-	671	-
Total expenses from continuing operations		**21,962**	**20,405**	**21,860**	**20,269**
Net surplus(deficit) for the year	19	**1,969**	**682**	**1,040**	**64**
Other comprehensive income					
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	12(b)	-	1,862	-	1,862
Actuarial (losses)/gains on defined benefit superannuation	16(d)	233	(1,698)	-	-
Total comprehensive income/(loss) for the year	19	**2,202**	**846**	**1,040**	**1,926**

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

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Statements of Financial Position as at 30 June 2011

	Notes	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent Entity 2011 $'000	Parent Entity 2010 $'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	10	13,602	12,189	9,009	7,165
Receivables	11	1,268	1,548	1,272	1,557
Total Current Assets		14,870	13,737	10,281	8,722
Non-Current Assets					
Property, Plant and Equipment					
- Land and Buildings	12	8,315	8,600	8,315	8,600
- Plant and Equipment	12	2,027	1,921	2,027	1,921
Total Property, Plant and Equipment	12	10,342	10,521	10,342	10,521
Intangible Assets	14	3,271	2,437	3,271	2,437
Other Financial Assets :					
Investment in Controlled and Associated companies	13	-	-	198	942
Superannuation Prepaid	16(d)	-	-	-	-
Total Non-Current Assets		13,613	12,958	13,811	13,900
TOTAL ASSETS		**28,483**	**26,695**	**24,092**	**22,622**
LIABILITIES					
Current Liabilities					
Payables	15	1,345	925	4,034	2,443
Provisions	16	5,432	5,105	-	-
Other	24	29	28	29	28
Total Current Liabilities		6,806	6,058	4,063	2,471
Non-Current Liabilities					
Superannuation Provision	16(d)	8,982	10,144	-	-
Other	18(c)	-	-	8,982	10,144
Total Non-Current Liabilities		8,982	10,144	8,982	10,144
TOTAL LIABILITIES		**15,788**	**16,202**	**13,045**	**12,615**
NET ASSETS		**12,695**	**10,493**	**11,047**	**10,007**
EQUITY					
Reserves		1,862	1,862	1,862	1,862
Accumulated Funds		10,833	8,631	9,185	8,145
Total Equity	19	**12,695**	**10,493**	**11,047**	**10,007**

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

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Statements of Changes in Equity for the Year Ended 30 June 2011

	Consolidated		
	Accumulated Funds $'000	**Reserves $'000**	**Total Equity $'000**
Balance at 1 July 2009	**9,647**	**-**	**9,647**
Total comprehensive income as reported in the 2010 financial statements			
Net surplus(deficit) for the year	682	-	682
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	1,862	1,862
Actuarial (losses)/gains on defined benefit superannuation	(1,698)	-	**(1,698)**
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2010	**8,631**	**1,862**	**10,493**
Total comprehensive income for the year			
Net surplus(deficit) for the year	1,969	-	1,969
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial (losses)/gains on defined benefit superannuation	233	-	233
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2011	**10,833**	**1,862**	**12,695**

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

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Statements of Changes in Equity for the Year Ended 30 June 2011

	Parent Entity		
	Acumulated Funds $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2009	**8,081**	**-**	**8,081**
Total comprehensive income as reported in the 2010 financial statements			
Net surplus(deficit) for the year	64	-	64
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	1,862	1,862
Actuarial (losses)/gains on defined benefit superannuation	-	-	-
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2010	**8,145**	**1,862**	**10,007**
Total comprehensive income for the year			
Net surplus(deficit) for the year	1,040	-	1,040
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial (losses)/gains on defined benefit superannuation	-	-	-
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2011	**9,185**	**1,862**	**11,047**

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

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Statements of Cash Flows for the Year Ended 30 June 2011

	Notes	Consolidated		Parent Entity	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(19,626)	(19,291)	(19,829)	(19,649)
Grants and subsidies		(510)	(691)	(510)	(691)
Milk industry fund payments		1	1	1	1
Industry levies, licences and other		10,831	8,999	10,831	8,999
Grants and contributions received		12,233	11,461	12,233	11,461
Interest received		905	654	876	622
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	17	**3,834**	**1,133**	**3,602**	**743**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		435	344	435	344
Payment for property, plant and equipment		(951)	(540)	(951)	(540)
Payment for intangible assets		(1,242)	(569)	(1,242)	(569)
Transfer of ownership of non-current investment	1	(663)	-	-	-
NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES		**(2,421)**	**(765)**	**(1,758)**	**(765)**
CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-	-
NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES		**-**	**-**	**-**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,413	368	1,844	(22)
Opening cash and cash equivalents		12,189	11,821	7,165	7,187
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**13,602**	**12,189**	**9,009**	**7,165**

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

NSW FOOD AUTHORITY
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Notes to the Financial Statements
30 June 2011

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

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

Controlled Entities:

Pacific Analysis Pty Limited was incorporated on 16 December 1994 and commenced operations on 1 March 1995. It changed its name to Pacific Industry Services Corporation Pty Limited on 9 July 1996. The company was established for the purpose of providing laboratory services. These were discontinued in February 2000. On 15 May 2000 all assets except land and buildings were sold to Microtech Laboratories (NSW) Pty Ltd in consideration for a 35% share in that entity. On 1 May 2001, the company's interest in Microtech Laboratories (NSW) Pty Ltd was sold.

Milk Marketing (NSW) Pty Limited was incorporated on 27 June 1989 and began trading at that date. Its principle activity was the promotion of milk and dairy products in NSW on behalf of SafeFood. The company ceased all marketing activities at 30 June 2000 and continued as a subsidiary of the Authority up until the transfer of ownership on 2 March 2011 to the NSW Department of Primary Industries (a Division of the Department of Trade & Investment, Regional Infrastructure & Services). All remaining funds continue to be used for the benefit of the NSW dairy industry.

Due to the transfer, Milk Marketing's financial statements were no longer consolidated in the Authority's financial statements as at 30 June 2011. In accordance with *AASB 127 Consolidated and Separate Financial Statements*, Milk Marketing's resulting loss for the period 1 July 2010 up until the time of transfer were recognised in the Authority's financial statements. The Authority also derecognised the assets and liabilities of the subsidiary at their carrying amounts at the date when control is lost. The transfer of ownership resulted in a loss to the Authority in the amount of $671,111.

The following is Milk Marketing's financial statements at the time of transfer:

Statement of Comprehensive Income for the period ended 02 March 2011

	$000
Revenue from continuing operations	
Investment Revenue	20
Total revenue from continuing operations	**20**
Expenses from continuing operations	
Contractors	47
Miscellaneous expenses	12
Storage and retrieval	15
Subscriptions	1
Stakeholder Liaison	2
Grants & Sponsorship	3
Travel	9
Total expenses from continuing operations	**89**
Net operating result for the period	**(69)**

NSW FOOD AUTHORITY
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Notes to the Financial Statements
30 June 2011

Statement of Financial Position as at 02 March 2011

	$000
ASSETS	
Current Assets	
Cash and cash equivalents	663
Receivables	8
Total Current Assets	
Total Assets	**671**
LIABILITIES	
Current Liabilities	
Payables	-
Total Current Liabilities	
Total Liabilities	**-**
Net Assets	**671**

Loss was recognised as a result of the transfer as follows:

	$000
Loss on transfer	
Total consideration received	0
Fair value of identifiable net assets	671
Loss on transfer	**671**

Pacific Industry Services Corporation Pty Limited is in the process of being wound up. It is expected that this entity will be fully wound up during 2011/2012.

The Office of the NSW Food Authority commenced operations on 5 April 2004. It assumed all responsibility for the employees and employee-related liabilities of the Authority on that date with funding provided by the Authority.

The financial statements were authorised for issue by the Chief Executive Officer on the date on which accompanying statement by the Chief Executive Officer was signed.

(b) Statement of preparation

The Authority prepares its financial statements as general purpose financial statements on an accrual basis to comply with:

- applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the *Public Finance and Audit Act 1983,* the *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

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

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

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

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Notes to the Financial Statements
30 June 2011

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

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

(c) Segment reporting

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

(d) Principles of consolidation

The consolidated financial statements incorporate the financial statements of all the entities that comprise the consolidated entity, being the parent entity and its subsidiaries. Subsidiaries are all entities over which the parent entity has the power to govern the financial and reporting policies. The Authority is the parent entity and its controlled entities are Pacific Industry Services Corporation Pty Limited, Milk Marketing (NSW) Pty Limited up until the transfer of ownership on 2 March 2011 to the NSW Department of Primary Industries (a Division of the Department of Trade & Investment, Regional Infrastructure & Services) and the Office of the NSW Food Authority.

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

(e) Revenue recognition

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

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

Revenue is recognised for the business activities as follows:

(i) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the authority will comply with all attached conditions.

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

(ii) Contributions and grants from other bodies

Grants and contributions from other bodies are generally recognised as revenues when the Authority obtains control over the asset comprising the contribution. Control over grants and contributions are normally obtained upon receipt of the cash.

(iii) Interest Income

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

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Notes to the Financial Statements
30 June 2011

(iv) Sale of Goods and Services

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

(v) Industry levies and licence fees

Industry levies are recognised as revenue over the period of the levy. Licence fees are recognised as revenue at the time licence fees are issued.

(vi) Infringement charges and fines

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

(f) Employee benefits

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

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

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

(ii) Long service leave

The Authority recognises long service leave liability as a long-term employee benefit. The provision for long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specific in NSWTC11-04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

(iii) Superannuation

The Superannuation Schemes for the Authority are:

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

The first three benefits are defined benefit schemes, which are closed to new entrants. AASB 119 – *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate at each reporting date. Note 16(d) details the reserves, overfunding, provisions and other disclosures provided by the scheme actuary.

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

The superannuation liability is recognised in The Office of the NSW Food Authority. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of The Office employees (refer Note 16). Superannuation liability for defined benefit funds for NSW state employees are actuarially assessed by Pillar Administration prior to each reporting date and are measured at the present value of the estimated future payments.

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Notes to the Financial Statements
30 June 2011

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

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

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

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

(h) Property, plant and equipment

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

Land and buildings are valued at their fair value in accordance with *AASB 116 Property, Plant & Equipment*. The Authority re-values each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last valuation of land and buildings was in regard to Authority's properties at Newington and Taree as at 30 June 2010 by First State Property Valuers and Crown Valuation Service Pty Ltd.

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

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

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

Leasehold Improvements	16.67%
Motor Vehicles	10.00% to 12.50%
Computer Equipment	10.00%
Other Equipment	10.00% to 20.00%
Furniture & Fittings	10.00%
Buildings	4.00% to 6.67%

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

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

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

(i) Intangible Assets

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

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Notes to the Financial Statements
30 June 2011

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

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

Intangibles	10.00%

(j) Receivables

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

These receivables are reviewed on an ongoing basis. When there is objective evidence that the Authority will not be able to collect all amounts due, an allowance for doubtful debts is established. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective rate. Bad debts are written off. All amounts due at 30 June 2011 are considered to be collectable other than the amounts provided for in the allowance for impairment at note 11.

(k) Payables

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

Trade payables with no stated interest rate are measured at the original invoice amount where the effect of the discounting is immaterial. Amounts owing to suppliers (which are unsecured) are settled in accordance with Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received.

(l) Provisions

The Authority recognises provisions when there are legal or constructive obligations as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Authority recognises provisions for employee benefits.

(m) Financial Instruments

Financial instruments generate financial assets or liabilities (or equity instruments) for the Authority or another party. These include cash and cash equivalents, receivables and payables. Note 25 discloses the credit risk, liquidity risk and market risk of financial instruments.

(n) Insurance

The Authority has arranged ongoing insurance to cover all aspects of normal commercial risk over assets and potential liabilities. The Authority's wholly owned subsidiaries, Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited, have made arrangements for insurance cover similar to that of the Authority.

(o) Income Tax

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

Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2011 lodged with the Australian Taxation Office was granted.

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Milk Marketing (NSW) Pty Limited is exempt from Commonwealth income tax pursuant to section *24AO of the Income Tax Assessment Act 1936*. Under this exemption, the company is classified as a State / Territory Body.

(p) Leases

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

(q) Comparatives

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

(r) New Australian Accounting Standards issued but not effective

At the reporting date, the following accounting standards adopted by the AASB had been issued but not yet effective and have not been early adopted by the Authority. The initial application of these standards will have no material impact on the financial results of the Authority.

AASB newly issued standards

- AASB 10 'Consolidated Financial Statements' (Issued August 2011).
- AASB 11 'Joint Arrangements' (Issued August 2011).
- AASB 12 'Disclosure of Interests in Other Entities' (Issued August 2011).
- AASB 13 'Fair Value Measurement' (Issued September 2011).
- AASB 127 'Separate Financial Statements' (Issued August 2011).
- AASB 128 'Investments in Associates and Joint Ventures' (Issued August 2011).

AASB amending standards

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (Issued July 2011).
- AASB 2011-5 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation' (Issued July 2011).
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' (Issued July 2011).
- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' (Issued August 2011).
- AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' (Issued September 2011).

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Note 2. Industry levies and licence fees

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Industry Levies	1,117	942	1,117	942
Licence Fees	5,463	4,285	5,463	4,285
Total Industry Levies and Licence Fees	**6,580**	**5,227**	**6,580**	**5,227**

Note 3. Grants and contributions

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Grants and Contributions received from:				
Department of Primary Industries	12,233	11,461	12,233	11,461
Total Grants and Contributions	**12,233**	**11,461**	**12,233**	**11,461**

Note 4. Miscellaneous income and fees for services

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Audit and inspection fees (from the food industry)	2,202	1,594	2,202	1,594
Rent and Property Income (from sub-tenants)	44	61	44	61
Infringement charges and fines	215	142	215	142
Other income	823	498	823	498
Total Miscellaneous Income and Fees	**3,284**	**2,295**	**3,284**	**2,295**

Note 5. Investment revenue

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Interest Revenue	906	653	877	622
Less:				
Interest allocation to:-				
- Dairy Deregulation Assistance Fund	(1)	(1)	(1)	(1)
Net Interest Revenue	**905**	**652**	**876**	**621**

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

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	435	344	435	344
Written down value of assets disposed	(586)	(418)	(586)	(418)
Gain / (loss) on disposal of plant and equipment	**(151)**	**(74)**	**(151)**	**(74)**

Note 7. Employee Related Expenses / Personnel Services

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Salaries and allowances	10,192	9,441	(221)	(305)
Superannuation - defined scheme	348	326	-	-
Superannuation - accumulated scheme	881	735	-	-
Workers Compensation	39	66	-	-
Fringe Benefit Tax	27	44	-	-
Other Employee Related Expenses	-	102	-	-
Annual and Long Service Leave	1,242	1,454	-	-
Payroll Tax	696	778	-	-
Personnel Services	-	-	13,646	13,251
Total Employee Related Expenses / Personnel Services	**13,425**	**12,946**	**13,425**	**12,946**

Note 8. Other operating expenses

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
External Audit Fees - Current year	102	80	100	76
Bad & Doubtful Debts	-	-	-	-
Consultancy (a)	261	218	261	218
Contractors	903	437	836	392
Information Technology Costs	405	741	405	741
Financial Duty and Charges	14	11	14	11
Laboratory Services	1,452	1,437	1,452	1,437
Legal Fees	499	536	499	536
Miscellaneous Expenses	616	458	596	407
Producer Levy Administration Fee	80	85	80	85
Public Relations and Advertising	10	-	10	-
Rent	104	95	102	90
Staff Training	155	174	155	174
Temporary Staff	45	34	45	34
Stakeholder Liaison	131	182	129	163
Stores, Stationery & Printing	352	358	352	358
Postage & Telephone	281	282	281	282
Travel	755	659	746	647
Total Other Operating Expenses	**6,165**	**5,787**	**6,063**	**5,651**

(a) Consultancy

During the year, NSW Food Authority engaged 10 consultants at a total cost of $260,868. This compares with 15 consultants last year at a cost of $217,900.

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Note 9. Depreciation and amortisation expense

	Consolidated		Parent Entity	
	2011	2010	2011	2010
Depreciation	$'000	$'000	$'000	$'000
Buildings	285	183	285	183
Equipment	34	33	34	33
Computers	65	54	65	54
Furniture	25	26	25	26
Motor Vehicles	136	135	136	135
Depreciation expense	**545**	**431**	**545**	**431**
Amortisation				
Intangibles	408	309	408	309
Amortisation expense	**408**	**309**	**408**	**309**
Total depreciation and amortisation	**953**	**740**	**953**	**740**

Note 10. Cash and cash equivalents

For the purposes of the Statements of Cash Flows, the Authority considers cash to be cash at bank, cash advances and short term deposits as follows:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash at Bank	4,326	2,291	(267)	(2,045)
Cash Advances	50	54	50	54
Total Cash	**4,376**	**2,345**	**(217)**	**(1,991)**
Short Term Deposits	9,226	9,844	9,226	9,156
Total Cash	**13,602**	**12,189**	**9,009**	**7,165**

NSW Food Authority and The Office of the NSW Food Authority maintain a joint cash at bank account at the bank but keep separate cash at bank accounts in their respective ledgers.

Note 11. Receivables

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Receivables	1,569	1,868	1,573	1,877
Allowance for impairment of receivables	(301)	(320)	(301)	(320)
Total Receivables	**1,268**	**1,548**	**1,272**	**1,557**

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Note 12. Property, plant and equipment

12 (a) Net carrying amount less accumulated depreciation

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Land:				
At fair value	1,725	1,725	1,725	1,725
Net carrying amount	1,725	1,725	1,725	1,725
Buildings:				
Gross carrying amount	6,875	6,875	6,875	6,875
Accumulated depreciation and impairment	(285)	-	(285)	-
Net carrying amount at fair value	6,590	6,875	6,590	6,875
Total Land and Buildings:				
Gross carrying amount	8,600	8,600	8,600	8,600
Accumulated depreciation and impairment	(285)	-	(285)	-
Net carrying amount at fair value	**8,315**	**8,600**	**8,315**	**8,600**
Motor vehicles:				
At cost	1,449	1,393	1,449	1,393
Accumulated depreciation and impairment	(204)	(190)	(204)	(190)
Net carrying amount	1,245	1,203	1,245	1,203
Computer equipment:				
At cost	1,018	836	1,018	836
Accumulated depreciation and impairment	(491)	(427)	(491)	(427)
Net carrying amount	527	409	527	409
Other equipment:				
At cost	486	481	486	481
Accumulated depreciation and impairment	(352)	(336)	(352)	(336)
Net carrying amount	134	145	134	145
Furniture & Fittings:				
At cost	481	481	481	481
Accumulated depreciation and impairment	(360)	(317)	(360)	(317)
Net carrying amount	121	164	121	164
Total Plant and Equipment:				
At cost	3,434	3,191	3,434	3,191
Accumulated depreciation and impairment	(1,407)	(1,270)	(1,407)	(1,270)
Net carrying amount	**2,027**	**1,921**	**2,027**	**1,921**
Net Carrying Amount	**10,342**	**10,521**	**10,342**	**10,521**

Valuation of Land and Buildings as at 30 June 2010 was performed by First State Property Valuers and Crown Valuation Service Pty. Ltd. Management has considered and reviewed the movement of property indices for the year and deemed that there is no significant movement in the market value of the Land and Buildings as of 30 June 2011.

Management is of the view that the market value of the remaining assets is assessed as being the written down value at 30 June 2011.

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12 (b) Reconciliation of carrying amounts

The following table shows reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years

	Consolidated			Parent Entity		
2011	**Land and Buildings**	**Plant and Equipment**	**Total**	**Land and Buildings**	**Plant and Equipment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net carrying amount at 1 July 2010	8,600	1,921	**10,521**	8,600	1,921	**10,521**
Additions	-	951	**951**	-	951	**951**
Disposals	-	(707)	**(707)**	-	(707)	**(707)**
Gross revaluation increment less revaluation decrement	-	-	**-**	-	-	**-**
Depreciation expense	(285)	(260)	**(545)**	(285)	(260)	**(545)**
Depreciation written back on assets disposed	-	122	**122**	-	122	**122**
Net carrying amount at 30 June 2011	**8,315**	**2,027**	**10,342**	**8,315**	**2,027**	**10,342**

2010	**Land and Buildings**	**Plant and Equipment**	**Total**	**Land and Buildings**	**Plant and Equipment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net carrying amount at 1 July 2009	6,087	2,047	**8,134**	6,087	2,047	**8,134**
Additions	-	540	**540**	-	540	**540**
Disposals	-	(520)	**(520)**	-	(520)	**(520)**
Gross revaluation increment less revaluation decrement	2,696	-	**2,696**	2,696	-	**2,696**
Depreciation expense	(183)	(248)	**(431)**	(183)	(248)	**(431)**
Depreciation written back on assets disposed	-	102	**102**	-	102	**102**
Net carrying amount at 30 June 2010	**8,600**	**1,921**	**10,521**	**8,600**	**1,921**	**10,521**

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Note 13. Other financial assets

Investment in controlled and associated companies

13 (a) Non-current other financial assets

	Parent Entity 2011 $'000	Parent Entity 2010 $'000
Controlled companies at fair value	198	942
Total Non-Current Other Financial Assets	**198**	**942**

13 (b) Reconciliation of carrying amounts

2011	Milk Marketing (NSW) Pty Limited $'000	Pacific Industry Services Corporation Pty Limited $'000	Total $'000
Carrying amount at 1 July 2010	740	202	942
Operating surplus/(deficit)	(69)	(4)	(73)
Loss in transfer of ownership	(671)	-	(671)
Carrying amount at 30 June 2011	-	**198**	**198**

Note 14. Intangibles

14 (a) Net carrying amount less accumulated depreciation

	Consolidated 2011 $'000	Consolidated 2010 $'000	Parent Entity 2011 $'000	Parent Entity 2010 $'000
Intangible Assets				
Software				
Cost	6,422	5,180	6,422	5,180
Accumulated amortisation and impairment	(3,151)	(2,743)	(3,151)	(2,743)
Net Carrying Amount	**3,271**	**2,437**	**3,271**	**2,437**

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14 (b) Reconciliation of carrying amounts

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

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Net carrying amount at 1 July 2010	2,437	2,177	2,437	2,177
Additions	1,242	569	1,242	569
Disposals	-	-	-	-
Amortisation expense	(408)	(309)	(408)	(309)
Depreciation written back on assets disposed	-	-	-	-
Net carrying amount at 30 June 2011	**3,271**	**2,437**	**3,271**	**2,437**

Note 15. Payables

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Accrued salaries, wages and on-costs	195	160	195	160
Creditors	1,150	765	1,145	751
Office of the NSW Food Authority (Note 18c)	-	-	2,694	1,532
Total Payables	**1,345**	**925**	**4,034**	**2,443**

Note 16. Provisions

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
16 (a) Current provisions				
Annual leave	1,539	1,294	-	-
Long Service leave	3,893	3,811	-	-
Provision for redundancy	-	-	-	-
Total Current Provisions	**5,432**	**5,105**	**-**	**-**
Total Provisions	**5,432**	**5,105**	**-**	**-**

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16 (b) Annual leave

The liability at 30 June 2011 was $1,539,023 (2010 - $1,293,896). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is $1,154,267 (2010 - $970,422) and $384,756 (2010 - $323,474) after twelve months.

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Leave taken and entitlement for the year are as follows:				
Balance at beginning of the financial year	1,294	1,476	-	-
Less: Value of leave taken during the year	(662)	(1,026)	-	-
	632	450	-	-
Add: Value of increased entitlement during the year	907	844	-	-
Balance at the end of the financial year	**1,539**	**1,294**	**-**	**-**

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

16 (c) Long Service Leave

The total liability at 30 June 2011 was $3,893,191 (2010 - $3,811,273).

The value of long service leave expected to be taken within twelve months is $3,698,531 (2010 - $3,620,709) and $194,660 (2010 - $190,564) after twelve months.
This liability comprises:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Short term - expected to be settled within 12 months	3,698	3,621	-	-
Long term - not expected to be settled within 12 months	195	190	-	-
Balance at the end of the financial year	**3,893**	**3,811**	**-**	**-**

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

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Note 16 (d) Superannuation

Accounting policy

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

Fund information

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

State Authorities Superannuation Scheme (SASS)
State Superannuation Scheme (SSS)
Police Superannuation Scheme (PSS)
State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of partly funded defined benefit obligations at beginning of the year	3,731	3,221	903	899	44,418	41,873
Current service cost	126	133	42	44	83	113
Interest cost	191	178	45	48	2,235	2,278
Contributions by Fund participants	62	68	-	-	89	117
Actuarial (gains) / losses	193	195	(3)	62	49	1,670
Benefits paid	95	(64)	39	(150)	(2,430)	(1,634)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	**4,398**	**3,731**	**1,026**	**903**	**44,444**	**44,418**

Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Fair value of Fund assets at beginning of the year	2,815	2,435	620	670	35,472	33,824
Expected return on Fund assets	244	212	52	57	2,956	2,820
Actuarial gains/(losses)	125	39	5	1	342	188
Employer contributions	172	125	54	42	174	157
Contributions by Fund participants	63	68	-	-	89	117
Benefits paid	94	(64)	39	(150)	(2,430)	(1,634)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	**3,513**	**2,815**	**770**	**620**	**36,603**	**35,472**

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

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of partly funded defined benefit obligations at end of year	4,398	3,731	1,026	903	44,444	44,418
Fair value of Fund assets at end of year	(3,513)	(2,815)	(770)	(620)	(36,603)	(35,472)
Subtotal	885	916	256	283	7,841	8,945
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	**885**	**916**	**256**	**283**	**7,841**	**8,945**

Expense recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
Components Recognised in the statements of comprehensive incomes	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	126	133	42	44	83	113
Interest cost	191	178	45	48	2,236	2,278
Expected return on Fund assets (net of expenses)	(243)	(212)	(52)	(57)	(2,956)	(2,820)
Actuarial losses/(gains) recognised in year	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	74	99	35	36	(637)	(429)

Amounts recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Actuarial (gains)/losses	68	156	(7)	60	(293)	1,482
Adjustment for limit on net asset	-	-	-	-	-	-

Cumulative amount recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Cumulative amount of actuarial (gains)/losses	859	791	170	177	8,266	8,559
Cumulative adjustment for limitation on net asset	-	-	-	-	-	-

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Fund assets

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

	30-Jun-11	30-Jun-10
Australian equities	33.4%	31.0%
Overseas equities	29.5%	26.8%
Australian fixed interest securities	5.7%	6.1%
Overseas fixed interest securities	3.1%	4.3%
Property	9.9%	9.5%
Cash	5.1%	9.6%
Other	13.3%	12.7%

Fair value of Fund assets

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

Expected rate of return on assets

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

Actual return on Fund assets

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Actual return on Fund assets	260	230	57	58	2,920	3,051

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

a) Valuation method

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

b) Economic Assumptions

	30-Jun-11	30-Jun-10
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.6% pa	8.6% pa
Discount rate	5.28% pa	5.17% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2011 are those that were used in the 2009 triennial actuarial valuation. The triennial report is available from The Treasury website.

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Historical information

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	4,398	3,731	1,026	903	44,444	44,418
Fair value of Fund assets	(3,513)	(2,815)	(770)	(620)	(36,603)	(35,472)
(Surplus)/Deficit in Fund	885	916	256	283	7,841	8,945
Experience adjustments – Fund liabilities	193	195	(3)	62	49	1,670
Experience adjustments – Fund assets	(125)	(39)	(5)	(1)	(342)	(188)

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	3,221	3,096	899	876	41,873	35,817
Fair value of Fund assets	(2,435)	(2,330)	(670)	(740)	(33,824)	(40,135)
(Surplus)/Deficit in Fund	786	766	229	136	8,049	(4,318)
Experience adjustments – Fund liabilities	(420)	298	(26)	3	6,414	(709)
Experience adjustments – Fund assets	416	260	127	122	7,000	6,322

	SASS	SANCS	SSS
	30-Jun-07	30-Jun-07	30-Jun-07
	$'000	$'000	$'000
Present value of defined benefit obligation	2,740	844	36,965
Fair value of Fund assets	(2,494)	(813)	(45,520)
(Surplus)/Deficit in Fund	246	31	(8,555)
Experience adjustments – Fund liabilities	87	28	(3,602)
Experience adjustments – Fund assets	(171)	(46)	(2,632)

Expected contributions

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Expected employer contributions to be paid in the next reporting period	118	128	45	50	142	188

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Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2011 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Accrued benefits	4,045	3,393	933	808	32,973	32,275
Net market value of Fund assets	(3,513)	(2,815)	(770)	(620)	(36,603)	(35,472)
Net (surplus)/deficit	531	578	163	188	(3,631)	(3,197)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

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

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund were:

Weighted-Average Assumptions		
	30-Jun-11	30-Jun-10
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

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

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

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Notes to the Financial Statements
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Note 17. Reconciliation of net cash provided by operating activities to operating result

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Net surplus/(deficit) for the year	1,969	682	1,040	64
(Increment) / Decrement on Revaluation of Non-Current Investments	(929)	(618)	73	105
(Increment) / Decrement on Revaluation of Non-Current Assets	-	(834)	-	(834)
Depreciation and amortisation	953	740	953	740
Loss on transfer of ownership of non-current assets	671	-	671	-
Loss on Sale of Non-Current Assets	151	74	151	74
Doubtful Debts Written Off	(19)	(70)	(19)	(70)
(Increase) / Decrease in Receivables	290	966	303	998
(Decrease) / Increase in Other Payables	420	(316)	429	(307)
(Decrease) / Increase in Industry Funds	1	-	1	-
(Decrease) / Increase in Provisions	327	536	-	-
(Decrease) / Increase in Income Received in Advance	-	(27)	-	(27)
Net Cash Flows From Operating Activities	**3,834**	**1,133**	**3,602**	**743**

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Notes to the Financial Statements
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Note 18. Related Parties

18 (a) Wholly-owned group

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

18 (b) Consolidation summary

2011	Total Income	Operating result	Total assets
	$'000	$'000	$'000
NSW Food Authority	22,900	1,040	24,092
Pacific Industry Services Corporation Pty Limited	9	(4)	207
Milk Marketing (NSW) Pty Limited (up until 2 March 2011)	20	(69)	-
Office of the NSW Food Authority	14,575	929	16,061
Consolidation eliminations	(13,573)	73	(11,877)
Total	**23,931**	**1,969**	**28,483**

2010	Total Income	Operating result	Total assets
	$'000	$'000	$'000
NSW Food Authority	20,333	64	22,622
Pacific Industry Services Corporation Pty Limited	6	(4)	209
Milk Marketing (NSW) Pty Limited	25	(101)	766
Office of the NSW Food Authority	13,869	618	15,734
Consolidation eliminations	(13,146)	105	(12,636)
Total	**21,087**	**682**	**26,695**

18 (c) Related party transactions

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

The outstanding balances with the Office of the NSW Food Authority are for the supply of personnel services to the Authority.

Outstanding balances

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

	2011	2010
	$'000	$'000
Current Receivables		
Pacific Industry Services Corporation Pty Limited	4	4
Milk Marketing (NSW) Pty Limited	n/a	15
The Office of the NSW Food Authority	-	-
	4	**19**
Current Payables		
The Office of the NSW Food Authority	**2,694**	**1,532**
Non-current Payables		
The Office of the NSW Food Authority	**8,982**	**10,144**

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Note 19. Equity

19 Changes in equity

	Consolidated						Parent Entity					
	Accumulated Funds		Asset Revaluation Reserve		Total Equity		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Opening Balance	8,631	9,647	1,862	-	10,493	9,647	8,145	8,081	1,862	-	10,007	8,081
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-	1,862	-	1,862	-	-	-	1,862	-	1,862
Superannuation:												
Actuarial gains (losses)	233	(1,698)	-	-	233	(1,698)	-	-	-	-	-	-
Adjustment for limit on net assets	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	233	(1,698)	-	1,862	233	164	-	-	-	1,862	-	1,862
Result for the period	1,969	682	-	-	1,969	682	1,040	64	-	-	1,040	64
Closing Balance	10,833	8,631	1,862	1,862	12,695	10,493	9,185	8,145	1,862	1,862	11,047	10,007

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Note 20. Expenditure Commitments

Contractual commitments

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Not later than one year	1,989	1,752	1,989	1,752
Later than one year and not later than 5 years	-	-	-	-
Total (including GST)	**1,989**	**1,752**	**1,989**	**1,752**

Representing non cancellable contracts:

	Consolidated		Parent Entity	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Business Continuity Plan	-	32	-	32
Computer Systems Maintenance	351	106	351	106
Consultants	103	13	103	13
Contract Laboratory Services	1,502	1,502	1,502	1,502
Human Resources	5	5	5	5
Maintenance	28	94	28	94
Sponsorship	-	-	-	-
Total (including GST)	**1,989**	**1,752**	**1,989**	**1,752**

The total expenditure commitments above include input tax credits of $180,791 ($159,258 in 2009/2010) that are expected to be recoverable from the Australian Taxation Office.

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Notes to the Financial Statements
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Note 21. Contingent assets and contingent liablities

(a) NSW Food Authority

The Authority has no material contingent assets or contingent liabilitties at 30 June 2011 (2009/2010 nil).

(b) Milk Marketing

Milk Marketing has no material contingent assets or contingent liabilities at 30 June 2011 (2009/2010 nil).

(c) Pacific Industry Services Corporation

Pacific Industry Services Corporation has no material contingent assets or contingent liabilities at 30 June 2011 (2009/2010 nil).

(d) The Office of the NSW Food Authority

The Office of the NSW Food Authority has no material contingent assets or contingent liabilities at 30 June 2011 (2009/2010 nil).

Note 22. Segment information

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

Note 23. Events subsequent to balance date

There were no significant events subsequent to 30th June 2011 and prior to the date of these statements.

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Notes to the Financial Statements
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Note 24. Other current liabilities

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Milk Industry Funds	29	28	29	28
Total Other Current Liabilities	**29**	**28**	**29**	**28**

Milk Industry Funds

There was one fund in operation during the period. The Dairy Deregulation Assistance Fund established to assist the dairy industry in paying costs associated with Farm Gate Deregulation.

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

	Consolidated		Parent Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance at 1 July 2010	28	27	28	27
Add :				
Interest received	1	1	1	1
	29	28	29	28
Less:				
Payments/transfers between funds	-	-	-	-
Milk Industry Funds Balance at 30 June 2011	**29**	**28**	**29**	**28**

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Notes to the Financial Statements
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Note 25. Financial instruments

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

The Authority's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Authority's Executive have overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(i) Financial instrument categories : Parent Entity

Financial Assets	Note	Category	Carrying Amount 2011 $'000	Carrying Amount 2010 $'000
Class:				
Cash and cash equivalents	10	N/A	9,009	7,165
Receivables[1]	11	Loans and receivables (at amortised cost)	1,141	1,590
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	15	Financial liabilities measured at amortised cost	4,034	911

(ii) Financial instrument categories : Consolidated

Financial Assets	Note	Category	Carrying Amount 2011 $'000	Carrying Amount 2010 $'000
Class:				
Cash and cash equivalents	10	N/A	13,602	12,189
Receivables[1]	11	Loans and receivables (at amortised cost)	1,141	1,592
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	15	Financial liabilities measured at amortised cost	1,345	925

Notes
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

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(a) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the Authority. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Authority, including cash, receivables, and authority deposits. No collateral is held by the Authority. The Authority has not granted any financial guarantees. Credit risk associated with the Authority's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority's deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within The Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to The Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

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Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions and the *Food Act 2003* are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Authority will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2011: $461,000; 2010: $1,513,000) and not less than 30 days past due (2011: $414,000 ; 2010: $271,000) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

(i) Parent Entity

	Total[1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000
2011			
< 3 months overdue	125	125	-
3 months - 6 months overdue	39	39	-
> 6 months overdue	250	250	-
2010			
< 3 months overdue	1,512	1,512	-
3 months - 6 months overdue	73	73	-
> 6 months overdue	198	198	-

(ii) Consolidated

	Total[1,2] $'000	Past due but not impaired[1,2] $'000	Considered impaired[1,2] $'000
2011			
< 3 months overdue	125	125	-
3 months - 6 months overdue	39	39	-
> 6 months overdue	250	250	-
2010			
< 3 months overdue	1,513	1,513	-
3 months - 6 months overdue	73	73	-
> 6 months overdue	198	198	-

Notes

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the Statements of Financial Position.

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NSW Food Authority and Consolidated Entity Deposits

The Authority has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 5.23% (2010– 4.46%), while over the year the weighted average interest rate was 5.26% (2010 – 4.19%) on a weighted average balance during the year of $1,349,028 (2010 – $1,285,740). None of these assets are past due or impaired.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2009/10 – 0%).

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

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Maturity analysis and interest rate exposure of financial liabilities

(i) Parent Entity

			$'000					
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2011								
Payables		4,034	-	-	4,034	4,034	-	-
		4,034	-	-	4,034	4,034	-	-
2010								
Payables		911	-	-	911	911	-	-
		911	-	-	911	911	-	-

Maturity analysis and interest rate exposure of financial liabilities

(ii) Consolidated

			$'000					
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2011								
Payables		1,345	-	-	1,345	1,345	-	-
		1,345	-	-	1,345	1,345	-	-
2010								
Payables		925	-	-	925	925	-	-
		925	-	-	925	925	-	-

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(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Authority's exposures to market risk is very limited as it has no borrowings and all its deposits are at call. The Authority has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the year end. The analysis is performed on the same basis for 2010. The analysis assumes that all other variables remain constant.

Interest rate risk

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

(i) Parent Entity

	Carrying Amount $'000	-1% Result $'000	-1% Equity $'000	1% Result $'000	1% Equity $'000
2011					
Financial assets					
Cash and cash equivalents	9,009	(90)	-	90	-
Receivables	1,141	-	-	-	-
Financial liabilities				-	
Payables	4,034	-	-	-	-
2010					
Financial assets					
Cash and cash equivalents	7,165	(72)	-	72	-
Receivables	1,590	-	-	-	-
Financial liabilities					
Payables	911	-	-	-	-

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(ii) **Consolidated**

	Carrying Amount $'000	-1% Result $'000	Equity $'000	1% Result $'000	Equity $'000
2011					
Financial assets					
Cash and cash equivalents	13,602	(136)	-	136	-
Receivables	1,141	-	-	-	-
Financial liabilities					
Payables	1,345	-	-	-	-
2010					
Financial assets					
Cash and cash equivalents	12,189	(122)	-	122	-
Receivables	1,592	-	-	-	-
Financial liabilities					
Payables	925	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2011 $'000	2010 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	1,384	1,314

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

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NSW TCorp is trustee for the above facility and is required to act in the best interest of the unitholders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash Facility. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Authority's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for the investment facility, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

Parent Entity and Consolidated

		Impact on profit/loss	
	Change in unit price	2011 $'000	2010 $'000
Hour Glass Investment - Cash facility	+/-1%	+/-14	+/-14

(d) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. As discussed, the value of the Hour-Glass Investments is based on the Authority's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

The amortised cost of financial instruments recognised in the statements of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

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

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

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

	Level 1 $'000	Level 2 $'000	Level 3 $'000	2011 Total $'000
Financial assets at fair value				
Tcorp Hour-Glass Invt. Facility	-	1,384	-	1,384

(The table above only includes financial assets, as no financial liabilitites were measured at fair value in the statements of financial position.)

There were no transfers between level 1 and 2 during the period ended 30 June 2011.

END OF AUDITED FINANCIAL STATEMENTS

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Supplementary Financial Information

1. NSW FOOD AUTHORITY CONSOLIDATED ECONOMIC ENTITY PERFORMANCE AGAINST BUDGET

	Budget 2011 $'000	Actual 2011 $'000	Budget 2012 $'000
Revenue			
Industry levies	1,000	1,117	1,100
License fees	5,568	5,463	5,403
Grants and contributions	12,233	12,233	12,850
Audit and inspection fees	1,100	2,202	1,562
Rent and property income	21	44	-
Fines and penalties	250	215	200
Interest Income	1,100	905	900
Increment on revaluation of non-current investments	-	929	-
Miscellaneous	591	823	625
Total Revenue	**21,863**	**23,931**	**22,640**
Expenditure			
Employee related expenses	13,942	13,425	14,581
Consultancy	179	261	376
Contractors	291	948	1,604
External audit fees – current year	96	102	97
Bad & doubtful debts	-	-	-
FBT, financial duty and charges	10	14	15
Grants and subsidies	400	510	400
Information technology costs	615	405	607
Laboratory services	1,439	1,452	1,584
Legal fees	104	499	313
Loss on disposal of non-current assets	-	151	-
Loss on transfer of ownership of non-current investment	-	671	-
Maintenance	439	87	85
Miscellaneous expenses	1,043	616	19
Postage & telephone	283	281	317
Producer levy administration fee	84	80	103
Public relations and advertising	14	10	23
Rent	62	104	147
Staff training	191	155	227
Stakeholder Liaison	37	131	-
Stores, stationery & printing	288	352	252
Travel	853	755	741
Depreciation and amortisation	683	953	945
Total Expenditure	**21,053**	**21,962**	**22,436**
SURPLUS FOR THE YEAR	**810**	**1,969**	**204**

NSW FOOD AUTHORITY
ABN 47 080 404 416

NSW Food Authority Consolidated Economic Entity

Supplementary Financial Information

2. 2010/11 INCOME AND EXPENDITURE BUDGET

The 2010/11 budget information represents the original operating budget for the NSW Food Authority for the period, depicting a surplus of $810,000. This was a result of funding received from government for the upgrade of Byte, the Authority's client management system. Expenditure on this upgrade was capitalised. The actual operating result for the entity was a surplus of $1,969,000 as a result of actual revenue exceeding that budgeted.

Actual total Food Authority income is $23,931,000 and exceeds budgeted income of $21,863,000 by $2,068,000 due to the recognition of an increment which was not forecast of $929,000 on revaluation of the NSW Food Authority's superannuation deposits by the funds actuary and an increase in of $1,102,000 in actual audit and inspection revenue compared to budget as a result of audit revenue received for the first time from vulnerable population licensees.

Actual total Food Authority expenditure is $21,962,000 and exceeds budgeted expenditure of $21,053,000 by $909,000 due to expenditure in the following areas exceeding budget by the amounts indicated:

- an unbudgeted $671,000 loss recognised on the transfer of Milk Marketing (NSW) Pty Limited to the NSW Department of Primary Industries, a division of NSW Department of Trade and Investment, Regional Infrastructure and Services during 2010/11,
- $657,000 for contractors charges. Approximately $360,000 was spent during the year on IT network and communications charges, and
- legal fees of $395,000.

3. ACCOUNTS PAYABLE

NSW Food Authority payment performance indicators.

Aged Analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2010-11 by the Authority. Also included is the time these documents were paid, in relation to due date.

Quarter	Current (i.e. within due date) $	Less than 30 days overdue $	Between 30 and 60 days overdue $	Between 60 and 90 days overdue $	More than 90 days overdue $
September 2010	111,476	1,059,669	460,943	63,986	16,136
December 2010	364,405	1,035,414	53,013	1,043	37,038
March 2011	343,829	191,235	23,824	6,621	27,541
June 2011	495,332	893,100	40,691	6,036	4,964
	1,315,042	3,179,418	578,471	77,686	85,678

The Authority's corporate service provider, NSW Department of Trade and Investment, Regional Infrastructure and Services has advised that due to the manner in which the financial management system reports payment analysis, it is considered that payments in the 'less than 30 days overdue' category are also paid on time.

Accounts paid on time within each quarter

Below is a schedule indicating the percentage of payments paid 'on time' as compared to the Authority's target.

Quarter	Total Accounts Paid on Time Target %	Actual %	Actual $	Total Amount Paid $
September 2010	90.00%	68.40%	1,171,145	1,712,210
December 2010	90.00%	93.89%	1,399,819	1,490,912
March 2011	90.00%	90.22%	535,064	593,050
June 2011	90.00%	96.41%	1,388,432	1,440,122

NSW FOOD AUTHORITY
ABN 47 080 404 416

Supplementary Financial Information

For the full 2010-11 financial year 85.83% of all accounts were paid on time.

All accounts for payment are directed to and processed in the Authority's Orange office. Improvements in the timeliness of account payments may be expected in future years.

In addition:

- There were no instances of penalty interest being paid or incurred during 2010-11.
- There were instances of supplier's enquiries regarding late payments.
- Invoices were generally entered into the accounting system within one week of receipt of the invoice by the Accounts Payable Section.

These indicators will continue to be monitored during 2011-12 and future years to ensure the Authority' payment performance continues to improve.

4. MAJOR ASSETS

Property held by the NSW Food Authority

	At Cost	At Valuation	WDV	WDV
	2011 $'000	2011 $'000	2011 $'000	2010 $'000
Taree Office	-	600	575	600
Sydney Office	-	8,000	7,740	8,000
Total property held	-	**8,600**	**8,315**	**8,600**

5. CREDIT CARD USE

I certify that credit card use in 2010/11 in the NSW Food Authority and in Milk Marketing (NSW) Pty Limited from 1 July 2010 until 2 March 2011 has been in accordance with Premier's Memoranda and Treasurer's Directions.

A W Coutts
Chief Executive Officer
NSW Food Authority

2 Office of the NSW Food Authority

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

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

1. The accompanying Financial Statements consisting of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Notes thereto of the Office of NSW Food Authority, for the financial year ended 30 June 2011 exhibit a true and fair view of the financial position and transactions of the Office of NSW Food Authority.

2. The Financial Statements have been prepared in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

3. Further, I am not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.

Mark Paterson

Mark I Paterson AO
Director-General
Office of the NSW Food Authority

19 October 2011

AUDITOR-GENERAL
NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Office of the New South Wales Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the New South Wales Food Authority (the Office), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director-General's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director-General, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

P Barnes

Peter Barnes
Director, Financial Audit Services

20 October 2011
SYDNEY

Office of the Food Authority
ABN 53 410 560 411

START OF AUDITED FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Revenue from continuing operations			
Personnel services income	4	13,646	13,251
Movement in state superannuation schemes	9(c)	929	618
Total revenue from continuing operations		**14,575**	**13,869**
Expenses from continuing operations			
Employee related expenses	5	13,646	13,251
Total expenses from continuing operations		**13,646**	**13,251**
Net surplus/(deficit) from continuing operations		**929**	**618**
Other comprehensive income			
Actuarial gain/(losses) on defined benefit superannuation	9(c)	**233**	**(1,698)**
Total comprehensive income/(loss) for the year		**1,162**	**(1,080)**

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

Office of the Food Authority
ABN 53 410 560 411

Statement of Financial Position as at 30 June 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	4,385	4,058
Receivables	7	2,694	1,532
Total Current Assets		**7,079**	**5,590**
Non-Current Assets			
Receivables	7	8,982	10,144
Total Non-Current Assets		8,982	10,144
TOTAL ASSETS		**16,061**	**15,734**
LIABILITIES			
Current Liabilities			
Provisions	9	5,432	5,105
Total Current Liabilities		**5,432**	**5,105**
Non-Current Liabilities			
Superannuation Provision	9(c)	8,982	10,144
Total Non-Current Liabilities		**8,982**	**10,144**
TOTAL LIABILITIES		**14,414**	**15,249**
NET ASSETS		**1,647**	**485**
EQUITY			
Reserves		-	-
Accumulated Funds		1,647	485
Total Equity	10	**1,647**	**485**

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

Office of the Food Authority
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Statement of Changes in Equity for the Year Ended 30 June 2011

	Accumulated Funds $'000
Balance at 1 July 2009	**1,565**
Total comprehensive income as reported in the 2010 financial statements	
Net surplus(deficit) for the year	618
Actuarial (losses)/gains on defined benefit superannuation	(1,698)
Balance at 30 June 2010	**485**
Total comprehensive income for the year	
Net surplus(deficit) for the year	929
Actuarial gains/(losses) on defined benefit superannuation	233
Balance at 30 June 2011	**1,647**

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

Office of the Food Authority
ABN 53 410 560 411

Statement of Cash Flows for the Year Ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Cash Flows from Operating Activities			
Payments to suppliers and employees		(13,319)	(12,715)
Income from personnel services		13,646	13,251
Net Cash (Outflow) Inflow from Operating Activities	11	**327**	**536**
Net Cash (Outflow) Inflow from Investing Activities		-	-
Net Cash (Outflow) Inflow from Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalents		327	536
Opening cash and cash equivalents		4,058	3,522
Cash and Cash Equivalents at the end of the year	6	**4,385**	**4,058**

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

Note 1. Summary of significant accounting policies

(a) Reporting entity

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

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

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

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

(b) Statement of preparation

The Office prepares its Financial Statements as a general purpose Financial Statements on an accrual basis to comply with:

- applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and Treasurer's Directions.

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

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

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

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

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

(c) Statement of compliance

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

(d) Segment reporting

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

(e) Revenue recognition

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

(f) Employee benefits

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

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

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

(ii) Long service leave

The Office recognises long service leave liability as a long-term employee benefit. The provision for long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specific in NSWTC 11-4) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

(iii) Superannuation

The Superannuation Schemes for the Office of the NSW Food Authority are:

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

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

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

The superannuation liability is recognised in The Office of the NSW Food Authority. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of The Office employees (refer Note 9(c)). Superannuation liability for defined benefit funds for NSW state employees are actuarially assessed by Pillar Administration prior to each reporting date and are measured at the present value of the estimated future payments.

(g) Goods and services tax (GST)

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

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

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

(h) Receivables

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

These receivables are reviewed on an ongoing basis. When there is objective evidence that the Office will not be able to collect all amounts due, an allowance for doubtful debts is established. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective rate. Bad debts are written off.

(i) Payables

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

Trade payables with no stated interest rate are measured at the original invoice amount where the effect of the discounting is immaterial. Amounts owing to suppliers (which are unsecured) are settled in accordance with Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received.

(j) Provisions

The Office recognises provisions when there are legal or constructive obligations as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Office recognises provisions for employee benefits.

(k) Comparatives

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

(l) New Australian Accounting Standards issued but not effective

At the reporting date, the following accounting standards adopted by the AASB had been issued but not yet effective and have not been early adopted by the Authority. The initial application of these standards will have no material impact on the financial results of the Authority.

AASB newly issued standards

- AASB 10 'Consolidated Financial Statements' (Issued August 2011).
- AASB 11 'Joint Arrangements' (Issued August 2011).
- AASB 12 'Disclosure of Interests in Other Entities' (Issued August 2011).
- AASB 13 'Fair Value Measurement' (Issued September 2011).
- AASB 127 'Separate Financial Statements' (Issued August 2011).
- AASB 128 'Investments in Associates and Joint Ventures' (Issued August 2011).

AASB amending standards

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (Issued July 2011).
- AASB 2011-5 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation' (Issued July 2011).
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' (Issued July 2011).
- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' (Issued August 2011).
- AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' (Issued September 2011).

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

Note 2. General

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

Note 3. Remuneration of auditors

Fees for the audit of the Office of the NSW Food Authority's 2011 financial report were included as part of total audit fees paid to *The Audit Office of New South Wales* by the parent entity, NSW Food Authority.

Note 4. Personnel Services Income

	2011 $'000	2010 $'000
Personnel Services provided to NSW Food Authority	13,646	13,251
Total Personnel Services Income	**13,646**	**13,251**

Note 5. Employee Related Expenses

	2011 $'000	2010 $'000
Salaries and Allowances	10,413	9,746
Superannuation - defined scheme	348	326
Superannuation - accumulated scheme	881	735
Workers Compensation	39	66
Fringe Benefits Tax	27	44
Other Employee Related Expenses	-	102
Annual and Long Service Leave	1,242	1,454
Payroll Tax	696	778
Total Employee Related Expenses	**13,646**	**13,251**

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

Note 6. Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Office of the NSW Food Authority considers cash to be Cash at Bank.

The NSW Food Authority keeps a separate cash at bank ledger account for The Office.

	2011 $'000	2010 $'000
Cash at Bank	4,385	4,058
Total Cash	**4,385**	**4,058**

Note 7. Receivables

	2011 $'000	2010 $'000
Accounts Receivable (receivable from NSW Food Authority)		
Current receivables	2,694	1,532
Non- Current receivables	8,982	10,144
Total Receivables	11,676	11,676

Note 8. Related party information

Related party transactions

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

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

Outstanding balances

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

	2011 $'000	2010 $'000
Current & Non-Current Receivables		
Parent entity (NSW Food Authority)	11,676	11,676
Non-Current Payables		
Parent entity (NSW Food Authority)	-	-

Office of the Food Authority

ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

Note 9. Provisions

Employee benefits and related oncosts:

	2011 $'000	2010 $'000
Current Provisions		
Annual Leave (a)	1,539	1,294
Long Service Leave (b)	3,893	3,811
Total Current Provisions	**5,432**	**5,105**
Non-Current Provisions		
Superannuation Provisions (c)	8,982	10,144
Total Non-current Provisions	**8,982**	**10,144**
Total Provisions	**14,414**	**15,249**

Note 9. (a) Annual leave

The liability at 30 June 2011 was $1,539,023 (2010 - $1,293,896). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is $1,154,267 (2010 - $970,422) and $384,756 (2010 - $323,474) after twelve months.

	2011 $'000	2010 $'000
Leave taken and entitlement for the year are as follows:		
Balance at beginning of the financial year	1,294	1,476
Less: Value of leave taken during the year	(662)	(1,026)
	632	450
Add: Value of increased entitlement during the year	907	844
Balance at the end of the financial year	1,539	1,294

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

Note 9. (b) Long Service Leave

The total liability at 30 June 2011 was $3,893,191 (2010 - $3,811,273).

The value of long service leave expected to be taken within twelve months is $3,698,531 (2010 - $3,620,709) and $194,660 (2010 - $190,564) after twelve months.

This liability comprises:

	2011 $'000	2010 $'000
Short term - expected to be settled within 12 months	3,698	3,621
Long term - not expected to be settled within 12 months	195	190
Balance at the end of the financial year	3,893	3,811

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

Note 9 (c) Superannuation

Accounting policy

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

Fund information

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

State Authorities Superannuation Scheme (SASS)
State Superannuation Scheme (SSS)
Police Superannuation Scheme (PSS)
State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of partly funded defined benefit obligations at beginning of the year	3,731	3,221	903	899	44,418	41,873
Current service cost	126	133	42	44	83	113
Interest cost	191	178	45	48	2,235	2,278
Contributions by Fund participants	62	68	-	-	89	117
Actuarial (gains) / losses	193	195	(3)	62	49	1,670
Benefits paid	95	(64)	39	(150)	(2,430)	(1,634)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	**4,398**	**3,731**	**1,026**	**903**	**44,444**	**44,418**

Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Fair value of Fund assets at beginning of the year	2,815	2,435	620	670	35,472	33,824
Expected return on Fund assets	244	212	52	57	2,956	2,820
Actuarial gains/(losses)	125	39	5	1	342	188
Employer contributions	172	125	54	42	174	157
Contributions by Fund participants	63	68	-	-	89	117
Benefits paid	94	(64)	39	(150)	(2,430)	(1,634)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	**3,513**	**2,815**	**770**	**620**	**36,603**	**35,472**

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2011

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

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of partly funded defined benefit obligations at end of year	4,398	3,731	1,026	903	44,444	44,418
Fair value of Fund assets at end of year	(3,513)	(2,815)	(770)	(620)	(36,603)	(35,472)
Subtotal	885	916	256	283	7,841	8,945
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	**885**	**916**	**256**	**283**	**7,841**	**8,945**

Expense recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
Components Recognised in the statements of comprehensive incomes	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	126	133	42	44	83	113
Interest cost	191	178	45	48	2,236	2,278
Expected return on Fund assets (net of expenses)	(243)	(212)	(52)	(57)	(2,956)	(2,820)
Actuarial losses/(gains) recognised in year	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	74	99	35	36	(637)	(429)

Amounts recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Actuarial (gains)/losses	68	156	(7)	60	(293)	1,482
Adjustment for limit on net asset	-	-	-	-	-	-

Cumulative amount recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Cumulative amount of actuarial (gains)/losses	859	791	170	177	8,266	8,559
Cumulative adjustment for limitation on net asset	-	-	-	-	-	-

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Notes to the Financial Statements
30 June 2011

Fund assets

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

	30-Jun-11	30-Jun-10
Australian equities	33.4%	31.0%
Overseas equities	29.5%	26.8%
Australian fixed interest securities	5.7%	6.1%
Overseas fixed interest securities	3.1%	4.3%
Property	9.9%	9.5%
Cash	5.1%	9.6%
Other	13.3%	12.7%

Fair value of Fund assets

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

Expected rate of return on assets

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

Actual return on Fund assets

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Actual return on Fund assets	260	230	57	58	2,920	3,051

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

a) Valuation method

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

b) Economic Assumptions

	30-Jun-11	30-Jun-10
Salary increase rate (excluding promotional increases)	3.5% pa	3.5% pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.6% pa	8.6% pa
Discount rate	5.28% pa	5.17% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2011 are those that were used in the 2009 triennial actuarial valuation. The triennial report is available from The Treasury website.

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Notes to the Financial Statements
30 June 2011

Historical information

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	4,398	3,731	1,026	903	44,444	44,418
Fair value of Fund assets	(3,513)	(2,815)	(770)	(620)	(36,603)	(35,472)
(Surplus)/Deficit in Fund	885	916	256	283	7,841	8,945
Experience adjustments – Fund liabilities	193	195	(3)	62	49	1,670
Experience adjustments – Fund assets	(125)	(39)	(5)	(1)	(342)	(188)

	SASS		SANCS		SSS	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
	$'000	$'000	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	3,221	3,096	899	876	41,873	35,817
Fair value of Fund assets	(2,435)	(2,330)	(670)	(740)	(33,824)	(40,135)
(Surplus)/Deficit in Fund	786	766	229	136	8,049	(4,318)
Experience adjustments – Fund liabilities	(420)	298	(26)	3	6,414	(709)
Experience adjustments – Fund assets	416	260	127	122	7,000	6,322

	SASS	SANCS	SSS
	30-Jun-07	30-Jun-07	30-Jun-07
	$'000	$'000	$'000
Present value of defined benefit obligation	2,740	844	36,965
Fair value of Fund assets	(2,494)	(813)	(45,520)
(Surplus)/Deficit in Fund	246	31	(8,555)
Experience adjustments – Fund liabilities	87	28	(3,602)
Experience adjustments – Fund assets	(171)	(46)	(2,632)

Expected contributions

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Expected employer contributions to be paid in the next reporting period	118	128	45	50	142	188

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Notes to the Financial Statements
30 June 2011

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2011 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
	$'000	$'000	$'000	$'000	$'000	$'000
Accrued benefits	4,045	3,393	933	808	32,973	32,275
Net market value of Fund assets	(3,513)	(2,815)	(770)	(620)	(36,603)	(35,472)
Net (surplus)/deficit	531	578	163	188	(3,631)	(3,197)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10	30-Jun-11	30-Jun-10
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

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

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund were:

Weighted-Average Assumptions		
	30-Jun-11	30-Jun-10
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

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

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

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Notes to the Financial Statements
30 June 2011

Note 10. Equity

Accumulated Funds	2011 $'000	2010 $'000
Balance at beginning of financial year	485	1,565
Profit / (Loss) for the year	929	618
Actuarial gains (losses)	233	(1,698)
Balance at end of financial year - accumulated funds	**1,647**	**485**

Note 11. Reconcilliation of net cash provided by operating activities to operating result

	2011 $'000	2010 $'000
Operating Result	929	618
Actuarial gains (losses) and adjustment for limit on net asset	233	(1,698)
Decrease /(Increase) in Superannuation	(1,162)	1,080
(Decrease) / Increase in Provisions	327	536
Net Cash Flows From Operating Activities	327	536

Note 12. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2011 (2009/10 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2011 (2009/10 nil).

Note 13. Contingent liabilities and contingent assets

The Office has no material contingent assets or contingent liabilitties at 30 June 2011 (2009/10 nil).

Note 14. Subsequent events

There have been no events subsequent to balance sheet date.

Note 15. Segment Information

The Office operates in Australia.

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Notes to the Financial Statements
30 June 2011

Note 16. Financial instruments

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

The Office's main risks arising from financial instruments are outlined below, together with the Office's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statements.

The Director-General has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Office, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
			2011	**2010**
			$'000	**$'000**
Class:				
Cash	6	N/A	4,385	4,058
Receivables[1]	7	Loans and receivables (at amortised cost)	-	-
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]		Financial liabilities measured at amortised cost	-	-

Notes
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

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Notes to the Financial Statements
30 June 2011

(b) Credit Risk

Credit risk arises when there is the possibility of the Office's debtors defaulting on their contractual obligations, resulting in a financial loss to the Office. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Office, cash and receivables. No collateral is held by the Office. The Office has not granted any financial guarantees. Credit risk associated with the Office's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand. Interest is earned on daily bank balances.

(c) Liquidity risk

Liquidity risk is the risk that the Office will be unable to meet its payment obligations when they fall due. The Office continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2009/10 - 0%)

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Notes to the Financial Statements
30 June 2011

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Office has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Office operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2009. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carring Amount $'000	-1% Result $'000	Equity $'000	1% Result $'000	Equity $'000
2011					
Financial assets					
Cash and cash equivalents	4,385	(44)	-	44	-
2010					
Financial assets					
Cash and cash equivalents	4,058	(41)	-	41	-

(e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statements of Financial Position approximates the fair value, because of the short-term nature of the financial instruments.

END OF AUDITED FINANCIAL STATEMENTS

3 Milk Marketing (NSW) Pty Limited

DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

Pursuant to the *Public Finance and Audit Act 1983* the Directors of the Company declare on behalf of the Company that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Milk Marketing (NSW) Pty Limited as at 30 June 2011.

2. The statements have been prepared in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Dapto

This 17th day of October, 2011 in

accordance with a resolution of the Directors.

Director

R. G. Grey

Signed at Newington

This 17th day of October, 2011 in

accordance with a resolution of the Directors.

Director

P. S. Sutherland

AUDITOR-GENERAL NEW SOUTH WALES

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Milk Marketing (NSW) Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Milk Marketing (NSW) Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

P Barnes

Peter Barnes
Director, Financial Audit Services

20 October 2011
SYDNEY

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

START OF AUDITED FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 30 June 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Investment Revenue		29,505	24,711
Total revenue from continuing operations		29,505	24,711
Expenses from continuing operations			
Consultants		16,919	-
Contractors		130,102	41,595
External Audit Fees	3	1,920	1,840
Miscellaneous Expenses		149	2,640
Storage & Retrieval		2,359	4,706
Subscriptions		5,800	4,395
Stakeholder Liaison		2,460	18,857
Grants & Sponsorship		3,964	40,279
Travel		4,523	11,929
Total expenses from continuing operations		168,196	126,241
Surplus (Deficit) before income tax		(138,691)	(101,530)
Income tax expense	1(g)	-	-
Operating result from continuing operations		(138,691)	(101,530)
Net operating result for the year		(138,691)	(101,530)
Operating result attributable to the members of Milk Marketing (NSW) Pty Limited	7	(138,691)	(101,530)

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

Milk Marketing (NSW) Pty Limited
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Statement of Financial Position for the year ended 30 June 2011

	Notes	2011	2010
		$	$
Current assets			
Cash and cash equivalents	4	625,276	756,309
Receivables	5	18,636	9,290
Total current assets		643,912	765,599
Total assets		643,912	765,599
Current liabilities			
Payables	6	42,587	25,583
Total current liabilities		42,587	25,583
Total liabilities		42,587	25,583
Net assets		601,325	740,016
Equity			
Issued Capital	14	2	2
Accumulated Funds	7	601,323	740,014
Total equity		601,325	740,016

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

Milk Marketing (NSW) Pty Limited

ABN 67 003 830 902

Statement of Changes in Equity for the year ended 30 June 2011

	Issued Capital $	Accumulated Funds $	Total Equity $
Balance at 1 July 2009	2	841,544	841,546
Total comprehensive income (loss) for the year	-	(101,530)	(101,530)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2010	2	740,014	740,016
Total comprehensive income (loss) for the year	-	(138,691)	(138,691)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2011	2	601,323	601,325

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

Milk Marketing (NSW) Pty Limited

ABN 67 003 830 902

Statement of Cash Flows for the year ended 30 June 2011

	Notes	2011 $	2010 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(160,538)	(163,811)
Interest received		29,505	24,710
Net Cash (Outflow) Inflow from Operating Activities	15	(131,033)	(139,101)
Net Cash (Outflow) Inflow from Investing Activities		-	-
Net Cash (Outflow) Inflow from Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalents		(131,033)	(139,101)
Cash and Cash Equivalents at the beginning of the year		756,309	895,410
Cash and Cash Equivalents at the end of the year	4	625,276	756,309

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

Milk Marketing (NSW) Pty Limited

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Notes to the Financial Statements
30 June 2011

Note 1. Summary of significant accounting policies

Reporting Entity

Milk Marketing (NSW) Pty Limited was incorporated on 27 June 1989 and began trading at that date. Its principle activity was the promotion of milk and dairy products in NSW on behalf of SafeFood. The company ceased all marketing activities at 30 June 2000 and continued as a subsidiary of the NSW Food Authority (the Authority) up until the transfer of ownership on 2 March 2011 to the NSW Department of Primary Industries (a division of the Department of Trade & Investment, Regional Infrastructure & Services). All remaining funds continue to be used for the benefit of the NSW dairy industry.

Due to the transfer, the company's Financial Statements were no longer consolidated in the Authority's Financial Statements as at 30 June 2011. In accordance with *AASB 127 Consolidated and Separate Financial Statements*, the company's resulting loss for the period 1 July 2010 up until the time of transfer were recognised in the Authority's Financial Statements. The Authority also derecognised the assets and liabilities of the company at their carrying amounts at the date when control was lost. The transfer of ownership resulted to a loss to the Authority in the amount of $671,111. The company's Financial Statements are consolidated with NSW Department of Primary Industries (a division of the Department of Trade & Investment, Regional Infrastructure & Services) commencing 3 March 2011.

The following is Milk Marketing's financial statements at the time of transfer:

Statement of Comprehensive Income for the period ended 02 March 2011

	$
Revenue from continuing operations	
Investment Revenue	20,272
Total revenue from continuing operations	**20,272**
Expenses from continuing operations	
Contractors	47,290
Miscellaneous expenses	12,407
Storage and retrieval	14,868
Subscriptions	900
Stakeholder Liaison	1,869
Grants & Sponsorship	2,964
Travel	8,877
Total expenses from continuing operations	**89,175**
Net operating result for the period	**(68,903)**

Statement of Financial Position as at 02 March 2011

	$
ASSETS	
Current Assets	
Cash and cash equivalents	663,050
Receivables	8,379
Total Current Assets	
Total Assets	**671,429**
LIABILITIES	
Current Liabilities	
Payables	316
Total Current Liabilities	**316**
Total Liabilities	**316**
Net Assets	**671,113**

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

Loss was recognised in the Authority's Financial Statements as a result of the transfer as follows:

	$
Loss on transfer	
Total consideration received	2
Fair value of identifiable net assets	(671,113)
Loss on transfer	**(671,111)**

The Financial Statements were authorised for issue by the Directors on the date on which accompanying Directors' Statement was signed.

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards which include Australian Accounting Interpretations, and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The Financial Statements have been prepared on an accruals basis and is based on historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Statement of compliance

The Financial Statements comply with Australian Accounting Standards which includes Australian Accounting Interpretations. The Financial Statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities. Milk Marketing (NSW) Pty Limited (the company) is a not-for-profit entity.

Significant accounting policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the Financial Statements.

a) Significant revenues & expenses

Where an item of revenue or expense is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

b) Revenue recognition

Income is measured at fair value of the consideration or contribution received or receivable.

Other revenue

Revenue is recognised when the company has control of the good or right to receive; it is probable that the economic benefit will flow to the company; and the amount of revenue can be measured reliably.

Interest

Interest revenue is recognised as it accrues.

Milk Marketing (NSW) Pty Limited
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Notes to the Financial Statements
30 June 2011

c) Cash assets

Cash includes deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the Statements of Financial Position.

e) Payables

The company carries liabilities for trade creditors and other payables, which are initially recognised at fair value, usually based on the transaction cost or face value. The accounts are usually settled on the creditors trading terms.

f) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of comprehensive income of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the rises specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the statements of comprehensive income.

g) Income tax

The Company is exempt from Commonwealth income tax pursuant to section 24AO of the Income Tax Assessment Act 1936. Under this exemption, the company is classified as a State / Territory Body.

h) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the Statement of Financial Position and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(i) New Australian Accounting Standards issued but not effective

At the reporting date, the following accounting standards adopted by the AASB had been issued but not yet effective and have not been early adopted by the company. The initial application of these standards will have no material impact on the financial results of the company.

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

AASB newly issued standards

- AASB 10 'Consolidated Financial Statements' (Issued August 2011).
- AASB 11 'Joint Arrangements' (Issued August 2011).
- AASB 12 'Disclosure of Interests in Other Entities' (Issued August 2011).
- AASB 13 'Fair Value Measurement' (Issued September 2011).
- AASB 127 'Separate Financial Statements' (Issued August 2011).
- AASB 128 'Investments in Associates and Joint Ventures' (Issued August 2011).

AASB amending standards

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (Issued July 2011).
- AASB 2011-5 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation' (Issued July 2011).
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' (Issued July 2011).
- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' (Issued August 2011).
- AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' (Issued September 2011).

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

Note 2. General

The company is administered by staff employed by the Office of the NSW Food Authority, a special purpose services entity controlled by NSW Food Authority.

	2011	2010
	$	$
Note 3. Remuneration of auditors		
Fees paid to *The Audit Office of New South Wales*		
Audit of financial reports	1,920	1,840
Note 4. Cash and cash equivalents		
Cash at bank and in hand	625,276	756,309
Reconciliation to cash at the end of the year		
The above figures are reconciled to cash at the end of the year as shown in the Statements of Cash Flows as follows:		
Balance per Statements of Financial Position (as above)	625,276	756,309
Balance per Statements of Cash Flows	625,276	756,309
Note 5. Receivables		
Accounts Receivable	724	724
GST receivable	17,763	6,636
Other receivables	149	1,930
	18,636	9,290

Milk Marketing (NSW) Pty Limited
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Notes to the Financial Statements
30 June 2011

	2011	2010
	$	$
Note 6. Payables		
Amounts payable to parent entity	-	14,625
Payables and accrued expenses	42,587	10,958
	42,587	25,583
Note 7. Accumulated Funds		
Balance at beginning of financial year	740,014	841,544
Surplus (Deficit) for the year	(138,691)	(101,530)
Balance at end of financial year	601,323	740,014

Note 8. Related party information

Share transactions of directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company	-	-

Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Outstanding balances

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

Current Receivables		
Parent entity	-	-
Current Payables		
Parent entity	-	14,625

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

Note 9. Responsible persons and executive officers

Directors

The names of directors who have held office during the financial year were:
G R Davey
R G Grey
P S Sutherland

The above persons have been in office since the start of the financial year unless otherwise stated.

The company was a wholly owned subsidiary of NSW Food Authority up until the transfer of ownership on 2 March 2011 to NSW Department of Primary Industries (Division of Department of Trade & Investment, Regional Infrastructure & Services).

	2011	2010
	$	$
Directors' remuneration		
Income paid or payable or otherwise made available, to all directors from the company and any related parties	-	-

	Number 2011	Number 2010
Number of directors whose income was within the following bands:		
Nil to $9,999	3	3

The company does not employ any executive personnel.

Note 10. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2011 (2009/2010 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2011 (2009/2010 nil).

Note 11. Contingent liabilities and contingent assets

The company has no material contingent assets or contingent liabilities at 30 June 2011 (2009/2010 nil).

Note 12. Subsequent events

There have been no events subsequent to balance sheet date.

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

Note 13. Segment Information

The company operates in one industry, being the dairy industry and in one geographical location, being New South Wales.

Note 14. Accumulated Funds	**2011**	**2010**
	$	**$**
Issued and Fully Paid:		
2 ordinary shares of $1.00 each	**2**	**2**

Note 15. Reconcilliation of net operating result for the year after income tax to net cash flows from operations

	2011	2010
Surplus (Deficit) for the year	**(138,691)**	**(101,530)**
Change in operating assets and liabilities		
(Increase)/Decrease in receivables	**(9,346)**	**(2,632)**
Increase/(Decrease) in payables and other liabilities	**17,004**	**(34,939)**
Net cash provided by/(used in) operating activities	**(131,033)**	**(139,101)**

Milk Marketing (NSW) Pty Limited
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Notes to the Financial Statements
30 June 2011

Note 16. Financial instruments

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

The company's main risks arising from financial instruments are outlined below, together with the company's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the company, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	**Note**	**Category**	**Carrying Amount 2011 $**	**Carrying Amount 2010 $**
Class:				
Cash and cash equivalents	4	N/A	625,276	756,309
Receivables[1]	5	Loans and receivables (at amortised cost)	724	724
Financial Liabilities	**Note**	**Category**	**Carrying Amount**	**Carrying Amount**
Class:				
Payables[2]	6	Financial liabilities measured at amortised cost	42,587	25,583

Notes
1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

Milk Marketing (NSW) Pty Limited
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Notes to the Financial Statements
30 June 2011

(b) Credit Risk

Credit risk arises when there is the possibility of the company's debtors defaulting on their contractual obligations, resulting in a financial loss to the company. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the company, cash and receivables. No collateral is held by the company. The company has not granted any financial guarantees. Credit risk associated with the company's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand. Interest is earned on daily bank balances.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectibility of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the company will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors.

The Company is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2011:nil; 2010: nil) and not less than 6 months past due (2011: 724 ; 2010: 724) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

	Total[1,2]	Past due but not impaired[1,2]	Considered impaired[1,2]
2011	**$'000**	**$**	**$**
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	724	724	-
2010	**$'000**	**$**	**$**
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	724	724	-

Notes

1. Each column in the table reports 'gross receivables'.

2. The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statements of financial position.

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

(c) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due. The company continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

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

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

Maturity analysis and interest rate exposure of financial liabilities

			$					
			Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2011								
Payables	-	42,587	-	-	42,587	42,587	-	-
		42,587	-	-	42,587	42,587	-	-
2010								
Payables	-	25,583	-	-	25,583	25,583	-	-
		25,583	-	-	25,583	25,583	-	-

Milk Marketing (NSW) Pty Limited
ABN 67 003 830 902

Notes to the Financial Statements
30 June 2011

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2010. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount	-1%		1%	
		Result	Equity	Result	Equity
	$	$	$	$	$
2011					
Financial assets					
Cash	625,276	(6,253)	-	6,253	-
Receivables	724	-	-	-	-
Financial liabilities					
Payables	42,587	-	-	-	-
2010					
Financial assets					
Cash	756,309	(7,563)	-	7,563	-
Receivables	724	-	-	-	-
Financial liabilities					
Payables	25,583	-	-	-	-

(e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statements of Financial Position approximates the fair value, because of the short-term nature of the financial instruments.

END OF AUDITED FINANCIAL STATEMENTS

4 Pacific Industry Services Corporation Pty Limited

DIRECTORS' STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

Pursuant to the *Public Finance and Audit Act 1983* the Directors of the Company declare on behalf of the Company that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Pacific Industry Services Corporation Pty Limited as at 30 June 2011.

2. The statements have been prepared in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

Further, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Benowa Waters

This 17th day of October, 2011 in

accordance with a resolution of the Directors.

Director

James Richmond Forsyth

Signed at Canberra

This 17th day of October, 2011 in

accordance with a resolution of the Directors.

Director

Frances Edwina Mulhearn

GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Pacific Industry Services Corporation Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Pacific Industry Services Corporation Pty Limited (the Company), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 June 2011, and of its financial performance for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Company
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

Peter Barnes
Director, Financial Audit Services

20 October 2011
SYDNEY

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

START OF AUDITED FINANCIAL STATEMENTS

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Notes	2011 $	2010 $
Revenue from continuing operations			
Investment Revenue		8,541	5,851
Other Revenue		-	239
Total revenue from continuing operations		8,541	6,090
Expenses from continuing operations			
Bank Charges		123	58
Contractors		6,026	3,665
Audit Fees	3	2,112	2,024
Miscellaneous Expenses		-	70
Insurance		3,931	3,931
Total expenses from continuing operations		12,192	9,748
Operating result before income tax expense		(3,651)	(3,658)
Income Tax expense	1(g)	-	-
Operating result from continuing operations		(3,651)	(3,658)
Net operating result for the year		(3,651)	(3,658)
Operating result attributable to the members of Pacific Industry Services Corporation Pty Limited	6	(3,651)	(3,658)

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

Pacific Industry Services Corporation Pty Limited

ABN 36 066 872 302

Statement of Financial Position for the Year Ended 30 June 2011

	Notes	2011	2010
		$	$
Current Assets			
Cash and cash equivalents	4	207,268	208,559
Total Current Assets		207,268	208,559
Total Assets		207,268	208,559
Current Liabilities			
Payables	5	8,743	6,383
Total Current Liabilities		8,743	6,383
Total Liabilities		8,743	6,383
Net Assets		198,525	202,176
Equity			
Issued Capital	13	2,875,267	2,875,267
Accumulated Funds	6	(2,676,742)	(2,673,091)
Total Equity		198,525	202,176

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

Pacific Industry Services Corporation Pty Limited

ABN 36 066 872 302

Statement of Changes in Equity for the Year Ended 30 June 2011

	Issued Capital $	Accumulated Fund $	Total Equity $
Balance at 1 July 2009	2,875,267	(2,669,433)	205,834
Total comprehensive income (loss) for the year	-	(3,658)	(3,658)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2010	2,875,267	(2,673,091)	202,176
Total comprehensive income (loss) for the year	-	(3,651)	(3,651)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2011	2,875,267	(2,676,742)	198,525

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Statement of Cash Flows for the Year Ended 30 June 2011

	Notes	2011 $	2010 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(9,832)	(14,557)
Interest received		8,541	6,292
Other receipts		-	239
Net Cash (Outflow) Inflow from Operating Activities	14	(1,291)	(8,026)
Net Cash (Outflow) Inflow from Investing Activities		-	-
Net Cash (Outflow) Inflow from Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalents		(1,291)	(8,026)
Cash and Cash Equivalents at the beginning of the year		208,559	216,585
Cash and Cash Equivalents at the end of the year	4	207,268	208,559

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2011

Note 1. Summary of significant accounting policies

Reporting Entity

Pacific Analysis Pty Limited was incorporated on 16 December 1994 and commenced operations on 1 March 1995. It changed its name to Pacific Industry Services Corporation Pty Limited on 9 July 1996. The company was established for the purpose of providing laboratory services. These were discontinued in February 2000. On 15 May 2000 all assets except land and buildings were sold to Microtech Laboratories (NSW) Pty Ltd in consideration for a 35% share in that entity. On 1 May 2001, the company's interest in Microtech Laboratories (NSW) Pty Ltd was sold.

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Financial Statements were authorised for issue by the Directors on the date on which accompanying Directors' Statement was signed.

Basis of preparation

The general purpose Financial Statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2010 and Treasurer's Directions.

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The Financial Statements have been prepared on an accruals basis and is based on historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Statement of Compliance

The Financial Statements comply with Australian Accounting Standards which include Australian Accounting Interpretations. The Financial Statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities. Pacific Industry Services Corporation Pty Limited (the company) is a not for profit entity.

Significant accounting policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the Financial Statements.

a) Significant revenues & expenses

Where an item of revenue or expense is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

b) Revenue recognition

Income is measured at fair value of the consideration or contribution received or receivable.

Other Revenue

Revenue is recognised when the Company has control of the good or right to receive; it is probable that the economic benefit will flow to the Company; and the amount of revenue can be measured reliably.

Interest

Interest revenue is recognised as it accrues.

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2011

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

c) Cash assets

Cash includes deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Receivables

Receivables are recognised and carried at the original invoice amount less a provision for any doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A year end review of outstanding debtors was performed and a provision for doubtful debts has been raised for those debts where some doubt as to collection exists. The amount of the provision for doubtful debts is recognised as a deduction to the carrying value of receivables in the Statements of Financial Position.

e) Payables

The company carries liabilities for trade creditors and other payables, which are initially recognised at fair value, usually based on the transaction cost or face value. The accounts are usually settled on the creditors trading terms.

f) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statements of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the rises specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the Statements of Comprehensive Income.

g) Income tax

The Company has been ruled to be a State / Territory body ("STB") exempt from Commonwealth income tax pursuant to section 24AM of the Income Tax Assessment Act 1936 in Private Ruling Authorisation Number 6968 for the purposes of Part IVAA of the Taxation Administration Act 1953. The ruling was given on 1 October 2001 and had retrospective application from the year ended 30 June 1995 to the year ending 30 June 2004.

Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2011 lodged with the Australian Taxation Office has been granted.

h) Goods and services tax

The company is not required to be registered for goods and services tax (GST) with the Australian Taxation Office. Revenues, expenses and assets are recognised inclusive of amounts of GST. Amounts of GST incurred and received are not recovered from or paid to the Australian Taxation Office.

Receivables and payables in the Statements of Financial Position and commitments are shown inclusive of GST.

Cash flows are included in the Statements of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities are classified as operating cash flows.

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2011

(i) New Australian Accounting Standards issued but not effective

At the reporting date, the following accounting standards adopted by the AASB had been issued but not yet effective and have not been early adopted by the company. The initial application of these standards will have no material impact on the financial results of the company.

AASB newly issued standards

- AASB 10 'Consolidated Financial Statements' (Issued August 2011).
- AASB 11 'Joint Arrangements' (Issued August 2011).
- AASB 12 'Disclosure of Interests in Other Entities' (Issued August 2011).
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- AASB 128 'Investments in Associates and Joint Ventures' (Issued August 2011).

AASB amending standards

- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements' (Issued July 2011).
- AASB 2011-5 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation' (Issued July 2011).
- AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements' (Issued July 2011).
- AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' (Issued August 2011).
- AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' (Issued September 2011).

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Notes to the Financial Statements
30 June 2011

Note 2. General

The company is administered by staff employed by the Office of the NSW Food Authority, a special purpose services entity controlled by the parent entity, NSW Food Authority.

	2011	2010
	$	$
Note 3. Remuneration of auditors		
Fees paid to *The Audit Office of New South Wales*		
Audit of Financial Statements	2,112	2,024
Note 4. Cash and cash equivalents		
Cash at bank and in hand	207,268	208,559
Reconciliation to cash at the end of the year		
The above figures are reconciled to cash at the end of the year as shown in the Statements of Cash Flows as follows:		
Balance per Statements of Financial Position (as above)	207,268	208,559
Balance per the Statements of Cash Flows	207,268	208,559

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Notes to the Financial Statements
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	2011	2010
	$	$
Note 5. Payables		
Amounts payable to parent entity (NSW Food Authority)	3,826	3,665
Payables and accrued expenses	4,917	2,718
	8,743	6,383
Note 6. Accumulated Funds		
Balance at beginning of financial year	(2,673,091)	(2,669,433)
Surplus (Deficit) for the year	(3,651)	(3,658)
Balance at end of financial year	(2,676,742)	(2,673,091)

Note 7. Related party information

Share transactions of directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company	-	-

Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Outstanding balances

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

Current Receivables		
Parent entity (NSW Food Authority)	-	-
Current Payables		
Parent entity (NSW Food Authority)	3,826	3,665

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Notes to the Financial Statements
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Note 8. Responsible persons and executive officers

Directors

The names of directors who have held office during the financial year were:
Mr James Richmond Forsyth
Ms Frances Edwina Mulhearn

The above persons have been in office since the start of the financial year unless otherwise stated.

The company is a wholly owned subsidiary of NSW Food Authority.

	2011 $	2010 $
Directors' remuneration		
Income paid or payable or otherwise made available, to all directors from the company and any related parties	-	-

	Number 2011	Number 2010
Number of directors whose income was within the following bands:		
Nil to $9,999	2	2

The company does not employ any executive personnel.

Note 9. Commitments for expenditure

(a) Capital expenditure commitments
There were no commitments for capital expenditure as at 30 June 2011 (2009/2010 nil).

(b) Other expenditure commitments
There were no material expenditure commitments as at 30 June 2011 (2009/2010 nil).

Note 10. Contingent liabilities and contingent assets

The company has no material contingent assets or contingent liabilities at 30 June 2011 (2009/2010 nil).

Note 11. Subsequent events

The Company is in the process of being wound-up. There have been no events subsequent to balance sheet date.

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Notes to the Financial Statements
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Note 12. Segment Information

In 2001, the company predominately operated as a landlord and rented office space mainly to related parties. Following the sale of the company's land and buildings in May 2001, this activity ceased and the company exists in name only.

The company operates in Australia.

Note 13. Equity

	2011	2010
	$	$
Issued and Fully Paid:		
2,875,267 Ordinary shares of $1.00 each	2,875,267	2,875,267

Note 14. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Operating result for the year	(3,651)	(3,658)
Change in operating assets and liabilities		
(Increase)/Decrease in receivables	-	937
Increase/(Decrease) in payables and other liabilities	2,360	(5,305)
Net cash provided by/(used in) operating activities	(1,291)	(8,026)

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Notes to the Financial Statements
30 June 2011

Note 15. Financial instruments

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

The company's main risks arising from financial instruments are outlined below, together with the company's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this Financial Statements.

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the company, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2011 $	Carrying Amount 2010 $
Class:				
Cash and cash equivalents	4	N/A	207,268	208,559

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables[1]	5	Financial liabilities measured at amortised cost	8,743	6,383

Note
1. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

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30 June 2011

(b) Credit Risk

Credit risk arises when there is the possibility of the company's debtors defaulting on their contractual obligations, resulting in a financial loss to the company. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the company, cash and receivables. No collateral is held by the company. The company has not granted any financial guarantees. Credit risk associated with the company's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash
Cash comprises cash on hand. Interest is earned on daily bank balances.

(c) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due. The company continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets.

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

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

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Maturity analysis and interest rate exposure of financial liabilities

			$						
			Interest Rate Exposure				Maturity Dates		
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
2011									
Payables	-	8,743	-	-	8,743		8,743	-	-
		8,743	-	-	8,743	-	8,743	-	-
2010									
Payables	-	6,383	-	-	6,383		6,383	-	-
		6,383	-	-	6,383	-	6,383	-	-

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(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2010. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount	-1%		1%	
		Result	Equity	Result	Equity
	$	$	$	$	$
2011					
Financial assets					
Cash	207,268	(2,073)	-	2,073	-
Financial liabilities					
Payables	8,743	-	-	-	-
2010					
Financial assets					
Cash	208,559	(2,086)	-	2,086	-
Financial liabilities					
Payables	6,383	-	-	-	-

(e) Fair Value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the Statements of Financial Position approximates the fair value, because of the short-term nature of the financial instruments.

END OF AUDITED FINANCIAL STATEMENTS

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