

NSW Food Authority **Annual Report 2005/2006**



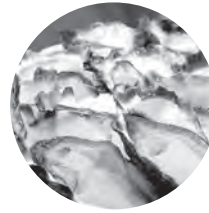
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Part 2 Controlled Entities of the NSW Food Authority

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Our Minister



Over the last year, the NSW Food Authority has spearheaded the NSW Government's commitment to enhancing food safety in the state.

As the only fully integrated food safety agency in Australia, the Authority, on behalf of the NSW Government, works to make sure

food in NSW is safe from 'paddock to plate'.

It does this by working closely with the food industry and undertaking science research and policy development. Recognised at a national and international level, the Authority is an innovator in food safety, with the ultimate beneficiary being NSW consumers.

The last 12 months have seen a significant amount of work and challenges as the Authority seeks to improve food safety and standards through its ongoing surveys, compliance, enforcement and surveillance work.

I am also pleased to say the NSW Government has allocated \$1.58 million to a new local government partnership that will further boost consumer food safety and enable authorities to respond more quickly to food emergencies and recalls.

This will help stamp out duplication and inefficient allocation of resources across NSW in the campaign against unsafe and incorrectly labelled food.

The Authority has also moved ahead with its consumer education and engagement agenda, with a number of important initiatives in this area.

For example, making sure consumers know where their food comes from and that it is correctly labelled is a priority. A series of campaigns targeting blackmarket seafood labelling, coupled with routine surveillance has underpinned the Government's aim of ensuring NSW consumers are not misled about the origin of their food.

Another important area was the continuing crackdown on the illegal use of sulphur dioxide in fresh mince. As a result of ongoing work with industry, the illegal use of sulphur dioxide to disguise old and sub-standard mince plummeted from 58 percent of retail butchers tested in October 2004 to about 2.5 percent per month in 2005/06.

The Authority has also continued identifying potential high-priority food areas that need special attention to help food businesses identify risks and reduce them. A series of information 'roadshows' were held around NSW to provide important details about a new scheme to make sure patients/residents in hospitals and aged care facilities continue to get safe food.

Just as important is the close working relationship the Authority enjoys with industry. In December 2005, I launched a new industry newsletter, *Foodwise*, that regularly updates industry stakeholders about emerging issues and regulatory developments.

I am confident the Authority will continue to work closely with stakeholders across industry and the community to achieve the common goal of improving food safety for everyone in NSW over the next year.

The Hon. Ian Macdonald MLC
NSW Minister for Primary Industries

Letter of Submission



31 October 2006

The Hon Ian Macdonald MLC
NSW Minister for Primary Industries
Level 33
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister

I am pleased to submit the Annual Report and consolidated financial statements of the NSW Food Authority and its private subsidiary corporations, Milk Marketing (NSW) Pty Limited and Pacific Industry Services Corporation Pty Limited for the year ended 30 June 2006.

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

Yours sincerely

A handwritten signature in black ink, appearing to read "George Davey".

George Davey
Director-General



Our Director-General



In reflecting on our work over the past 12 months, it is pleasing to note the substantial progress that has been made since April 2004, when the Authority became Australia's first and only integrated food safety agency. While our primary role of safeguarding NSW consumers by ensuring the safety of the food they eat continues, how we deliver on that has been changing over the past year.

With increasing responsibilities and national and international recognition of the Authority as a leader in food safety, we face new challenges on delivering a range of services to all our stakeholders – consumers, industry, local government and other government agencies. Organisational change, particularly in relation to how our staff respond to emerging and ongoing issues, has been a key focus of 2005/06. Importantly, over the past year, we have taken the step of moving away from directly undertaking all activities ourselves, with its high investment in resources and time, to 'enabling' others to act on our behalf, relieving our limited resources for dealing with the more complex issues. This Annual Report records how we have met these challenges.

Addressing organisational change

The Authority has always had a positive approach to change. During 2005/06, it became apparent that we needed to prepare for change in a structured way. The Executive, together with our staff, developed a Master Change Plan, which captured existing and new projects that needed completing in the next few years to help us develop as an organisation. It identified nine broad areas of work: through-chain risk management, enforcement, consumer education, financial management, national projects and processes, human resources management, communication, information management and knowledge management. As a result, 38, mainly interlinked, projects or work programs were identified.

“The primary responsibility of the Authority is to ensure that the food eaten by the NSW community is safe.”

The Master Change Plan led to the development of a new Three-Year Strategic Plan, which identified 12 milestones the Authority needs to achieve by June 2007 to help us to reach our ‘enabling’ goals by 2009. These form our strategic priorities for the next 18 months.

Focussing on risk and building partnerships

The key food safety equation in NSW is that 115 Authority staff are responsible for regulating around 55,000 food businesses. The Authority is seeking to meet this challenge by pursuing two important strategies.

First, we are adopting a risk based approach to our work. This has been assisted by the Authority during the year leading the development of a national Priority Risk Classification System, with funding from the Commonwealth Department of Health and Ageing. With this system, food businesses can be allocated into one of four priority categories, depending on their food safety risk profile. For example, a newsagency which sells packaged confectionery and snacks has a much lower risk profile than a manufacturer of fermented salamis.

The Authority recognises it must concentrate its resources on food activities which, if left unchecked or unregulated, could adversely impact on public health. The new classification system means we can assign risk ratings to food businesses and concentrate our activities on the high-risk food industries.

The second strategy is to move away from a focus on direct regulation of the entire food chain with limited resources – as a ‘doer’ – to one of facilitating and supporting regulation in partnership with others – as an ‘enabler’. We have started the transition and I am confident it will lead to positive outcomes that will ultimately benefit the consumer. New partnerships and other innovative schemes will help us balance the food safety equation in our favour so we can continue to ensure that food in NSW is safe and correctly labelled.

Working with local government

We cannot, of course, become enablers without enabling others to help us. A key partner for the Authority in delivering an effective food regulatory role is local government. The Authority and its predecessor organisations have enjoyed a strong and cooperative working relationship with local government for many years.

To further strengthen our relationship and deliver even better outcomes for NSW, the Authority has developed a new partnership model in consultation with local government. The new model ensures all councils in NSW undertake a food regulatory role, according to their capacity and resources. This will deliver greater coordination and eliminate duplication, and means that authorities can respond even faster to food emergencies and recalls. In a major funding boost from Government, the Authority received \$1.58 million for 2006/07 to begin implementation of the new partnership model.

Third-party audit arrangements

Pivotal to us becoming an enabler is the move towards a third-party audit system for the high-risk food businesses. During the year, the Authority played a lead role in the development of a national framework for auditor management, now nearing completion. We also further developed our plans for a NSW system which will align with the national framework.

Under this arrangement, the Authority will be able to grant approval to external auditors with the qualifications, skills and knowledge in food safety auditing to conduct food regulatory audits on the Authority’s behalf. The new system will be closely monitored to ensure that the Authority’s high standards are reflected and maintained by third-party auditors.

“The Authority is currently developing models which will see private sector auditors and local government officers become part of a coordinated food regulatory system.”

Putting consumers first

The images in this annual report, especially of the Executive sharing a meal together, illustrates that the people who work for the Authority are consumers too. We want people to enjoy food more and worry about it less. In doing this, we will not compromise on acting in the best interests of the consumer. Accordingly, acting in the public interest in relation to inspection and enforcement functions and dealing with food safety incidents is the touchstone giving direction to our work.

This approach was well illustrated during the year, when elevated levels of dioxins were detected in Sydney Harbour prawns and fish. This presented the Authority with a complex and difficult food safety issue, which received sustained and highly emotive media coverage. The Authority, under enormous pressure, worked cooperatively with all stakeholders to ensure that the health of NSW consumers was not jeopardised.

To assist in the management of this issue, the Authority immediately established an expert panel of Australia's leading toxicologists to provide independent advice, based on sound and robust science. The panel concluded that fish and prawns from Sydney Harbour should not be consumed on a regular basis. On advice from the Authority, the Minister for Primary Industries, the Hon. Ian Macdonald, accepted the panel's advice and commercial fishing in Sydney Harbour was banned.

The manner in which this issue was handled clearly demonstrated that the Authority will not compromise on public health and safety, even when the consequences of our actions can have a severe economic impact on a sector of industry, in this case, the closing down of a small but viable commercial fishery.

New scheme development

To facilitate the continued development of new food safety schemes for high-priority food industries, a major

initiative was introduced this year to ensure affected food businesses were supported with information and education materials.

A series of information 'roadshows' were rolled out across NSW to show hospital and aged care facility staff how new food safety schemes will affect them, and how to introduce specialised food safety programs to keep patients free from foodborne illness. The roadshows attracted 1,200 industry attendees and feedback from participants was overwhelmingly positive.

In other developments, an Egg Food Safety Scheme was prepared and is likely to be gazetted in late 2006. Scheme development processes were ongoing for businesses serving food to vulnerable persons (including hospitals, aged care, meals on wheels and childcare facilities) as well as businesses catering to the general population.

Engagement in national policy and standard setting process

The Authority continued its commitment to a national food regulatory system and was an active participant in the development and implementation of a wide range of national policy and standards and took the lead role in a number of key areas. For example, the Authority chairs a working group, established by the Food Regulation Standing Committee (FRSC), the role of which is to facilitate development of FRSC's strategic outlook and future work priorities. The working group seeks to clearly define the purpose/objectives of the national food regulatory system and establish the guiding principles which should underpin and drive the system.

Better regulation

We are always mindful of industry's concerns about unnecessary red tape and while some regulation is clearly necessary, we are also prepared to reduce regulatory burdens where and when we can. With this in mind, four separate regulations covering food safety schemes for the

meat, dairy, seafood and plant products sectors were consolidated into one regulation, Food Regulation 2004. This consolidated regulation established uniform arrangements for licensing, the certification of food safety programs and the review of decisions made by the Authority, across the various food sectors where food safety schemes existed.

Separately, the Authority also canvassed the views of industry stakeholders about our performance across a range of service measures. This information will be used to determine if our services to industry can be improved or enhanced. Initiatives such as these will ensure that we can deliver our services to industry in a more timely and cost-efficient manner and that they are well received.

Food safety campaigns

I am pleased to report the Authority mounted a series of highly successful food safety campaigns during the past year, focusing on blackmarket fishing, fish labelling, the illegal use of sulphur dioxide in retail meat premises and food hygiene in takeaway food outlets.

The Authority joined forces with the NSW Department of Primary Industries as part of a NSW Government crackdown on incorrectly labelled and blackmarket fish. Between February and May, Authority officers checked 293 restaurants, seafood retailers, wholesalers, processors and commercial fishers from Tweed Heads to Eden. The operation resulted in 255 offences under the Food Act 2003.

One of the success stories of these campaigns has been the crackdown on the illegal use of sulphur dioxide to disguise old and sub-standard mincemeat. Ongoing surveillance and education resulted in infringement cases plummeting from 58 percent the year before to just 2.5 percent on a monthly basis. Authority inspectors now routinely check up to several hundred butchers and supermarkets each month for illegal use of sulphur dioxide.

Our staff were also out on the highways, ensuring takeaway food outlets continue to serve safe food. Of the

food outlets inspected along major highways, 87 percent passed rigorous inspection.

Consumer education

Consumer education remains an important part of our mandate to ensure the safety of the food supply across NSW. Educating consumers, the end users of food, represents the final prong in our 'Paddock to Plate' strategy.

The Authority's first major campaign dealt with misconceptions about mercury in fish and provided consumers with healthy fish consumption messages. The campaign was an outstanding success, receiving a national public affairs award for excellence. The Golden Target Award recognises excellence, best practice and professionalism in public relations.

The Sydney Royal Easter Show is another major opportunity to reach out to consumers and the Authority's new look stand at the 2006 Show attracted many thousands of visitors over the two-week event. The theme was 'Keep It Cool', highlighting the importance of keeping perishable foods cool to prevent the growth of pathogens. Three new mascots were launched at the show: Chilly the Penguin (Keep It Cool!); Fiery the Dragon (Heat It Up!) and Squeaky Clean the Platypus (Keep It Clean!).

Listening and responding to stakeholder feedback is an important part of how we do business. For the first time, the Authority carried out a major survey of consumers at the Easter Show, with over 2,000 responses. The findings will be used to help inform our communications and consumer education initiatives.

International engagement /recognition

I am proud to say the Authority's success at risk communication was recognised internationally when we were asked by the world's leading health body to help devise communication solutions so other countries can show people how to safely eat fish while reducing the risk from exposure to

mercury. The World Health Organisation invited the Authority to participate in a Geneva workshop, following the success of the Authority's mercury in fish campaign. The Authority also participated in a key project, sponsored by the World Health Organisation, to help China develop communication strategies during food crises and crises associated with food production, such as an outbreak of bird flu.

Towards the end of 2005/06, the Authority won a competitive international tender to train Hong Kong food safety officials about risk communication and consumer engagement.

Enabling our staff

Staff remain the Authority's most important asset. During the past year, steps have been taken to enable our staff to perform more effectively and develop as individuals in their roles.

An innovative way of managing staff workloads and promoting personal development, the Goal Setting, Development and Review System, was introduced and has been well received. Major progress was also made towards the implementation of a staff development training program, called Skills for Success to be rolled out early in the new financial year.

An outward looking organisation

Our partnerships with other agencies, at home and abroad, have continued to develop and assist us in reaching our goals and objectives. The Authority prides itself on working closely with stakeholders across government, industry and consumer groups.

Memoranda of understanding with the NSW Department of Primary Industries and NSW Health have proven highly productive, and led to the identification of a range of joint priority work areas. The Authority also has operational agreements with other Commonwealth and NSW agencies to achieve greater efficiencies and ensure a coordinated response to emergencies and emerging issues.

Internationally, the Authority has developed partnerships with other food agencies, notably the Chinese food safety authorities. We have a strong relationship with the Beijing Administration of Industry and Commerce, arising from my membership of the Beijing Olympics Expert Board on Food Safety, and work has advanced to agree on a Memorandum of Understanding with the Beijing food safety authorities. Our close relationship with the New Zealand Food Safety Authority will also be formally recognised through the development of a Memorandum of Understanding.

Links with the United Kingdom's Food Standards Agency received further impetus with the appointment of Greg Irwin, as Acting Executive Director Consumer and Corporate Services. Greg will act in this role for a year while Samara Kitchener is on maternity leave.

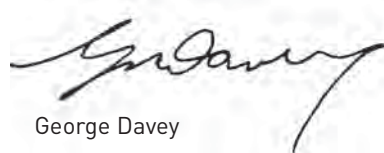
Acknowledgements

Many people and organisations have assisted us over what has been a very challenging yet productive 12 months.

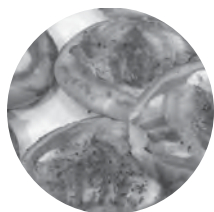
In particular, I would like to thank Minister Macdonald, who continues to inject enormous energy and enthusiasm into the Authority, for his strong leadership, drive and commitment.

I would also like to thank our valued stakeholders in industry, government, public health and consumer bodies and the scientific and research community.

Finally, I would like to thank our staff for their commitment, talent, dedication and enormous hard work, without whom none of this would have been possible.



George Davey
Director-General

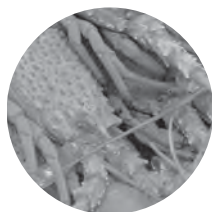


Our Highlights

There have been many outstanding achievements for the year 2005/06 of which the most notable are listed below.

At a glance...

- No reported outbreaks of foodborne illness due to Authority systems failures
- Approval of \$1.58 million in funding to support the NSW Food Regulation Partnership model to mandate local councils to carry out their regulatory role
- Introducing a Consolidated Food Safety Scheme regulation, covering all industry sectors with food safety scheme requirements in a consistent manner
- Developing an IT system to effectively capture information on foodborne illness complaints
- Development of an Implementation Assist program for food service to vulnerable persons
- Continuing to develop its consumer education role. The Authority's consumer education campaign on mercury in fish received a Golden Target award by the Public Relations Institute of Australia. For the first time, a major survey of consumers was undertaken at the Royal Easter Show to provide valuable information for planning future communications campaigns
- Carrying out a range of stakeholder surveys to enhance the Authority's service delivery
- Incorporation of a Training and Development program into the Authority's performance management and development system, as a precursor to implementing a new Workforce Development program from 1 July 2006
- Involving staff in the development of a Strategic Plan for the Authority (valid for 2006–09)
- Prompt and robust action by the Authority to protect consumers after elevated levels of dioxins were found in Sydney Harbour
- Successful management of the recall and removal from sale of Mars and Snickers bars as a response to an extortion threat to Masterfoods
- International recognition for the Authority's kids' lunch boxes campaign when it was adopted by the US Army's Environmental Health Unit



Our Organisation

Our history

The NSW Food Authority was established on 5 April 2004 by merging SafeFood NSW with the food regulatory activities of NSW Health. The merger completed the integration process begun in 1998 when SafeFood NSW was established to bring together a number of state agencies and programs. The key steps in this six-year process are shown in Figure 1.

The Authority regulates the entire food industry in NSW and has introduced specific food safety schemes by regulation for a number of food industry sectors. The Authority reports to the Minister for Primary Industries.

The Authority is Australia's first and only 'through-chain' food regulation agency, responsible for food safety across the entire NSW food industry, from primary production to point-of-sale. It enables a more streamlined, consistent and efficient approach to food regulation in NSW and provides a single point of contact for both the industry and the public.

“The Authority is Australia's first and only 'through-chain' food regulation agency, responsible for food safety across the entire NSW food industry.”

Our role

The Authority provides the regulation framework for the food industry in NSW by administering and enforcing NSW's food legislation. This includes the national Food Standards Code as it applies in NSW and in particular the *Food Act 2003*, and the food safety schemes introduced by regulation.

The Authority's work includes:

- licensing and auditing businesses subject to food safety schemes;
- inspecting other food premises for compliance with food safety standards;
- sampling and analysing foods for compliance with the Food Standards Code;
- monitoring labels for compliance with the Food Standards Code;
- where necessary, penalising non-compliance; and
- enhancing the scientific basis underpinning food policy and regulation.

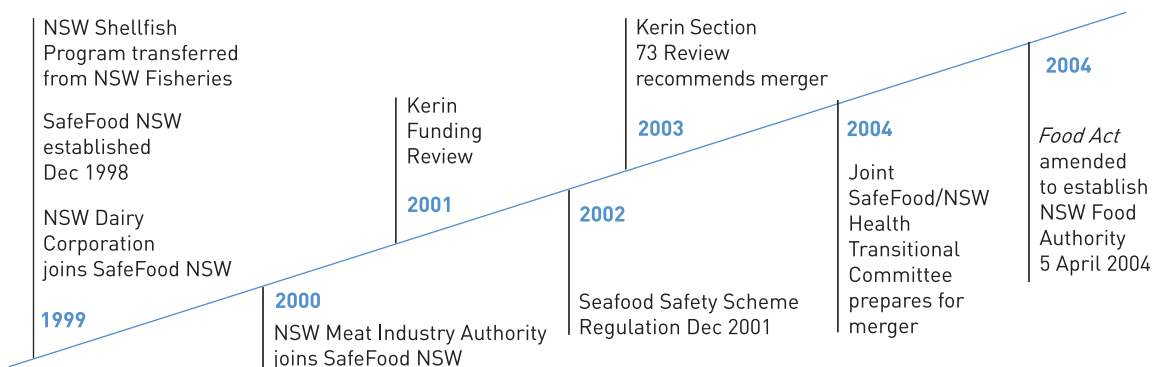
The Authority facilitates the development and review of national and NSW food legislation in consultation with stakeholders by:

- contributing to the development and implementation of national food policies;
- active involvement in applications and proposals to amend the Food Standards Code; and
- establishing food safety schemes for high-risk foods and businesses through a process of risk prioritisation.

The Authority also educates consumers on food issues by:

- cultivating good food handling practices;
- sharing information on food safety; and
- providing information on food labelling.

Figure 1: Evolution of the NSW Food Authority



Working with other NSW agencies

The Authority works closely with other NSW government agencies, particularly NSW Health, the NSW Department of Primary Industries, the NSW Department of Environment and Conservation, and the NSW Office of Fair Trading.

NSW Health remains responsible for the notifiable disease system and surveillance of foodborne illness, and epidemiological investigation. The Authority and NSW Health respond jointly to foodborne illness, nutrition policy and health promotion activities.

The NSW Department of Primary Industries remains responsible for the control of animal and plant diseases and pests, livestock identification and traceability, stock foods, use of veterinary medicines and other products and fertilisers.

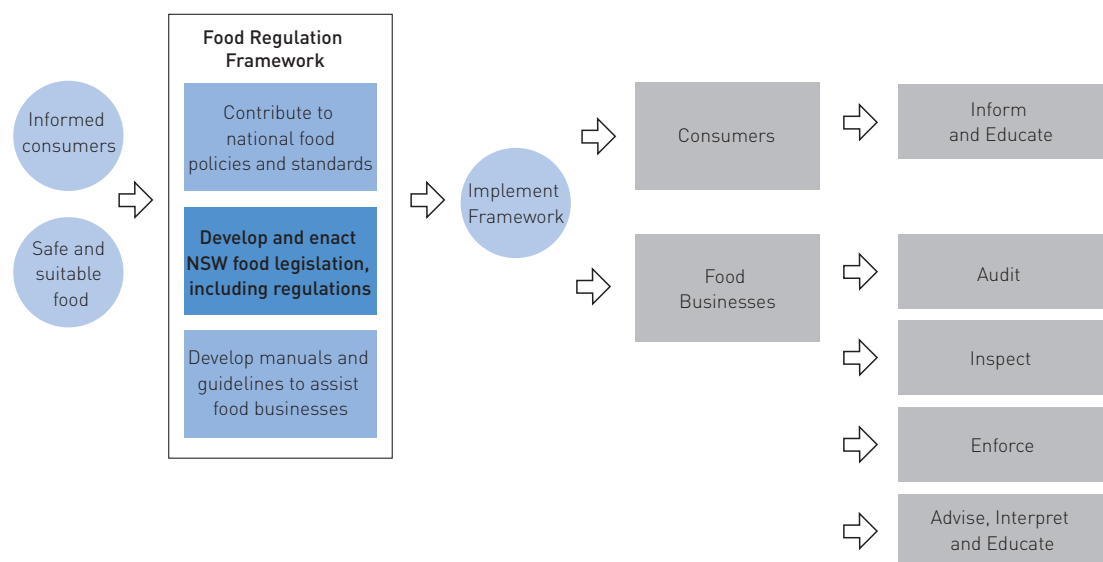
Working with local government

The Authority works with local government to administer and enforce aspects of the *Food Act* and the Food Standards Code, especially the food safety standards in the Code.

The Authority established the Food Regulation Partnership, which includes representation from the Local Government and Shires Associations of NSW, the Australian Institute of Environmental Health, the Development and Environmental Professionals Association, the NSW Department of Local Government and NSW Health. The partnership developed a mandatory and resourced role for local government, working together with the Authority, to regulate the NSW food industry.

The Blueprint for this partnership was developed and agreed to by the NSW Government and local government. The Blueprint will be implemented in 2006/07. It will improve the coordination and effectiveness of local government in food regulation.

Figure 2: The NSW Food Authority Regulation Framework



NSW Food Authority
Executive (l-r)
Lisa Szabo, George Davey,
Craig Sahlin, Terry Outtrim,
Samara Kitchener,
Greg Irwin, Sian Malyn.



Our management and structure

Our management team comprises:

George Davey, Director-General



George leads the Authority as its Director-General and reports directly to the NSW Minister for Primary Industries on all the Authority's activities, which are directed at ensuring food in NSW is safe and suitable. George is a Fellow of the Australian Institute of Food Science and Technology Inc., a Member of the Australian

Society for Microbiology Inc., and a Member of the Institute of Food Technologists (USA). He holds Bachelor of Science (Honours) and Master of Science degrees in Food Technology from the University of NSW.

Terry Outtrim, Executive Director Operations



Terry leads the Operations Branch, which comprises work units for compliance, audit and inspection, industries, enforcement, foodborne illness investigation, new food safety program development, food recall, technical and scientific support, labelling and the NSW Shellfish Program.

These functions extend state-

wide. Terry holds a Diploma in Dairy Technology from Hawkesbury Agricultural College.

Craig Sahlin, Executive Director Policy and Science



Craig leads the Policy and Science Branch, which is responsible for advising on strategic direction, undertaking risk assessment, policy development and program evaluation, and coordinating changes to legislation, including the food safety scheme regulations.

Craig holds a Bachelor of Arts

(Honours) degree from Macquarie University and an LLB from the University of NSW.

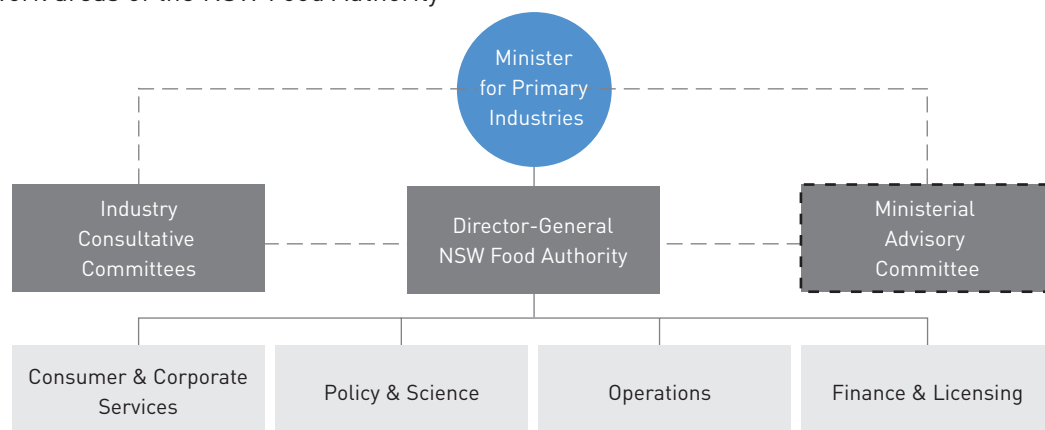
Sian Malyn, Executive Director Finance and Licensing



Sian leads the Finance and Licensing Branch, which is responsible for managing all of the Authority's financial planning, operational and reporting activities, including those of its controlled entities the Office of the NSW Food Authority and subsidiary companies. The Branch is also responsible for issuing

licences to over 13,000 primary production businesses in NSW. Sian holds a Bachelor of Business in Accounting from the University of Technology, Sydney.

Figure 3: Work areas of the NSW Food Authority



Samara Kitchener, Executive Director (until May 2006)
Consumer and Corporate Services



Samara leads the Consumer and Corporate Services Branch, which is responsible for consumer education and communication activities, the Consumer and Industry Contact Centre, and corporate functions, such as human resources, information management and technology and administration. Samara

holds a Bachelor of Science in Food Science and Technology (Honours) from University of NSW, a Graduate Certificate in Applied Science (Dairy Technology) from University of Melbourne and a Masters of Business Administration (Executive) from the Australian Graduate School of Management. Samara is currently on maternity leave.

Greg Irwin, Acting Executive Director (from May 2006)
Consumer and Corporate Services



Greg assumed leadership of Consumer and Corporate Services in May 2006 for one year while Samara Kitchener is on maternity leave. Greg holds a Bachelor of Arts in Politics (Honours) from Queens University Belfast, a Master of Social Science in Irish Politics from the same University, and a Master of

Business Administration from the Open University Business School.

Lisa Szabo, Chief Scientist (from January 2006)
Policy and Science



Lisa assumed leadership of the Authority's scientific matters in January. Lisa is a Member of the Australian Institute of Food Science and Technology Inc., a Member of the Australian Society for Microbiology Inc. and a Member of the Institute of Food Technologists (USA). She holds Bachelor of Science

(Honours) and Doctor of Philosophy (Microbiology) degrees from the University of Queensland.

Stefan Fabiansson, Acting Chief Scientist (until December 2005)
Policy and Science

Stefan ensured the Authority's food safety management and regulatory approaches are based on sound science. Stefan is a Member of the Royal College of Veterinary Surgeons (UK) and a Member of the International Association for Food Protection (USA). He holds a Bachelor of Veterinary Science degree from the Swedish Royal Veterinary College and a PhD in Meat Science from the Swedish University of Agricultural Sciences. Stefan took up a position at the European Food Safety Authority.



How we work

The flowchart shown here is our Results Logic, part of our Results and Services Plan (RSP), a framework introduced by NSW Treasury as a high-level business plan to help government agencies demonstrate the relationship between the services delivered and the results that they are working towards.

The Authority uses the RSP as a decision making and planning tool to help ensure resource allocation is aligned with organisational priorities and achieves results. It provides the rationale for what we do and why we do it, and links organisational priorities with high-level government priorities. The RSP is explained in greater detail on the following page.

NSW Food Authority service groups

This part of the Annual Report has been divided into seven sections, addressing each of our seven key service groups, which are linked to the RSP.

All Authority service groups deliver services which directly impact on one or more of the lower-level intermediate results. The seven service groups are:

1. Food Regulatory Framework Development and Review
2. Industry Consultation, Training and Advice
3. Compliance and Enforcement
4. Communication and Coordination with Other Government Services
5. Public Information and Education
6. Consumer and Industry Contact Centre
7. Internal Services - which support delivery of all services.

More about Results and Services Plan (RSP)

The Authority's RSP is linked to two NSW Government priorities:

1. Building Healthier Communities, and
2. Stronger NSW Economy.

NSW Food Authority Results Logic

Government Priority

which requires

Result

which requires

Intermediate Result (Higher-Level)

which requires

Intermediate Result (Lower-Level)

Service Groups: 1 – 7

1: Food Regulatory Framework Development & Review

2: Industry Consultation, Training & Advice

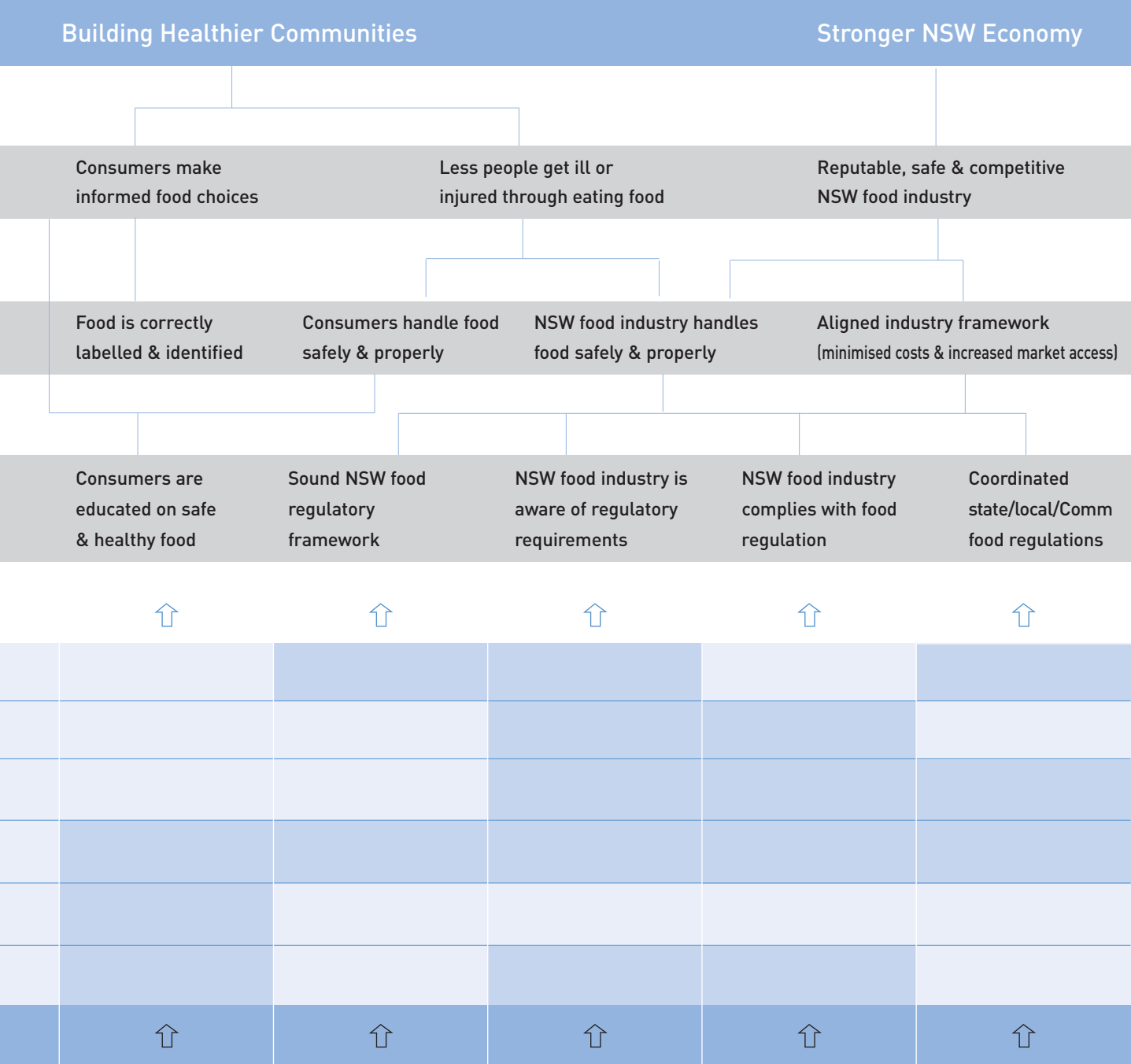
3: Compliance & Enforcement

4: Communication & Coordination with Other Government Services

5: Public Information & Education

6: Consumer & Industry Contact Centre

7: Internal Services – which support delivery of all services



Building Healthier Communities

The Authority is responsible for making sure that food for sale is both safe and suitable for human consumption and is correctly labelled. This responsibility directly relates to the government priority of building healthier communities in NSW. Several other government departments, principally NSW Health, also contribute to this priority.

The Building Healthier Communities priority requires that less people get ill or injured through eating food and consumers make informed choices about the food they eat. These requirements are listed as the Authority's planned results. To achieve these results, it is necessary that food is correctly labelled, that consumers handle food safely and properly, and that the food industry handles food safely and properly (higher-level intermediate results). Safe handling of food by industry includes the making, manufacturing, producing, collecting, extracting, processing, storing, transporting, delivering, preparing, treating, preserving, packaging, cooking, thawing, serving or displaying of food, as defined by the Australia New Zealand Food Standards Code which is administered in NSW by the Authority.

Four of the lower-level intermediate results are grouped as results which link to the Authority's food regulatory responsibilities. These include: that the regulatory framework is sound (it is science-based and practicable); that industry is aware of the regulatory requirements; that industry complies; and that the Authority coordinates with other agencies which have food regulatory responsibilities. The remaining lower-level intermediate result is linked to the Authority's responsibility for consumer information and community education.

Stronger NSW Economy

In carrying out its food regulatory functions, the Authority tries to keep compliance costs for the food industry as low as possible and make sure that areas of duplication are identified and addressed. This supports the government priority of a stronger NSW economy.

Although only a small component of the Authority's service efforts feed into this priority, cost rationalisation and industry consultation form an important part of all the services the Authority delivers to industry. These services

together help the food industry to be safe, competitive and reputable (planned result). Achieving the planned result requires the industry framework to be aligned with other requirements (eg. export requirements) to minimise industry cost and increase market access for NSW produce. This higher-level intermediate result is in turn supported by the four lower-level intermediate results linked to the Authority's food regulatory responsibilities.

The outcome of the Building Healthier Communities priority as a whole feeds into the Stronger NSW Economy priority because the annual cost of foodborne illness is substantial when measured in terms of lost productivity and medical costs.

Strategic Plan and Corporate Plan

The Authority also has a rolling three-year Strategic Plan and a Corporate Plan, each of which is linked to the RSP.

The Authority's Strategic Plan 2006-09 identifies eight high-level outcomes, which the Authority seeks to achieve by mid 2009, and 12 interim milestones, which should be reached by mid 2007. The milestones provide the focus for the current strategic program, which comprises projects related to each milestone.

The Strategic Plan is reviewed every 90 days by the Executive, project leaders and a cross-section of other staff. Progress on the strategic program projects is assessed and new 90-day deliverables are set. The current Strategic Plan is set out on page 56 and its 'Outcomes' and 'Scorecard' link to the 'RSP Results' and 'Results Indicators'.

The RSP explains what we do and the Strategic Plan explains where we are going.

The Corporate Plan establishes targets for each of the service measures in the seven service groups and also includes the 90-day deliverables in the current strategic program. Progress is reviewed monthly by the Authority's Executive. The Corporate Plan also provides the framework for branch plans made annually by each of the Authority's four branches.

Service Group 1



Food Regulatory Framework Development & Review

Highlights

- Extensive and successful consultation with businesses providing food service to vulnerable persons involving 20 information sessions across NSW, attended by approximately 1,200 people.
- Consolidation of four separate food safety schemes into one regulation, Food Regulation 2004.

This service group develops and contributes to policies, standards, other requirements, and programs which ensure that the food industry produces safe, suitable and correctly labelled food.

Key requirements are expressed in legislation, principally the *NSW Food Act 2003*, the *NSW Food Regulation 2004*, and the national Food Standards Code, which applies with force of law in all states and territories. The legislation also provides the basis for the Authority to ensure compliance with requirements, including enforcement action, and for recovery of regulatory costs from the food industry through licence fees, service charges and levies.

The Food Regulation Agreement 2002, signed by the Australian Government and all states and territories, provides for uniform adoption of the national Food Standards Code and its implementation by state and territory food regulatory agencies. The Code includes standards on composition, labelling and contaminants, including microbiological and chemical limits for all foods produced or imported for sale in Australia and New Zealand.

The Food Standards Code is gradually being extended to primary production and processing activities and will ultimately replace state-based standards and other requirements.

The Agreement also requires states and territories to work towards a consistent approach to implementation and enforcement.

Key activities

The key activities of this service group are:

- contributing to the development of national policies and the Food Standards Code;
- developing the policies, legislation and programs for implementation of the Code in NSW; and
- developing standards and other requirements for industry sectors not yet covered by the Code.

The Food Standards Code is developed by Food Standards Australia New Zealand (FSANZ) within a policy framework established by the Australia and New Zealand Food Regulation Ministerial Council. The Council may request a review of standards approved by FSANZ and may ultimately reject or amend them. The Council is advised and supported by the Food Regulation Standing Committee (FRSC), which has also established an Implementation Sub-Committee (ISC) responsible for work on consistent implementation and enforcement.

The Authority's Minister is the Lead NSW Minister on the Council and its Director-General is a member of FRSC and ISC. The Authority also participates in around 50 committees and working groups established by FRSC, ISC and FSANZ.

At state level, food safety schemes provide the basis for implementation of the Code and state-based requirements. Food safety schemes are tailored to a specific industry or industries and introduced by regulation. The development and review of these schemes is the major activity of this service group.



At both national and state levels, the Authority's work is based on scientific risk assessment, transparency of process, and stakeholder consultation. Relevant industry sectors are closely involved in food safety scheme development to ensure that requirements are practical and cost effective.

This service group contributes to three of the five lower-level intermediate results. Its major responsibility is to ensure a sound NSW food regulatory framework. It does this by ensuring that all regulatory requirements are based on sound science and can be implemented by industry, without imposing undue costs. The scheme development process:

- engages industry at grassroots and leadership levels to ensure that the NSW food industry is aware of regulatory requirements; and
- where possible, aims to assist industry to implement the new requirements.

The Authority's work with ISC, its efforts to align food safety schemes with existing and emerging national requirements, and its liaison with local government in this area all contribute to coordinated local-state-Commonwealth food regulation. For example, following the closure of Sydney Harbour to commercial fishing because of dioxin contamination, a working group within ISC is developing a methodology to manage low-level contamination of food. The Authority is chairing the group.

Achievements

Legislative program

During 2005/06, the Policy and Science Branch ensured the progress of work to keep the Authority's legislative framework up-to-date and addressing current policy directions and operational needs.

- On 1 September 2005, the Dairy Industry Conference Regulation 1999 was automatically repealed and replaced with the Dairy Industry Conference Regulation 2005. The new regulation introduced a revised composition for the NSW Dairy Industry Conference and provided for an independent Chairperson appointed by the Minister.
- On 2 September 2005, the Food Regulation 2004 was amended by the Food Amendment (Food Safety Schemes) Regulation 2005. This amendment repealed:
 - Food Production (Dairy Food Safety Scheme) Regulation 1999
 - Food Production (Meat Food Safety Scheme) Regulation 2000
 - Food Production (Seafood Safety Scheme) Regulation 2001 and
 - Food Production (Plant Products Food Safety Scheme) Regulation 2005.

The new amended Food Regulation 2004 sets out uniform administrative arrangements across the various food sectors where food safety schemes have been established for:

- the issuing and renewal of licences;
- the imposition and variation of terms and conditions on licences;
- the suspension or cancellation of licences;
- the certification of food safety programs; and
- the review of decisions made by the Authority.

“The coverage of the Food Standards Code is gradually being extended to primary production and processing activities and will ultimately replace state-based standards and other requirements.”

Provisions from individual food safety schemes that are unique to that scheme continue to operate as separate parts in the new regulation. New food safety schemes for eggs, food service to vulnerable persons and catering operations are currently in various stages of development. Once finalised, these new schemes will be added as parts to the new regulation and the uniform administrative arrangements will be adopted by the new schemes.

- Work progressed on a proposal for a new regulation to replace the Meat Industry (Meat Industry Levy) Regulation 1999 which is due for automatic repeal on 1 September 2006. The new regulation will not introduce any substantive changes. A draft regulation was prepared together with a regulatory impact statement. These documents were released for public comment in June 2006.

Policy development

Policy development over the year was undertaken in the national arena as well as within NSW. National policy development included participation in:

- a comprehensive review of Food Standards Australia New Zealand assessment and approval processes to improve timeliness and to facilitate industry innovation in standards development;
- a review of the standard for mercury in fish to identify alternate approaches to addressing the regulation of mercury in foods;
- development of a Ministerial Council policy on the addition to foods of nutritive substances other than vitamins and minerals; and
- a review of the Ministerial Council policy for primary production and processing standards.

NSW policy development included:

- finalisation and approval of the Blueprint for the NSW Food Regulation Partnership, a major policy initiative directed towards creating a more effective and coordinated role for local councils;
- finalisation of a model for effective consultation with small food businesses, in conjunction with the Department of State and Regional Development;
- establishment of emergency management policies and procedures to enable appropriate and timely responses to food supply emergencies, and to facilitate effective communication with industry and government; and
- review of the NSW Health policy directive on control of foodborne *Listeriosis* in health care institutions to ensure consistency with the proposed standard for vulnerable populations.



Top: Swabbing lamb
Right: Checking loadout temperature

Case Study: Evaluation of Red Meat Abattoirs

The Authority conducted a pilot project to evaluate the effectiveness of food safety schemes in all domestic red meat abattoirs in NSW. This industry has undergone major change in the last 10 years, with the introduction of HACCP programs, company based meat inspection and microbiological monitoring. Therefore, abattoirs were considered an ideal industry for the pilot evaluation.

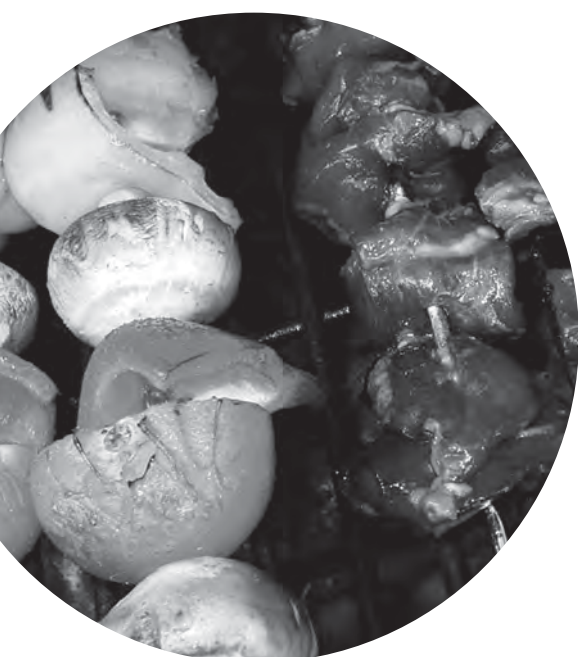
The main objective of the evaluation was to assess the effectiveness of the Meat Food Safety Scheme

and how food safety risk is managed by the industry and the Authority.

Sixteen abattoirs were part of the review. From March to June 2006, the evaluation team visited each domestic red meat abattoir in NSW. The evaluation team assessed each site against a standard questionnaire, taking on average 10 hours to complete each site.

The Authority is aiming to release the findings to industry in late 2006. The results will enable the Authority to prioritise regulatory effort in the

domestic red meat abattoir sector. In addition, the findings will assist in developing an evaluation program for all industry areas.



Standards development

Food Standards Australia New Zealand (FSANZ) coordinates applications and proposals to amend the Food Standards Code and circulates for comment reports at the initial assessment stage and the draft assessment stage. The Authority is represented on a number of FSANZ standards development committees and endeavours to submit comments on all circulated assessment reports, in consultation with other relevant state government departments.

During the year, the Authority contributed to the standards development process for:

- food safety programs for food service to vulnerable populations;
- food safety programs for catering operations to the general public;
- nutrition, health and related claims;
- country of origin labelling; and
- review of the novel food standard.



Food safety scheme development

The New Scheme Development Unit develops food safety regulations for food industries that have been identified by the Authority as potentially presenting a higher risk to consumers. Industry working groups assist the Unit to ensure the regulations are practical and effective. The Unit also helps newly regulated industries to meet the requirements of the new regulation by providing assistance packages. In addition, the Unit has been a prime interface between the Authority and industry, responding to an extensive number of enquiries.

In 2005/06, the Authority:

- completed and distributed assistance material for Seafood Smokers;
- produced and distributed assistance materials for hospitals, aged care facilities and other similar businesses, in preparation for the food safety scheme for food service to vulnerable persons;
- prepared and issued an industry assistance package to all goat milk licensees;
- coordinated several reference group and working group meetings with industry regarding the proposed regulations for egg and egg products, and food service to vulnerable persons;
- prepared and circulated industry newsletters about the proposed regulation for food service to vulnerable persons;
- conducted an extensive industry consultation phase with businesses that provide food service to vulnerable persons through 20 information sessions (roadshows) across NSW, attended by approximately 1,200 people;
- participated and presented at numerous seminars, conferences and workshops, particularly in the aged and health care industry; and
- following the enactment of the Food (Plant Products Food Safety Scheme) Regulation 2005, assisted in conducting inspections for plant products licensees.

Scheme evaluation program

During the year, the Authority commenced a Scheme Evaluation Program, with the aim of measuring the effectiveness of food safety schemes in managing food safety risk from the three perspectives of:

1. industry awareness and performance;
2. Authority implementation; and
3. appropriateness of the regulatory framework.

The program represents a new approach for assessing the effectiveness of food safety regulation in NSW. At this time, two pilots have been conducted in order to develop the methodology. A new (plant products) and a mature (meat) food safety scheme were selected for the pilots. The information collected will help the Authority better target food safety interventions. These findings will:

- enable the Authority to develop programs to assist industry improve performance; and
- form a comparative baseline for future evaluations.

Preliminary results for the plant products pilot were presented in the poster session at the 6th AIFST Food Microbiology Conference, Sydney (2006). The evaluation findings for both studies will be communicated directly to industry in the near future.

Service Group 2



Industry Consultation, Training & Advice

Highlights

- Inaugural meeting of Poultry and Egg Industries Committee took place on 23 March 2006.
- Six presentations to Rural Lands Protection Boards to communicate the role of the Authority and use of the meat industry levy.
- New industry newsletter, *Foodwise*, launched by Minister.

This service group provides information and technical advice to industry about regulatory requirements and establishes mechanisms for industry to discuss issues with the Authority. Industry consultation on existing food safety schemes is achieved through industry consultative committees.

The Authority provides technical advice and industry training through targeted communication, involvement in industry conferences, associations and groups, and by responding to calls to the Consumer and Industry Contact Centre. This service group's key stakeholder is industry, comprising individual food businesses and industry groups. Other stakeholders involved in the process of providing consultation, training and advice include consumer groups, other government agencies (both NSW and national) and food industry leaders and scientists.

The role of this service group is ensuring that the NSW food industry:

- is aware of regulatory requirements; and
- complies with food regulations.

This is facilitated by introducing programs to provide industry with the tools and knowledge required to comply with food regulations.

Key Activities and Achievements

Industry consultation program

In accordance with Section 105 of the *Food Act 2003*, the Authority consults with the relevant industry on the operation of a food safety scheme or any proposed amendment of a food safety scheme. A consultative or advisory committee is established for each food safety scheme to provide advice to the Minister and the Authority on any issue relating to food.

Advisory committees currently operating are:

- NSW Dairy Industry Conference
(four meetings held during year)
- Peak Oyster Advisory Group
(two meetings held during year)
- NSW Shellfish Committee
(three meetings held during year)
- NSW Seafood Industry Conference
(four meetings held during year)
- Meat Industry Consultative Council
(three meetings held during year).

A Poultry and Egg Industries Committee held its inaugural meeting in March 2006. It will be consulted on the operation of the Egg Food Safety Scheme when introduced in late 2006.

The advisory committees, with independent chairpersons appointed by the Minister, comprise industry, government and consumer representatives and provide for a forum where issues can be discussed and addressed.

During the year, a sub-committee of the Meat Industry Consultative Council completed a review of the meat industry levy. As a result, during March and April 2006, presentations were made to the regional conferences of the Rural Lands Protection Boards, including:

Case Study: A newsletter is born - *Foodwise*

On the evening of 12 December 2005, the Minister for Primary Industries, the Hon. Ian Macdonald, launched the first issue of *Foodwise*.

Through the diverse membership of the industry advisory committees, the Authority is able to stay abreast of community issues, industry developments and

emerging trends. Some of the Authority's long-standing committees indicated a need for regular communication with industry ... and so *Foodwise* was born.

Foodwise is an industry newsletter that highlights issues and developments applicable to industry stakeholders as a whole and to specific industries.

It is distributed as a printed or email newsletter to all licensees, and is available on the website through the industry web pages.



Minister for Primary Industries, the Hon. Ian Macdonald launching the first issue of *Foodwise* on 12 December 2005.

- Northern Slopes and Plains and Northern Tablelands Regional Conference, Inverell;
- joint North and South Coast Regional Conference, Maitland;
- Western Division Regional Conference, Bourke;
- Southern Slopes and Plains Regional Conference, Gundagai;
- Central Slopes and Plains Regional Conference, Molong; and
- Southern Tablelands Regional Conference, Young.

At these presentations, information was provided about the roles of the Council and the Authority, the meat industry levy review process and how levy funds are used. Terry Outtrim, Executive Director, Operations, also addressed the Annual State Conference of Rural Lands Protection Boards, held in Narrabri in June 2006.

Industry information and advice program

The Authority has a dedicated technical unit which keeps up-to-date with industry developments, new technologies, and scientific innovations. The unit provides technical advice to industry through direct contact, workshops, presentations, technical papers, fact sheets and interpretation of standards and legislation.

Activities 2005/06

Industry fact sheets

- Development of a number of industry fact sheets (see list on page 45).

Industry workshops

- Meetings with fishers along the NSW coast
- Development of *Listeria monocytogenes* in *Smallgoods* manual with Meat and Livestock Australia
- National Food Incidence Response Protocol Workshop with Food Standards Australia New Zealand
- Food Safety Objectives Workshop in conjunction with Food Science Australia and Food Standards Australia New Zealand
- Workshop on safe manufacture of Kibbe for the Arabic and Lebanese communities (in conjunction with NSW Community Relations Commission)
- Dairy Industry Critical Issues Management and Recovery Workshop with Dairy Australia

General circulars

- Rinsing of oysters during opening
- Testing requirements for businesses farming and opening oysters

“The Authority ensures that consultation takes place with the relevant industry on the operation of a food safety scheme.”

Consulting with commercial fishers

As data and advice became available on the risks presented by dioxins in seafood from Sydney Harbour in November 2005, the Authority engaged in direct communication with the NSW seafood industry. Meetings were held with commercial fishers from Sydney Harbour along with representatives from the NSW Seafood Industry Conference. The meetings provided fishers with information on dioxins and their presence in seafood from Sydney Harbour, and involved the industry in discussing risk management strategies. (Refer also to ‘Temporary closure on commercial fishing in Sydney Harbour’ on page 28.)

Food handler training program

The Authority continues to investigate the potential for enhancing food safety through the training and assessment of food handlers, especially those working in areas of significant public health risk. There is substantial but qualified support from food service industry associations and from representatives of small business. In particular, practical options for assessing current food handlers for skills and knowledge have emerged as an effective tool. The investigation will also liaise with a national approach underway through the Implementation Sub-Committee of the Food Regulation Standing Committee.

Industry communications

Communicating with industry about regulatory and food-safety issues continues to be an important means of achieving the Authority’s objective of ensuring the safety of food supply for NSW consumers. During 2005/06, a number of the consultative committees identified the need to increase the level of communications with the various industry sectors. As a result, industry communications was identified as a high-priority area and the position of Industry Communications Coordinator was filled in September 2005.

The nine months from end September 2005 to June 2006 has seen some significant achievements, including:

- the development and production of *Foodwise*;
- the development of standardised covers, templates and styles for all industry communications, such as fact sheets and guidelines;
- 13 new fact sheets being produced, from general information for licensees, with the *Single Food Licence* and *Auditing in the Food Industry* fact sheets to industry specific fact sheets, such as *Labelling of Unpackaged Seafood*;
- contacts being made with key industry media to ensure that new industries can be targeted successfully in communicating information about new regulations;
- the production of a special brochure, *Your Meat Industry Levy*, which was distributed to all Rural Lands Protection Boards’ rate payers to inform them of the levy and its use; and
- the Authority’s participation in and sponsorship of industry events, such as Oysters in the House.

Industry publications

- *Foodwise* – Issue 1 December 2005, Issue 2 March 2006, Issue 3 June 2006.
- *Your Meat Industry Levy* brochure.
- Please see page 45 for a list of industry fact sheets.

Service Group 3



Compliance & Enforcement

Highlights

- Prompt and robust action by the Authority to protect consumers after elevated levels of dioxins were found in Sydney Harbour.
- Continuing successful enforcement action – such as a joint operation with the NSW Department of Primary Industries to combat an illegal blackmarket in retail seafood.

This service group ensures the safety and integrity of the NSW food supply by monitoring NSW food industry compliance with regulatory requirements. This includes enforcement of the *Food Act 2003*, Food Standards Code and the Food Regulation 2004 by:

- applying the Food Standards Code, including labelling and advertising compliance;
- inspecting food premises, vehicles and equipment used for the handling of food;
- auditing and verifying statutory food safety programs;
- managing the NSW Shellfish Program, which addresses classification of harvest and growing areas, harvest control, harvest restriction on public health grounds, and post-harvest handling;
- undertaking surveys of foods, food hygiene practices, industry verification and benchmarking studies;
- investigating consumer and food industry complaints; and
- providing export certificates for NSW food exporters.

A critical element of this service group is a capacity for quick response in the event of a system breakdown. Two key areas of work are:

- investigating foodborne infections and intoxications, in cooperation with NSW Health; and
- conducting, monitoring and supervising food recalls, in cooperation with Food Standards Australia New Zealand and local government.



Key stakeholders

Key stakeholders for this service group are consumers of food in NSW, licensed food businesses within the meat, dairy, seafood and plant products industries, and, in general, the food import, manufacturing, transport and service sectors throughout NSW. Other key stakeholders are government agencies such as local councils, NSW Police, Australian Quarantine and Inspection Service, Food Standards Australia New Zealand, Commonwealth Department of Health and Ageing, NSW Health, Division of Analytical Laboratories (DAL) and NSW Department of Fair Trading.

Key Activities

Audit and verification

- The Audit and Verification Unit worked on refining and standardising the auditing procedures of the Authority for licensed high-risk food businesses, particularly ensuring food safety programs are fully implemented and maintained. As a result, there has been a slight increase in the number of audit failures in some types of food businesses and the level of direct enforcement action undertaken by the Authority has increased throughout the year.
- During the past year, resources were allocated to bringing new high-risk industries online. The Audit and Verification Unit provided voluntary advisory audits for businesses interested in introducing food safety programs into the hospital and aged care sectors. Approximately 300 audits were conducted and, in the process, facilities were educated about the auditing process and the requirements of a food safety program.



- High-risk plant product facilities were inspected prior to the regulation coming into force late 2005. Over the past year, these businesses received their initial audits. High-risk plant products include seed sprouts, fresh cut fruit and vegetables, unpasteurised juice and vegetables in oil.
- During 2005/06, Audit and Verification Unit staff undertook training to meet the ever-increasing need for improved skills and to cover new food safety schemes. Staff participated in internal and industry based training in auditing the egg industry, vulnerable persons, plant products, and wild shellfish sectors. Training also focused on improving skills and knowledge in undertaking enforcement action. Currently, staff are finalising applications to be accredited as Level 4 auditors, which covers high-risk food sectors. Once completed, the Authority's auditors will be one of the first group of auditors accredited under the new National Food Safety Auditors Scheme system in Australia through Registrar Accreditation Board and Quality Society of Australia.

Statistical information on work in this area is provided in Compliance and Enforcement Statistics 2005/06 in Table 1 on page 29.

Labelling and advertising

The Authority's Labelling and Advertising Compliance Unit is responsible for monitoring industry and food retailers for compliance with the labelling provisions of the Food Standards Code and the *Food Act 2003*. The Unit responds to an average of 20 labelling complaints per month through the Consumer and Industry Contact Centre and surveys segments of the marketplace for compliance with the legislation.

Over the past year, a major area of action has been the juice bar sector, particularly in relation to illegal health claims to promote a 'healthy food' image. Significant

resources were spent on this area and the juice bar sector is now largely compliant.

Other investigations/surveys included:

- a crackdown on the labelling of 'low-salt' and 'no-salt' products for the accuracy of their sodium content labelling, because of the need of some consumers to control their sodium intake;
- investigating misleading naming of fruit products, including fruit bars and fruit juices;
- undertaking a quarterly survey of food products in the marketplace for the presence of genetically modified foods; and
- a Nutrition Information Panel survey, for accuracy of labelling.

Compliance and inspection

This Unit is primarily involved in the investigation of complaints received through the Consumer and Industry Contact Centre and audits/inspections of low-risk licensed food businesses. Other activities include sampling of foods for compliance with Food Standards Code, providing legislative direction and advice to the food industry, follow-up on food recalls and supervising the destruction of unsafe food.

Areas of focus during the year were illegal use of preservatives in raw meat, fish substitution/labelling and general food labelling compliance.

Food surveys carried out included:

- microbiological quality of pre-packaged sandwiches;
- temperature storage of retail chicken meat;
- hygiene standards compliance of highway takeaway outlets; and
- a joint hygiene and food labelling survey undertaken with Sydney City Council.

Statistical information on work in this area is provided in Table 1 Compliance and Enforcement Statistics 2005/06 on page 29.

“This service group ensures the safety and integrity of the NSW food supply by monitoring NSW food industry compliance with regulatory requirements.”

Enforcement

The Authority is responsible for investigation of serious breaches of the Australia New Zealand Food Standards Code, the *Food Act 2003* and Regulations and applying enforcement strategies. A Compliance and Enforcement Policy has been developed which sets out the policies on enforcement that will facilitate the effective achievement of the regulatory goals of the *Food Act 2003*. The policy can be viewed on the Authority's website on www.foodauthority.nsw.gov.au.

Breaches of the *Food Act 2003* are classified as criminal offences and penalties of up to \$550,000 and/or two years' imprisonment may apply. As the range of offences under the Act and Regulations vary greatly in their seriousness, a range of penalties and enforcement options are available.

Officers conduct investigations which may result in enforcement action where complaints are supported by evidence of breaches of regulatory requirements. During the year, investigations were conducted in all food sectors. The seafood sector received specific attention with a joint Authority-NSW Department of Primary Industries targeted project on blackmarket activity (see case study on following page).

Investigations during 2005/06 resulted in the issuing of numerous penalty notices and court proceedings. One of the court matters related to consumption of a mislabelled pasta product, in which a woman with a severe nut allergy was hospitalised. The pasta maker was fined a total of \$7,500 and ordered to pay \$3,500 in legal costs, for failing to declare the presence of walnuts in its pumpkin ravioli. The mislabelling of products is potentially dangerous to people with severe allergies who could become seriously ill or even die.

Officers successfully enforced the removal of Mars and Snickers bars from sale across NSW. This was a response to an extortion threat made to the manufacturer, Masterfoods.

Statistical information on work in this area is provided in Table 1 Compliance and Enforcement Statistics 2005/06 on page 29.

Foodborne illness investigation

NSW Health and the Authority are jointly responsible for investigating outbreaks of foodborne illness.

Epidemiological investigation and identification of potential food vehicles is undertaken by NSW Health and its public health units. Environmental investigations of outbreak settings, including inspection of food premises and collection/testing of samples, are conducted by the Authority.

Statistics from OzFoodNet estimate that 5.4 million Australians suffer foodborne illness each year, resulting in 1.2 million visits to a doctor and 2.1 million days of lost work. Roughly one-third of this burden is borne by NSW consumers and the public health system.

Recent figures suggest that each case of *Salmonella* costs an estimated \$1,387 per notified case. It is estimated that for every notified case there are 15 community cases that were not notified. Several investigations were undertaken in NSW in 2005/06, where the source of contamination was identified, preventing many more cases of salmonellosis and saving in excess of \$100,000.

In 2005/06, the Authority responded to approximately 427 complaints alleging sickness in two or more people. The investigations included:

- outbreaks of *Salmonella* associated with poultry and eggs;
- *Clostridium perfringens* associated with large catered functions and takeaway establishments; and
- *Listeria* in ready-to-eat meats served to vulnerable persons.

Case Study: Operation Golf India – A Blackmarket Seafood Operation



The Authority and the NSW Department of Primary Industries (DPI) completed a joint operation, targeting seafood businesses in NSW to determine compliance and identify blackmarket activity. From February to May 2006, 293 seafood businesses were inspected along the NSW coast. Restaurants/takeaways, seafood retail premises, wholesalers and processors were targeted.

The Authority and DPI officers conducted unannounced joint inspections, using

checklists for consistency. As a result, the Authority issued 225 warnings, 76 improvement notices, 39 penalty notices and three prosecutions were started. Most were for substitution and labelling matters. The Authority found that 27 percent of businesses were not complying with country of origin labelling requirements and 39 percent were found to be substituting seafood products. The inspections at restaurants and takeaway food outlets found widespread substitution.

In 2006/07, the Authority will develop an education program and fact sheet on labelling requirements for the restaurant and takeaway industry, containing information on seafood substitution. The Authority will undertake follow-up inspections of all premises subject to enforcement activity.

The Authority also recorded a significant increase in the number of *Histamine* fish poisoning incidents. This prompted further survey work and traceback of fish to determine the cause and significance.

The Authority works closely with local government and other state and national food safety agencies in controlling foodborne illness in Australia.

NSW Shellfish Program

The NSW Shellfish Program is responsible for the administration of 37 local estuary programs and 73 shellfish harvest areas along the NSW coast. The Program ensures that oysters and mussels produced in NSW are safe for human consumption by implementing the Australian Shellfish Quality Assurance Program. This ensures that the Program meets the requirements of the national Seafood Primary Production and Processing Standard and the Australian Quarantine and Inspection Service for export-listed areas.

The Program monitors designated test sites within shellfish harvest areas to ensure conditions are suitable for the harvest of shellfish. When conditions are unsuitable (eg. local rainfall or sewage spills), a harvest area can be closed. (See Compliance and Enforcement Statistics in Table 1, page 29, for closures conducted in 2005/06.)

All oyster and mussel harvest areas in NSW, except for four late starters, have completed the process of classification. This involves a comprehensive sanitary survey of the area, including a shoreline survey to identify potential pollution sources that may affect the safety of shellfish in the area. In areas of excellent water quality and little potential for pollution, the harvest area may be classified as 'Conditionally Approved', allowing for the direct harvest of shellfish. Other areas may be classified as 'Conditionally Restricted', requiring harvested shellfish to be depurated for 36 hours prior to being sold. Areas with significant pollution problems are classified as 'Prohibited' for the harvest of shellfish. A program to classify wild harvest shellfish areas has commenced.

Temporary closure of commercial fishing in Sydney Harbour

In November 2005, the Department of Environment and Conservation alerted the Authority to elevated levels of dioxins in prawns. The Department was undertaking a project on planned remediation work in the Homebush Bay area. The results were compared to levels reported in the National Dioxins Program and to maximum levels used in the European Union for a range of food products. A decision was made to conduct further testing.

The Authority undertook a comprehensive analysis of dioxins in bream and prawn samples from Port Jackson. Food Standards Australia New Zealand undertook a dietary exposure assessment of the data, which was put before an expert panel of representatives from academia and government convened by the Authority. The Panel's conclusion on the basis of the data before it was that seafood caught in Sydney Harbour/Parramatta River posed a significant public health risk and should not be consumed in the long term and, if consumed, only with dietary restrictions, until further data demonstrated the safety of the product.

The Authority considered that a risk management strategy for commercial fishing, based on dietary advice alone, would be inappropriate because:

- Sydney Harbour fish are not generally marketed as such so the consumer would not be able to identify the fish to which the dietary advice applies; and
- industry advice was that they would not separately market the contaminated Sydney Harbour/Parramatta River fish and prawns.

The data and Expert Panel advice aided the Authority to put forth the recommendation that the NSW Government implement a (temporary) closure on commercial fishing in Sydney Harbour/Parramatta River. The Minister declared the closure, which is effective until 2011.

Table 1: Compliance and Enforcement Statistics 2005/06

Activity	Actual 05/06	Target 06/07
Audits	6,568	5,908
Failed audits	613	-
Inspections	3,865	2,200
Failed inspections	171	-
Investigations of unlicensed businesses	109	-
Complaint investigations	2,719	-
Investigations of foodborne disease incidents (single case)	602	-
Investigations of foodborne disease incidents (involving two or more people)	427	-
Investigations of food labelling complaints	381	-
Improvement notices	730	-
Prohibition orders	11	-
Product seizures	15	-
Show cause notices	0	-
Written warning	370	-
Licence cancellations	0	-
Prosecutions	29 against, 9 defendants	-
Penalty notices	135	-
Mandatory food recalls	0	-
Voluntary food recalls (nation-wide)	69	-
Voluntary food recalls (NSW manufacturers)	28	-
Shellfish harvest area openings	416	-
Shellfish harvest area closures	472	-
Samples (microbiological and chemical)	600	600
Failed samples	53	-

Table 2: Licence Numbers 2005/06

Business Type	Number of Licensed Facilities (eg. Premises, Vehicles and Vessels)
Dairy farm	1,031
Dairy farm (goat)	13
Farm milk collectors	95
Milk factories	14
Unpasteurised goat milk producers	7
Dairy product factories	88
Goat dairy product factories	8
Red meat abattoir	44
Poultry abattoir	42
Game meat processing plant	4
Meat processing plant	304
Animal meat processing plant	24
Knackery	7
Meat retail premises	1,835
Rendering	8
Fisher	1,216
Oyster farmer	312
Seafood processing plant	270
Non-shellfish aquaculture	61
Plant products processing plant	44
Animal food store	51
Food store (dairy, meat, poultry, seafood and plant products)	679
Food transportation (dairy, meat, poultry, seafood and plant products)	5,307
Total number of licensed facilities	11,464

Service Group 4



Communication & Coordination

with other Government Services

Highlights

- The approval of \$1.58 million, after extensive consultation by the Authority, for the implementation of a model to mandate a role for local government in food regulation in NSW.
- Enhancing how the Authority operates on a day-to-day basis and responds more efficiently to emergencies by establishing formal Memoranda of Understanding with key partners – NSW Health and the Department of Primary Industries.

The underlying purpose of this service group is to maximise the effectiveness of the Authority's services by developing and maintaining relationships with similar or complementary services provided by local government and other NSW, interstate and national agencies. This service group contributes to all five of the lower-level intermediate results.

Key Activities

Activities fall into three categories of:

1. development and maintenance of broad Memoranda of Understanding (MOUs) or strategic liaison arrangements with other NSW government agencies having complementary and/or overlapping responsibilities;
2. development and maintenance of operational agreements with Commonwealth or interstate regulatory agencies; and
3. coordination with the NSW's 152 local government councils, all of which are prescribed 'enforcement agencies' under the *Food Act 2003*.

- Memoranda of Understanding are useful to help structure the Authority's relationship with agencies, such as NSW Health and the NSW Department of Primary Industries, with whom the Authority routinely interacts across a number of areas. A Memorandum of Understanding sets out the responsibilities of each agency, principles which govern the relationship, the arrangements which will apply for each area of cooperation or collaboration, and key contacts. Detailed protocols or procedures may be included in schedules where necessary. Senior-level strategic liaison groups have been appointed to oversee its operation and deal with potential issues.
- For agencies which have less frequent or comprehensive dealings with the Authority, such as the Office of Fair Trading, a less formal strategic liaison arrangement is sufficient. This may involve senior officers meeting occasionally to discuss activities of mutual interest and agree on common action where appropriate.
- Operational agreements cover more specific regulatory or other operational cooperation. For example, the Authority undertakes inspection of some export-registered food businesses on behalf of the Australian Quarantine and Inspection Service under an operational agreement.
- The NSW Government approved \$1.58 million for the implementation of a model to mandate a role for local government in food regulation in NSW. This followed a two-year collaboration partnership with local government to develop an agreed Blueprint for the model. The Authority convened a number of regional forums on a regular basis with local government environmental health officers, providing training, and technical and regulatory advice.



“The underlying purpose of this service group is to maximise the effectiveness of the Authority’s services by developing and maintaining relationships.”

Achievements

Memoranda of Understanding

- Established formal MOU with NSW Health and with NSW Department of Primary Industries.
- Scheduled high-level meetings with NSW Health and Department of Primary Industries to identify key joint priority work areas, including emergency management and bioterrorism, foodborne illness, and consumer education and health promotion.
- Commenced meetings of strategic liaison groups for MOU with NSW Health and Department of Primary Industries to oversee joint priority work area initiatives.
- Established an interagency working group to develop a whole-of-government approach to managing pesticide residues in food. Consisting of officers from the Authority, Department of Primary Industries and Department of Environment and Conservation, the group mapped the current system, identified gaps and initiatives to achieve the optimal management of pesticide residues in NSW.

Operational Agreements

- To assist local oyster farmers, a taskforce within the NSW Premier’s Department was set up to coordinate a whole-of-government response to sewage contamination of shellfish harvest areas that included the Authority, Port Stephens Council, the Department of Primary Industries and the NSW Department of Lands.
- The Authority’s David Miles was seconded to Food Standards Australia New Zealand for a period of three months to develop a National Food Safety Incident Response Protocol.
- In July 2005, an operational agreement was made with NSW Police for the recall of all Mars and Snickers chocolate bars following an extortion threat. The Authority provided assistance and participated in the regular joint meetings. Over 500 premises were inspected by Authority officers and 176.84 tons of product were destroyed.

Case Study: Enhancing communication with NSW Health

During 2005/06, a Memorandum of Understanding between the Authority and NSW Health on their respective roles and responsibilities was signed. It will guide future planning and development, and provide the framework for future cooperation in achieving the Government’s food regulation objectives.

A number of priority work areas were agreed upon. Key personnel from each organisation were identified to be responsible for developing joint work programs and for ensuring the progress of those programs.

These work areas are:

- evaluation of foodborne illness investigation

activities against best practice;

- forums to discuss issues with NSW Health and other agencies;
- consultation on the development of national policies and standards;
- collaboration on scientific and technical matters, including consultation and advice;
- communication on

emergency management in general and bioterrorism in particular; and

- collaboration in consumer education and health promotion.

A Strategic Liaison Group was established and will oversee the joint priority work areas and the various working groups.



Agreements with NSW Department of Primary Industries

- The Authority and Department of Primary Industries completed a joint operation targeting seafood business in NSW to determine efficacy of traceability and identify blackmarket activity (see case study on page 28).
- The potential use of malachite green in NSW aquaculture facilities is currently being investigated by the Authority and Department of Primary Industries. Where required, joint communications were issued to aquaculture farmers.

Dioxin Expert Panel

An Expert Panel, representing experts from academia and government, was formed to advise on the public health impacts of dioxins in seafood from Sydney Harbour.

The Panel constituted:

Professor Brian Priestly (Chair)

Department of Epidemiology and Preventive Medicine
Monash University

Professor Michael Moore

The National Research Centre for Environmental Toxicology, University of Queensland

Mr Jack Dempsey

Australian Government Department of Health and Aging

Ms Tracy Hambridge

Food Standards Australia and New Zealand

Dr Bob Creese and Dr Damian Ogburn

NSW Department of Primary Industries

Dr Michael Staff and Mr Geoff Richards

NSW Health

Ms Therese Manning

NSW Department of Environment and Conservation

Dr Stefan Fabiansson and Dr Lisa Szabo

NSW Food Authority

Local government support, assistance and coordination services

The NSW Government approved a Blueprint for a mandatory role for local councils in food regulation in June 2006. Leading up to this, the Authority developed two-way communication with council environmental health officers to support them in their role.

Staff from the Authority:

- participated in the quarterly meetings of 16 regional network groups;
- convened a state-wide liaison group;
- provided approximately 40 training sessions on a range of food regulatory matters (eg. labelling, food complaint investigation, temperature control, Food Act seizures); and
- established email-based communication of urgent matters.

The Authority and local councils also collaborated on:

- establishing a mentoring system for environmental health officers; and
- developing a food handler training resource database and guidelines to assist food stallholder compliance with regulatory requirements at temporary events and facilitate consistency among councils.

The Authority's support, assistance and coordination services will be greatly enhanced in the coming year by the establishment of a new Local Government Unit to implement the Blueprint. A pilot program to determine appropriate interface systems between the Authority and local government has already commenced.

Service Group 5



Public Information & Education

Highlights

- The award of the National Golden Target Award for the Authority's Mercury in Fish campaign.
- Successfully delivering targeted consumer education work on severe food allergies and barbecues.
- Continuing recognition for the Authority's risk communication expertise via participation in international workshops and the award of a tender to provide risk communication training to public officials in Hong Kong.

Public information and education is an important means to achieve the Authority's objective to ensure the safety of the food supply for NSW consumers. The Authority works to educate consumers about a range of food safety issues.

To help strengthen its ability to educate and inform, the Authority has been developing a business case, including consultation with key consumer stakeholder groups, that will help it deliver ongoing consumer education programs. Following a lengthy internal discussion, the Authority has also taken early steps to reposition its external profile to focus more on consumers.

As in the previous year, the Authority continued to make use of editorial opportunities to raise awareness of food safety issues while considerable planning took place in the 2005/06 period on education campaigns to further drive community education and awareness.

The Authority's website is a key resource in supporting public information and education, by publishing information on specific campaigns.

Activities & Achievements

Communicating with the public

Communicating the right information to the general public is of paramount importance. For example, in communicating about dioxins in seafood from Sydney Harbour it was important to ensure that accurate information was provided to the public. All information was developed in consultation with the NSW Department of Primary Industries and NSW Health, ensuring the right message on food safety and human health was provided. This included answers to frequently asked questions, media releases, a dioxins fact sheet, test results from Sydney Harbour seafood samples, and release of the Expert Panel report.

Targeted approach for effective communication

The Authority has maximised existing resources by taking a targeted approach to identifying high-priority risk areas among vulnerable persons. The delivery of targeted food safety messages has been enhanced by the Authority's range of partnerships with key stakeholders.

“Public information and education is an important means to achieve the Authority's objective to ensure the safety of the food supply for NSW consumers.”

Case Study: Fiery, Squeaky Clean & Chilly

Making food safety engaging and interesting to consumers is a major challenge faced by the Authority's Public Information and Education Unit.

To help make food safety messages more entertaining and accessible, the Authority developed three mascots during 2006. Launched at the Royal Easter Show, the three characters help reinforce basic food safety and hygiene tips.

Chilly the Penguin highlights the need for perishable foods to be kept cool and out of the 'temperature danger zone'. Chilly is joined by Fiery the Dragon who lives at the other end of the danger zone and reminds consumers to keep warm and heated food steaming hot to prevent the growth of potentially dangerous food pathogens. Squeaky Clean the Platypus reinforces the need for consumers and children to thoroughly wash their hands after handling raw food and after visiting the bathroom.

Aimed at children, the three characters were well received at the Royal Easter Show. Temporary tattoos, featuring Chilly, Fiery and Squeaky Clean, proved a big hit among young show goers.

The three friends will be used by the Authority on an ongoing basis to help promote food safety for children.



Mercury in fish

The Authority's mercury in fish education campaign was awarded the prestigious National Golden Target Award. The Public Relations Institute of Australia award recognises excellence, best practice and professionalism in public relations. The judges said the Authority's campaign was "outstanding in its approach, execution and outcome". In 2005, 500,000 wallet cards, summarising food safety information, were distributed across more than 6,000 outlets, including fishmongers, doctors, midwives and dieticians.

Easter Show

Public Information and Education is responsible for the Authority's ongoing presence at the Sydney Royal Easter Show. The Authority's stand once again was in the high-traffic Woolworths Fresh Food Dome, which attracted about 900,000 visitors during the two-week event. The stand focused on time and temperature control as well as hand-washing messages, while innovative and educational interactive displays proved popular with consumers.

Authority staff answered questions about food safety from the general public. The Minister for Primary Industries, the Hon. Ian Macdonald, once again participated in celebrity food safety cooking shows. At the Show, the Authority's kid's safe lunch boxes campaign was launched (see page 35) and three new mascots were unveiled (see case study above).



Consumer brochures

Two consumer brochures, *Keep it Cool* and *Food Safety Tips*, were produced about time and temperature control and general food safety tips in an easy-to-follow format for consumers. The brochures were launched at the Easter Show.

Kid's lunch boxes

Research by the Authority found that up to 40 percent of NSW children do not have any way of keeping their school lunches cool and, as a result, are at an increased risk of food poisoning. An education resources page, added to the Authority's website, features simple tips on how to keep school lunches cool. The campaign gained international recognition when it was adopted by the US Army's Environmental Health Unit.

Allergy Awareness Week

Collaboration with stakeholders to drive food safety messages is integral to the way the Authority works. The Authority helped produce an education poster with Anaphylaxis Australia about the risk of severe food allergies. The poster was launched during Food Allergy Awareness Week in May 2006.

Barbecue tips

Research by the Authority found up to 44 percent of weekend barbecues carried food poisoning risks, due to serious cross-contamination risks. A simple media campaign was launched, promoting a resource page with barbecue food safety tips on the website. This achieved significant media coverage with a total potential audience of 5.5 million.

International risk communication workshops

The risk communication expertise of the Authority's Public Information and Education Unit led to invitations to participate in several World Health Organisation workshops in late 2005 and early 2006. Risk communication workshops were run by Authority staff in Switzerland, South Korea and China.

Towards the end of 2005, the Authority won a competitive international tender to train Hong Kong food safety officials about risk communication and consumer engagement.

“Research by the Authority found that up to 40 percent of NSW children do not have any way of keeping their school lunches cool and, as a result, are at an increased risk of food poisoning.”

Service Group 6



Consumer & Industry Contact Centre

Highlights

- Responding effectively to a 27 percent growth in communications volume.
- Coordination of a series of stakeholder and consumer surveys.

The Consumer and Industry Contact Centre receives and manages the diverse communications coming into the Authority. Calls typically received during the day, would include, for example:

- a consumer asking about correct cooking temperature for meat;
- an owner of a start-up food business inquiring about their food safety obligations;
- a consumer, who speaks a language other than English, needing to access a certified telephone interpreting service;
- a retail meat butcher ordering the Authority's food safety diary;
- a consumer complaining about a foreign object found in packaged food;
- a local government officer requesting specialist advice from one of the Authority's experts;
- a licensed shellfish processor inquiring whether a harvest estuary is open;
- an owner of an aged care facility inquiring about the introduction of the new food safety scheme for vulnerable people.

“C&ICC receives and manages the diverse communications coming into the Authority.”

To ensure its effectiveness, the Consumer and Industry Contact Centre is closely integrated into the core operations of the Authority. It monitors its service on an ongoing basis and resolves as many inquiries as possible during the first call. When callers require more specialised information, Contact Centre staff enlist the assistance of qualified personnel from other areas of the Authority.

Key Initiatives

Consumer and Industry Contact Centre:

- assisted the Authority's Shellfish Program receive calls, ensuring that shellfish growers and processors were provided with information when they called. The Contact Centre also inputted data results for the water and shellfish meat quality tests.
- accompanied the Authority's authorised officers on field inspections and investigations to enhance their food safety knowledge and see how information is used during investigations.
- worked closely with operational field groups. This led to more effective call handling and a review of the food complaints process to ensure the whole process is efficient, effective and service focussed.
- coordinated the data entry for some 3,000 stakeholder surveys. The surveys were analysed and fed into the Authority's positioning and communications work.
- aligned its service measures with the Authority's Results and Services Plan. It has maintained and even improved its service levels despite a 27 percent growth in communication volume and taking on additional activities.

Case Study: A single phone call leads to court case

In 2005, the Consumer and Industry Contact Centre received a telephone report about a consumer who knew they had a severe allergy to nuts. After consuming a pasta product purchased frozen, which made no mention of nut ingredients on the label, the consumer quickly suffered a serious anaphylactic reaction and had to be admitted to hospital.

The Contact Centre recorded the incident and product in the Authority's central complaint system. The report was assigned to the relevant operational group. An investigation by the Compliance Unit and Enforcement Unit revealed that the wrong labels had been applied to the product which did contain walnuts.

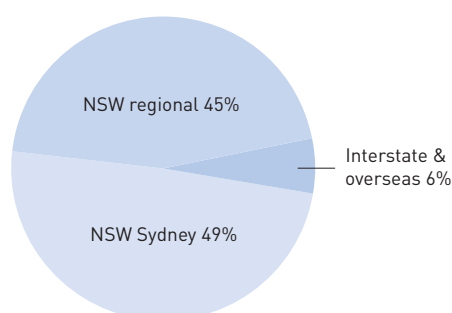
The investigating officers alerted the Authority's

Recall Coordinator and the company immediately recalled the affected product. A prosecution brief was also prepared by the Enforcement Unit and action commenced in the Local Court.

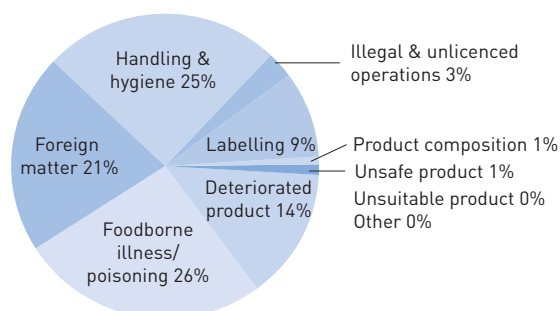
In 2006, the court found against the company and fined them a total of \$12,500 for several matters, including costs. The Minister for Primary

Industries, the Hon. Ian Macdonald, issued a statement in May 2006, reminding all NSW food manufacturers that mislabelling of food products is a serious offence.

Graph 1: C&ICC Calls by geographic origin 2005/06

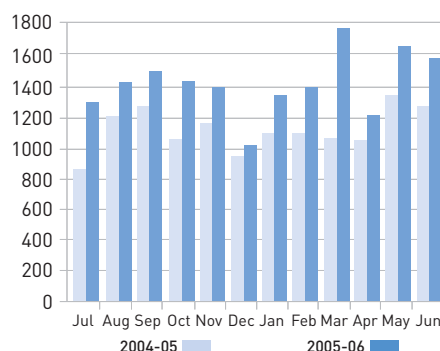


Graph 2: C&ICC Complaints/reports received 2005/06



- The Contact Centre sent out wallet cards on pregnancy and mercury in fish as well as safe lunch boxes for kids materials. Fact sheets in English and a number of other community languages were sent out about a number of campaigns.
- The Authority's main information web page on dioxins was downloaded 2,270 times to 30 June 2006 and, when combined with related pages, dioxin content was downloaded 3,700 times. Calls to the Contact Centre from members of the public and industry seeking information on dioxins peaked during January and February 2006.

Graph 3: C&ICC Inbound communications volume (monthly)



Service Group 7



Internal Services

- which support delivery of all Service Groups

Highlights

- Initiation of the major IT project, called Paddock to Plate, to improve how the Authority carries out all aspects of its business.
- The introduction of a Goal Setting, Development and Review System to support staff development and encourage constant dialogue between staff and managers.

Corporate services

The Corporate Services group provides support in the three key areas of information management, human resources and administration.

Information management

Information management is critical to the Authority's ability to regulate the 55,000 food businesses across NSW. The Authority has a relational database system called Byte, which is used to manage audit, licensing and inspection data for the 11,464 licensed businesses. During the year, the Paddock to Plate (P2P) project was initiated to enhance the Byte system to:

- manage interactions with the remaining 42,000 food businesses in NSW;
- enable electronic service delivery;
- provide wireless access for auditors; and
- improve access for local government and private sector auditors.

The NSW Government has provided funding for the system, which will be developed over the next two years. Risk management strategies are vital for such projects. P2P is working to Information Security 7799 standards, and Business Continuity and Disaster Recovery plans are being developed for the Authority.

Human resources

As at 30 June 2006, 2 SES Officers and 113 non-SES staff were provided to the Authority by the Office of the NSW Food Authority.

The Authority has a Service Partnership Arrangement with the Central Corporate Services Unit of the NSW Department of Commerce to conduct payroll and leave processing and part of the recruitment process, and an Employee Assistance Program is facilitated by an independent external provider.

The Authority also has formal consultative arrangements with the Public Service Association, an agency-specific Food Safety Officers Award, and flexible working hours agreements for field staff and administrative and clerical staff.

Table 3: Staff numbers by category in 2005/06

Occupation group	2005/06	2004/05	2003/04	2002/03
Administration	42	49	37	25
Technical/food safety officers	71	68	68	42
Total non-SES	113	117	105	67
Senior Executive Service	2	4	3	3

Table 4: Staff by EEO groups 2005/06

EEO groups in 2005/06	Number
Total staff (non-SES)	113
Male	60
Female	53
Staff who are Aboriginal and Torres Strait Islanders	1
Staff who have a disability	4
Staff of racial, ethnic and ethnic-religious minority groups (REM)	9



Organisational change

The Authority has a positive approach to change. During 2005/06 the Executive and staff developed a Master Change Plan, which identified nine broad areas of work that needed completing in the next few years to help us develop as an organisation.

Moreover, the Authority continued to implement its 'Blueprint for Organisational Change' strategy to fill positions in the new organisational structure, in line with government policy and practice. The entire process has been successfully facilitated by the Departmental Joint Consultative Committee, comprising management and union representatives.

A Goal Setting, Development and Review System was in place to focus on individual staff development and encourage a constant dialogue between staff and managers. This is to be supplemented by a major organisation-wide management development program, the Skills for Success Program, which was finalised during the past year and will commence in July 2006.

Exceptional movements in wages, salaries or allowances in 2005/06

On 16 February 2005, the NSW Industrial Commission made the Crown Employees (Public Sector – Salaries Award 2004) Award by consent between the Public Employment Office and the Public Service and Professional Officers Association (PSA). The Award provided for:

- an increase to salaries and related allowances of four percent from the first full pay period on or after 1 July 2004;
- a further increase of four percent from the first full pay period on or after 1 July 2005; and
- four percent from the first full pay period on or after 1 July 2006.

A Memorandum of Understanding between the Government and the Public Service and Professional Officers Association provided for a further four percent increase from the first full pay period on or after 1 July 2007.

The non-salary enhancements agreed to by the parties regarding maternity leave, paternity leave, and enhanced extended leave provisions were formalised by a variation to the Crown Employees (Public Service Conditions of Employment) Award.

Equal employment opportunity (EEO)

The Authority continued to maintain support for the principles of equal employment opportunity.

Females now comprise 47 percent of the organisation compared to 36 percent in June 2004. There was a significant rise in the number of successful female candidates for full-time permanent positions with rates of pay over \$97,932.

The Departmental Joint Consultative Committee (JCC) continued to successfully monitor the application of an approved policy and procedure document entitled 'Blueprint for Organisational Change' over the last year as the Authority's major restructure was bedded down. The JCC monitored fair and equitable procedures during the process.

A total of 10 female staff attended events, such as the International Women's Day Conference, the Conference for Women in the Public Sector, and the Women and Leadership Forum.



Arrangements were made for the Skills for Success management development program to commence in July 2006 and to include units on 'Interview and Selection Skills'; 'EEO Awareness', 'Diversity and Equity'; 'Grievance and Dispute Resolution'; and a 'Fundamentals of Management' unit covering principles of equity in employment.

Administration

In addition to providing reception and executive support, the Administration Unit provides all of the office accommodation and procurement services for the Authority.

Of the Authority's 115 staff (113 non-SES and 2 SES), around 75 are located in the head office in Newington, with around 40 staff in regional locations across NSW. There are nine regional offices around NSW, most of them are in shared arrangements with the NSW Department of Primary Industries. The Authority owns and maintains the Newington Head Office.

Table 5: EEO staff groups by level (\$ earnings in 2005/06)

Level	Total staff (non - SES)	Female staff	ATSI staff	Staff with a disability	REM staff
← \$32,606	0	0	0	0	0
\$32,825 - \$42,824	3	2	0	0	0
\$42,825 - \$47,876	5	5	0	1	0
\$47,877 - \$60,583	18	12	1	0	2
\$60,584 - \$78,344	37	20	0	0	1
\$78,345 - \$97,932	41	11	0	3	3
→ \$97,932					
(non SES)	9	3	0	0	3
Total	113	53	1	4	9

Table 6: EEO staff groups by employment basis in 2005/06

Employment basis	Total staff (non - SES)	Female staff	ATSI staff	Staff with a disability	REM staff
Full-time	109	49	1	4	9
Part-time	4	4	0	0	0
Casual	0	0	0	0	0
Total	113	53	1	4	9

Financial management

Financial operations

The Finance Section is responsible for managing all of the Authority's financial activities, including those of its subsidiary entity, the Office of the NSW Food Authority, and subsidiary companies, Milk Marketing (NSW) Pty Limited and Pacific Industry Services Corporation Pty Limited. The role and functions performed in relation to financial management include strategic financial planning, comprising formulation of five-year forward estimates, coordination of annual budget preparation, liaison with NSW Treasury and preparation of submissions

“A key focus of the Authority in relation to its financial management and sustainability into the future is the establishment of a secure, appropriate and sustainable funding base for the Authority.”

for government funding, statutory, management and industry reporting, management and reporting of taxation issues as well as undertaking accounts payable and receivable functions.

A key focus of the Authority in relation to its financial management and sustainability into the future is the establishment of a secure, appropriate and sustainable funding base. Other areas of focus include improving efficiency and effectiveness of its financial processes through continuous process review and improvement, and increased implementation of electronic service delivery and related technology with a view to catering for significant increases in the Authority's licensee stakeholder numbers.

Asset management

At 30 June 2006, the Authority's capital asset base totalled \$8.8 million, including its head office building at Newington in Sydney and a regional office on the mid north coast of NSW at Taree as well as various other assets. The Finance and Licensing Branch undertakes certain asset management functions in relation to the Authority's assets, including management of its motor vehicle fleet, maintenance of the Authority's asset register, development of its assets management plan and coordination of its annual stocktake of fixed assets.

Policy and Science Services

The Policy and Science Branch provides support in:

1. strategic issues management
2. ministerial liaison
3. laboratory management.

Strategic issues management

The Authority's communication activities are aligned with its strategic issues management. The public, government and industry are kept informed of new developments in the area of food safety.

A strategic issues management group (SIM), consisting of a cross-section of key Authority staff meets at the start of each week to review national and international developments and to recommend suitable follow-up action. The SIM chair reports to the Executive team immediately after the meeting to allow for prompt Executive decision making as appropriate.

Key issues under consideration during 2005/06 included:

- the Authority's response to the detection of dioxin in fish from Sydney Harbour; and
 - the Authority's contribution to Exercise Eleusis, a national exercise that tested the nation's ability to cope with an emergency related to avian influenza or bird flu.
- The Authority also has an internal network of scientists to assist the Chief Scientist in assessing new scientific findings and its impacts on the Authority's activities. In addition, the Chief Scientist can appoint external expertise when necessary (eg. an Expert Panel on dioxins). Other issues the network discussed include:
- chemical contaminants in animal products;
 - identifying foods that pose a significant risk of causing illness (salmonellosis, listeriosis) in vulnerable persons;
 - relative risks of storing potentially hazardous food outside of temperature control for short defined periods; and
 - the risk of milk becoming contaminated with *Botulinum neurotoxin* from dairy cattle clinically diagnosed with botulism.

“The Authority’s Corporate Services group provides support in three key areas - information management, human resources, and administration.”

Ministerial liaison

The Authority reports to the Minister for Primary Industries. To ensure that the Minister and the NSW Government are provided with accurate and appropriate advice and information on food regulatory issues, a Ministerial Coordination function, located within the Policy and Science Branch, facilitates communication with the Minister’s Office.

The Policy and Science Branch also coordinates advice to the Minister in relation to his role as Lead Minister for NSW on the Australia and New Zealand Food Regulation Ministerial Council. The Ministerial Council establishes the policy framework for domestic food standards, considers draft food standards (and may ultimately amend or reject them), and oversees the implementation and enforcement of standards, including the promotion of consistency and harmonisation. See also Service Group 1.

Laboratory management

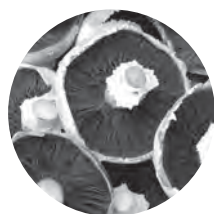
Relevant quality laboratory data is essential for the Authority’s regulatory decisions. The evidence supporting food regulatory measures, such as assessments of food for compliance monitoring, foodborne illness investigation and enforcement, often are first validated in the laboratory. The Authority requires its laboratories to be:

- accredited by the National Association of Testing Authorities (NATA);
- involved in proficiency testing programs; and
- using standards set by Standards Australia Ltd.

The Authority contracts NSW Health’s Division of Analytical Laboratories (DAL) at Lidcombe to undertake most of its food testing as part of a service level agreement with the Authority. During the year, the Authority sent:

- 2,691 food samples for microbial contamination analysis; and
- 1,649 food samples for chemical composition or contamination analysis.

To detect dioxins in seafood from Sydney Harbour, the Authority used the laboratory expertise of the National Measurement Institute to analyse bream and prawn samples.



Our Other Activities

Presentations

Following are presentations given by Authority Executive during 2005/06.

George Davey, Director-General

'What does it take to develop, implement and maintain a gold standard food safety programme within a risk management framework?', Food Hotel Asia 2006 - Food Safety Forum, Singapore, 26 April 2006.

'Food standards regulation within a risk analysis framework', Australia China Food Safety Workshop, Hobart, 1-2 May 2006.

Terry Outtrim, Executive Director Operations

'Profitability and food safety costs', NSW Farmers oyster growers, Sydney, 18 July 2005.

'The grower's role and responsibility in the poultry food safety chain', NSW Farmers chicken meat members, Sydney, 18 July 2005.

'Keeping the faith - truth in labelling', Seafood Directions Conference 2005, Sydney, 13 September 2005.

'The NSW Food Authority and local government', Australian Institute of Environmental Health, Griffith, 27 October 2005.

'Meat Industry Consultative Council, meat industry levy and NSW Food Authority', Rural Lands Protection Boards Regional Conferences, Inverell, 8 March 2006, Maitland, 10 March 2006, Bourke, 16 March 2006, Gundagai, 23 March 2006, Molong, 31 March 2006, Young, 5 April 2006.

'Update State Conference on the outcomes of Regional RLPB Conference presentations', Rural Lands Protection Board State Conference, Narrabri, 22 June 2006.

Craig Sahlin, Executive Director Policy and Science

'Where the NSW Food Authority is at today and its vision for the future', Queensland Food Safety Advisory Committee, Brisbane, 26 April 2006.

'A healthy fish message for mums to be... NSW Food Authority mercury in fish campaign', 15th Session of the Quadrilateral Discussions on Food Safety - Risk Communication breakout, Santa Fe, 27 March 2006.

Lisa Szabo, Chief Scientist Policy and Science

'Dioxins, furans and dioxin-like PCBs: A case study in risk analysis', University of NSW Seminar series, Sydney, 17 March 2006.

'Dioxins, furans and dioxin-like PCBs: A case study in risk analysis', Australia China Food Safety Workshop, Hobart, 1-2 May 2006.

Samara Kitchener, Executive Director Consumer and Corporate Services

'Mercury in fish: Using targeted consumer advice as a risk management tool', 6th World Congress on Seafood Safety, Quality and Trade, Sydney, 15 September 2005.

'Communication, communication, communication!', University of NSW Guest Lecture Series, Sydney, 17 October 2005.

'Mercury in fish: Using targeted consumer advice as a risk management tool', World Health Organisation workshop of the Application of Risk Communication to Methyl Mercury in Fish, Geneva, 12 January 2006.

'A healthy fish message for mums to be... NSW Food Authority mercury in fish campaign', Public Relations Institute Australia Mini Conference of award winning campaigns, Sydney, 31 January 2006.



'Reaching out – targeting community/cultural audiences', AIFST 12th Australian Food Microbiology Conference, Sydney, 21 February 2006.

'NSW Food Authority mercury in fish campaign – engaging the public effectively in community education campaigns', 16th Annual Public Affairs in the Public Sector Conference, Sydney, 27 March 2006.

Presentations by Authority staff at international events

Michael Apollonov

(with Bill Porter) 'Seafood labelling workshop', World Congress on Seafood Safety, Quality and Trade, Sydney, 11 September 2005.

Chris Chan

'Risk profile of Asian duck egg products sold in Australia', AIFST International Risk Assessment Conference, Sydney, 21 February 2006.

Michelle Keygan

(with Peter Sutherland) 'Development and implementation of risk management strategies for food safety programs in NSW', AIFST 12th Australian Food Microbiology Conference, Sydney, 21 February 2006.

Catrin May

'Use of risk analysis to improve consumer food safety: Risk communications', WHO Risk Management Workshop, Seoul, 1–3 February 2006.

Bill Porter

(with Michael Apollonov) 'Seafood labelling workshop', World Congress on Seafood Safety, Quality and Trade, Sydney, 11 September 2005.

Peter Sutherland

'The Australian perspective on assuring safe imported and domestically manufactured cheeses', International Association of Food Protection Annual Conference, Baltimore, 14 August 2005.

(with Michelle Keygan) 'Development and implementation of risk management strategies for food safety programs in NSW', AIFST 12th Australian Food Microbiology Conference, Sydney, 21 February 2006.

Papers published

- Bass, C. and Miller, J. (2006) 'The NSW Food Authority plant products food safety scheme – an initial benchmark study', NSW Food Authority, Sydney.
- Bird, P. Soenario, T. and Sutherland, P. (2006) 'Food safety survey of retail doner kebabs in NSW', NSW Food Authority, Sydney.
- Davey, G. (2006) 'Realising a dream – the creation of Australia's first through-chain food regulatory authority', *Food Australia* 58 (1, 2), January/February 2006, pp. 22–27.
- Ray, A. (2006) 'NSW next in line with food safety scheme', *National Healthcare Journal*, February/March 2006, pp. 40.

Industry publications

- *Foodwise* – Issue 1 December 2005, Issue 2 March 2006, Issue 3 June 2006
- *Your Meat Industry Levy* brochure

New Industry fact sheets

- *Seafood Labelling*
- *General Labelling Requirements*
- *Country of Origin Labelling Requirements*
- *Auditing in the Food Industry*
- *Controlling Histamine Fish Poisoning*
- *Retail Handling of Live Unopened Shellfish*
- *Australian Fish Names List*
- *Food Allergies and Intolerances*
- *Labelling Requirements – Date Marking and Storage Conditions*
- *Labelling Requirements for Unpackaged Seafood*
- *Use of Non-Reticulated Water in Food Businesses*
- *Manufacturing/Selling Sushi and Sashimi*
- *Single Food Licence*

General circulars

- Rinsing of oysters during opening
- Testing requirements for businesses farming and opening oysters

Consultants

Table 7: Consultancies in 2005/06

Consultants - 2005/2006 Financial Year	
Base Amt	Description
\$32,000.00	AMH OH&S Services
\$34,500.00	CSIRO Corporate Finance
\$91,500.00	Doll Martin Associates
\$41,000.00	Loop Technology Pty Ltd

Details of consultants engaged costing \$30,000 or more.

Consultants engaged below \$30,000 in cost:

- total number – 11
- total cost – \$66,433.

Research and development

Science has an important role to play in delivering the Authority's mission by contributing to decisions concerning food safety and suitability, industry innovation, food security, consumer and industry education. We gain access to this science through published peer-reviewed literature, consulting scientific experts, and, where scientific evidence is unavailable or is uncertain, we generate the required information through research and survey programs.

- The Authority is an active participant in the Australia New Zealand Food Regulation Ministerial Council's Implementation Sub-Committee's coordinated food survey plan. This initiative provides a process by which food surveys are coordinated, and information shared between the jurisdictions and Food Standards Australia New Zealand (FSANZ) to enhance the evidence base for food standards setting.

This financial year, the Authority jointly led and completed with South Australia one national survey (Chicken Meat Retail Microbiological Baseline Survey), secured broad jurisdictional collaboration for two other surveys to be led by the Authority, and agreed to collaborate in four surveys proposed by other jurisdictions.

- Surveys conducted throughout the year enhanced the evidence base for NSW food regulations. Surveys on red-meat abattoirs and high-risk plant products were conducted.

- The Authority initiated a pilot project of sharing *Salmonella* information with a poultry company and NSW Health that includes the routine exchange of information, pathogen management and the setting of food safety objectives in poultry processing, and development of rapid test methods for detection.
- The Authority has added its support to a National Health and Medical Research funding application from the Institute of Clinical Pathology & Medical Research at Westmead Hospital NSW to investigate *Salmonella*.
- With the Australian Food Safety Centre of Excellence and the South Australian Research and Development Institute, the Authority developed a national priority classification system to sort food businesses into risk categories according to the food safety risk.
- As a strategic goal, the Authority is striving towards reducing the incidence of foodborne illness in NSW. The Authority is undertaking a study for the Commonwealth Department of Health and Ageing to:
 - estimate the burden of gastroenteritis in the community and aged care institutions;
 - revise previous estimates of the incidence of foodborne gastroenteritis; and
 - collect a national register of people who would act as epidemiological 'controls' during outbreak investigations.
- Edwina Mulhearn (3-7 October 2005) to Christchurch, New Zealand to attend the Australia New Zealand Dairy Authorities Committee 15th annual meeting
- Chris Chan (3-7 October 2005) to Christchurch, New Zealand to attend the Australia New Zealand Dairy Authorities Committee 15th annual meeting
- George Davey (10-13 October 2005) to Wellington, New Zealand to visit New Zealand Food Safety Authority and attend Food Safety for New Zealand and International Consumers Conference
- Terry Outtrim (10-14 October 2005) to Wellington, New Zealand to visit New Zealand Food Safety Authority and attend Food Safety for New Zealand and International Consumers Conference
- Samara Kitchener (11-21 December 2005) to Canton and Beijing, China to present workshops - reimbursed by WHO
- Samara Kitchener (9-20 January 2006) to Switzerland, United Kingdom and Ireland to present series of workshops and liaise with food safety agencies - reimbursed by WHO
- Catrin May (30 January-6 February 2006) to Seoul, Korea to present workshops - reimbursed by WHO
- Craig Sahlin (24 March-9 April 2006) to Los Angeles, Albuquerque, Chicago, London, Belfast, Dublin, Singapore to attend the 15th Session of the Food Safety Quadrilaterals in Santa Fe and to visit food safety agencies
- George Davey (24-27 April 2006) to Singapore to present paper to Food and Hotel Asia (Singapore) Conference - reimbursed by APO Singapore
- George Davey (10-19 May 2006) to Chicago and New Orleans, USA to attend the International Dairy Federation meeting - reimbursed by Milk Marketing

Overseas visits by Authority staff in 2005/06

- Peter Sutherland (10-20 August 2005) to Baltimore, USA to present paper at the International Association for Food Protection 92nd Annual Convention - travel reimbursed by organising committee
- George Davey (17-22 September 2005) to Vancouver, Canada to attend the International Dairy Federation meeting - reimbursed by Milk Marketing
- Edwina Mulhearn (3-7 October 2005) to Christchurch, New Zealand to attend the Australia New Zealand Dairy Authorities Committee 15th annual meeting
- Chris Chan (3-7 October 2005) to Christchurch, New Zealand to attend the Australia New Zealand Dairy Authorities Committee 15th annual meeting
- George Davey (10-13 October 2005) to Wellington, New Zealand to visit New Zealand Food Safety Authority and attend Food Safety for New Zealand and International Consumers Conference
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Guarantee of service

The Authority has established internal control processes designed to provide reasonable assurance regarding the achievement of its objectives. The internal audit function conducts a program of review to assess these controls. The Authority is committed to delivering appropriate, effective and quality services to its stakeholders.

Risk management and insurance activities

The Authority is a member of the NSW Treasury Managed Fund which is a self-insurance arrangement for NSW government agencies. The Authority is fully covered under NSW legislation and is committed to using risk management principles to minimise risk exposure and premium costs. The management of risk has been a key consideration in the development of the Authority's strategic plan and issue management is carried out as part of its routine operation. The Authority has a tape backup scheduled for IT servers in place. Tapes are stored offsite at the Government Records Repository to enable restoration of lost data from backup. A disaster recovery build is in place for all servers.

Disclosure of controlled entities

The Office of the NSW Food Authority is a Division of the Government Service, established under the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at the Authority, 6 Avenue of the Americas, Newington NSW 2127. The Office of the NSW Food Authority's objective is to provide personnel services to the NSW Food Authority. The Office of the Authority commenced operations on 17 March 2006, when it assumed responsibility for the employees and employee related liabilities of the Authority. The assumed liabilities were recognised on 17 March 2006, together with an offsetting receivable, representing the related funding due from the former employer.

The Authority's interest in Pacific Industry Services Corporation (PISC) Pty Limited, a subsidiary company of the former SafeFood NSW which undertook laboratory analyses, was sold in 2001/02 to Silliker-bioMérieux Corp (USA). PISC will be wound up during 2006/07.

Milk Marketing (NSW) Pty Limited has continued to function in a limited framework of assistance to the dairy industry. At meetings during 2005/06, it developed policies to promote the quality of NSW milk and the quality and safety of milk and dairy foods. During the year, the company provided financial support to the annual conference of the NSW Division of the Dairy Industry Association of Australia.

Through its liaison with the International Dairy Federation and other international contacts, it is now part of an international network. The company receives regular reports on emerging issues which may have an effect on the NSW dairy industry. It develops strategies for the management of issues and crises, such as the experiences in the UK with *Bovine spongiform encephalopathy*, foot and mouth disease, *Mycobacterium paratuberculosis* as well as issues such as A2 milk, obesity and animal welfare.

The company has developed systems for disseminating information on emerging issues to stakeholders and opinion leaders. The board of the company, appointed by the Minister, comprises George Davey, Director-General of the NSW Food Authority (Chair) and Robert Grey, representing the dairy industry.

Ethnic affairs priorities statement (EAPS)

This statement confirms the Authority's ongoing commitment to the NSW Charter of Principles for a Culturally Diverse Society and reflects how services and facilities are accessible to the NSW community. The Authority's programs incorporate the ethnic diversity of the NSW food industry and NSW consumers, and service those from culturally and linguistically diverse backgrounds.

This assists industry in two ways: firstly by ensuring access to the Authority's consultation, regulatory programs and advisory services to all food industry participants, and, secondly, by taking ethnic methods of food preparation into account when designing regulatory programs.

The Authority takes its commitment to improve access and communication with ethnic communities seriously and has developed a range of consumer and industry fact sheets on a range of food issues. Several of these are targeted at particular communities and address their own unique food issues. Fact sheets have been translated into a number of languages, including Arabic, Turkish, Chinese, Greek, Italian, Vietnamese, Korean and Spanish.

The Consumer and Industry Contact Centre and field staff make use of an accredited interpreter service to accommodate callers who speak languages other than English.

Public media statements are distributed to multicultural press. In the longer term, consumer information and education programs will be developed taking the specific needs of different communities into account. All residents of NSW have access to the Authority's services. The needs of the community and industry will be met professionally, equitably and appropriately.

Ethnic affairs action plan

To implement the Ethnic Affairs Priority Statement, the Authority will:

- identify ethnic groups within each industry going through a food safety scheme development process and determine the best way of involving those groups through the consultation process;
- take ethnic/traditional methods of food preparation into account when considering risk management options for particular food products;
- translate key fact sheets of relevance to particular communities;
- provide access to a translation service for the Consumer and Industry Contact Centre;
- target ethnic media with relevant press releases through the Community Relations Commission ethnic media contacts; and
- take the needs of people from culturally and linguistically diverse backgrounds into account when developing consumer information and education program proposals.

NSW Government action plan for women

Although the Government's formal action plan for women came to a conclusion in 1999, the Authority continues to encourage the career development of women in the agency, particularly in the food safety officer classification where they have traditionally been under-represented.

Occupational health and safety (OH&S)

The Authority is committed to ensuring the health, safety and welfare at work of all its employees and operates a dedicated Occupational Health and Safety Committee. The Authority has continued with the development of its occupational health and safety management system with the assistance of a consultant. The process has so far involved a review of policies and practices, focus group workshops, the development of a new incident report form, and training for

Committee members, managers and supervisors. The Authority will finalise the system in 2006/07.

Motor vehicle accidents and dealing with hostile clients have been identified as major risks of injury to staff. This mainly affects field officers and frontline staff at the Taree office and reception at Newington. The Authority conducted 'Defensive Driver' training for all field staff and other staff who use agency vehicles and arrangements are being made to conduct refresher training for 'Dealing with Aggressive and Potentially Violent Behaviour' for all field staff and frontline staff in October 2006.

There are protocols in place for Operations Branch staff for dealing with potentially violent behaviour, including a Memorandum of Understanding with NSW Police, and a system for flagging potential hazards on the BYTE information technology system.

The Authority also made arrangements for influenza vaccinations during the year.

Waste reduction

The Authority operates in accordance with the NSW Government Waste Reduction and Purchasing Policy (WRAPP). Details are reported to the Department of Environment and Conservation on a bi-annual basis, due in August 2007.

The Authority policy continued to reduce waste by increasing recycling and purchasing recycled content products where possible. Recycling bins have increased and continue to be distributed throughout Authority offices, including specialised bins for secure documents, which are then shredded prior to recycling. Used toner cartridges are also recycled where possible. All copy paper purchased has a minimum 50 percent recycled content and remanufactured laser printer and fax toner cartridges are purchased when available.

Initiatives for waste reduction have included the increased use of electronic documents in place of paper copies,

including email, e-newsletters and electronic record keeping. Double-sided printing and copying is also used where appropriate.

Code of conduct

The Authority is committed to meeting the expectations of the community to conduct its work with efficiency, economy, fairness, impartiality and integrity. These principles are inherent in the Authority's Code of Conduct.

Annual report production

The *NSW Food Authority Annual Report 2005/06* cost \$24,350 + GST to produce 1,000 printed copies. The *NSW Food Authority Annual Report 2005/06* is available for free download from www.foodauthority.nsw.gov.au.

Performance and numbers of executive officers

The NSW Food Authority recorded the following details on performance and numbers of senior managers for 2005/06:

Mr George Davey

B Sc (Honours), M Sc (Food Technology) Director-General, SES Level 6 Remuneration package \$267,263 per annum (includes employment benefits of \$15,968)

Table 8: Senior Management for 2005/06

	2005/6	2004/05	2003/04
Total SES positions	3	4	4
CEO level 6	1	1	1
SES level 3	2	2	2
SES level 1		1	1
Female SES	0	0	0

Mr Davey has been Director-General of the NSW Food Authority since its establishment in April 2004, and was Chief Executive Officer of the former SafeFood Production NSW since establishment in 1999. Mr Davey has a performance agreement with the NSW Minister for Primary Industries and a five-year contract of

employment was completed on 15 October 2004.

Under Mr Davey's continued leadership, the Authority has made considerable progress safeguarding food safety across NSW as outlined in this and previous years' annual reports.

Key areas of progress include the successful agreement in-principle by the Cabinet of the Authority's model for working with local government, and subsequent approval of a separate business case and funding of \$1.58m for the first year of the Local Government Interface Program. A Consolidated Food Safety Scheme was introduced in September 2005 which covers all industry sectors with food safety scheme requirements in a consistent manner. An Implementation Assist program for Food Service to vulnerable persons was also initiated during 2005/06. Ongoing efforts to develop the Authority's consumer education function were recognised by the conferment of a Golden Target award by the Public Relations Institute of Australia for a campaign on mercury in fish. Considerable progress has been made on supporting the development of the Authority's staff through the introduction of a performance management and development system and plans to introduce a Workforce Development program from 1 July 2006. Finally, there were no reported outbreaks of food-borne illness due to systems failures by the Authority.

Freedom of Information (FOI)

All policy documents of the Authority are listed in the Government Gazette in the Summary of Affairs, as required under the *Freedom of Information Act 1989*. These documents are available for inspection at the Authority and are either available for purchase or free of charge.

Information about these policy documents can be obtained through the Consumer and Industry Contact Centre.

Hours: Monday to Friday 8:30am to 5:30pm

Phone: 1300 552 406

Fax: (02) 9647 0026

Email: contact@foodauthority.nsw.gov.au

A request to access documents or amend a record concerning an individual's personal affairs may be made by completing the application form which is found on the website www.premiers.nsw.gov.au and submitting the form together with a cheque for \$30 for the application fee to:

The FOI Officer

NSW Food Authority

PO Box 6682 Silverwater NSW 1811

Applications will be assessed in accordance with the provisions of the *Freedom of Information Act*.

During 2005/06, the Authority received 18 new requests for documents under the Act compared with one in 2004/05. This increase is believed to be due to:

1. the Authority's growing profile as the first and only Australian through-chain food agency with increased media and public interest in 'food related' matters; and
2. the increasing awareness of the rights of access under freedom of information legislation.

No applications were carried over from the 2004/05 reporting period. Of the 16 applications completed, six were of a personal nature.

No applications were received for an internal review of a determination or for an amendment or notation of records. No Ministerial certificates were issued.

Processing freedom of information requests during 2005/06 cost an estimated \$8,250, which was partly offset by a total of \$480 received in fees and charges. The annual operating cost to the Authority was approximately \$56,000, comprising the salary and general administration of operating resources.

This statistical summary is set out in accordance with the provisions of the *Freedom of Information Act*, the Freedom of Information Regulation 2005 and the Premier's Department Freedom of Information Procedures Manual. Statistics for the previous financial year appear in brackets.

Table 9: Freedom of Information Statistics

Freedom of Information (FOI) Statistics				
SECTION A – NUMBER OF FOI REQUESTS		Personal	Other	Total
A1	New (including transferred in)	6 (0)	12 (1)	18 (1)
A2	Brought forward	0 (0)	0 (0)	0 (0)
A3	Total to be processed	6 (0)	12 (1)	18 (1)
A4	Completed	6 (0)	10 (1)	16 (1)
A5	Transferred out	0 (0)	0 (0)	0 (0)
A6	Withdrawn	0 (0)	0 (0)	0 (0)
A7	Total processed	6 (0)	10 (1)	16 (1)
A8	Unfinished (carried forward)	0 (0)	2 (0)	2 (0)
SECTION B – RESULTS OF FOI REQUESTS		Personal	Other	Total
B1	Granted in full	2 (0)	4 (0)	6 (0)
B2	Granted in part	4 (0)	4 (1)	8 (1)
B3	Refused	0 (0)	2 (0)	2 (0)
B4	Deferred	0 (0)	0 (0)	0 (0)
B5	Completed	6 (0)	10 (1)	16 (1)
SECTION C – MINISTERIAL CERTIFICATES		Personal	Other	Total
C1	Number of Ministerial Certificates issued	0 (0)	0 (0)	0 (0)
SECTION D – THIRD PARTY CONSULTATIONS		Personal	Other	Total
D1	Number of requests requiring formal consultation	5 (0)	6 (1)	11 (1)
SECTION E – AMENDMENT OF PERSONAL RECORDS		Personal	Other	Total
E1	Result of amendment - agreed	0 (0)	0 (0)	0 (0)
E2	Result of amendment - refused	0 (0)	0 (0)	0 (0)
E3	Total	0 (0)	0 (0)	0 (0)
SECTION F – NOTATION OF PERSONAL RECORDS		Personal	Other	Total
F1	Number of Requests for notation	0 (0)	0 (0)	0 (0)
SECTION G – BASIS OF DISALLOWING OR RESTRICTING ACCESS		Personal	Other	Total
G1	Section 19 – application incomplete	0 (0)	0 (0)	0 (0)
G2	Section 22 (3) - deposit not paid	0 (0)	0 (0)	0 (0)
G3	Section 22 (1) – unreasonable diversion of resources	0 (0)	0 (0)	0 (0)
G4	Section 25 (1) (a) – exempt	0 (0)	1 (0)	1 (0)
G5	Section 25 (1) (b) (c) (d) – otherwise available	0 (0)	0 (0)	0 (0)
G6	Section 28 (1) – documents not held	0 (0)	1 (0)	1 (0)
G7	Section 24 (2) – deemed refused over 21 days	0 (0)	0 (0)	0 (0)
G8	Section 31 (4) released to medical practitioner	0 (0)	0 (0)	0 (0)
G9	Total	0 (0)	2 (0)	2 (0)

Freedom of Information (FOI) Statistics (continued...)

SECTION H – REQUEST COSTS		Fees Received		Assessed Costs
H1	All completed requests	480 (30)		8250 (-)
SECTION I – DISCOUNTS ALLOWED		Personal	Other	
I1	Public interest	0 (0)	0 (0)	
I2	Financial hardship – Pensioner/Child	0 (0)	0 (0)	
I3	Financial hardship – non profit organisation	0 (0)	0 (0)	
I4	Total	0 (0)	0 (0)	
I5	Significant correction of personal records	0 (0)	0 (0)	
SECTION J – DAYS TO PROCESS		Personal	Other	Total
J1	0 – 21 days	1 (0)	5 (1)	6 (1)
J2	22 – 35 days	4 (0)	5 (0)	9 (0)
J3	Over 35 days	1 (0)	0 (0)	1 (0)
J4	Total	6 (0)	10 (1)	16 (1)
SECTION K – PROCESSING TIME		Personal	Other	Total
K1	0 – 10 hours	1 (0)	5 (0)	6 (0)
K2	11 – 20 hours	3 (0)	2 (0)	5 (0)
K3	21 – 40 hours	1 (0)	2 (0)	3 (0)
K4	Over 40 hours	1 (0)	1 (0)	2 (0)
K5	Total	6 (0)	10 (0)	16 (0)
SECTION L – REVIEWS AND APPEALS		Personal	Other	Total
L1	Number of internal reviews finalised	0 (0)	0 (0)	0 (0)
L2	Number of Ombudsman reviews finalised	0 (0)	0 (0)	0 (0)
L3	Number of District Court appeals finalised	0 (0)	0 (0)	0 (0)
GROUNDS ON WHICH INTERNAL REVIEW REQUESTED		Personal	Other	
	Decision Upheld	Decision Varied	Decision Upheld	Decision Varied
L4	Access refused	0 (0)	0 (0)	0 (0) 0 (0)
L5	Deferred	0 (0)	0 (0)	0 (0) 0 (0)
L6	Exempt matter	0 (0)	0 (0)	0 (0) 0 (0)
L7	Unreasonable charges	0 (0)	0 (0)	0 (0) 0 (0)
L8	Charges unreasonably incurred	0 (0)	0 (0)	0 (0) 0 (0)
L9	Amendment refused	0 (0)	0 (0)	0 (0) 0 (0)
L10	Totals	0 (0)	0 (0)	0 (0) 0 (0)

Privacy management

The *Food Act 2003* imposes particular obligations on Authority officers in relation to the non-disclosure of certain confidential information obtained in the course of their duties. In the collection, disclosure and use of personal information, the Authority is governed by the provisions of the *Privacy and Personal Information Act 1998* and, if the personal information contains information or an opinion about an individual's health or disability, then the provisions of the *Health Records and Information Privacy Act 2002* also apply.

In 2005/06, the Authority engaged a consultant to undertake a review of the Authority's adherence to the information protection principles with a view to revising the Authority's Privacy Management Plan.

Energy performance

The Authority is committed to minimise its impact on the environment by:

- achieving energy savings;
- incorporating sustainable energy management practices where cost effective;
- using whole-of government energy contracts to achieve cost savings;
- purchasing Greenpower to reduce greenhouse gas emissions; and
- undertaking Australian Building Greenhouse Ratings (ABGR) for office buildings.

Electricity supply to Authority offices is progressively being transferred to State Contract Control Board electricity contracts C777 and C776 and that will include the purchase of 6% Greenpower.

Planning

Accountability and responsibility for energy management has been established by the nomination of an Energy Manager and Energy Coordinator. Where feasible, the

Authority will endeavour to reduce energy consumption in buildings and its vehicle fleet.

An accredited ABGR rating for the head office building in Newington will be undertaken in the next financial year.

Performance

Table 10: Major energy fuels purchased in 2005/06

Fuel	Total Energy Consumed (GJ)	% of Total Energy	Annual Cost Ex GST	Carbon Dioxide(CO ₂) Greenhouse emissions (tonnes)
Electricity	2,182.5	59.2	\$76,869	579.7
Unleaded Petrol	6,044.1	40.8	\$196,148	398.9
Total	8,226.6	100.0	\$273,017	978.6

Between 2004/05 and 2005/06, there was a 50 percent increase in electricity consumption, resulting from the initial settling in period at the new head office at Newington, compounded by the accuracy of energy consumption estimated by Energy Australia as the meters were not read regularly. However, there has been a 22 percent decrease in petrol consumption for the vehicle fleet. The reduced petrol consumption is mainly due to downsizing of a majority of vehicles from six- to four-cylinder engines and reduction in distance travelled. Total energy cost increased by eight percent during this period, mainly due to the reasons above and higher petrol cost.

Future direction

The Energy Management Plan includes the Authority's policy directions, monitoring targeting and reporting mechanisms and energy management strategies. Downsizing of vehicles fleet to use four-cylinder cars and shorter journeys will be reinforced, and upgrading of office equipment to more energy efficient models are high priorities.



Our Committees

The Authority is represented on several international and national bodies and officers participate in numerous working groups and committees associated with the national food regulatory system.

- Australia New Zealand Dairy Authorities Standards Committee (represented by Chris Chan)
- Australian Food and Grocery Council Allergen Labelling Forum (represented by Bill Porter)
- Australian Institute of Food Science and Technology Inc, Food Microbiology Group (represented by Edward Jansson, David Miles and Rod McCarthy)
- Australian Institute of Food Science and Technology Organising Committee for the 12th Australian Food Microbiology Conference & 2nd International Conference on Microbial Risk Assessment: Foodborne Hazards (represented by Edward Jansson, co-chair)
- Australian Institute of Food Science and Technology Technical Committee for the 38th Annual AIFST Convention (represented by David Miles)
- Australian Shellfish Quality Assurance Advisory Committee (represented by Anthony Zammit)
- Beijing Olympics Expert Board on Food Safety (represented by George Davey)
- Foodborne and other enteric diseases portfolio (FEDS) (represented by Craig Shadbolt and Marianne Tegel)
- Food Communicators Group (represented by Catrin May)
- Food Regulation Standing Committee (FRSC) (represented by George Davey)
- Food Regulation Standing Committee Implementation Sub-Committee (ISC) (represented by George Davey and Craig Sahlin)
- Food Regulation Standing Committee Working Groups:
 - Agricultural and veterinary chemical residues in food (represented by Chris Chan)
 - Monitoring and Surveillance of antibiotic resistance. (represented by Stefan Fabiansson/Lisa Szabo)
 - Principles and protocols (represented by Lisa Lake)
- Food Regulation Standing Committee, Implementation Sub-Committee Working Groups:
 - Audit (represented by Edward Kraa)
 - Carbon monoxide in fish and fish products (represented by Lisa Szabo and Edward Jansson)
 - Chemicals Response Plan (represented by Lisa Szabo)
 - Consistent implementation (overarching strategy) (represented by Craig Sahlin)
 - Enforcement Policy (represented by Edward Kraa and Christine Turney)
 - Food Medicine (represented by Michael Apollonov)
 - Food Safety Management (represented by Kelly Collins)
 - Health Claims Watchdog (represented by Peter Sutherland)
 - Incident Response Plan (represented by Chris Chan)
 - Seafood Primary Production and Processing Standard Implementation (represented by Edward Jansson)
 - Surveys (represented by Lisa Szabo)
- Food Safety Information Council (represented by Catrin May)
- Food Standards Australia New Zealand (FSANZ) Standard Development/Implementation Committees/Working Groups:
 - Dairy (represented by Chris Chan)
 - Food safety programs for catering (represented by Karen Krist)
 - Food safety programs for food service to vulnerable persons (represented by Catherine Bass)
 - Interpretive Guides for Standard 3.2.1 and Standard 4.2.1 (represented by Chris Chan and Catherine Bass)
 - Mercury in fish (represented by Chris Chan/Edward Jansson)
 - Poultry (represented by Stefan Fabiansson/David Miles)
 - Processing aids (represented by Bill Porter)
 - P289 Manufactured & Fermented Meat Advisory Group (represented by Christine Turney)
- Industry Compliance Committee of Australian Fruit Juice Association (represented by Bill Porter)

- International Dairy Federation Program Coordinating Committee (represented by George Davey)
- International Dairy Federation Standing Committee on Marketing (represented by George Davey, Deputy Chair)
- International Dairy Federation Standing Committee on Physico-chemical Methods of Analysis: Quality Assurance, Statistics of Analytical Data, Sampling and Risk Assessment of Residues and Contaminants (represented by Chris Chan)
- International Milk Promotion Group (represented by George Davey, President)
- Meat Industry Consultative Council (represented by George Davey and Terry Outtrim)
- Meat Standards Committee (represented by Peter Day)
- National Association of Testing Authorities, Biological Accreditation Advisory Committee (represented by George Davey, Chair, and Lisa Szabo)
- National Livestock Identification System Advisory Committee (represented by Peter Day)
- NSW Dairy Industry Conference (represented by Terry Outtrim – ex-officio member)
- NSW Health Anaphylaxis Working Party (represented by Bill Porter)
- NSW Health Regulators Forum (represented by Bill Porter)
- NSW Interagency Advisory Committee on Gene Technology (represented by Craig Sahlin and Chris Chan/Lisa Szabo)
- NSW Meat Chemical Residue Consultative Committee (represented by Peter Day)
- NSW Nutrition Network (represented by Catrin May)
- NSW Seafood Industry Conference (represented by George Davey and Terry Outtrim)
- Poultry & Egg Industries Committee (represented by George Davey and Terry Outtrim)
- Standards Australia Health and Food Sector Board (represented by George Davey, Chair)

- Standards Australia New Zealand Joint Standards Development Board (represented by George Davey)
- Standards Australia Committees:
 - FT-024 - Food Products (represented by George Davey, Chair)
 - FT-024-05 - Dairy Products (represented by Chris Chan)
 - FT-024-00-01 - Food Microbiology (represented by George Davey, Chair and Chris Chan/Catherine Bass)
 - FT/21 Committee - Meat for Human and Animal Consumption (represented by Peter Day)
 - FT/25 Committee – Detergents and Sanitisers in the Food Industry (represented by David Miles)
- Interagency Committee on MRL Setting (represented by Chris Chan/Edward Jansson)



Our Future

The Authority has developed a three-year Strategic Plan (2006/09) which clearly outlines the Authority's goals and objectives.

The strategic plan identifies 11 milestones which should be achieved by June 2007 to enable the Authority to reach its goals set for 2009. These June 2007 Milestones are the Authority's strategic priorities for the coming 12 months.

June 2007 Milestones

- 1 **Baseline level of foodborne illness in NSW established**
- 2 **Transition to approved auditor system underway**
- 3 **Local Government framework implemented**
- 4 **Agency repositioned to support new partnership model (internal culture)**
- 5 **Scheme evaluation program implemented**
- 6 **Consumer education business case funded**
- 7 **New & long-term science strategy developed**
- 8 **Workforce development program commenced**
- 9 **Information management infrastructure developed**
- 10 **Options for alternative funding sources scoped**
- 11 **Results and Services Plan operational**

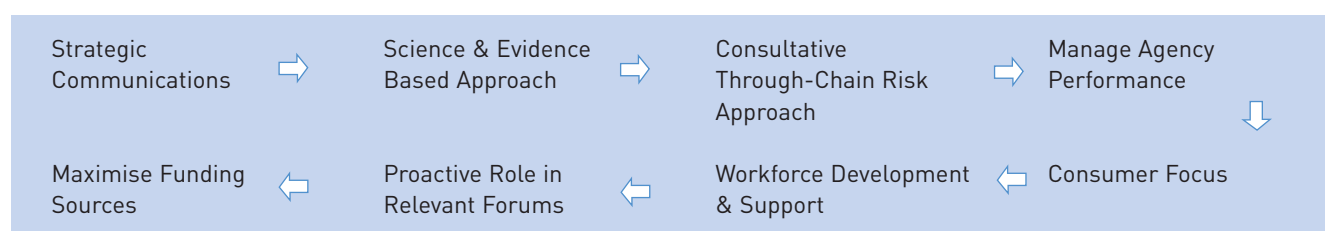
2007 Scorecard

<ul style="list-style-type: none"> • Decrease of the foodborne illness trend • % decrease in illness due to targeted pathogens
<ul style="list-style-type: none"> • % of audit program undertaken by Authority-approved external auditors • % of councils undertaking Category B or C food regulatory work • % of councils participating in the regional forums
<ul style="list-style-type: none"> • Average rating score for audited/inspected businesses • Average inspection rating for unlicensed businesses • % of products surveyed that comply with labelling regulations
<ul style="list-style-type: none"> • % of consumers aware of hygienic food handling • % of consumers who know how to interpret a food label
<ul style="list-style-type: none"> • Authority advice/information included in media coverage of all major food safety issues • % of advice-seeking calls to Consumer & Industry Contact Centre • Number of visits to fact sheets on website
<ul style="list-style-type: none"> • Effective representation and targeted leadership in national forums • Effective participation in international forums
<ul style="list-style-type: none"> • % of staff engaged in training and development programs • % of staff who believe they have the skills and support required for their duties
<ul style="list-style-type: none"> • Secure, sustainable and diverse funding framework implemented • Agency revenue is sufficient to meet capital and recurrent expenditure requirements

2009 Outcomes

Reduced Foodborne Illness
Local Councils & Approved Auditors Are Partners In Food Regulation
Food Industry Produces Safe & Correctly Labelled Food
Empowered Consumers Manage Food Safety Risks
Effective Local Government Involvement
Nationally Influential and Internationally Engaged
Proficient & Well Supported Staff
Secure & Diverse Funding

Strategic Pathways



Strategic Pathways

Strategic Communications

- Open and responsive communications practices
- Communicate changes to regulatory model to stakeholders
- Ensure communications meet audience needs
- Share issues management outcomes with stakeholders
- Communications mechanisms linked and diverse
- Website delivers live information
- Maximum use of media to deliver key messages

Science & Evidence Based Approach

- Foodborne illness data analysis feeds back into program design and priorities
- Food safety schemes supported by current science and best practice
- Base issues management on risk assessment
- Survey program targeting problem areas
- Maximise use of laboratory services
- Build science partnerships

Consultative Through-chain Risk Approach

- Regulatory intervention based on risk and consistent through-chain
- Consult proactively with industry and other stakeholders
- Build partnerships with local government and approved auditors
- Ensure effective Authority intervention through verification and enforcement action

Manage Agency Performance

- Use Results and Services Plan to drive Authority performance
- Align Strategic Plan and Corporate Planning framework with Results and Services Plan
- Link workforce development and review framework to Results and Services Plan
- Evaluate and review Authority programs

Maximise Funding Sources

- Appropriate industry and Government funding balance
- Explore additional funding sources, including fee-for-service opportunities
- Agency culture includes focus on commercial opportunities

Proactive Role in Relevant Forums

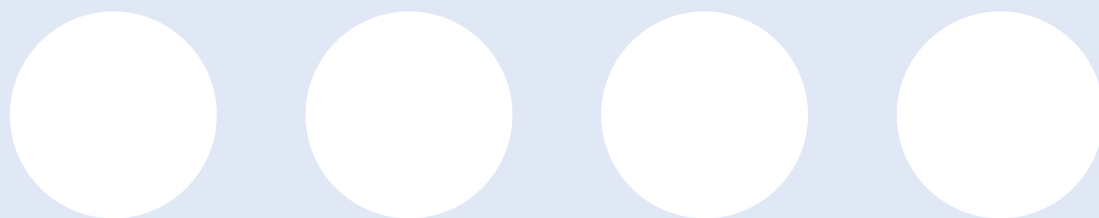
- Participate actively in national regulatory forums, focussing on areas relevant to 2009 targets
- Participate actively in FSANZ processes
- Coordinate input from relevant NSW agencies
- Tap into Australia's work in international forums
- Enhance Authority's network in regional NSW

Workforce Development & Support

- Workforce development and review framework linked to new regulatory model
- Workforce culture repositioned
- Recruitment, training programs and succession planning aligned with new regulatory model
- Infrastructure supports new staff roles

Consumer Focus

- Consumer needs considered within entire Authority work program
- Agency culture includes focus on consumer needs
- Strengthen relationships with relevant consumer organisations
- Maximum leverage of events for consumer education



Financial Information

for the NSW Food Authority 2005/06

Financial Summary 2005/2006

NSW Food Authority and Consolidated Economic Entity Income and Expenditure

NSW Food Authority Income and Expenditure

Income for the period ended 30 June 2006 was \$28.3 million. Major sources of income included:

- \$12.5 million in grants and contributions from government toward food regulatory activities, policy and standard setting, enforcement, overhead, and program development costs of the Food Authority,
- \$7.7 million received by way of a superannuation credit and was outside the control of the Food Authority,
- \$6.0 million in industry levies and license fees collected by the Food Authority,
- \$0.9 million from fees for audit and inspection services performed,
- \$0.9 million in interest earned on cash deposits, and
- \$0.3 million from the supply of miscellaneous goods and services.

Operating expenditure for the period was \$18.2 million. Major expenditure items included:

- \$10.7 million incurred for personnel services,
- other operating expenses of \$6.2 million,
- \$0.7 million in depreciation and amortisation of non-current assets of the Food Authority, and
- \$0.4 million in grants paid to the shellfish industry for shellfish harvest area classification maintenance, and
- a loss of \$0.2 million recognised on disposal of plant, equipment and furniture owned by the Food Authority.

The operating surplus was \$10.1 million.

Economic Entity Consolidated Income and Expenditure

The consolidated financial statements comprise the financial statements of the NSW Food Authority, being the chief entity, and its controlled entities, the Office of the NSW Food Authority, Milk Marketing (NSW) Pty Limited and Pacific Industry Services Corporation Pty Limited. The NSW Food Authority owns 100% of the issued share capital of Milk Marketing (NSW) Pty Limited and Pacific Industry Services Corporation Pty Limited.

The consolidated income of the entity for the period ended 30 June 2006 was \$28.3 million and the consolidated expenditure was \$18.2 million, resulting in an operating surplus of \$10.1 million.

Statement by Acting Director-General of the NSW Food Authority

Pursuant to requirements of the Public Finance and Audit Act 1983, I, Craig Lewis Sahlin, Acting Director-General of the NSW Food Authority and the Office of the NSW Food Authority declare that in my opinion:

1. The accompanying Consolidated Financial Reports consisting of the Balance Sheets, Income Statements, Statements of Changes in Equity, Cash Flow Statements 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 2006 exhibit a true and fair view of the financial position and transactions of the economic entity and the NSW Food Authority.
2. The Consolidated Financial Reports have been prepared in accordance with applicable Australian Accounting Standards which include the Australian equivalents to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Consensus Views; and the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and the Treasurer's Directions. The consolidated and parent entity financial report also complies with International Financial Reporting Standards.
3. Further, I am not aware of any circumstances which would render any particulars included in the Consolidated Reports to be misleading or inaccurate.



Craig Sahlin
Acting Director-General

20 October 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

NSW FOOD AUTHORITY

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the NSW Food Authority (the Authority):

- presents fairly the Authority's and the consolidated entity's (defined below) financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act), and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Director-General's Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the Authority and consolidated entity, for the year ended 30 June 2006. The consolidated entity comprises the Authority and the entities it controlled during the year.

The Director-General of the Authority is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and reasonableness of significant accounting estimates made by the Director-General in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that Director-General had not fulfilled his reporting obligations.

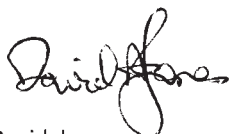
My opinion does *not* provide assurance:

- about the future viability of the Authority or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- 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 are not compromised in their role by the possibility of losing clients or income.



David Jones
Director, Financial Audit Services

SYDNEY
20 October 2006

BEGINNING OF AUDITED FINANCIAL REPORT

NSW FOOD AUTHORITY
ABN 47 080 404 416

Income Statement for the Year Ended 30 June 2006

	Notes	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Revenue					
Industry levies and license fees	2	6,034	6,187	6,034	6,187
Grants and contributions	3	12,523	11,693	12,523	11,693
Miscellaneous income and fees for services	4	1,206	975	1,206	975
Interest income	5	970	935	908	885
Increment on revaluation of non-current investment		7,637	-	7,645	7
Total Income		28,370	19,790	28,316	19,747
Expenditure					
Employee related expenses	7	10,670	13,575	10,670	13,575
Other operating expenses	8	6,112	6,226	6,058	6,183
Maintenance		98	57	98	57
Depreciation and amortisation	9	667	1,054	667	1,054
Grants and subsidies		461	9	461	9
Loss on disposal of plant, equipment and furniture	6	231	124	231	124
Decrement on revaluation of land & building		-	834	-	834
Total Expenditure		18,239	21,879	18,185	21,836
OPERATING SURPLUS FOR THE PERIOD	18(a)	10,131	(2,089)	10,131	(2,089)

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



NSW FOOD AUTHORITY
ABN 47 080 404 416

Balance Sheet as at 30 June 2006

	Notes	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	10(a)	5,094	5,158	4,686	4,724
Financial Assets at fair value	10(b)	9,715	9,608	8,892	8,835
Receivables	11	1,793	1,214	18,402	14,800
Total Current Assets		16,602	15,980	31,980	28,359
Non-Current Assets					
Property, Plant and Equipment					
- Land and Buildings	12	6,637	6,838	6,637	6,838
- Plant and Equipment	12	1,509	1,480	1,509	1,480
Total Property, Plant and Equipment	12	8,146	8,318	8,146	8,318
Intangible Assets	14	668	303	668	303
Other Financial Assets :					
Investment in controlled and associated companies	13	-	-	1,200	1,191
Superannuation Prepaid	16(c)	1,047	-	-	-
Total Non-Current Assets		9,861	8,622	10,014	9,812
TOTAL ASSETS		26,463	24,602	41,994	38,171
LIABILITIES					
Current Liabilities					
Payables	15	1,304	1,138	21,739	27,695
Provisions	16	4,904	5,665	-	-
Other	24	1,574	1,926	1,574	1,926
Total Current Liabilities		7,782	8,729	23,313	29,621
Non-Current Liabilities					
Superannuation Provision	16(d)	-	7,323	-	-
Total Non-Current Liabilities		-	-	-	-
TOTAL LIABILITIES		7,782	16,052	23,313	29,621
NET ASSETS		18,681	8,550	18,681	8,550
EQUITY					
Reserves		-	-	-	-
Accumulated funds	18(a)	18,681	8,550	18,681	8,550
Total Equity		18,681	8,550	18,681	8,550

The above balance sheet should be read in conjunction with the accompanying notes

NSW FOOD AUTHORITY
ABN 47 080 404 416

Statement of Changes in Equity for the Year Ended 30 June 2006

	Notes	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Gain / (loss) on revaluation of properties	18(a)	-	(140)	-	(140)
Net / (loss) Income recognised directly in equity		-	(140)	-	(140)
Operating surplus for the period		10,131	(2,089)	10,131	(2,089)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD	18(a)	10,131	(2,229)	10,131	(2,229)

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

NSW FOOD AUTHORITY
ABN 47 080 404 416

Cash Flow Statement for the Year Ended 30 June 2006

	Notes	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to suppliers and employees		18,886	17,528	18,848	17,447
Grants and subsidies		461	9	461	9
Milk industry fund payments		95	(30)	95	(30)
Total Payments		19,442	17,507	19,404	17,426
Receipts					
Industry levies, licenses and other		7,082	8,707	7,083	8,451
Grants and contributions		12,523	11,693	12,523	11,693
Interest received		971	935	908	885
Total Receipts		20,576	21,335	20,514	21,029
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	17	1,134	3,828	1,110	3,603
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		714	587	714	587
Payment for property, plant and equipment		(1,234)	(901)	(1,234)	(901)
Payment for intangible assets		(571)	(257)	(571)	(257)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,091)	(571)	(1,091)	(571)
NET INCREASE / (DECREASE) IN CASH		43	3,257	19	3,032
Opening cash and cash equivalents		14,766	11,509	13,559	10,527
CLOSING CASH AND CASH EQUIVALENTS	10(a)	14,809	14,766	13,578	13,559

The above cash flow statement should be read in conjunction with the accompanying notes

NSW FOOD AUTHORITY

ABN 47 080 404 416

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Schedule 2 of the Public Finance and Audit Act 1983 designates the NSW Food Authority as a statutory body for reporting purposes.

This financial report has been authorised for issue by the Acting Director-General on 20th October 2006.

The NSW Food Authority was established on the 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 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.

In an administrative restructure as specified in the New South Wales Government Gazette No 75 on 23 April 2004, all associated staff, assets, liabilities, reserves and regulatory responsibilities related to food safety, were transferred from the Area Health Service (within the meaning of the Health Services Act 1997) and the Department of Health to the New South Wales Food Authority at this date. The financial effects of this administrative restructure have been treated as an adjustment against equity in accordance with NSW Treasury Circular 01/11.

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 continues as a subsidiary of the NSW Food Authority. All remaining funds continue to be used for the benefit of the NSW dairy industry.

Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited are controlled by their respective boards of directors, one of each being a NSW Food Authority representative.

The winding up of Pacific Industries Services Corporation commenced during 2005/2006. It is expected that this entity will be fully wound up during 2006/2007.

The Office of the NSW Food Authority is a Division of the Government Service, established on 5 April 2004 pursuant to Part 2 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 of the NSW Food Authority's objective is to provide personnel services to the its parent entity, the NSW Food Authority.

The Office of the NSW Food Authority commenced operations on 5 April 2004. It assumes all responsibility for the employees and employee-related liabilities of the NSW Food Authority. All liabilities were recognised on 5 April 2004 together with an offsetting receivable representing the related funding due from the NSW Food Authority.

(b) Statement of preparation

The NSW Food Authority prepares its financial report as a general purpose financial report on an accrual basis to comply with:

- applicable Australian Accounting Standards (which includes Australian Equivalents to International Financial Reporting Standards (AIFRS));
- 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 2005 and Treasurer's Directions.



NSW FOOD AUTHORITY
ABN 47 080 404 416
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

Where these requirements are inconsistent, we apply the legislative provisions. There were no inconsistencies in the years covered in this financial report.

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

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

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

We rounded all amounts to the nearest one thousand dollars and expressed them in Australian Currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include AEIFRS. This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, except as stated below.

In accordance with AASB 1 – *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 – *Financial Instruments: Disclosure and Presentation* and AASB 139 – *Financial Instruments: Recognition and Measurement* was deferred to 1 July 2005 and, as a result, the comparative information for 2004-05 for financial instruments has not been restated and is presented in accordance with previous AGAAP.

Reconciliations of the AEIFRS equity and profit or loss for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 1(s).

(d) Segment reporting

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

(e) Principles of consolidation

The consolidated financial report is prepared by combining the financial reports of all the entities that comprise the consolidated entity, being the parent entity and its subsidiaries as defined in Accounting Standard AASB 127 – *Consolidated and Separate Financial Statements*. The NSW Food Authority is the parent entity and its controlled entities are Pacific Industry Services Corporation Pty Limited, Milk Marketing (NSW) Pty Limited and the Office of the NSW Food Authority.

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

(f) 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 our operation, net of GST.

(i) Contributions by government

Treasury contributions are recognised in the operating statement over the period necessary to match them with related costs.

(ii) Contributions and grants from other bodies

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

(iii) Contributions and grants from other bodies

Interest income is accrued on a time basis using the effective interest method as set out in AASB 139 – *Financial Instruments: Recognition and Measurement*.

(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.

(g) 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.

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

(ii) Long service leave

We recognise our long service leave liability as a long-term employee benefit. However, the provision for long service leave is measured on a nominal basis, as an undiscounted amount. We use this method as the result does not differ materially than if we were to use the short-hand method (which is based on year-end remuneration rates for all employees with five or more years of service) or the present value method to approximate the present value. When calculating the liability, we applied oncosts.

(iii) Superannuation

The Superannuation Schemes for 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 to receive Superannuation Guarantee Contributions.

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, overfundings, provisions and other disclosures provided by the scheme actuary.

The NSW Food Authority has an ongoing liability for the First State Superannuation (FSS) and the other SGC schemes because they are accumulation schemes.



NSW FOOD AUTHORITY
ABN 47 080 404 416
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

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

We recognise revenues, expenses and assets net of GST, except for:

- the GST the NSW Food Authority incurs as a purchaser that we cannot recover from the Australian Tax Office, which is recognised as part of the cost of buying an asset or as part of an item of expense.
- receivables and payables, which include GST.

Cash flows are included in the Statement of Cash Flows on a gross basis. We classify the GST component of cash flows from investing and financing activities which is recoverable from, or payable to, the taxation authority as operating cash flows.

(i) Property, plant and equipment

We show plant and equipment at historic cost less accumulated depreciation, which we 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". Fair value is determined on the basis of an annual independent valuation prepared by external valuations experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the consolidated entity and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

The last valuation of land and buildings was in regard to NSW Food Authority's properties at Newington and Taree as at 30 June 2006 by NSW Department of Commerce Property Valuation Services and Crown Valuation Service Pty Ltd..

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

Any revaluation increase arising on the revaluation of land 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 income statement 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 Income Statement.

We capitalise items costing \$5,000 or more. We depreciate these assets on a straight line basis over their estimated useful lives. The rates we use are:

Leasehold Improvements	16.67%
Motor Vehicles	20.00%
Computer Equipment	33.33%
Other Equipment	20.00% to 33.33%
Furniture & Fittings	10.00% to 14.33%
Buildings	3.33%

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 Income Statement.

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.

NSW FOOD AUTHORITY

ABN 47 080 404 416

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2006

(j) Intangible Assets

The NSW Food Authority uses computerised accounting software and has capitalised the licences and associated costs, which were previously classified as plant, equipment and furniture under the AGAAP. We have reclassified these items as intangible assets in accordance with AASB 138 – Intangible Assets.

We show these assets at historical cost less accumulated amortisation. We consider the cost of acquisition as its fair value.

We amortise our intangible assets on a straight line basis over their estimated useful lives. The rates we use are:

Intangibles	33.33%
-------------	--------

(k) Receivables

The NSW Food 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, we are not required to amortise or discount their value.

These receivables are reviewed on an ongoing basis. When there is objective evidence that the NSW Food 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 2006 are considered to be collectable other than the amounts provided for in the allowance for impairment at note 10.

(l) Payables

The NSW Food 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.

(m) Provisions

The NSW Food 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 NSW Food Authority recognise provisions for employee benefits.

(n) Financial Instruments

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

(o) Insurance

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



NSW FOOD AUTHORITY
ABN 47 080 404 416
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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(p) 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.

An application for an additional Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2007 has been lodged with the Australian Taxation Office. Given that there has been no change in circumstances of the company, it is expected that a future exemption from Commonwealth income tax will be granted.

(q) Leases

The NSW Food Authority leases assets using operating leases. We recognise operating lease payments in the Income Statement in the periods we incur them, using a straight line basis over the period of the lease. Our major operating leases are for office accommodation and motor vehicles.

(r) Comparatives

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

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1. The transition to AEIFRS for financial instruments was 1 July 2005.

(s) Impact of adopting AEIFRS

The NSW Food Authority has applied AEIFRS for the first time in the 2005-06 financial report. The key areas where changes in accounting policies have impacted the financial report are disclosed below. Some of these impacts arise because AEIFRS requirements are different from the previous AASB requirements (AGAAP). We have adopted the options mandated by NSW Treasury for all NSW public sector agencies.

The impacts of adopting AEIFRS on total equity and profit under previous AGAAP are shown below. There are no material impacts on the NSW Food Authority's cash flows.

Reconciliation of equity under previous Accounting Standards (AGAAP) to equity under AEIFRS:			
		30 June 2005** \$'000	1 July 2004* \$'000
	Note		
Total equity under AGAAP		17,276	14,823
Adjustments to accumulated funds			
Defined benefit superannuation adjustment (a)		(8,743)	(4,044)
Effect of discounting long term annual leave		17	-
Total equity under AEIFRS		8,550	10,779
* = adjustments as at the date of transition			
** = cumulative adjustments as at the date of transition plus the year ended 30 June 2005			

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Reconciliation of profit under existing Standards (AGAAP) to equity under AEIFRS:		
Year ended 30 June 2005	Note	\$'000
Surplus/(deficit) under AGAAP		2,593
Defined benefit superannuation adjustment (a)		(4,699)
Discounting long term annual leave		17
Loss under AEIFRS		(2,089)

(a) This adjustment was due to the change in discount rate by using the government bond rate rather than the long-term expected rate of return on plan assets as required by AASB 119 - *Employee Benefits*. During 2004-05, the long term bond rate fell by nearly one per cent, resulting in a significant increase in the superannuation liability and expense.

(t) Accounting standards issued but not yet operative

At the reporting date, a number of Accounting Standards adopted by the AASB had been issued but not yet operative and have not been early adopted by the NSW Food Authority. The following is a list of these standards:

- AASB 7 – *Financial Instruments: Disclosure* (issued August 2005)
- AASB 119 – *Employee Benefits* (issued December 2004)
- AASB 2004-3 – *Amendments to Australian Accounting Standards* (issued December 2004)
- AASB 2005-1 – *Amendments to Australian Accounting Standards* (issued May 2005)
- AASB 2005-5 – *Amendments to Australian Accounting Standards* (issued June 2005)
- AASB 2005-9 – *Amendments to Australian Accounting Standards* (issued September 2005)
- AASB 2005-10 – *Amendments to Australian Accounting Standards* (issued September 2005)
- AASB 2006-1 – *Amendments to Australian Accounting Standards* (issued January 2006)

The initial application of these standards will have no impact on the financial results of the NSW Food Authority. The standards are operative for annual reporting periods beginning on or after 1 January 2006.

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Note 2. Industry levies and license fees

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Industry Levies	995	1,088	995	1,088
License Fees	5,039	5,099	5,039	5,099
Total Industry Levies and License Fees	6,034	6,187	6,034	6,187

Note 3. Grants and contributions

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Grants and Contributions received from:				
NSW Department of Primary Industries	12,523	11,676	12,523	11,676
NSW Health	-	-	-	-
Others	-	17	-	17
Total Grants and Contributions	12,523	11,693	12,523	11,693

Note 4. Miscellaneous income and fees for services

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Audit and inspection fees (from the food industry)	926	831	926	831
Rent and Property Income (from sub-tenants)	18	31	18	31
Other income	262	113	262	113
Total Miscellaneous Income and Fees	1,206	975	1,206	975

Note 5. Interest Income

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Interest Income	1,002	967	940	917
Less:				
Interest allocation to:-				
- Contingency Fund	31	31	31	31
- Dairy Deregulation Assistance Fund	1	1	1	1
Net Interest Income	970	935	908	885

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

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	714	587	714	587
Written down value of assets disposed	(945)	(711)	(945)	(711)
Gain / (loss) on disposal of plant and equipment	(231)	(124)	(231)	(124)

Note 7. Employee Related Expenses

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Salaries and allowances	8,404	8,891	(48)	-
Superannuation	-	2,994	-	-
Workers Compensation	46	43	-	-
Fringe Benefit Tax	37	89	-	-
Other Employee Related Expenses	217	266	-	-
Annual and Long Service Leave	1,359	809	-	-
Payroll Tax	607	483	-	-
Personnel Services	-	-	10,718	13,575
Total Employee Related Expenses	10,670	13,575	10,670	13,575

Note 8. Other operating expenses

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
External Audit Fees - Current year	75	70	71	66
Bad & Doubtful Debts	-	222	-	222
Consultancy (a)	270	239	270	239
Contractors	792	594	766	568
Information Technology Costs	580	668	580	668
FBT, Financial Duty and Charges	8	17	8	17
Laboratory Services	1,390	1,585	1,390	1,585
Legal Fees	122	123	122	123
Miscellaneous Expenses	483	501	474	490
Producer levy Administration Fee	83	83	83	83
Public Relations and Advertising	7	19	7	19
Rent	75	53	75	53
Staff Training	140	113	140	113
Temporary Staff	140	283	140	283
Stakeholder Liaison	264	92	251	92
Stores, Stationery & Printing	245	257	245	257
Postage & Telephone	371	331	371	331
Travel	1,067	976	1,065	974
Total Other Operating Expenses	6,112	6,226	6,058	6,183

(a) Consultancy

During the year, NSW Food Authority engaged 14 consultants at a total cost of \$270,394.77. This compares with 10 consultants last year at a cost of \$238,509.32.

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Note 9. Depreciation and amortisation expense

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Depreciation				
Buildings	183	241	183	241
Equipment	38	29	38	29
Computers	55	82	55	82
Furniture	66	69	66	69
Motor Vehicles	119	126	119	126
Depreciation expense	461	547	461	547
Amortisation				
Intangibles	206	507	206	507
Amortisation expense	206	507	206	507
Total depreciation and amortisation	667	1,054	667	1,054

Note 10. Cash and cash equivalents

10 (a) Cash

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

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Cash at Bank	5,043	5,099	4,635	4,665
Cash Advances	51	59	51	59
Total Cash	5,094	5,158	4,686	4,724
Short Term Deposits	9,715	9,608	8,892	8,835
Total Cash and Cash Equivalents	14,809	14,766	13,578	13,559

10 (b) Other financial assets

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Short term investments	8,665	8,614	7,842	7,841
T Corp Hour-glass Cash Facility	1,050	994	1,050	994
Total Other Financial Assets	9,715	9,608	8,892	8,835

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Note 11. Receivables

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Receivables	2,064	1,495	18,673	15,081
Allowance for impairment of receivables	(271)	(281)	(271)	(281)
Total Receivables	1,793	1,214	18,402	14,800

Note 12. Property, plant and equipment

12 (a) Net carrying amount less accumulated depreciation

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Land:				
At fair value	1,470	1,470	1,470	1,470
Net carrying amount	1,470	1,470	1,470	1,470
Buildings:				
At fair value	6,014	5,719	6,014	5,719
Accumulated depreciation and impairment	(847)	(351)	(847)	(351)
Net carrying amount	5,167	5,368	5,167	5,368
Total Land and Buildings:				
At fair value	7,484	7,189	7,484	7,189
Accumulated depreciation and impairment	(847)	(351)	(847)	(351)
Net carrying amount	6,637	6,838	6,637	6,838
Motor vehicles:				
At fair value	1,153	1,315	1,153	1,315
Accumulated depreciation and impairment	(100)	(127)	(100)	(127)
Net carrying amount	1,053	1,188	1,053	1,188
Computer equipment:				
At cost	564	436	564	436
Accumulated depreciation and impairment	(411)	(356)	(411)	(356)
Net carrying amount	153	80	153	80
Other equipment:				
At cost	465	438	465	438
Accumulated depreciation and impairment	(348)	(309)	(348)	(309)
Net carrying amount	117	129	117	129
Furniture & Fittings:				
At cost	910	742	910	742
Accumulated depreciation and impairment	(724)	(659)	(724)	(659)
Net carrying amount	186	83	186	83
Total Plant and Equipment:				
At cost	3,092	2,931	3,092	2,931
Accumulated depreciation and impairment	(1,583)	(1,451)	(1,583)	(1,451)
Net carrying amount	1,509	1,480	1,509	1,480
Net Carrying Amount	8,145	8,318	8,145	8,318

Valuation of Land and Buildings as at 30 June 2006 has been confirmed by NSW Department of Commerce Property Valuation Services and Crown Valuation Service Pty. Ltd..

Management is of the view that the market value of the remaining assets is assessed as being the written down value at 30 June 2006.

The NSW Food Authority has determined that the value of fully depreciated non-current assets still being used is not material.

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12 (b) Reconciliation of carrying amounts

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

2006	<u>Consolidated</u>			<u>NSW Food Authority</u>		
	Land and	Plant and	Total	Land and	Plant and	Total
	Buildings	Equipment		Buildings	Equipment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at 1 July 2005	6,838	1,480	8,318	6,838	1,480	8,318
Additions	-	1,234	1,234	-	1,234	1,234
Disposals	(70)	(1,073)	(1,143)	(70)	(1,073)	(1,143)
Net revaluation increment less revaluation decrement	-	-	-	-	-	-
Depreciation / amortisation expense	(183)	(278)	(461)	(183)	(278)	(461)
Depreciation written back on assets disposed	52	146	198	52	146	198
Net carrying amount at 30 June 2006	6,637	1,509	8,146	6,637	1,509	8,146

2005	Land and	Plant and	Total	Land and	Plant and	Total
	Buildings	Equipment		Buildings	Equipment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2004	8,053	1,596	9,649	8,053	1,596	9,649
Additions	-	901	901	-	901	901
Disposals	-	(711)	(711)	-	(711)	(711)
Revaluation decrement	(974)	-	(974)	(974)	-	(974)
Depreciation expense	(241)	(306)	(547)	(241)	(306)	(547)
Depreciation written back on assets disposed	-	-	-	-	-	-
Carrying amount at 30 June 2005	6,838	1,480	8,318	6,838	1,480	8,318

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Note 13. Other financial assets

Investment in controlled and associated companies

13 (a) Non-current other financial assets

	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Controlled companies at fair value	1,200	1,191
Total Non-Current Other Financial Assets	1,200	1,191

13 (b) Reconciliation of carrying amounts

2006	Milk Marketing \$'000	Pacific Industry Services Corporation	Total \$'000
Carrying amount at 1 July 2005	969	222	1,191
Operating Surplus	6	3	9
Carrying amount at 30 June 2006	975	225	1,200

Note 14. Intangibles

14 (a) Net carrying amount less accumulated depreciation

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Intangible Assets				
Software				
Cost	2,478	1,907	2,478	1,907
Accumulated amortization and impairment	(1,810)	(1,604)	(1,810)	(1,604)
Net Carrying Amount	668	303	668	303

14 (b) Reconciliation of carrying amounts

The following table shows how we reconciled our carrying amounts of intangibles at the beginning and end of the current and previous financial years

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Net carrying amount at 1 July 2005	303	553	303	553
Additions	571	257	571	257
Disposals	-	-	-	-
Net revaluation increment less revaluation decrement	-	-	-	-
Depreciation / amortisation expense	(206)	(507)	(206)	(507)
Depreciation written back on assets disposed	-	-	-	-
Net carrying amount at 30 June 2006	668	303	668	303

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Note 15. Payables

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Accrued salaries, wages and on-costs	(90)	28	(90)	28
Creditors	1,394	1,110	21,829	27,667
Total Payables	1,304	1,138	21,739	27,695

Note 16. Provisions

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Note				
16 (a) Current provisions				
Recreation leave	1,594	1,353	-	-
Extended leave	3,145	3,198	-	-
Provision for redundancy	165	1,114	-	-
Total Current Provisions	4,904	5,665	-	-
Total Provisions	4,904	5,665	-	-

16 (b) Annual leave

The liability at 30 June 2006 was \$1,594,307 (2005 - \$1,352,969). This is based on leave entitlements at 30 June 2006 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 \$1,195,730 and \$398,577 after twelve months.

	2006 \$'000	2005 \$'000
Leave taken and entitlement for the year are as follows		
Balance at beginning of the financial year	1,353	1,020
Less: Value of leave taken during the year	675	755
	678	265
Add: Value of increased entitlement during the year	916	1,088
Balance at the end of the financial year	1,594	1,353

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

16 (c) Long Service Leave

The total liability at 30 June 2006 was \$3,144,552 (2005 - \$3,197,049).

The value of long service leave expected to be taken within twelve months is \$163,851 and \$2,980,701 after twelve months.

This liability comprises:

	2006 \$'000	2005 \$'000
Short term - expected to be settled within 12 months	164	738
Long term - not expected to be settled within 12 month	2,981	2,460
Balance at the end of the financial year	3,145	3,198

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

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Note 16 (d) Superannuation

Accounting policy for recognising actuarial gains/ losses

Actuarial gains and losses are recognised in profit or loss in the year they occur.

General description of the type of plan

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

- (i) State Authorities Superannuation Scheme (SASS)
- (ii) State Superannuation Scheme (SSS) and
- (iii) 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 Pooled Fund's assets and liabilities recognised in NSW Food Authority's consolidated balanced sheet

	SASS		SANCS		SSS	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligations	2,400	3,140	845	1,066	39,121	42,567
Fair value of plan assets	(2,059)	(2,672)	(785)	(914)	(40,569)	(35,865)
	341	468	60	152	(1,448)	6,703
Surplus in excess of recovery available from schemes	0	0	0	0	0	0
Unrecognised past service cost	0	0	0	0	0	0
Net (asset) / liability to be disclosed in balance sheet	341	468	60	152	(1,448)	6,703

Assets invested in entity or in property occupied by the entity

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

Movement in net liability / asset recognised in NSW Food Authority's consolidated Balance Sheet

	SASS		SANCS		SSS	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net (asset) / liability at start of year	468	202	152	175	6,703	4,747
Net expense recognised in the income statement	(26)	388	(31)	30	(7,820)	2,155
Contributions	(101)	(122)	(62)	(53)	(331)	(200)
Net (asset) / liability to be disclosed in balance sheet	341	468	60	152	(1,448)	6,703

Total expense/(income) recognised in NSW Food Authority's consolidated Income Statement

	SASS		SANCS		SSS	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	139	70	62	40	243	189
Interest on obligation	185	79	52	36	2,249	2,118
Expected return on plan assets	(202)	(75)	(67)	(31)	(2,664)	(2,190)
Net actuarial losses (gains) recognised in year	(149)	314	(78)	(14)	(7,648)	2,038
Change in surplus in excess of recovery available from scheme	0	0	0	0	0	0
Past service cost	0	0	0	0	0	0
Losses (gains) on curtailments and settlements	0	0	0	0	0	0
Total included in "employee benefits expense"	(26)	388	(31)	30	(7,820)	2,155

Actual return on superannuation plan assets

	SASS		SANCS		SSS	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on assets	330	246	116	113	5,697	4,139

Valuation method and principal actuarial assumptions at the reporting date 30 June 2006

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-06	30-Jun-05
Discount rate at 30 June	5.9% pa	5.2% pa
Expected return on plan assets at 30 June	7.6%	7.3%
Expected salary increases	4.0 % pa to 2008 3.5% pa thereafter	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

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Note 16 (d) cont.

Arrangements for employer contributions for funding

The following is a summary of the 30 June 2006 and the 30 June 2005 financial position of the Fund calculated in accordance with AAS 25 - Financial Reporting by Superannuation Plans.

	SASS		SANCS		SSS	
	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05	30-Jun-06	30-Jun-05
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	2,297	2,834	802	946	33,122	34,250
Net market value of Fund assets	(2,059)	(2,672)	(785)	(914)	(40,569)	(35,865)
Net (surplus)/deficit	238	162	18	32	(7,447)	(1,614)

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
1.90	2.50	1.60

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account of the current value of assets and future contributions.

The economic assumptions adopted for the current actuarial review of the Fund in 2005 & 2006 are:

Weighted-Average Assumptions		
	30-Jun-06	30-Jun-05
Expected rate of return on Fund Assets	7.3% pa	7.0% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

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

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

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

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Surplus / (Deficit) For The Year From Ordinary Activities	10,131	(2,089)	10,131	(2,089)
(Increment) / Decrement on Revaluation of Non-Current Investments	-	-	(8)	(7)
(Increment) / Decrement on Revaluation of Land & Building	-	834	-	834
Depreciation and amortisation	667	1,054	667	1,054
Loss on Sale of Non-Current Assets	231	124	231	124
Doubtful Debts Written Off	(10)	(7)	(10)	(7)
Superannuation Provision	(8,370)	(5,121)	-	(5,121)
(Increase) / Decrease in Receivables	8,628	1,677	(577)	1,422
(Decrease) / Increase in Other Payables	(8,260)	12,360	(8,268)	12,397
(Decrease) / Increase in Industry Funds	(95)	30	(95)	30
(Decrease) / Increase in Provisions	(1,531)	(4,296)	(704)	(4,296)
(Decrease) / Increase in Income Received in Advance	(257)	(738)	(257)	(738)
Net Cash Flows From Operating Activities	1,134	3,828	1,110	3,603

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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 12 (a). Details of dealings with these entities are set out below:

18 (b) Consolidation summary

2006	Total Income	Operating result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	28,316	10,131	41,994
Pacific Industry Services Corporation Pty Limited	12	3	232
Milk Marketing (NSW) Pty Limited	51	6	1,007
Office of NSW Food Authority	10,718	-	21,494
Consolidation eliminations	(10,727)	(9)	(38,264)
Total	28,370	10,131	26,463

2005	Total Income	Operating result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	19,747	(2,089)	38,171
Pacific Industry Services Corporation Pty Limited	11	4	229
Milk Marketing (NSW) Pty Limited	39	3	995
Office of NSW Food Authority	13,575	-	26,563
Consolidation eliminations	(13,582)	(7)	(41,356)
Total	19,790	(2,089)	24,602

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:

Outstanding balances

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

	2006	2005
	\$'000	\$'000
<i>Current Receivables</i>		
Pacific Industry Services Corporation Pty Limited	6	6
Milk Marketing Pty Limited	23	23
The Office of the NSW Food Authority	16,590	13,575
	16,619	13,604
<i>Current Payables</i>		
Pacific Industry Services Corporation Pty Limited	-	-
Milk Marketing Pty Limited	-	-
The Office of the NSW Food Authority	20,447	26,563
	20,447	26,563

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Note 19. Equity

19 (a) Changes in equity

	Consolidated						NSW Food Authority					
	Accumulated Funds		Asset Revaluation Reserve		Total Equity		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	8,550	10,639	-	140	8,550	10,779	8,550	10,639	-	140	8,550	10,779
Gain/(loss) on revaluation of properties	-	-	-	(140)	-	(140)	-	-	-	(140)	-	(140)
Net Income (loss) recognised directly in equity	-	-	-	(140)	-	(140)	-	-	-	(140)	-	(140)
Profit (loss) for the period	10,131	(2,089)	-	-	10,131	(2,089)	10,131	(2,089)	-	-	10,131	(2,089)
Closing Balance	18,681	8,550	-	-	18,681	8,550	18,681	8,550	-	-	18,681	8,550

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Note 20. Expenditure Commitments

20 (a) Operating lease commitments

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Not later than one year	308	193	308	193
Later than one year and not later than 5 years	-	-	-	-
Total (including GST)	308	193	308	193

Representing non cancellable leases:

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Computer Equipment	-	-	-	-
Premises	38	2	38	2
Motor Vehicles	270	191	270	191
Total (including GST)	308	193	308	193

20 (b) Contractual commitments

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Not later than one year	692	686	692	686
Later than one year and not later than 5 years	36	41	36	41
Total (including GST)	728	727	728	727

Representing non cancellable contracts:

	Consolidated 2006 \$'000	Consolidated 2005 \$'000	NSW Food Authority 2006 \$'000	NSW Food Authority 2005 \$'000
Land and Building	-	-	-	-
Consultants	67	61	67	61
Communications	208	201	208	201
Computer Systems Maintenance	150	81	150	81
Maintenance	75	46	75	46
Motor Vehicles	-	81	-	81
Human Resources	217	257	217	257
Sponsorship	11	-	11	-
Total (including GST)	728	727	728	727

The total expenditure commitments above include input tax credits of \$94,246 (\$83,600 in 2004/2005) that are expected to be recoverable from the Australian Taxation Office.

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Note 21. Contingent assets and contingent liabilities

(a) NSW Food Authority

As at balance date 30 June 2006, NSW Food Authority has one material contingent asset (2004/2005 nil). NSW Food Authority has no material contingent liabilities (2004/2005 nil).

(b) GST receivable

During the year, NSW Food Authority recognised that the accounting treatment of "Personnel Services" Expenses" throughout the 2001 to 2006 financial years may have resulted in these expenses being incorrectly classified as "Employee Related Expenses". As GST is not applicable to these "Employee Related Expenses", no GST input tax credits have been recorded in NSW Food Authority's ledger or claimed back from the Australian Tax Office. If those particular expenses had been classified as "Personnel Services Expenses", this expenditure may have been subject to 10% GST and NSW Food Authority would have been entitled to an input tax credit. This gives rise to a contingent asset as these input tax credits may now be receivable from the Australian Taxation Office. We estimate the total amount of this contingent asset to be \$4,958,921. As at 30 June 2006, we are awaiting further advice from various statutory bodies to assess the entity's position.

(c) Milk Marketing

Milk Marketing has no material contingent assets or contingent liabilities at 30 June 2006 (2004/2005 nil).

(d) Pacific Industry Services Corporation

Pacific Industry Services Corporation has no material contingent assets or contingent liabilities at 30 June 2006 (2004/2005 nil).

(e) The Office of the NSW Food Authority

The Office of the NSW Food Authority has no material contingent assets (2004/2005 nil) and one material contingent liability at 30 June 2006 (2004/2005 nil).

Note 22. Segment information

The NSW Food 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 events occurring after reporting date that would significantly affect the status of these financial statements.

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Note 24. Other current liabilities

	Consolidated	Consolidated	NSW Food Authority	NSW Food Authority
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Milk Industry Funds	557	652	557	652
Income Received in Advance	1,017	1,274	1,017	1,274
Total Other Current Liabilities	1,574	1,926	1,574	1,926

24 (a) Milk industry funds

There were two funds in operation during the period:

CF: The Contingency Fund allows NSW Food Authority to pay abnormal industry costs which have ministerial approval for payment.

DAF: The Deregulation Assistance Fund established to assist the dairy industry in paying costs associated with Farm Gate Deregulation.

Balances and movements on these funds during the period were as follows:

	Consolidated	Consolidated	NSW Food Authority			NSW Food Authority
	2006	2005	2006	Contingency Fund	Dairy Assistance Fund	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2005	652	622	652	630	22	622
Add :						
Interest received	32	30	32	30	1	30
	684	652	684	660	23	652
Less:						
(Payments)/transfers between funds	127	-	127	126	-	-
Milk Industry Funds Balance at 30 June 2006	557	652	557	534	23	652

24 (b) Income received in advance

	Consolidated	Consolidated	NSW Food Authority	NSW Food Authority
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
License Fees	653	1,274	653	1,274
Other Income	364	-	364	-
Total Income Received in Advance	1,017	1,274	1,017	1,274

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Note 25. Financial instruments

(a) Financial risk management

Financial instruments give rise to positions that are a financial asset of either the company or its counterparty and a financial liability (or equity instrument) of the other party. For the company these include cash at bank and payables.

The following is the companies accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments:

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial assets			
Cash	10	All instruments are recorded at cost.	Interest is paid on maturity or regular intervals.
Receivables	11	All are carried in the accounts at net fair value unless otherwise stated.	Normal business trading terms are payment in 30 days.
Financial liabilities			
Payables	15	All are carried in the accounts at net fair value unless otherwise stated.	Normal business trading terms apply to the payment of suppliers accounts.

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. Interest rate risk, is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

(i) NSW Food Authority

	Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total	
	2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Financial assets										
Cash and cash equivalents	5.15%	4.97%	13,578	13,559	-	-	-	-	13,578	13,559
Receivables	N/A	N/A	-	-	-	-	18,402	14,800	18,402	14,800
			13,578	13,559	-	-	18,402	14,800	31,980	28,359
Financial liabilities										
Payables	N/A	N/A	-	-	-	-	21,739	27,695	21,739	27,695
			-	-	-	-	21,739	27,695	21,739	27,695

(ii) Consolidated entity

	Weighted Average Interest Rate		Floating Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total	
	2006 %	2005 %	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Financial assets										
Cash and cash equivalents	5.15%	4.97%	14,809	14,766	-	-	-	-	14,809	14,766
Receivables	N/A	N/A	-	-	-	-	1,793	1,214	1,793	1,214
			14,809	14,766	-	-	1,793	1,214	16,602	15,980
Financial liabilities										
Payables	N/A	N/A	-	-	-	-	1,304	1,138	1,304	1,138
			-	-	-	-	1,304	1,138	1,304	1,138

(c) Credit risk by classification of counterparty

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. The company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

(i) NSW Food Authority

Credit Risk by Classification	Governments \$	Banks \$	Other \$	Total \$
Cash	-	13,578	-	13,578
Receivables	-	-	18,402	18,402
	-	13,578	18,402	31,980

(ii) Consolidated entity

Credit Risk by Classification	Governments \$	Banks \$	Other \$	Total \$
Cash	-	14,809	-	14,809
Receivables	-	-	1,793	1,793
	-	14,809	1,793	16,602

(d) Fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

END OF AUDITED FINANCIAL REPORT



NSW Food Authority

Supplementary Financial Information

1. NSW FOOD AUTHORITY PERFORMANCE AGAINST BUDGET

	Budget	Actual	Budget
	2006	2006	2007
	\$'000	\$'000	\$'000
Income			
Industry levies	1,000	995	1,000
License fees	4,904	5,039	4,852
Grants and contributions	12,523	12,523	12,426
Audit fees	875	926	900
Rent and property income	20	18	20
Interest income	819	908	915
Increment on revaluation of superannuation deposits	-	7,637	-
Increment on revaluation of subsidiary companies	-	8	-
Miscellaneous	-	262	20
Total Income	20,141	28,316	20,133
Expenditure			
Personnel services	12,487	10,670	12,733
Bad & doubtful debts	-	-	-
Consultancy	353	270	460
Contractors	637	766	931
External audit fees - current year	75	71	90
FBT, financial duty and charges	8	8	16
Grants and subsidies	460	461	-
Information technology costs	349	580	489
Laboratory services	1,411	1,390	1,906
Legal fees	106	122	150
Loss on disposal of non-current assets	288	231	-
Maintenance	98	98	165
Miscellaneous expenses	176	474	569
Postage & telephone	371	371	421
Producer levy administration fee	90	83	100
Public relations and advertising	7	7	117
Rent	73	75	95
Staff training	175	140	281
Stakeholder Liaison	112	251	289
Stores, stationery & printing	314	245	413
Temporary staff	187	140	99
Travel	1,046	1,065	1,048
Depreciation and amortisation	1,054	667	1,560
Total Expenditure	19,877	18,185	21,932
SURPLUS/(DEFICIT) FOR THE YEAR	265	10,131	(1,798)

NSW Food Authority

Supplementary Financial Information

2. 2005/2006 INCOME AND EXPENDITURE BUDGET

The 2005/2006 budget information represents the final operating budget for the NSW Food Authority for the period, depicting a budgeted operating surplus of \$265,000. The actual operating result was a surplus of \$10,131,000.

The budgeted and actual operating results differ chiefly for one reason with respect to total Food Authority income. The Food Authority recognised a superannuation revenue amount of \$7,637,000. This amount consists of changes in the superannuation funds held, from a liability at 30 June 2005 to an asset at 30 June 2006 as assessed by the Funds Actuary. The Food Authority's budget included an estimate of payments to be made for superannuation during the period, however it was not able to estimate the actuarial assessed change in superannuation funds held from a liability to an asset.

The variance in total budgeted expenditure and total actual expenditure recorded for the Food Authority is due chiefly to an underspend in personnel services resulting from :

- the recognition of the above mentioned superannuation revenue amount rather than an expense as was initially budgeted, and
- savings resulting from time lags experienced in filling of new and vacated positions.

3. ACCOUNTS PAYABLE

NSW Food Authority payment performance indicators.

	1st Quarter 30 Sep 05 \$	2nd Quarter 31 Dec 05 \$	3rd Quarter 31 Mar 06 \$	4th Quarter 30 Jun 06 \$
Current i.e. Within due date	6,110,533	3,872,553	4,704,741	5,198,174
Less than 30 days overdue	-	-	-	-
Between 30 and 60 days overdue	-	-	-	-
Total dollar amount of accounts paid	6,110,533	3,872,553	4,704,741	5,198,174
Percentage of accounts paid on time	100.00%	100.00%	100.00%	100.00%

4. MAJOR ASSETS

Property held by the NSW Food Authority

	At Cost 2006 \$'000	At Valuation 2006 \$'000	WDV 2006 \$'000	WDV 2005 \$'000
Taree Office	-	505	505	538
Sydney Office	-	6,132	6,132	6,300
Total property held	-	6,637	6,637	6,838



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