



NSW Food Authority Annual Report 2004/2005



Our Cover: The Food Authority launched its first major public education campaign in May 2005 showing pregnant and breastfeeding women how to enjoy the health benefits of fish, while reducing the risk from mercury. To better help women remember the message, the Authority produced 500,000 "wallet cards" outlining how much fish they can safely eat. The cards are widely available in fish shops and markets across NSW. The campaign is being supported by the Australian Medical Association (NSW branch); Australian Consumers' Association; Australian Dieticians' Association; Australian Breastfeeding Association; NSW Health; Food Standards Australia New Zealand; NSW Midwives Association; Sydney Fish Market and Master Fish Merchants' Association.

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Minister Macdonald
and celebrity chef
Peter Howard in a
cook-up at the Royal
Easter Show.



Our Minister

The NSW Food Authority is Australia's first single agency responsible for food safety from harvest, paddock and catch right through to the consumer.

Since its establishment in April 2004, the NSW Food Authority has spearheaded the NSW Government's commitment to reduce foodborne illness in the State.

To date, the Food Authority has been highly successful in ensuring industry compliance with national food standards and educating consumers about food safety, including the safe handling and cooking of raw meat and poultry.

In May, I launched the Food Authority's first major public education campaign on mercury in fish. Other public education campaigns will follow.

The NSW Food Authority has consistently worked to improve food safety and standards through on-going surveys, compliance, enforcement and surveillance work.

Important projects include the Shellfish Program which guarantees NSW oysters comply with world's best practice in terms of food safety.

Other key areas of work include crackdowns on the illegal use of sulphur dioxide in fresh mince and the practice of fish and meat substitution, where people deliberately substitute one species of fish or type of meat for another.

Since its inception, the Food Authority has been working to identify potential 'high priority' food areas that need special attention to help food businesses identify risks and reduce them.

The Plant Products Scheme, which targets high risk plant foods and was introduced on April 1, is the first of its type in Australia. It was developed after a comprehensive risk assessment that included extensive consultation with the industry. Similar schemes have already been successfully introduced in the dairy, seafood and meat industries and consultation has started on new schemes to cover eggs and food services to vulnerable populations.

The Food Authority continues to enjoy a close working relationship with industry and local government – an important part of ensuring NSW consumers get access to safe food.

I look forward to continuing to work with the Food Authority and enhancing its role as a leader in food safety.

A handwritten signature in black ink, which appears to read "Ian Macdonald".

The Hon. Ian Macdonald MLC
NSW Minister for Primary Industries



31 October 2005

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 2005.

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

The creation of the NSW Food Authority, Australia's first through-chain food regulatory agency, on 5 April 2004 was the culmination of the dreams, aspirations and hard work of a dedicated band of people within the Authority's predecessor organisations, stakeholder groups and government.

This report highlights progress made in the Authority's first full year of operation in meeting the many challenges of building a new agency, establishing its modus operandi and forging its strategic direction and work plan.

The primary responsibility of the Authority is to help protect the health and well-being of the NSW community, especially the most vulnerable groups in the population such as the young, the aged and the immuno-compromised. Accordingly, as an organisation very much in our early years, we have adopted a youthful theme for the photography throughout this year's annual report. These images reflect the importance of our work in protecting one of our key target groups.

The primary responsibility of the Authority is to help protect the health and well-being of the NSW community

In striving to achieve our goals we have benefited enormously from the wealth of expertise in food safety and regulation inherited by the Authority through the merger of SafeFood NSW and the food regulatory staff and resources of NSW Health. This has enabled us to "hit the road running" during our first 15 months.

This formative period has been challenging in many ways. To better appreciate how far we have come in a little over a year, it is important to understand some of these challenges and how we are managing them.

New Organisational Structure

The formation of the Authority presented a range of issues familiar to those who have been involved in organisational mergers and major change programs. In meeting these challenges the Authority was keen to ensure full consultation and active engagement of its staff. This was largely achieved through the establishment of a Joint Consultative Committee, which with the help of the Public Service Association, helped implement a bold new organisational structure. The Authority's staff now have a clear new set of roles and responsibilities and are working as a tightly integrated and efficient team.

New Ways of Working

With a staff complement of just 117 people, the task of regulating over 55,000 food businesses across the vast state of NSW is clearly daunting.

As the first through-chain State agency in Australia responsible for all aspects of food regulation, we have had to quickly develop ways of working smarter. The development of a unique Priority Classification System (PCS) which can allocate all NSW food businesses into one of four risk categories was a significant step forward. The PCS will enable us to tailor our regulatory approach to these different risk categories.

The Authority won a tender which will see our PCS being used as part of a project coordinated by the Australian Food Safety Centre of Excellence to develop a national Priority Classification System. The system will ultimately be used across Australia to determine food safety requirements for individual businesses, and compliance monitoring arrangements, on a consistent basis. The project is funded by the Australian Government Department of Health and Ageing.

Regulating Effectively and Efficiently

Under the current second-party audit arrangements in NSW, the Authority is responsible for auditing all food businesses required to have a food safety program. Given the limited resources of the Authority, it is clear that we need to regulate these businesses in a cost-effective manner and, where possible, utilise external service providers.

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

Role for Private Sector Food Safety Auditors

Many sectors of the food industry have requested that a model be put in place which recognises food safety audits conducted by private sector auditors, reduces duplication and improves consistency. Before this approach can be adopted, verification systems need to be developed and put in place to ensure that both audit and auditor standards are uniform and maintained, and that audit results can be effectively monitored and managed by the Authority. A "Performance Intervention Model" is currently being developed which will enable the regulatory approach to individual business determined by past performance and the risk of the business.

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

Based on this model, food businesses which demonstrate a high level of compliance will be able to use approved third-party auditors as an alternative to auditing by Authority officers. Further to this, food businesses subject to commercial audit requirements as well as regulatory audits will be able to combine these audits so long as the third-party auditor is approved by the Authority. Conversely, businesses with a poor compliance record, particularly those in high risk industries, will be subject to direct audit by the Authority despite the third-party system.

To complement this, the Authority is considering various auditor accreditation programs, whereby auditors will be accredited to work in specified types of industries.

Local Government's Role

The Performance Intervention Model applies to those businesses with mandatory food safety program requirements. In NSW there are currently around 40,000 businesses without mandatory food safety programs, for example restaurants, takeaway food outlets, corner stores and supermarkets. Traditionally these businesses have been monitored predominantly by local government.

Local government has played a role in food regulation in NSW for more than 100 years. There are presently approximately 92 full-time equivalent environmental health officers (comprising nearly 350 actual staff) across 152 councils engaged in food regulatory work. However, councils' role is discretionary and they are not obliged to undertake food regulatory work. Moreover, the Authority

does not currently have the systems to coordinate local government activities or the power to direct them. This results in the potential for duplication and gaps between Authority and council activities and inconsistencies between local government areas.

When the Section 73 Review recommended creation of the NSW Food Authority, it also recommended development of a model to define and mandate the local government role in food regulation. The Authority and local government formed a 'Food Regulation Partnership' to develop this model through a consultative process involving all councils and local government associations. This led to the development of a draft model with direct participation by 80% of councils. The 28 recommendations which comprise the model were each supported by at least 88% of submissions, which were received from 109 councils. The model will now be submitted for State Government consideration.

Information Management is Critical to our Ongoing Success

With over 55,000 food businesses to regulate and just 117 staff, the Authority's information management capability is critical to effectiveness and efficiency. The ability to gather, store, analyse, report on, and respond to, the enormous amounts of diverse data is pivotal to the success of our operation.

The Authority uses a relational database called Byte which is used to manage audit, licensing and inspection data for the 13,000 businesses licensed by the Authority. To further enhance our existing capability, the Authority was granted \$1.8 million to develop an innovative software project called Paddock to Plate (P2P) over the next two years. P2P builds on our existing customer management system, but adds several new elements allowing us to:

- manage the third party auditor framework
- manage our interaction with local government
- be automatically alerted to potential issues and risks
- enable electronic service delivery
- provide wireless access for auditors

We look forward to a time when we can provide value-added services to industry and the public on-line such as food safety alerts, information on emerging food issues and secure access to audit results for food businesses.

Serving NSW Consumers

The NSW Food Authority also has an important role in ensuring that NSW consumers have the information they need to handle food properly and make informed food choices. There are two main issues on this agenda:

1. Consumer Information and Education
2. Consumer Protection

1. Consumer Information and Education

Food safety messages can be complex to convey, and there is misunderstanding in the community in relation to such issues as allergens and contaminants.

Over the past year, the Authority has been developing a business case for funding of the Authority's role in this area. This business case puts forward recommendations as to what the future role of the Authority should be in regard to providing information and education to consumers. It segments consumers into two key groups:

- a) the general public, including those from ethnic backgrounds and regional NSW and;
- b) vulnerable consumers requiring very specific communication channels. Examples of vulnerable consumers include pregnant women, immuno-compromised people, allergy sufferers and the elderly

Until longer-term funding outcomes are known, the Authority has used the limited available resources to develop a modest consumer information program which includes:

- A Consumer & Industry Contact Centre, which in its first year received more than 10,000 calls, and is now handling on average 1,300 contacts a month; almost half of which are from consumers. It is interesting to note that approximately 60% of calls to the Contact Centre originate from regional NSW
- A website with fact sheets for consumers, many of which have been translated into other languages. The website is receiving around 7,000 visits per month
- High profile presence at major events such as the Sydney Royal Easter Show, which this year included a cook-off between our Minister and celebrity chef Peter Howard featuring food safety messages
- Targeted risk communication campaigns. The first major public education campaign undertaken by the Authority was launched in May 2005 and was directed at the issue of mercury in fish and pregnant women. With the support of many industry and government partners, over half a million wallet-sized information cards have been printed, and are being distributed by fish retailers, Coles supermarkets and health care professionals. The card provides plain English advice about how pregnant women and mums can manage risks due to mercury in fish while still enjoying the nutritional benefits of including fish in their diet. The campaign was extremely cost effective and reached an audience of 1.5 million people. It successfully deflected negative media and provided the target group with accurate dietary information. This in turn enabled them to make healthy and informed choices to maximise the benefits of fish while reducing any risk from mercury.

2. Consumer Protection

The Authority is committed to preventing consumer deception in the marketplace. This year several major initiatives were undertaken to protect consumers and ensure they get what they pay for. For example high profile campaigns were organised to address the issue of meat and seafood being incorrectly labeled or indeed being deliberately substituted. Some of these have resulted in prosecutions.

The Authority has also raised the bar for food safety through our survey program and surveillance work. Key focus areas over the year have been on organic foods, health claims by juice bars, and microbiological quality of kebabs, seed sprouts and chicken. Survey results have helped inform our risk management practices in these areas and contributed to the national standard setting process.

Our consultative committees are one of the most important ways the Authority stays up to date with community issues, industry developments and emerging trends

Partnerships

Our local, national and international partnerships are vital if we are to achieve our goals and overcome our challenges:

- Our partnerships with LOCAL government are crucial to the Authority achieving its regulatory objectives, as I highlighted earlier.
 - Our NATIONAL and bi-national partnerships are no less important because while food standards are implemented by the Authority, the standards themselves are developed via a bi-national process (ie with New Zealand) and should be implemented consistently across Australia. Being part of this bi-national process has many benefits, including; synergy through collaboration with Commonwealth, New Zealand and interstate agencies, sharing of information; and development of consistent regulatory approaches to ensure a “level playing field” for the many food businesses which operate across State and Territory boundaries.
 - Our INTERNATIONAL partnerships afford us the opportunity to benchmark our activities globally. They also allow us to share knowledge and experience in a mutually beneficial way.
- For instance, Australia’s experience with Sydney’s 2000 Olympic Games and our perfect ‘gold medal’ record of no reported foodborne illness during the Games is now being shared with China in their preparation to host the Games. I have recently joined representatives from groups such as the World Health Organisation, US Food and Drug

Administration (FDA) and Auburn University USA on the Beijing Olympics Expert Board on Food Safety. The Board advises the Beijing Food Administration (BFA) and the Beijing Organising Committee of the Olympic Games (BOCOG) on how to deliver food safety during the 2008 Games

- Also, we have gathered invaluable information from our Irish counterparts on foodborne illness and consumer education which we were able to overlay on our own programs, thereby enriching their effectiveness
- And significantly, our close relationship with the New Zealand Food Safety Authority has been particularly beneficial in refining our approaches across a range of activities including policy development, risk management, operations and communications.

Industry Funding

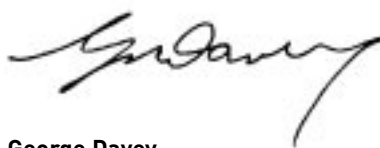
It is important to recognise that, under the Authority’s shared funding framework, approximately 40% of our funding comes from industry. We are acutely aware that many NSW agriculture sectors, together with some sectors of the seafood industry, are struggling at present, either due to drought or other economic pressures, and thus the Authority needs to ensure that its fees are fair and equitable. This issue is constantly under review.

Stakeholder Relationships

Our consultative committees are one of the most important ways the Authority stays up to date with community issues, industry developments and emerging trends. The advice and feedback received by the Authority through these committees has contributed significantly to our operational activities and planning processes.

Acknowledgements

It is important to note the many people and organisations who have helped turn the vision of a through-chain food regulatory agency into a reality. 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; valued stakeholders in industry, government, public health and consumer bodies and the scientific and research community; and the NSW Food Authority staff for their commitment, talent and dedication.



George Davey
Director-General



Our Highlights

Highlights for the NSW Food Authority for the year 2004/05 include:

At a glance...

- Successful transition of staff into the NSW Food Authority and implementation of a new structure
- Introduction of a new Food Safety Scheme regulation covering priority areas in the plant products industries
- Successful implementation of the Authority's first major public education campaign on mercury in fish for pregnant women
- Developing a proposal to cover funding of the Authority's ongoing role in consumer education on food issues
- Securing funding for a state-of-the-art IT system to provide the information management capability for the 55,000 food businesses in NSW
- Developing a model, in consultation with local government, for a mandated role for local government involvement in food safety
- Established robust communication and liaison mechanisms with local government food surveillance personnel, including 16 regional network groups and a statewide technical liaison group.
- No reported outbreaks of foodborne illness due to Authority systems failures
- Director-General awarded prestigious dairy industry award in recognition of his long and outstanding contribution to the sector. George Davey received the John Bryant Gold Medal, which is awarded to individuals who make significant contributions to the Australian dairy industry over many years. Mr Davey received the award at the Dairy Industry Association of Australia (DIAA) (NSW Division) Annual Gala Dairy Dinner in Sydney on 12 May, 2005
- Director-General was recognised for outstanding service to Standards Australia. On 10 November 2004, George Davey was presented with the Outstanding Service Award -

"I am pleased to report that excellent progress has been made with many initiatives" *George Davey*

Standards Australia Board 2004. Mr Davey was appointed to the Health and Food Standards Sector Board in January 2002, becoming Acting Chair in December 2002. He was appointed to the Chair in April 2003. He was also appointed to the Standards Development Board in 2003 and the Australian New Zealand Joint Standards Development Board in May 2004. Mr Davey has participated on and chaired technical committees developing Australian standards for over 30 years.

Other highlights and details...

- *Doner kebabs safer than ever following State Government campaign* (Media Release 9 June, 2005) An education initiative conducted by the Authority saw food handling and hygiene practices improve across kebab outlets. As part of the campaign the Authority worked with outlets to improve practices such as cleaning and sanitation, personal hygiene, and preventing cross-contamination between cooked and uncooked foods. Authority officers also discussed potential safety issues with managers and handed out facts sheets in a number of languages. Follow-up checks revealed 99% complied with safe food standards.

- *Extra care urged preparing food for Tiny Tots and Elderly amid increase in Salmonella* (Media Release 5 June, 2005) Following a steep increase in Salmonella infections across NSW, including high rates among young children and the elderly, the Authority conducted a successful campaign to educate consumers. The campaign included the production of an easy-to-follow information card outlining correct cooking and handling tips to destroy Salmonella and other dangerous micro-organisms. The Authority also has produced a number of fact sheets to help people avoid food-borne illnesses, including "Safe Food – Vulnerable Groups"; "Safe Food Handling – Poultry & Red Meat" and "Safe Lunches for Kids".

- *State Government campaign promotes benefits of fish for pregnant women and their children* (Media Release 11 May, 2005) Women now have access to reliable information on safe levels of fish consumption during pregnancy after the launch of a major education campaign. A survey commissioned by the Authority revealed 44% of women aged 18 to 40 did not know which fish they should limit during pregnancy and breastfeeding. The Authority produced 500,000 wallet cards for women planning pregnancy and those caring for young children. The cards feature scientific advice on how to safely include fish as part of a balanced diet and were distributed throughout the State by doctors, midwives, dieticians, fish outlets, NSW Health and the other participating community groups.

- *New scheme for safe fruit & veges an Australian first* (Media Release 5 May, 2005) The Plant Products Scheme covers five product types: fresh cut fruit (usually consumed raw); fresh cut vegetables (usually consumed raw); vegetables in oil; unpasteurised juice and seed sprouts. The Scheme includes businesses involved in the production, storage and transport of the above product types. The

Authority produced support materials to assist businesses implement food safety programs. Staff are available to advise on and support the introduction of programs. The scheme is the first of its type in Australia and was developed after a comprehensive risk assessment that included extensive consultation with the industry.

- *Celebrity chef helps to launch NSW food safety campaign* (Media Release 18 March, 2005) Celebrity Chef Peter Howard helped launch a campaign to promote safe food handling and cooking – with a focus on raw poultry and meat. To help remind the public about these safety steps, the Authority produced an easy-to-follow information card which was distributed to consumers and butcher shops.

- *Butchers under the spotlight in new food substitution crackdown* (Media Release - 22 October, 2004) The Authority inspected numerous butcher shops in Sydney and the Hunter Valley and found the wrong type of meat in 70% of sampled products. The Authority took enforcement action and issued reminder notices to all butcher shops in NSW, reminding operators of the legal requirements for meat preparation and labelling. Follow up work in June 2005 showed that meat substitution levels had dropped to less than 1%.

- *How to report food safety concerns in NSW* (Media Release 23 August, 2004) The Authority established a Consumer and Industry Contact Centre to respond to queries and complaints. People can telephone from 8.30am to 5.30pm Monday to Friday on 1300 552 406. A voice mail service after hours records messages for attention the next business day. Consumers can also email on contact@foodauthority.nsw.gov.au or fax 02 9647 0026. There is also an emergency after hours service.

- *New agency works with Councils on food safety* (Media Release 20 August, 2004) The Authority and local Councils are working together through an innovative group developed in the Hunter region and emulated throughout NSW. The Authority coordinates the Hunter Food Surveillance Group, a partnership between Authority staff and 13 Councils in the Hunter and Central Coast regions. This partnership provides professional development for food surveillance officers at local Councils and assists the effective operation of the Authority.

- *Food agency warns about counterfeit liquor* (Media Release 23 July, 2004) The Authority seized counterfeit liquor products, some of which contained illegal levels of methanol and which use fake labels from non-existent companies. In other cases, the liquor in question is an inferior and unsafe counterfeit of a legitimate product. Seized samples of liquor contained up to 12.5g of methanol per litre, well above the level of 0.4g of methanol per litre of ethanol for whisky, rum, gin and vodka specified in the Food Standards Code. Acute methanol poisoning can cause effects ranging from headaches and dizziness through to permanent blindness, breathing difficulties, coma and death.



Our Organisation

Our Mission

To ensure that food in NSW is safe and correctly labelled and that NSW consumers are able to make informed choices about the food they eat

The NSW Food Authority is Australia's first completely integrated or 'through-chain' food regulation agency responsible for food safety across the entire NSW food industry

Our History

The Authority was established on 5 April 2004 by merging SafeFood NSW with the food regulatory activities of NSW Health. The Authority regulates all food industries in NSW and, in many cases, has introduced specific food safety scheme regulations. The Authority is responsible to the Minister for Primary Industries.

The NSW Food Authority is Australia's first completely integrated or 'through-chain' food regulation agency, responsible for food safety across the entire NSW food industry, from primary production to point-of-sale.

Our Role

The NSW Food Authority provides the regulation framework for industry to produce safe and correctly labelled food by:

- Contributing to national food policies and standards
- Establishing NSW regulations and food safety schemes
- Developing food laws in consultation with stakeholders
- Auditing, inspecting and enforcing food regulations

In 2004/05 the NSW Food Authority administered the following legislation:

- Food Act 2003
(commenced 23 February 2004)
- Dairy Industry Act 2000
- Meat Industry Act 1978
- Food Regulation 2004
- Food Production (Dairy Food Safety Scheme) Regulation 1999
- Food Production (Meat Food Safety Scheme) Regulation 2000
- Food Production (Seafood Safety Scheme) Regulation 2001
- Food (Plant Products Food Safety Scheme) Regulation 2005 (Commenced April 2005)
- Dairy Industry Conference Regulation 1999
- Meat Industry (Meat Industry Levy) Regulation 1999

Figure 1: Evolution of an Agency



The Authority also educates consumers on food safety by:

- Cultivating good food handling practices
- Sharing information on food safety
- Providing information on food labelling

The NSW Food Authority works with local government to enforce all aspects of the national Food Standards Code, the NSW Food Act 2003 and the State’s Food Safety Schemes.

Food Safety Schemes target food safety risks throughout the food supply chain and are tailored to individual industries, sectors or businesses. The schemes incorporate national standards and are introduced by regulation under the Food Act.

The NSW Food Authority ensures that industry complies with Food Safety Schemes and the Food Act by licensing or receiving notifications of food businesses in NSW, auditing and inspecting their operations regularly and, where necessary, penalising non-compliance.

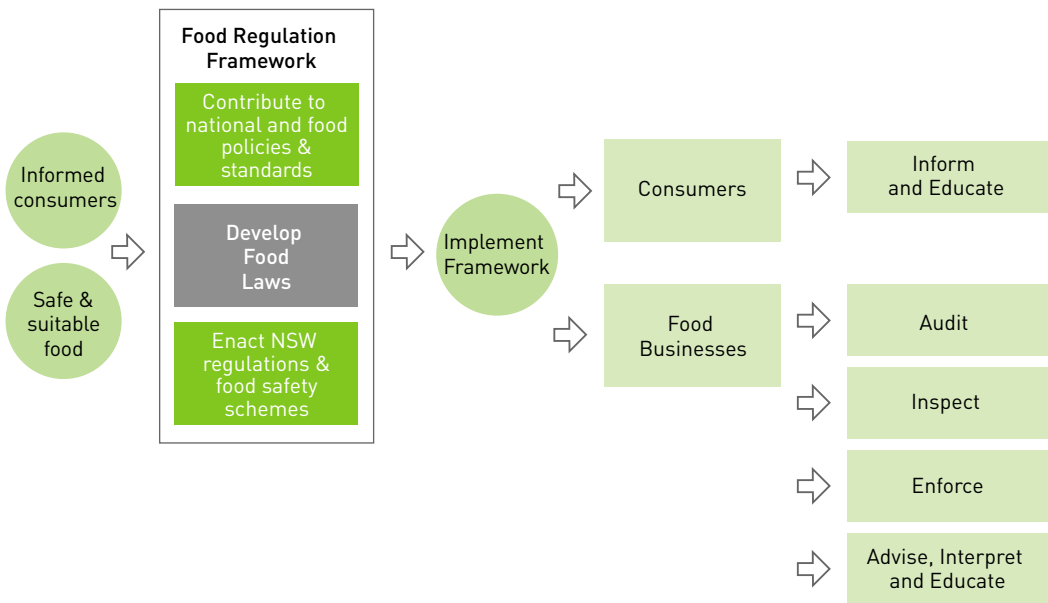
Our Responsibilities

Before the Authority was established, responsibility for food regulation in NSW was divided across a number of State agencies. The establishment of the NSW Food Authority has created a more streamlined, consistent and efficient approach to food regulation in NSW and a single point of contact for both the industry and the public.

National responsibilities

The NSW Food Authority works to ensure the effective implementation of national food standards developed by Food Standards Australia New Zealand (FSANZ) on composition, labelling and contaminants, including microbiological and chemical limits for all foods produced or imported for sale in Australia and New Zealand.

Figure 2: The NSW Food Authority Regulation Framework



NSW Food Authority
Executive (L - R): Stefan
Fabiansson, Craig Sahlin,
George Davey, Samara
Kitchener, Terry Outtrim
and Sian Malyn.



State responsibilities

The NSW Food Authority values its vital links with other agencies at State and national levels, 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 disease, epidemiological investigation and joint response with the NSW Food Authority to foodborne disease, 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.

Local responsibilities

The Section 73 Review conducted by the Hon. John Kerin, which recommended the establishment of the NSW Food Authority, also recommended that the NSW Government explore with local government a mandated and resourced role for local government working in partnership with the Authority to regulate the NSW food industry.

This role is being developed through the Food Regulation Partnership, established in mid-2003, which comprises representation by the NSW Food Authority, the NSW Department of Local Government, NSW Health, the Local Government Association of NSW, the Shires Association of NSW, the Local Government Managers Association, the Australian Institute of Environmental Health and the Development and Environmental Professionals Association. The partnership has prepared a model for the role of Local Governments in food regulation which is being presented to Government in October 2005.

Our Management and Structure

Our management team comprises:

George Davey, Director-General



George leads the NSW Food 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. and a Member of the Australian Society for Microbiology Inc. He holds a 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 new industries, enforcement, operations, foodborne illness investigation, and food safety programs. Food safety programs incorporate audit and compliance functions as well as regional operations, environmental operations (covering the NSW Shellfish Program) and the shellfish classification program. 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 and policy development, 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.

Stefan Fabiansson, Chief Scientist

Policy and Science



Stefan ensures the NSW Food 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.

Sian Malyn, Executive Director

Finance and Licensing



Sian leads the Finance and Licensing Branch which is responsible for managing all of the NSW Food Authority's financial operations, including those of its subsidiary companies and 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.

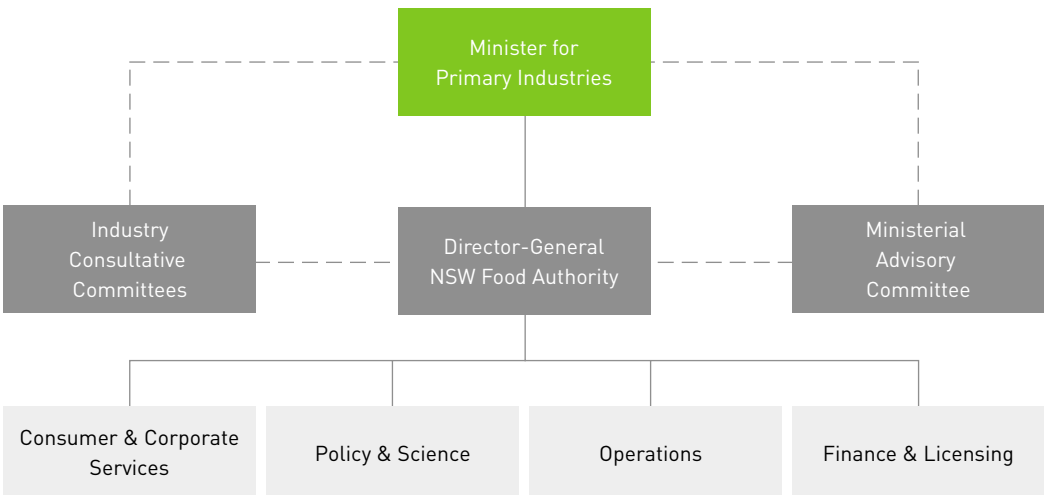
Samara Kitchener, Executive Director

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.

Figure 3: Work areas of the NSW Food Authority



How we work

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

The NSW Food Authority has recently implemented the RSP framework. It is used as a decision making and planning tool to help ensure resource allocation is aligned with organisational priorities and achieving 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 'chapters' on each of our seven key Service Groups, which are linked to the RSP.

All Authority service groups deliver services which directly impact one or more of the lower-level intermediate results. The seven Service Groups showcased in the following pages 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.

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

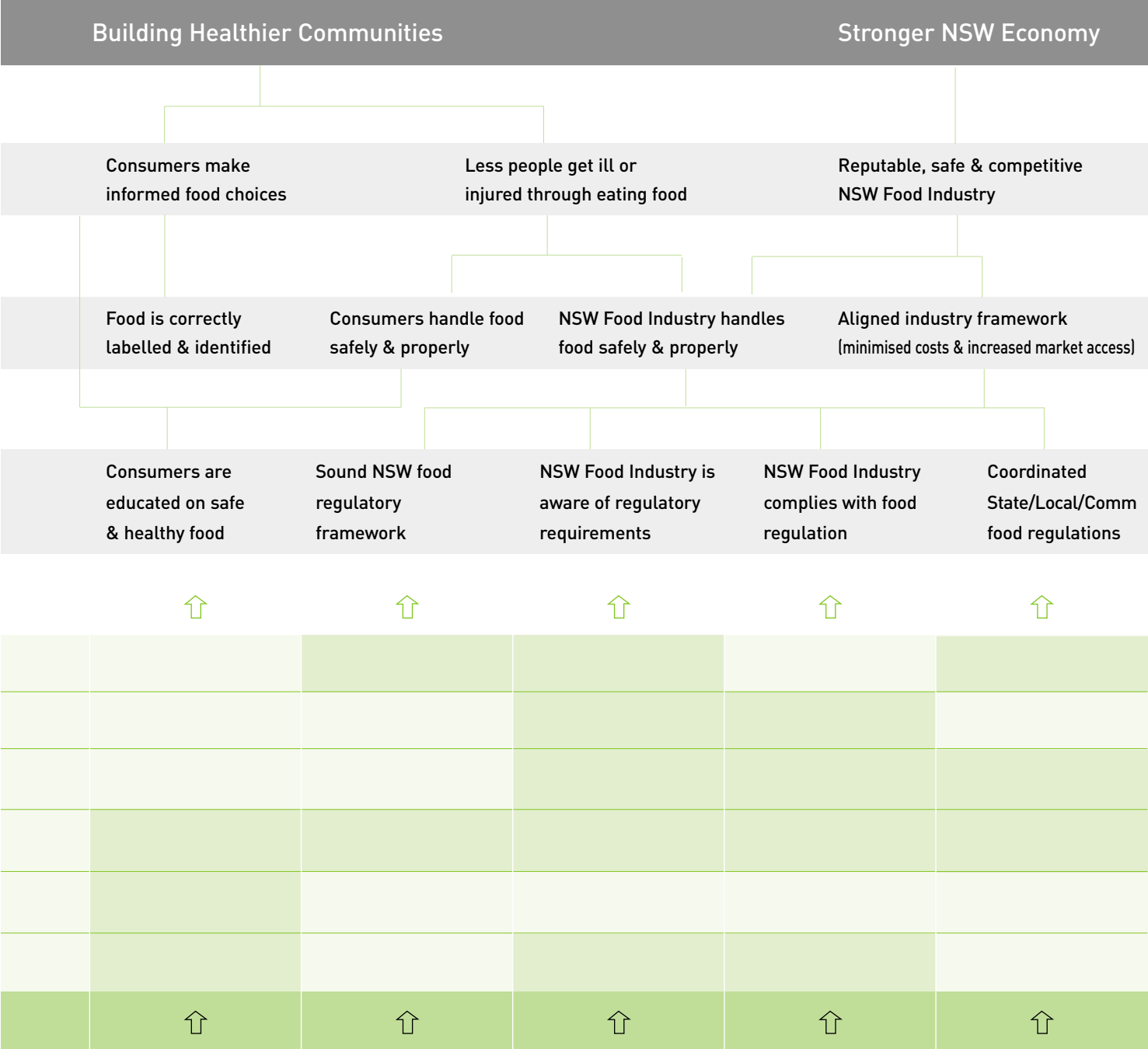
3: Compliance & Enforcement

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.



More about our Results & Services Plan (RSP)

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

1. Building Healthier Communities
2. Stronger NSW Economy

1. Building Healthier Communities

The NSW Food 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 feed into this priority.

The Building Healthier Communities priority requires that less people to get ill or injured through eating food and consumers to 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.

2. 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 (for example, 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.

Food Regulatory Development & Review

The Food Regulatory Development service group develops, or contributes to the development of, the 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 Food Standards Code and its implementation by State and Territory food regulatory agencies. The Agreement also requires the States and Territories to work towards a consistent approach to implementation and enforcement.

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.

Key requirements are expressed in legislation, principally the NSW Food Act 2003, the NSW Food Regulation 2004, and the national Food Standards Code



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
- 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.

Case Study: New Scheme Development



New Scheme Project Officer Vanessa Lee with egg producer Jo Damjanovic.

One of the best ways to safeguard food safety across the food chain is for industry to work cooperatively with the NSW Food Authority. That's why the Authority's New Scheme Development team have been working closely with the egg industry in preparation of a new Food Safety Scheme to ensure the safety of eggs across NSW. Some sections of the NSW egg industry, which is self-regulated through Industry Codes of Practice, will need to be licensed or notified with the Food Authority. In addition, depending on the risk level of the activities conducted by the business, it might also need to adopt a Food Safety Program.

The New Scheme Development team invested many hours of work over the past 12 months to consult with industry on the proposed changes. The New Scheme Development team's first priority was to establish an industry reference group as well as a technical working group. These groups represent the egg industry and provide important advice to the Food Authority during the initial scheme development process. Industry groups and businesses represented on the working group include, Australian Egg Corporation Limited (AECL); NSW Farmers Association Egg Committee; NSW Free-Range Egg Producers Association; Restaurant and Catering Association NSW; Pace Farm; Pirovic Enterprises and Damjanovic & Sons Pty Ltd. In the interest of full consultation, members of the New Scheme Development team also met egg industry members across NSW. Industry have worked closely with the Food Authority to help identify food safety risks and determine the level of food safety intervention needed to make sure eggs and egg products produced in NSW continue to be safe for consumers.

At State level, 'food safety schemes' provide the basis for implementation of 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 State-level activity of this service group.

The Authority's work at both national and State levels 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 both grass-roots 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 State/local/Commonwealth food regulation.

Achievements

Legislative program

During the 04/05 year, Policy and Science Branch progressed work to ensure that the Authority's legislative framework was up-to-date and addressed current policy directions and operational needs:

- Work progressed on a proposal for a new regulation to replace the *Dairy Industry Conference Regulation 1999* which was due for automatic repeal on 1 September 2005.
- The *Food (Plant Products Food Safety Scheme) Regulation 2005* was commenced on 1 April 2005
- Work progressed on a draft 'Consolidated Regulation' designed to consolidate the provisions of the Authority's food safety scheme regulations for dairy, meat, seafood and plant products into a single 'Food Regulation'
- The *Food Production (Seafood Safety Scheme) Regulation 2001* was amended to increase the base rate of the Shellfish Area Service Levy payable by holders of aquaculture leases
- The automatic repeal of the *Meat Industry (Meat Industry Levy) Regulation 1999* was postponed to 1 September 2006 due to ongoing discussions between the Authority and industry.

Policy Development

The main areas of policy development work over the 04/05 year were:

- System to coordinate and monitor the Authority's input to national policy processes especially through Food Regulation Standing Committee to Ministerial Council
- Policy development toward Food Regulation Standing Committee review of Food Standards Australia New Zealand standards development processes
- Food Safety Management initiatives,
 - Cabinet report-back required on audit impact on small business and Minister's authorisation to adopt national standards
 - Development of underlying policy for proposed new food safety schemes
- Policy underlying proposed roll-out of mandated role of local government in food regulation
- System to coordinate and monitor the Authority's input to national standards development processes
- Policy input to Health Claims standards development especially in regard to approval of biomarker maintenance claims
- Policy on inclusion of manufacturers details in survey reports published by the Authority.

National Input for Standard Development

The Authority has provided input into the national standards development process to amend the Food Standards Code so that food safety programs (FSC3.2.1) for both food service to vulnerable populations (P-288) and catering operations to the general public (p-290) become mandatory.

The Authority has formally provided input via submissions responding to assessment reports for both proposals.

The Authority has also participated in the Food Standard Australia New Zealand (FSANZ) Standards Developments Advisory Group for both proposals.

New Scheme Development Achievements

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. The unit utilises the assistance of industry working groups to ensure the regulations developed are practical and effective, plus assists newly regulated industries to meet the requirements of the new regulation through the provision of assistance packages tailored to the industries' needs.

The New Scheme Development team achieved the following in 04/05:

- Enactment of the Food (Plant Products Food Safety Scheme) Regulation 2005 under the Food Act 2003
- Industry Assistance Material for the plant products industry prepared – included the development of guide to establishing a food safety program
- Provision of implementation assistance to the seafood industry completed. Generic Food Safety Programs for various Seafood sectors completed and implemented in industry
- Work continued on an Egg and Egg Products Regulation which is due for commencement towards the end of 2005
- Industry working groups - Egg Reference Group and Technical Working Group meetings held on numerous occasions
- Hospitals and Aged Care Regulation underway: Audit Trial and Baseline Study completed
- Catering Regulation underway: Technical Working Group established.

Scheme Review and Evaluation

The Food Authority has introduced a new program to evaluate and review food safety risk on an industry basis. The Authority is developing generic methodology about how an industry review and evaluation is conducted. A pilot review of the Plant Products Safety Scheme is near completion.

Industry Consultation

The Industry Consultation, Information, Training and Advice service group aims to provide information to industry regarding their regulatory requirements and to provide mechanisms for industry to discuss issues with the Food Authority. Industry consultation in existing Food Safety Schemes is achieved through various industry consultative committees including the NSW Dairy Industry Conference, Meat Industry Consultative Council, NSW Seafood Industry Conference, NSW Shellfish Committee and the Peak Oyster Advisory Group.

In the area of industry training, the Food Authority is scoping the current status of food industry training in NSW. Industry advice is provided through targeted communication, involvement in industry conferences and through calls directed to the Food Authority's 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 state and national) and food industry leaders and scientists.

The role of this service group is ensuring that:

- NSW food industry is aware of regulatory requirements
- NSW 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 & Achievements

Industry Consultation Program

A consultative or advisory committee is established for each Food Safety Scheme to provide advice to the Minister and the Food Authority on any issue relating to food as required. Provision for the establishment of these committees is contained in sections 116 and 117 of the Food Act 2003.

Case Study: A Fish Tale



Seafood Industry Conference Members viewing a Barramundi operation at the Tailor Made Fish Farms.

The advisory committee consultative process has been enhanced through meetings with industry stakeholders in regional locations.

The NSW Seafood Industry Conference held its first regional meeting at Port Stephens in February 2005 and, in addition to meeting with local seafood industry representatives, also arranged visits to the Commercial Fishermen's Co-operative at Newcastle, Geoff Diemar's oyster business at Salamander Bay and Tailor Made Fish Farms at Bobs Farm, a Barramundi aquaculture venture.

In March 2005, members of the Meat Industry Consultative Council (MICC) combined a meeting in Singleton with visits to Bartter Enterprises poultry processing plant at Beresfield and E C Throsby's export beef abattoir at Whittingham. These visits allowed MICC members to meet with industry stakeholders in their workplace and to gain a better understanding of the day to day requirements of running a successful business, and the interaction between the businesses and the Authority.



To provide information to industry regarding their regulatory requirements and to provide mechanisms for industry to discuss issues with the Food Authority

- Making safe sushi
- Sulphur dioxide in fresh mince meat

Industry Workshops

- Provision of labelling information
- Imported foods labelling
- Interpretation of Food Standards Code
- Advice on health claims for products/labelling

Industry Training Program

The Authority is working on a major project to assess the potential for enhancing food safety through the training of food handlers working in areas of significant public health risk including risks from food allergens. The project has explored food service industry attitudes, the current regime for food handler training, and the mechanisms in other jurisdictions with the view to identifying options and making recommendations. The project identified substantial but qualified support from food service industry associations and from representatives of small business, but also identified the need to avoid imposing unjustified requirements on both small businesses and volunteer groups raising money for charitable and community causes. The project will also explore a national approach through Food Standards Australia New Zealand.

Advisory committees currently operating are as follows:

- NSW Dairy Industry Conference
- NSW Shellfish Committee and the Peak Oyster Advisory Group
- NSW Seafood Industry Conference
- Meat Industry Consultative Council

The advisory committees comprise industry and government representatives and provide formal mechanisms for consultation between food industry representatives and the Food Authority where issues can be discussed and addressed. The committees generally meet about four times per year.

Industry Information & 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, technical papers and interpretation of standards and legislation.

Fact Sheets (Industry)

- Home based food businesses
- Correct cooking temperatures
- Doner kebab for commercial businesses

Compliance & Enforcement

The Compliance & Enforcement service group ensure the safety and integrity of the NSW food supply by ensuring NSW food industry compliance with regulatory requirements. This includes enforcement of the Food Act, Food Standards Code and Regulations. The primary areas of work are:

- Application of the Food Standards Code including labelling and advertising compliance
- Inspections of food premises, vehicles and equipment used for the handling of food
- Auditing and verification of statutory food safety programs
- Managing the shellfish program which addresses classification of harvest and growing areas, harvest control, harvest restriction on public health grounds, and post harvest handling
- Surveys of foods, food hygiene practices, industry verification and benchmarking studies
- Prioritised investigation of consumer and food industry complaints
- Provision of export certificates for NSW food exporters.

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

- Investigation of foodborne infections and intoxications in cooperation with NSW Health
- Conducting, monitoring and supervising food recalls in cooperation with FSANZ 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

...key functions which implement the NSW Food Authority mission and statutory objectives



Government agencies such as local councils, NSW Police (MOU in place), AQIS (MOUs in place), Food Standards Australia & New Zealand, Commonwealth Department of Health & Ageing, NSW Health, Division of Analytical Laboratories (DAL) and NSW Department of Fair Trading.

Key Activities & Achievements

The Compliance and Enforcement area has five key focus areas:

Audit & Verification – This unit has brought together a team of highly skilled auditors responsible for auditing and verification work of food businesses involved in high risk activities.

Licensed food businesses are required to have food safety programs in place to manage the risks associated with their operations. These programs are audited by the NSW Food Authority according to an audit schedule and business performance through the year. Audit reports including details of required corrective action are issued and subsequently followed up to ensure compliance with food safety programs and regulatory requirements.

Case Study: Regulation of Sulphur Dioxide (SO₂)

Over the past year, the Audit Unit has developed a framework for a performance based audit and inspection model for the future work of the Operations Branch.

Detailed statistics of the audit program are presented in Table 1.

Compliance & Inspection – This unit is involved in investigation of complaints received through NSW Food Authority's Contact Centre; conducting audits and inspection of low risk licensed food businesses; conducting surveys, sampling and surveillance work across the food industry throughout NSW; managing the NSW shellfish program; and supervising and conducting follow-ups on food recalls and supervised destruction of unsuitable and unsafe foods

Special projects have been undertaken to advise specific industry sections in regard to meat species substitution, illegal use of preservatives, failure to label imported foods and fish substitution

In addition, the unit has carried out major food surveys including microbiological quality of kebabs, and chicken meat, oyster traceability, and participated in a FSANZ survey of chemical residues in domestic and imported aquacultures fish.

Statistical information on work in this area is provided in Table 1.

Enforcement – This unit is responsible for investigation of serious breaches of the Food Act and Regulations and the application of enforcement strategies that ensure food is safe, correctly labelled and enables consumers to make informed choices. An 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.

Officers routinely conduct investigations which frequently result in enforcement action where complaints are supported by evidence of breaches of regulatory requirements. Investigations were conducted by the unit during the year in all food sectors. Investigations resulted in 20 Penalty Infringement Notices and nine prosecutions with another five prosecutions pending.

Statistical information on work in this area is provided in Table 1.



Food Safety Officer Peter Srzich testing mince for sulphur dioxide (SO₂).

The Authority has successfully reduced the dangerous practice by unscrupulous butchers of illegally adding the preservative; sulphur dioxide (SO₂) to mince and the addition of higher than acceptable levels of SO₂ prescribed in the Food Standards Code to sausages.

Mince that has been doctored with sulphur dioxide turns an appealing bright red, and dishonest butchers use it to disguise poor quality or old product.

A survey conducted by the Authority in October 2004 showed that 58% of butchers were illegally using SO₂. This unacceptable result led to a considerable education campaign to ensure all butchers were fully aware of the Food Standards Code requirements.

A recent survey conducted in June 2005 found only 1.8% of 168 samples tested positive for SO₂; falling to zero from 159 samples in July 2005 and rising to 6% from 165 samples in August, representing 2.6% over three months.

Food Authority inspectors routinely check several hundred butchers every month for sulphur dioxide and enforcement action is taken when breaches are found. Breaches attract a PIN of \$330 - \$660 or prosecution where maximum penalties range from \$55,000 to \$275,000. In the past year the Authority has issued five PIN's conducted two prosecutions and issued numerous warnings.

Foodborne Illness Investigation – The NSW Department of Health and the NSW Food Authority are jointly responsible for investigating outbreaks of foodborne illness, with their respective roles defined by a Memorandum of Understanding. Epidemiological investigation and identification of potential food vehicles is undertaken by NSW Health and Public Health Units. Environmental investigations of outbreak settings, including inspection of food premises and collection/testing of samples, are conducted by the Food 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 public health system. In the last financial year the Food Authority has been active in the area of foodborne illness (FBI) investigations, responding to approximately 382 complaints alleging sickness in two or more people.

The majority of FBI investigations were focused on restaurants and cafes. Other sources of illness were traced back to poultry, oysters, imported seafood, eggs, and catering operations. The FBI Unit has assisted with provision of education and advice to consumers on safe food handling practices. Local councils in NSW now receive regular updates and practical advice on FBI issues. The FBI Unit continues to work closely with food safety agencies in other state and national jurisdictions to obtain more intelligence and reduce the burden of foodborne illness in Australia.

NSW Shellfish Program - The NSW Shellfish Program is responsible for the administration of; 36 Local Estuary programs and 136 shellfish harvest areas along the entire coast of NSW. The Shellfish Program ensures that oysters produced in NSW are safe for human consumption by implementing the Australian Shellfish Quality Assurance Program (ASQAP). This also ensures that the program meets the requirements of the Australian Quarantine and Inspection Service (AQIS) for export-listed areas.

The NSW Shellfish Program monitors designated tests sites within shellfish harvest areas, to ensure conditions are suitable for the harvest of shellfish. When conditions are unsuitable (such as local rainfall or sewage spills), a harvest can be closed (see Table 1 for closures conducted in 2004/2005).

All harvest areas in NSW are undergoing 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 oysters. 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.

Table 1: Operations Branch Statistics 2004/05

Activity	No. 04/05
Audits	6501
Failed audits	403
Inspections	9097
Failed inspections	249
Investigations of unlicensed businesses	64
Investigations of other breaches of Act or Schemes	225
Investigations of complaints	2220
Investigations of food borne disease incidents (single)	518
Investigations of food borne disease incidents (involving two or more people)	382
Improvement Notices	493
Prohibition Orders	15
Product Seizures	55
Show Cause Notices	41
Written warning	366
Licence cancellations	1
Convictions	6
Penalty Infringement Notices	14
Mandatory food recalls	0
Voluntary food recalls	3
Trade (food) retrievals	0
Shellfish harvest area openings	731
Shellfish harvest area closures	681
Samples (microbiological and chemical)	2129
Failed samples	19

Table 2: Licence Numbers 2004/05

Activity	Number
Dairy Farms	1086
Milk Factories	15
Dairy Product Factories	85
Dairy Produce Stores	360
Farm Milk Collectors	16
Milk Vendors	775
Poultry Abattoirs	42
Meat Abattoirs	50
Animal Food Processing Plants	103
Game Meat Processing Plants	151
Meat Processing Plants	494
Knackeries	6
Rendering Plants	10
Meat Retail Premises	1891
Animal Food Vans	62
Game Meat Vans	1405
Meat Vans	3510
Oyster Farms	328
Seafood Businesses	2155
Plant Products Businesses	108
Goat Milk Farms	16
Unpasteurised Goat Milk Producers	9
Goat Dairy Product Factories	7
Total	12684

Communication & Coordination

with other government services

The Communication & Coordination service group provides the framework which coordinates the Authority's services with services provided by other State, interstate and Commonwealth agencies, and with NSW local government councils. The underlying purpose is to maximise the effectiveness of the Authority's services by ensuring the optimum relationship with similar or complementary services provided by other agencies and local government.

...underlying purpose is to maximise the effectiveness of the Authority's services by ensuring the optimum relationship with similar or complementary services

Key Activities

Activities fall into three general categories:

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

MOUs 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. The MOUs are negotiated by senior officers and signed by the Authority's Director-General and counterpart from the other agency.

The MOUs usually set 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. A senior-level Strategic Liaison Group may be appointed to oversee the operation of the MOU and deal with problem issues which may arise.

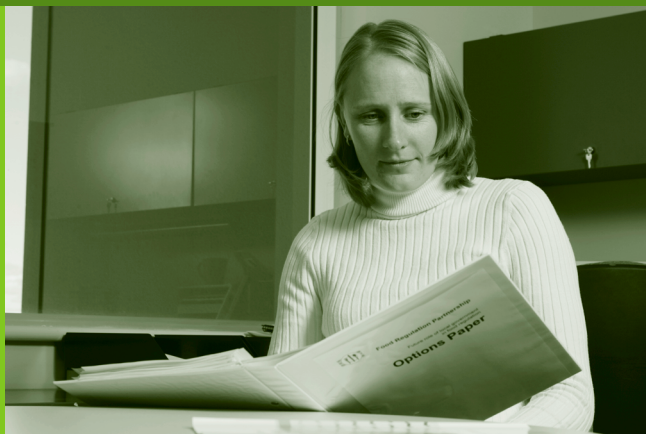


For agencies which have less frequent or comprehensive dealings with the Authority, such as the Office of Fair Trading, a less formal strategic liaison arrangement may be sufficient. This may involve nominated senior officers meeting several times a year to discuss activities of mutual interest and agree 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.

Local councils have played an active role in the regulation of food business in the retail and food service sectors since the early 1900s. In response to recommendations by the 2002 Review of Food Regulation, the Authority has collaborated with the local government sector and relevant State government agencies to develop a model for a mandatory role for local councils. If approved by the State Government in late 2005, the model will include a range of mechanisms to ensure coordination of the regulatory activities of local councils and the Authority. Pending consideration of the model, the Authority convenes a number of regional forums on a regular basis with local

Case Study: Local Government Partnership Project



Karen Krist, Senior Policy Officer, reviews the partnership project.

The Authority, working in partnership with Local Government representatives, continued development of a model to mandate council roles in food regulation.

In October 2004 an Issues and Options Paper was published and during November and December 2004, 13 workshops were run across NSW to discuss the paper with stakeholders.

There was an enthusiastic response to the consultation. The workshops were attended by 220 persons representing 121 councils and 52 written submissions were received.

The consultation findings informed development of a draft model for a food regulation partnership between NSW Local and State Governments which was published as an Exposure Draft in April 2005.

109 councils and nine other stakeholders provided written feedback on the Exposure Draft. The submissions were generally supportive of the proposed approach.

The findings of the second consultation round were used to refine the model to its final form which recommends a way forward in three key areas:

- clearly defining the respective roles of councils and the NSW Food Authority
- establishment of a framework to support and coordinate council roles
- providing a secure funding base for councils' food regulatory work.

NSW Government approval and funding to proceed to implementation will be sought during the later half

government Environmental Health Officers, provides training on an occasional basis, and provides advice to councils on technical and regulatory issues.

Because this service group seeks to enhance the effectiveness of all the Authority's services, it contributes to all five of the lower-level intermediate results.

Achievements:

Memoranda of Understanding (MOUs)

- Established formal MOUs with NSW Health and with Department of Primary Industries (DPI)
- Scheduled high level meetings with NSW Health and DPI to identify key MOU issues
- Commenced arrangements for strategic liaison groups for MOU with both NSW Health and DPI.

Operational Agreements

- Senior technical officer, Edwina Mulhearn was seconded to AQIS for a period of six months to complete a project on the Australian Dairy Export Program. This involved reviewing the Dairy Export Program and the functions of both state dairy regulatory agencies and AQIS and recommending improvement
- Agreements with the NSW Police Rural Crime Unit - to liaise with other areas of NSW Police for assistance in investigations and protection of officers
- Liaison with senior detectives from Serious Crimes and Robbery Unit NSW Police in relation to serious threats, intentional contamination and extortion threats.
- Agreements with Food Standards Australia and New Zealand in relation to food recall protocols and responsibilities for both agencies.

Local Government support, assistance and coordination services

- Coordinated council delegations and sub-delegations under sections 60 and 114 of the Food Act 2003 and Standards 3.2.2 and 3.2.3 of the Food Standards Code
- Established robust mechanisms for two-way communication with council Environmental Health Officers on the Authority, Food Act and Regulations and roles and responsibilities (including 16 regional network groups, a Statewide Liaison Group and two monthly newsletters)
- Developed, in collaboration with Local Government stakeholders, a model to mandate council roles in food regulation.

Public Information & Education

The Public Information & Education service group is integral to the Food Authority's prime strategic objective of ensuring the safety of the food supply for NSW consumers. The Authority works to educate consumers on food issues to help them reduce their exposure to food safety risks and make informed dietary choices. To strengthen its role in the area, the Authority has been working on a business case for submission to Government which sets out proposed programs and funding options.

Following is a detailed overview on the Authority's work in the area over the past year with limited existing resources, plus more information on the business case for the Authority's future proposed role in the area.

Current Activities & Achievements

To maximise use of existing resources, the Authority has used a tactical approach of identifying high priority risk areas among vulnerable population groups and devising innovative communication strategies to target these risk areas. Message delivery has been achieved by leveraging campaigns through the media and in partnership with key influential stakeholders.

Examples of the Authority's work in the area:

- **Mercury in Fish** – The Authority's Mercury in Fish education campaign (see case study) was an example of Public Information & Education identifying a vulnerable group and creating a cost-effective campaign with partners to minimise and manage risk.

- **Raw Poultry Message** – A smaller campaign was mounted to address a general increase in salmonellosis in the community. Public Information & Education produced a magnetised card consumers could attach to their refrigerator showing how to minimise the risk of salmonella in raw poultry and chicken.

The Authority works to educate consumers on food issues to help them reduce their exposure to food safety risks and make informed dietary choices

- **Easter Show** – Public Information & Education is responsible for the Food Authority's presence at the Royal Easter Show. In 2005 the Authority's stand moved to the high-traffic Woolworths Fresh Food Dome, which attracted 855,000 visitors during the two week event.



The stand showcased various safe food initiatives, including a pilot run of the mercury cards, interactive displays on food safety and educational material about common food-borne pathogens.

Food Authority staff were on hand to answer questions about food safety, while the Minister for Primary Industries, the Hon Ian Macdonald, participated in celebrity food safety cooking shows.

- **Fact Sheets** – Public Information & Education produces a range of consumer and industry fact sheets across a range of food safety issues. A number of these are translated into other languages, including Arabic, Thai, Vietnamese, Chinese, Greek, Spanish, Italian and Korean. 47,000 fact sheets on a variety of food safety issues were distributed

during the Easter Show, as well as 10,000 of the prototype mercury cards. *Refer table 3 on page 29.*

- **Media** – Public Information & Education is committed to improving communication with all communities across NSW. The Authority makes use of mainstream media to reinforce safe food handling and works closely with multicultural media.

- **Stakeholders** – Public Information & Education deals with a variety of internal stakeholders including Operations and Policy & Science. External stakeholders include consumers, media, other State and Federal Government departments, as well as community, industry and professional associations such as the Australian Medical Association.

Case Study: Mercury in Fish Education Campaign



Nutritionist Tania Nash (foreground) and (L-R) George Davey, Dr John Gullotta – NSW AMA President and the Hon Ian Macdonald at the launch of the campaign.

Newly established in April 2004, the Food Authority was concerned at anecdotal evidence suggesting pregnant and breastfeeding women were avoiding fish due to fears about mercury levels. Much of this was driven by inaccurate and sensational media reporting.

A benchmark study conducted for the Food Authority confirmed many women were avoiding fish because of these fears. This meant these women were sacrificing the many healthy benefits of fish, notably Omega 3 fatty acids.

While the Food Authority has a statutory obligation to manage and minimise consumer risk across all foods, it does not have recurrent funding to support these initiatives.

A creative approach was therefore needed to convey accurate dietary advice to the target group – pregnant and breastfeeding women.

The Food Authority amassed a broad coalition of government, medical, consumer and industry stakeholders to support a campaign showing pregnant women how they could safely eat fish to maximise the nutritional benefits whilst reducing the risk from mercury.

Five hundred thousand 'wallet cards' outlining scientifically-based dietary advice were distributed via fish shops; doctors' surgeries and through stakeholder groups such as the Australian Consumers' Association; Australian Breastfeeding Association and Australian Dieticians' Association.

The Public Information & Education service group maximised editorial opportunities to leverage the campaign, with the story being reported across mainstream radio, television and press. It was also widely covered in specialist women's magazines and websites.

The campaign was a cost effective way of reaching a vulnerable group and providing accurate, timely and easy to understand information.





47,000 fact sheets on a variety of food safety issues were distributed during the Easter Show, as well as 10,000 of the prototype mercury cards

Key objectives of the proposed functions are:

- Reduce domestic foodborne illness within NSW by encouraging safer food handling practices and greater risk mitigation through informed food choices
- Increase community awareness/understanding and improved individual management of food allergy and intolerances
- Improved food label usage and dietary health among NSW consumers
- Generate consumer trust in the Authority.

Future Activities

Important to Public Information & Education's continued success is a Business Case – scheduled for submission to Government in October 2005 – seeking funding to establish a resourced consumer education and communications function.

This follows recommendations in the Section 73 Review; that consumer information and education should be a key component to achieve the goals of the food regulatory system in NSW.

The proposed function will greatly enhance communication programs (media, website, contact centre, events and publications).

It will develop far-reaching, evidence-based social marketing campaigns and outreach programs designed to target the Authority's key audience groups – the general population, rural NSW, ethnic and Indigenous Australian communities, and more vulnerable groups, such as the young, old, pregnant, people with food allergies and immuno-compromised.

Table 3: Fact Sheets 2004/05

2004	No. Fact Sheets	No. Translations
June	5	0
July	2	0
August	1	0
September	3	1 translated into six languages
October	1	1 translated into six languages
November	0	0
December	5	1 translated into seven languages
2005		
January	5	1 translated into seven languages
February	3	1 translated into six languages
March	2	1 translated into two languages
April	2	1 translated into six languages
May	3	0
June	0	0
TOTAL	32	8

25% of our fact sheets produced during 2004/05 were translated. (Arabic; Vietnamese; Chinese; Korean; Spanish; Italian; Greek.)

Consumer & Industry Contact Centre

The Consumer & Industry Contact Centre (C&ICC) is the public point of contact with the Authority. It receives and manages inbound communications from NSW consumers, food businesses, local government and other stakeholders on the safety and correct labelling of the NSW food supply.

Communications channels available to these stakeholders include:

- the priority 1300 phone number (1300-552-406)
- fax (02-9647-0026)
- public email address (contact@foodauthority.nsw.gov.au)
- website (www.foodauthority.nsw.gov.au)
- Australian Post mail (PO Box 6682 Silverwater NSW 1811).

Key activities include:

- Managing inquiries regarding labelling and food safety requirements and where possible, resolving them in the first instance
- Sending out fact sheets and various support materials including, for example, requests for materials in the 'safe food during pregnancy/mercury in fish campaign'
- Receiving reports of food safety breaches and complaints, which are logged and forwarded to appropriate operational areas.

In carrying out the above activities C&ICC strives to provide a timely, accurate and efficient set of communication channels upon which the population of NSW can rely.

C&ICC works closely with workgroups in all branches of the Authority to provide an effective communications service, however, our key stakeholders (customers) are:

- NSW consumers
- NSW food businesses and businesses working with them
- Health professionals
- NSW Department of Health

Case Study: Ring Ring

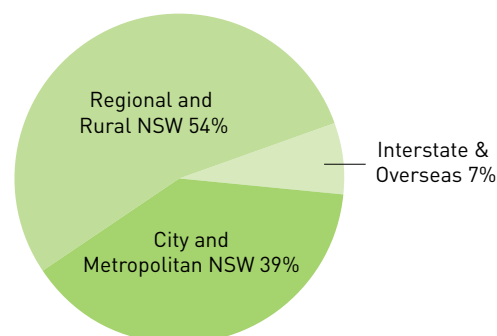
On 21 February 2005, the Foodborne Illness (FBI) Investigation Unit Coordinator received notification from the Authority's Consumer and Industry Contact Centre (CICC) of a complaint alleging sickness after consumption of prawns and oysters. Two people were sick and identified the seafood as the vehicles responsible for diarrhoea and associated symptoms on the basis that these were the only foods they had eaten in common and separate from other family members. The NSW Health Central Coast Public Health Unit was able to verify these items as a likely source of their illness.

An environmental trace back by FBI Investigation Unit and other Food Authority staff identified the supplier and batch details of oysters and prawns. Oysters from the same batch consumed were retrieved and tested for microbial contamination. Analysis revealed high levels of pathogenic *Vibrio parahaemolyticus*, known to be associated with oysters. Subsequent testing at the farm level detected high levels of *V. parahaemolyticus*, resulting in a temporary ban on oyster harvesting from farms in the estuary until these levels decreased. It is likely this investigation prevented further spread of the disease.

Whilst a small number of people were known to be affected and contacted the CICC, this incident highlights the value of a focal point and follow up of foodborne illness complaints.



Graph 1: C&ICC – Calls by geographic origin (2004-05)



action. The Centre's activity is part of the process which brings errant food businesses back into line and, therefore, contributes to having a food industry in NSW which complies with food regulations.

These activities have a happy synergy: a well informed food industry will comply with its obligations; and a well informed public can handle food safely itself as well as help to identify and report any unsafe food practises by businesses.

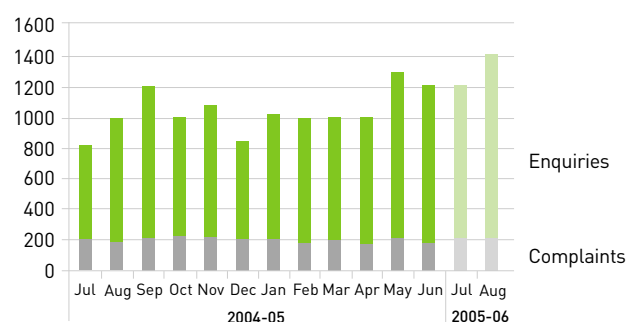
- Local government councils
- Other NSW and interstate government agencies

C&ICC receives and processes food safety, labelling and regulatory inquiries from NSW consumers and food businesses. Inquiries are sometimes also received by businesses working directly or indirectly in areas affecting food safety, such as industry consultants, plumbers, and architects. By resolving inquiries or forwarding them to subject matter specialists, the Centre helps to both educate consumers on safe food and inform the NSW food industry so it is aware of its regulatory obligations.

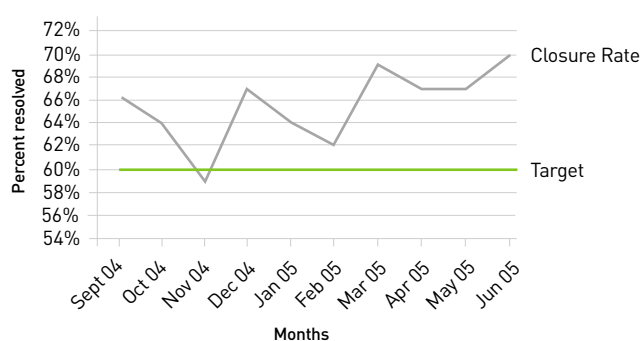
Analysis of Contact Centre inquiries is also one of the catalysts to develop new support materials published as Fact Sheets and website pages.

The Contact Centre also receives, logs and forwards complaints and allegations of breaches of the food safety standards and labelling requirements. Such reports are sometimes the first indication of a breach of the Standards. The Contact Centre strives to gather accurate information which is then forwarded for review by Authorised Officers under the Food Act for possible compliance or enforcement

Graph 2: C&ICC – Call Type (Jul 2004-05 to Aug 2006-07)



Graph 3: C&ICC – Closure Rate (2004-05)



Internal Services

– which support delivery of all Service Groups

Corporate Services

The Authority's Corporate Services group provides support in three key areas - information management, human resources, and administration. Outlined below are some of the activities involved in delivering these services.

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 13,000 businesses licensed by the Authority. During the year the Authority submitted a Business Case to Government for a project called Paddock to Plate (P2P) which would 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

The NSW Food Authority was formed by merging 40 food related positions from NSW Health with 70 positions from SafeFood Production NSW. The first year of the Authority was a challenging one as it involved developing a new structure, filling positions through a placement policy, complex industrial arrangements and a great amount of change for our staff.

Personnel and Industrial relations policies and practices in 2004/05

Over 65 new position descriptions were drafted and evaluated and most positions were filled either by direct appointment or internal merit selection. A Voluntary Redundancy process was implemented involving 17 staff. The entire process was successfully facilitated by the Departmental Joint Consultative Committee comprising management and union representatives.

Our staff are our most valuable resource. To help staff settle into the new structure and move towards a shared vision, a Goal Setting Development and Review Process has been implemented which supports staff development and encourages a constant dialogue between staff and managers. In addition, a staff conference, which has been themed "Our Staff Our Future" has been arranged for November 2005 which will include staff awards. The year ahead will involve comprehensive Human Resource Planning to ensure the Authority continues to be supported by a skilled and motivated staff team.

The NSW Food Authority recorded the following details on our people:

Table 4: Staff Numbers by Category in 2004/05

Occupation Group	2004/05	2003/04	2002/03	2001/02
Administration	49	37	25	28
Technical/food safety officers	68	68	42	41
Total non-SES	117	105	67	69
Senior Executive Service	4	3	3	5



Information management is critical to the Authority's ability to regulate the 55,000 food businesses across NSW

Exceptional movements in wages, salaries or allowances in 2004/05

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 non-salary enhancements agreed to by the parties regarding maternity leave, paternity leave, and enhanced extended leave provisions will be formalised by a variation to the Crown Employees (Public Service Conditions of Employment) Award. In the interim agencies were authorised to grant these conditions to employees covered by the Awards, Agreements and Determinations listed in the Award by way of administrative action.

Equal Employment Opportunity (EEO)

The NSW Food Authority continued to maintain support for the principles of Equal Employment Opportunity and applied them in the people development and succession component of its 2001 to 2004 Strategic Plan. Two key strategies were the opportunities for development and training across all classifications of the organisation and recruitment processes which saw that of 44 advertised vacancies, 25 were filled by females. This was notable particularly in the Food Safety Officer classification, where in the past it has been difficult to attract and retain female candidates. There was also a rise in the number of successful female candidates for full time permanent positions with higher rates of pay (over \$75,000).

The Departmental Joint Consultative Committee (JCC) successfully developed and implemented an approved policy and procedure document entitled "Blueprint for Organisational Change" during the Authority's major restructure. The JCC monitored fair and equitable procedures relating to job evaluation, direct appointment, internal merit and voluntary redundancy throughout the restructuring process.

Table 5: Staff by Equal Employment Opportunity groups 2004/05

EEO Groups in 2004/05	Number
Total staff (non-SES)	117
Male	69
Female	48
Staff who are Aboriginal and Torres Islanders	1
Staff who have a disability	4
Staff of racial, ethnic and ethnic-religious minority groups (REM)	17

Table 6: EEO staff groups by level (\$ earnings in 2004/05)

Level	Total staff (non - SES)	Female staff	ATSI staff	Staff with a disability	REM staff
← \$31,352	0	0	0	0	0
\$31,352 - \$41,177	5	2	0	0	0
\$41,178 - \$46,035	8	6	0	1	3
\$46,036 - \$58,253	13	9	1	0	2
\$58,254 - \$75,331	49	18	0	0	6
\$75,332 - \$94,165	37	12	0	3	4
→ \$94,165 (non SES)	5	1	0	0	2
Total	117	48	1	4	17

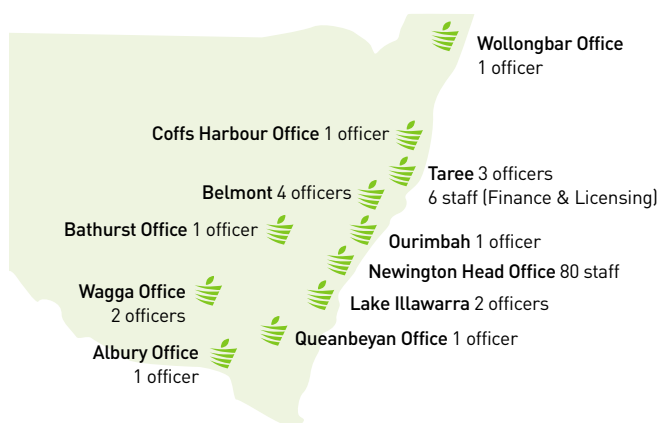
Table 7: EEO staff groups by employment basis in 2004/05

Employment basis	Total staff (non - SES)	Female staff	ATSI staff	Staff with a disability	REM staff
Full-time	109	40	1	4	15
Part-time	8	8	0	0	2
Casual	0	0	0	0	0
Total	117	48	1	4	17

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 Food Authority's 117 staff, around 77 are located in the head office in Newington, with around 40 staff in regional locations across NSW. There are nine regional offices around the State, most of them are in shared arrangements with the Department of Primary Industries. The Authority owns and maintains the Newington Head Office.

Graph 4: NSW Food Authority Regional Offices 2004/05

Financial Management

Financial Operations

The Finance Section is responsible for managing all of the NSW Food Authority's financial operations, including those of its 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, co-ordination of annual budget preparation, liaison with NSW Treasury and preparation of submissions 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 for the Authority. 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 Food Authority's licensee stakeholder numbers.

Asset Management

At 30 June 2005 the Food Authority's capital asset base totalled \$8.6 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 and co-ordination of its annual stock take of fixed assets.

Policy & Science Services

The Authority's Policy & Science group provides support in three key areas:

- Strategic issues management
- Ministerial liaison
- Laboratory management

Following are some of the activities involved in delivering these services:

Strategic Issues Management

Issues management is a crucial function for the Authority's timely response to external events. The Authority has a well developed international network continuously monitoring scientific progress and adverse reports in relation to food. A strategic issues management group (SIM) meets weekly to digest national and international news and to discuss appropriate action.

SIM reports to the Executive to allow for immediate decisions to be made should they be required. The Authority also has a scientific review panel to assess new scientific findings and issue opinions to guide the Authority's activities. The Panel can appoint external expertise when necessary. It has issued seven opinions during the year on acrylamide, BSE, sushi, highly filtered smoke, sprouts, listeriosis and blue-green algae. Those opinions are used in the Authority's science-based decision making process.

Strategic issues management is linked to the Authority's communication activities. Transparency is important in all of the Authority's work. By closely linking science and communication activities, government, industry and the public can be kept abreast of new developments.

Ministerial Liaison

The NSW Food Authority reports to the Minister for Natural Resources, Primary Industries and Mineral Resources. It is of utmost importance that the Minister and Government be kept informed and provided with accurate and appropriate advice as needed. A Ministerial Coordination function is located within the Policy & Science Branch to facilitate communication between the Authority and the Minister's office. Food regulation is a state responsibility, but a food regulatory framework has been in place for some time to ensure, as much as possible, that Australia has uniform food legislation across all states and territories. The Minister for the NSW Food Authority is NSW's lead representative on the Food Regulation Ministerial Council. Policy & Science staff coordinates the advice provided to the Minister in relation to food regulatory matters. They are also the link to the Food Regulation Standing Committee and its Implementation Sub-Committee, which report to the Ministerial Council.

Laboratory Management

The Authority has a service level agreement with NSW Health Division of Analytical Laboratories (DAL) for a food testing service. Food testing includes microbiological and chemical analyses as well as a small laboratory for molecular biology that utilises DNA testing to identify virus contamination, test for the presence of genetically modified ingredients in food and further fingerprint certain bacteria.

The food testing service provided from the start of the fiscal year 2004/05 has proved invaluable to the Authority. It is used to identify the causative organism in foodborne illness outbreaks, thus servicing the foodborne illness investigation team. It is used to identify breaches of the Food Standards Code in relation to food composition and hygiene, thus servicing compliance and enforcement activities. Enforcement samples are taken and analysed to specific standards for use in court proceedings. The service is also to a large extent utilised for the Authority's survey work, results which help direct future activities of the Authority.

Issues management is a crucial function for the Authority's timely response to external events

During the year, DAL analysed 2,200 food samples for microbiological contamination undertaking more than 7,000 tests. It also analysed 1,330 food samples for chemical composition or contamination undertaking close to 20,000 tests. A large survey was undertaken to estimate the level of Salmonella contamination in chicken meat production. Problems identified led to discussions with industry to set a program in place to reduce overall contamination levels. A blitz on kebab shops in the state utilised microbiological sampling and identified significant hygiene deficiencies that were quickly rectified. The laboratory was also used to confirm residues of sulphur dioxide in meat found during retail testing. Several pending prosecutions will follow since sulphur dioxide is an illegal additive in mince and can lead to severe allergic reactions in sensitive consumers.

Performance of the laboratory is continually monitored and sample submission levels adjusted to fit the available capacity.



Our Other Activities

The Authority is committed to meeting the expectations of the community to conduct its work with efficiency, economy, fairness, impartiality and integrity

Promotion

Following are presentations and publications of the NSW Food Authority for 2004/05:

Presentations

Food Act Workshop for Local Government presented by Bill Porter & David Hook to Australian Institute of Environmental Health

(AIEH) and Environmental Development and Allied Professionals (EDAP), June, July & August 2004 (various state locations)

General Presentation by Michelle Keygan to NSW Farmers Egg Annual General Meeting, July 2004

Esherichia coli presented by Peter Sutherland to Meat Industry Consultative Council Meeting, July 2004

Zero Tolerance for *Listeria monocytogenes* presented by Peter Sutherland to Dairy Industry Association, July 2004

Health Claims – The Enforcement Agency Perspective presented by George Davey to International Life Sciences Institute Australasia Inc (ILSI) Health Claims Workshop, July 8, 2004

General Presentation presented by Edward Jansson to Members of NSW Silver Perch Growers Association and other interested parties, July 10, 2004

The Status of Food Law Enforcement in NSW presented by Michael Apollonov to School Canteens Association, July 16, 2004

NSW Food Authority – An Introduction presented by George Davey to Food Science Australia Food Safety Technical Panel, July 20, 2004

The Role of the NSW Food Authority presented by George Davey to Food Standards Australia New Zealand Stakeholder Forum, July 22, 2004

NSW Food Authority – An Overview presented by George Davey to Catering Reference Group Meeting, July 29, 2004

NSW Meat Industry Levy presented by Terry Outtrim to NSW RLPB Meeting, August 2004

NSW Food Authority Overview presented by Terry Outtrim to NSW Poultry Committee, August 2004

Listeria monocytogenes presented by Peter Sutherland to Meat Industry Consultative Council Meeting, August 2004

NSW Food Authority – Research Promoting and Maintaining Good Health presented by George Davey to Ministerial Scientific Advisory Council Meeting, August 5, 2004

National Food Regulatory Framework presented by Craig Sahlin to Ministerial Scientific Advisory Council, August 5, 2004

NSW Food Authority – An Overview presented by George Davey to Meeting with Poultry Industry Representatives, August 6, 2004

Allergen Regulation – Industry Update presented by Bill Porter to Australian Food and Grocery Council (AFGC) / Australian Institute of Food Science and Technology (AIFST), August 17, 2004

About the NSW Food Authority presented by Samara Kitchener to Food Media Club, August 24, 2004, Leichhardt

Viral contamination of NSW oysters presented by Bruce Nelan to Food Microbiology Group AIFST, August 25, 2004

The Status of Food Law Enforcement in NSW presented by Michael Apollonov to Nestle Aust, September 2004

The Status of Food Law Enforcement in NSW presented by Michael Apollonov to Unilever Australasia, October 2004

An Overview on the Authority presented by Peter Sutherland to Japanese Health and Agriculture Delegation, October 2004

General Presentation presented by Terry Outtrim & Michelle Keygan to NSW Meals on Wheels Association Annual Conference, October 2004

Food Safety for Vulnerable Populations presented by Stefan Fabiansson to Food Safety Conference, October 10-11, 2004

Food Law Administration presented by Bill Porter to University of NSW, October 18, 2004

Managing Food Safety in Catering – The Sydney 2000 Olympics Experience presented by George Davey to First ICMSF-China Food Safety International Conference, Beijing, China, October 21 & 22, 2004

Listeria monocytogenes presented by Peter Sutherland to NSW Seafood Industry Conference Meeting, November 2004

Food Industry Emergency Sub Plan presented by Chris Chan to Meat Industry Consultative Council, November 11, 2004

Brief Introduction to NSWFA and the new Act presented by Bill Porter to Correctional Food Services Workshop, November 15, 2004

Food Industry Emergency Sub Plan presented by Chris Chan to Seafood Industry Council, November 16, 2004

The NSW Food Authority presented by George Davey to Australian Food & Grocery Council Scientific & Technical Committee Meeting, November 18, 2004

The new Food Act & Food Safety Standards presented by Bill Porter to Australasian Beverages Association, December 3, 2004

The NSW Food Authority presented by George Davey to Australian Beverages Council Ltd, December 3, 2004

NSW Food Authority – An Update presented by George Davey to Seafood Industry Advisory Forum Meeting, December 6, 2004

The NSW Food Authority presented by George Davey to Food Standards Australia New Zealand Board, December 8, 2004

NSW Poultry Health Liaison Group Update presented by Vanessa Lee to Poultry Veterinarians and Egg Industry personnel, February 15, 2005

The Changing face of food regulation in Australia – potential impact on the fruit juice industry presented by Terry Outtrim to Australian Fruit Juice Conference, March 2005

Implementing the New National Standards – impact on producers presented by Craig Sahlin to Australian Bureau of Agriculture and Resource Economics (ABARE) Outlook Conference, March 1, 2005

Salmonella – NSW cluster outbreak investigation presented by Craig Shadbolt to OzFoodNet Conference, April 2005

Foodborne Illness in NSW presented by Craig Shadbolt to NEW Zealand Food Safety Authority meeting, April 2005

NSW Food Regulation Partnership – A Blueprint presented by Karen Krist during April and May 2005 to:

- Local Government (LG) Association Executive Shires Assn Executive
- Illawarra LG Food Network Group
- Western Sydney LG Food Network Group
- Central Sydney LG Food Network Group
- NSW Food Regulatory Liaison Group

Overview of current food safety regulatory arrangements in NSW presented by Bill Porter to Small business consultative workshop, April 13, 2005

General Presentation presented by George Davey to Australian Egg Corporation Limited, April 21, 2005

General Presentation presented by Jane Verwoerd to Managers of Meals on Wheels Facilities, South Coast Meals on Wheels Forum, May 2005

An Overview on the Authority presented by Terry Outtrim to State Council of the Rural Lands Protection Board, May 2005

The Roquefort Files presented by Edwina Mulhearn to NSW Dairy Industry Association Annual Conference, May 2005

Food Safety Plan Requirements presented by Bill Porter to Food Technology Association of NSW, Food Safety Compliance & Auditing, May 3, 2005

NSW Food Authority view of Food Regulation presented by Bill Porter to George Weston Foods Food Labelling & Marketing Seminar, May 3, 2005

General Presentation presented by George Davey to State Council of Rural Lands Protection Boards, May 5, 2005

Salmonella in Chicken Production presented by Stefan Fabiansson to Australian Renderers Association (ARA), May 6, 2005

A partnership approach – enabling consumers to make informed and healthier food choices presented by George Davey to Australian Food & Grocery Council's Highlands Conference, May 6, 2005

Restaurant & Catering NSW Networking Breakfast presented by Josie Rizzo to Members of Restaurant & Catering NSW, May 9, 2005

Food Safety Regulations for Vulnerable Populations and Catering presented by Josie Rizzo to Members of Jaymac Australia, May 9, 2005

NSW Food Authority – Implementation Assistance for Hospitals & Aged Care Facilities presented by Michelle Keygan & Josie Rizzo to Members of Aged and Community Services Association of NSW & ACT, May 19, 2005

NSW Food Authority Implementation Assistance for Hospitals & Aged Care Facilities presented by Michelle Keygan to Infection Control Managers, NSW Health, May 20, 2005

An Introduction to Food Biosecurity presented by David Miles to Australian Institute of Food Science and Technology (AIFST) Meeting, May 20, 2005

General Presentation presented by Josie Rizzo to Retirement Villages Association Managers Forum, May 26, 2005

Consumer Reference Group Presentations presented by Catrin May to Consumer Reference Group, June 2, 2005

Foodborne Illness in NSW presented by Craig Shadbolt to Jordanian delegation, June 2005

Unusual food sources of Salmonella presented by Craig Shadbolt to Australian Institute of Food Science and Technology, June 2005

NSW Food Authority Results and Services Plan presented by Stefan Fabiansson to Minister's Science Advisory Council for Primary Industries, June 8, 2005

Investigation of the prevalence of Salmonella organisms in chicken meat presented by Stefan Fabiansson to Minister's Science Advisory Council for Primary Industries, June 8, 2005

Publications

Generic Food Safety Programs – Oyster Processors, Seafood Stores & Seafood Processors, Commercial Fishers Cooperatives, between July 2004 and June 2005

Plant Products Safety Manual, regulation enacted April 1, 2005

Various articles: Aged & Community Services April 2005, Retirement Villages Association April 2005, Aged Care Association Australia 'Chronicle' May 2005, National Healthcare Journal July 2005

Fact Sheets:

How Food Complaints are Handled and Reported

Charities, Community Groups & Volunteers

Correct Cooking Temperatures

Donating Food

Doggy Bags

Making Sushi Safely

Organics

Pregnancy and Food

Recreational Shellfish Harvest

Raw Meat - Safe Eating

Safe Christmas Feasts

Safe Food for Vulnerable Groups

Safe Food Handling - Raw Poultry and Red Meat

Safe Food Tips

Safe Lunches for Kids

Takeaway Food

Food Business Notification

Sulphur Dioxide

Consultants

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

Table 8: Consultancies in 2004/05 costing \$30,000 or more

Name	Purpose	Cost
Loop Technology Pty Ltd	Information Security Certification	\$52,099

Details of consultants engaged below \$30,000 in cost:

Total number of consultancies: 29

Total cost: \$186,410

Research & Development

The NSW Food Authority undertook the following research and development projects in 2004/05:

- The Authority is involved in a project with the South Australian Research Institute to investigate the microbiological quality of chicken meat at retail level. The survey will analyse the incidence and level of Salmonella and Campylobacter on chicken carcasses and portions over two seasons to detect seasonal variations. The project will be completed in April 2006 and is part funded by the Australian Government Department of Health and Ageing and Food Standards Australia New Zealand.
- The Authority is part of a successful consortium, coordinated by the Australian Food Safety Centre of Excellence, to develop a national priority classification system that can sort food businesses into risk categories according to food safety risk. We have contributed a draft decision tree structure to the project and provide practical experience in trialing modifications to the system. The system will ultimately be used to decide what food safety activities should be mandated for individual businesses, how compliance should be monitored and how often business should be visited. The project is funded by the Australian Government Department of Health and Ageing.
- Trans fatty acids have no known nutritional benefits but can raise blood cholesterol levels. Trans fatty acids increase plasma levels of harmful low density lipoproteins and decrease levels of beneficial high density lipoproteins. Although partly controversial, a connection has been drawn between trans fatty acids in the diet and coronary heart disease. Some evidence suggests that the effects of these trans fats on public health may be worse than saturated fats. The Authority received funding from Food Standards Australia New Zealand to survey the presence of trans fatty acids in a range of foods to provide background material for a national review of labeling requirements in regards to trans fatty acids.

- The Authority was one of nine collaborating agencies in a project to determine the presence of residues of antimicrobial substances in aquaculture fish. In general, results were very favourable with no detections of nitrofurans, chloramphenicol, sulphonamides, tetracyclines, penicillins, macrolides, trimethoprim or quinolones. However, 18.3% of samples tested positive for malachite green, previously used as a fungal treatment for farmed fish eggs and an antiparasitic agent in fish. The use of malachite green is no longer permitted in aquaculture but it was found in both domestic and imported fish at low levels. Follow-up action was taken for all positive findings.

Officers of the NSW Food Authority made overseas visits for the following purposes in 2004/05:

George Davey attended the Standards Australia Joint Standards Development Board meeting Wellington, New Zealand (14 July 2004)

George Davey delivered presentations to the first ICMSF-China Food Safety International Conference, and the Food Technology for the Beijing Olympics Seminar, Beijing, China (17-23 October 2004).* He also attended meetings of the Beijing Organising Committee for the Olympic Games

George Davey attended meetings with Northern Ireland Food Standards Agency, Belfast, the Food Safety Authority of Ireland and Food Safety Promotion Board, Dublin, and International Milk Promotion Mid Year Meeting and International Dairy Federation Standing Committee on Marketing Meeting, Dublin (2-10 June 2005)**

Edwina Mulhearn visited France as part of an Australian delegation audit team to audit Roquefort Cheese manufacture at Aveyron (30 March - 8 April 2005)***

* Expenses were met by the conference organising committee.

** Expenses to attend were met by Milk Marketing (NSW) Pty Limited and the Food Authority.

*** Expenses were met by the Australian Quarantine and Inspection Services.

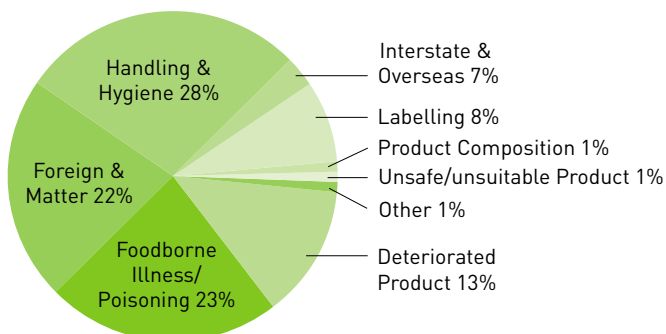
Consumer Response

The NSW Food Authority strives to deal quickly, constructively and confidentially with feedback from consumers, particularly complaints regarding its activities. It uses the outcomes of internal reviews arising from complaints as input to its service and system improvement processes.

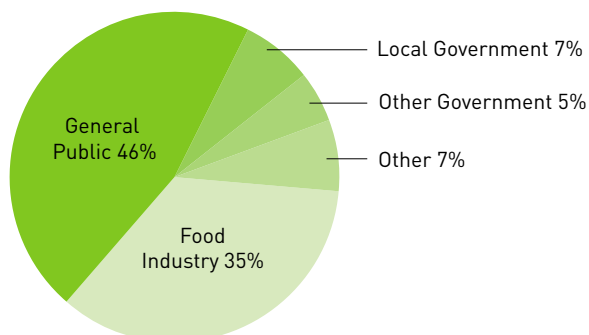
Its Consumer & Industry Contact Centre actively monitors a set of performance and grade of service indicators against targets. These include resolution rate for enquiries within the first communication, call wait times, time to answer and abandonment rates. As a measure of its performance, from September 2004 (when a new logging system was implemented) to 30 June 2005 resolution rate of calls and inquiries trended upwards on a monthly basis towards 70%, i.e. by the end of the financial year seven out of ten calls which are potentially resolvable at first contact with the Authority were indeed resolved. This is before allowing for the wide range of callers and subjects about which people contact the Authority. Further increases are targeted on an ongoing basis.

The Authority also welcomes suggestions and comments from the public, including via its website.

Graph 5: Complaints/reports received by nature (2004-05)



Graph 6: C&ICC – Type of caller (2004-05)



Guarantee of service

The NSW Food 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 NSW Food Authority is a member of the NSW Treasury Managed Fund which is a self-insurance arrangement for NSW Government agencies. As such, 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 NSW Food 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 wind up during 2005/06.

Milk Marketing (NSW) Pty Limited has continued to function in a limited framework of assistance to the dairy industry. At meetings during 2004/05, it further developed its policies aimed at promoting the quality of NSW milk and promoting 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 for the exchange of confidential information regarding issues which might impact on the image and sales of milk and dairy products.

The company receives regular reports on emerging issues which may have an effect on the NSW dairy industry. It also 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.

In keeping with its objective, 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 NSW Food Authority's on-going 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 works to ensure that food in NSW is safe and correctly labelled so consumers can make informed choices about the food they eat.

The Authority's programs will be developed to 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 Food 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 & 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 NSW Food 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

The Authority's programs will be developed to incorporate the ethnic diversity of the NSW food industry

- 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
- 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 engaged a consultant to review its OH&S policies and practices in June 2004. Following a series of focus group workshops conducted by the consultant a new Incident Report Form was developed by the Occupational Health and Safety Committee, together with baseline documents such as an OH&S Policy, a Return to Work and Injury Management Program, and an OH&S Consultation Arrangement. Planning for OH&S training for all staff and review of the roles of different levels of management was commenced.



Waste reduction

NSW Food 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, submitted in August 2005.

NSW Food Authority policy is to become a model waste manager through reducing waste, increasing recycling and purchasing recycled content products where possible. Recycling bins are 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% recycled content and remanufactured laser printer and fax toner cartridges are purchased when available.

About 1.13 tonnes of waste paper was generated, of which 1.05 tonnes was recycled. Of 112 toner cartridges generated as waste, 85 were recycled.

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 2004/05 cost \$22,495 to produce 1000 printed copies. The NSW Food Authority Annual Report 2004/05 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 2004/2005:

Mr George Davey

B Sc (Honours), M Sc (Food Technology) Director-General, SES Level 6 Remuneration package \$256,984 per annum (includes employment benefits of \$16,817)

Table 9: Senior Management 2004/05

	2004/05	2003/04*	2002/03*
Total SES positions	4	4	4
CEO level 6	1	1	1
SES level 3	2	2	2
SES level 1	1	1	1
Female SES	0	0	0

*previous annual report showed in error 3 total SES positions and 0 SES level 1 positions.

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 new five-year contract of employment was completed on 15 October 2004.

Under Mr Davey's continued leadership the Food Authority has made considerable progress safeguarding food safety across NSW, initiatives include introducing a new Food Safety Scheme regulation to cover priority areas in the plant products industries; successfully implementing the Authority's first major public education campaign on mercury in fish for pregnant women as well as developing a proposal to cover funding for the Authority's ongoing role in consumer education on food issues. Other initiatives include developing a model for a mandated food safety role for local government as well as securing funding for a state-of-the-art IT system to provide information management capability for NSW's 55,000 food businesses. Notably, there have been no reported outbreaks of food-borne illness due to system failures by the Authority.

Freedom of Information

The NSW Food Authority holds various kinds of documents which are available for inspection at the Agency and are either available for purchase or free of charge. These include:

General and Policy Documents

Strategic plans, annual reports, brochures, memoranda of understanding, issues, options and directions papers, agreements, fact sheets, media releases, electronic newsletters, policy statements, project reports, food safety program general guidelines and templates.

Industry Specific Documents

Dairy Industry

Manuals, codes of practice, general circulars, memoranda of understanding

Meat Industry

Guides, standards, memoranda of understanding, general circulars

Seafood Industry

Manuals, survey data, codes of practice, food safety programs, general circulars

Plant Products Industry

Regulatory impact statement, safety manual, industry guide

These documents are available to the public through the NSW Food Authority's Consumer & Industry Contact Centre:

Hours: Monday to Friday 8.30 am to 5.30 pm

Phone: 1300 552 406

Fax: (02) 9647 0026

Email: contact@foodauthority.nsw.gov.au

Most of the documents listed are also available free of charge from the NSW Food Authority's website (www.foodauthority.nsw.gov.au)

A fee is charged for the following documents:

- *Environmental Sampling Procedures* (Shellfish and Water)
 - \$10.00 plus postage and handling
- *Code of Practice for Depuration of Oysters in NSW*
 - \$10.00 plus postage and handling
- *Seafood Safety Manual*
 - \$55.00 plus postage and handling
- *NSW Retail Meat Diary* – \$10.00 plus GST

Freedom of Information Applications and Applications for Amendment of Records Concerning Personal Affairs.

Freedom of Information applications may be made by completing the form 'Application for access under the Freedom of Information Act (NSW)' which is found on the website www.premiers.nsw.gov.au and submitting the form together with a cheque in the sum of \$30 for the application fee to:

The FOI Officer
NSW Food Authority
PO Box 6682 Silverwater NSW 1811

Applications to amend the Food Authority's records concerning the personal affairs of an individual may also be made in writing to the FOI Officer at the address above.

Applications will be assessed in accordance with the provisions of the Freedom of Information Act 1989.

Privacy Management

The Food Act 2003 imposes particular obligations on officers of the NSW Food Authority in relation to the non-disclosure of certain confidential information obtained by them in the course of their duties.

Further, in the collection, disclosure and retention of personal information the Food Authority is governed by the provisions of the Privacy and Personal Information Protection 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 order to give proper consideration to its obligations under this legislation the Food Authority has formed a Privacy Working Group which is tasked with the responsibility of ensuring adherence to the information protection principles contained within these three Acts.

An independent consultant is to be retained to ensure accountability and assist the Working Group in the development and implementation of the plan.

Energy Performance

The Authority is committed to achieve savings in energy usage and sustained Energy Management principles. The Authority has two sites. These sites are proposing to move to the Department of Commerce electricity contract that will enable the purchase of 6% of electricity from renewable sources. The move will lower costs and achieve a reduction in greenhouse gas emissions.

Planning

Accountability and responsibility for energy management has been established by the nomination of an Energy Manager and Energy Co-ordinator. Where feasible, the Authority will endeavour to reduce energy consumption in buildings by 25% of the 1995 level by 2005/06.

Performance

The following major energy fuels were purchased:

Table 10: Major energy fuels purchased in 2004/05

Fuel	Total Energy Consumed	% of Total Energy (GJ)	Annual Cost Ex GST	Carbon Dioxide (CO ₂) Greenhouse emissions (tonnes)
Electricity	1,442	18.2%	\$46,032	383.0
Unleaded Petrol	6,490	81.8%	\$159,700	428.4
TOTAL	7,932	100.0%	\$205,732	811.4

Over the past 12 months there has been a 10.9% decrease in electricity and 4% increase in unleaded petrol consumption. The decrease in electricity consumption was the result of implementing energy saving measures in the Newington office, including installing window tinting/blinds and a upgrading to energy efficient office equipment.

The comparative normalised energy performance indicators for the last two years are as follows:

Table 11: Energy performance indicators for 2004/05

Buildings	MJ/m ² /a			MJ/person/a		
	03/04	04/05	Change	03/04	04/05	Change
Sydney	468	N/a	N/a	14,603	N/a	N/a
Newington	1,052	716	-31.9%	23,448	15,784	-32.7%
Taree	468	519	10.9%	13,109	14,534	10.9%
Transport	MJ/km			L/100km		
	03/04	04/05	Change	03/04	04/05	Change
Passenger Vehicles	3.82	3.81	0%	8.96	8.95	0%

Future Direction

The Authority is in constant consultation with the Department of Commerce to keep abreast of latest innovations in energy management that will allow it to sustain the energy saving targets and deliver a pleasing environmental outcome. The Authority is in the process of progressively replacing older office equipment with more energy efficient models, and is planning on introducing at least one hybrid motor vehicle within the next year.



Our Committees

The NSW Food 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. Participation in these groups is as follows:

- *Agricultural Resource Management Council of Australia: Meat Standards Committee* (represented by George Davey, Terry Outtrim and Peter Day)
- *Australian Dairy Authority Standards Committee* (represented by Chris Chan)
- *Australian Institute of Food Science and Technology Federal Council* (represented by Samara Kitchener)
- *Australian Institute of Food Science and Technology, NSW Branch Committee* (represented by Samara Kitchener)
- *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 Bruce Nelan)
- *Beijing Olympics Expert Board on Food Safety* (represented by George Davey)
- *Enteric Diseases Advisory Group (EDAC)* (represented by Craig Shadbolt and Marianne Tegel)
- *Foodborne and other enteric diseases portfolio (FEDS)* (represented by Craig Shadbolt and Marianne Tegel)
- *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 Implementation Sub-Committee on FSANZ assessment and approval processes* (represented by Craig Sahlin)
- *Food Regulation Standing Committee Implementation Sub-Committee on Food Safety Management in Australia* (represented by George Davey)
- *Food Regulation Standing Committee Implementation Sub-Committee on Fortification of food and vitamin and minerals* (represented by Michael Apollonov)
- *Food Regulation Standing Committee Implementation Sub-Committee on Audit Working Group* (represented by Edward Kraa)
- *Food Regulation Standing Committee Implementation Sub-Committee Working Group on Incident Response Plan* (represented by Chris Chan)
- *Food Regulation Standing Committee Implementation Sub-Committee on Microbiological limits* (represented by Chris Chan)
- *Food Regulation Standing Committee Implementation Sub-Committee on Monitoring and Surveillance of antibiotic resistance.* (Stefan Fabiansson)
- *Food Regulation Standing Committee Implementation Sub-Committee on Nutrition, health and related claims*

Above: Director General George Davey presenting at a meeting on Beijing Olympics Food Safety.

policy framework (represented by Michael Apollonov)

- *Food Regulation Standing Committee Implementation Sub-Committee on Novel foods* (represented by Michael Apollonov)
- *Food Regulation Standing Committee Implementation Sub-Committee on Dietary supplements* (represented by Michael Apollonov)
- *Food Regulation Standing Committee Primary Production and Processing Working Group* (represented by Craig Sahlin)
- *Food Regulation Standing Committee Implementation Sub-Committee Principles and Protocols* (represented by Lisa Lake)
- *Food Regulation Standing Committee Working Group on Regulation of Residues of Agricultural and Veterinary Chemicals* (represented by Chris Chan)
- *Food Regulation Standing Committee working group on review of microbiological standards* (represented by Chris Chan)
- *Food Regulation Technical Advisory Group* (represented by Bill Porter and Chris Chan)
- *Food Safety Information Council* (represented by Catrin May)
- *Food Standards Australia New Zealand (FSANZ) Primary Production and Processing Standard Development Committee for Seafood* (represented by Chris Chan)
- *Food Standards Australia New Zealand Seafood Standard Development Committee Risk Assessment working group* (represented by Chris Chan)
- *Food Standards Australia New Zealand (FSANZ) Primary Production and Processing Standard Development Committee for Dairy* (represented by Chris Chan)
- *Food Standards Australia New Zealand working group on review of uncooked comminuted fermented meat (UCFM) standard* (represented by Christine Turney)
- *Food Standards Australia New Zealand working group on mercury in fish* (represented by Chris Chan)
- *Food Standards Australia New Zealand working group on Interpretive Guides for Standard 3.2.1 and Standard 4.2.1* (represented by Chris Chan)
- *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)
- *Implementation Sub-Committee working group on Consistent implementation (overarching strategy)* (represented by Craig Sahlin)
- *Implementation Sub-Committee working group on Consistent implementation (incident protocol)* (represented by Chris Chan)

- *Implementation Sub-Committee working group on Consistent implementation (consistent implementation surveys)* (represented by Stefan Fabiansson)
- *Meat Industry Consultative Committee* (represented by George Davey and Terry Outtrim)
- *Meat Standards Committee* (represented by Peter Day)
- *Meat and Livestock Australia (MLA) Microbiological Baseline Survey Steering Group* (represented by David Miles)
- *National Association of Testing Authorities, Biological Accreditation Advisory Committee* (represented by George Davey, Chair)
- *National Livestock Identification System Advisory Committee* (represented by Peter Day)
- *National Standards Development and Implementation Processes (Poultry)* (represented by Stefan Fabiansson)
- *National Standards Development and Implementation Processes (Dairy)* (represented by Chris Chan)
- *National Standards Development and Implementation Processes (Vulnerable populations)* (represented by Catherine Bass)
- *National Standards Development and Implementation Processes (Catering)* (represented by Karen Krist)
- *National Standards Development and Implementation Processes (Novel foods)* (represented by Michael Apollonov)
- *National Standards Development and Implementation Processes (Meat Standards Committee)* (represented by Peter Day)
- *NSW Dairy Industry Conference* (represented by Terry Outtrim – ex-officio member)
- *NSW Interagency Advisory Committee on Gene Technology* (represented by Craig Sahlin and Chris Chan)
- *NSW Meat Chemical Residue Consultative Committee* (represented by David Miles)
- *NSW Shellfish Program Review Committee* (represented by Bruce Nelan)
- *Standards Australia Standards Development Board* (represented by George Davey)
- *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 FT-024 Committee – Food Products* (represented by George Davey, Chair)
- *Standards Australia FT-024-00-04 Committee – Food Microbiology* (represented by George Davey, Chair)
- *Standards Australia FT-024-05 Committee – Dairy Products* (represented by Chris Chan)
- *Standards Australia FT-024-00-01 Committee – Food Safety* (represented by George Davey, Chair and Chris Chan)
- *Standards Australia FT/21 Committee – Meat for Human and Animal Consumption* (represented by David Miles)
- *Standards Australia FT/25 Committee – Detergents and Sanitizers in the Food Industry* (represented by David Miles)
- *Interagency Committee on NRL Setting* (represented by Chris Chan)



Our Future

The NSW Food Authority implemented a new Strategic Plan in July 2004. This plan will guide Authority direction over the next three years. As this Annual Report shows, the first year of implementing the plan has proved to be extremely successful.

The Authority is now working on a major change program which will integrate the many initiatives discussed in the Director General's column on pages 4 to 7 with the strategic outcomes presented below.

Strategic Plan 2004 to 2007

By June 2005

1. Consolidated Food Safety Scheme in place
2. Through-chain risk model operational
3. Foodborne illness investigation and data management systems integrated
4. Consumer education program proposal completed
5. Food Safety Scheme communications and training program in place
6. Third party auditor approval and management framework developed
7. Effective laboratory services in place
8. Local Government model developed
9. Integrated communications model implemented
10. Authority structure in place and resourced
11. Staff selection, training and performance management program in place
12. Corporate infrastructure implemented
13. Results and Services Plan implemented
14. Scheme development in three key areas complete to target stages

2007 KPIs

<ul style="list-style-type: none"> • Foodborne illness reduced by effective regulatory system • High risk industries covered • Industry complies with operating risk model
<ul style="list-style-type: none"> • Industry aware of requirements • Surveys on compliance with requirements conducted
<ul style="list-style-type: none"> • Surveys on knowledge/attitudes/behaviour conducted • Less foodborne illness from domestic handling • Consumer information readily available
<ul style="list-style-type: none"> • FSPs implemented where required • Compliance with Food Safety Program and Food Standards Code requirements • Effective operation of industry committees • Industry engages the Authority for expert advice
<ul style="list-style-type: none"> • Local Government Councils services model agreed • Model embraces all Local Government Councils • Funding arrangements established • Coordination and support mechanisms in place
<ul style="list-style-type: none"> • Other States/Territories emulate our model • A leading influence on national process • Effective stakeholder contact on food issues
<ul style="list-style-type: none"> • Appropriate skills and age profile • Skilled and competent staff • Recruitment and succession strategy in place • Skilled and Balanced Workforce
<ul style="list-style-type: none"> • Secure • Sustainable • Diverse Secure and Sustainable Funding

2007 Outcomes

Safe Food to Plate
Suitable & Correctly Labelled Food
Informed & Responsive Consumers
Industry Embracing Food Safety
Effective Local Government Involvement
Recognised & Emulated Food Authority
Skilled & Balanced Workforce
Secure & Sustainable Funding

Strategic Pathways



Financial Statements for 2004/2005

NSW Food Authority

Financial Summary 2004/2005

NSW Food Authority and Consolidated Economic Entity Income and Expenditure

NSW Food Authority Income and Expenditure

Income for the period ended 30 June 2005 was \$19.7 million. Major sources of income included:

- \$11.7 million in grants and contributions from government toward food regulatory activities which transferred to the Food Authority during 2004 from NSW Health, as well as policy and standard setting, enforcement, overhead, and program development costs of the Food Authority,
- \$6.2 million in industry levies and license fees collected by the Food Authority,
- \$1.0 million from fees for audit and inspection services performed, and
- \$0.8 million in interest earned on cash deposits.

Operating expenditure for the period was \$17.2 million. Major expenditure items included:

- \$8.9 million in employee related expenses,
- other operating expenses of \$6.2 million,
- \$1.1 million in depreciation of non-current assets of the Food Authority, and
- a \$0.8 million decrement recognised on revaluation of land and buildings owned by the Food Authority.

The operating surplus was \$2.6 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, 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 2005 was \$19.8 million and the consolidated expenditure was \$17.2 million, resulting in an operating surplus of \$2.6 million.



Statement by Director-General of the NSW Food Authority

Pursuant to requirements of the Public Finance and Audit Act 1983, I, George Robert Davey, Director-General of the NSW Food Authority at June 30, 2005 declare that in my opinion:

1. The accompanying Consolidated Financial Statements consisting of the Statements of Financial Position, Statements of Financial Performance, Statements of Cash Flows and the Notes thereto of the NSW Food Authority and its group, consisting of the NSW Food Authority its controlled entities, Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited, for the financial year ended 30 June 2005 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 Statements have been prepared in accordance with applicable Australian Accounting 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 2000, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particulars included in the Consolidated Financial Statements to be misleading or inaccurate.



George Davey
Director-General

13 October 2005

Financial Statements for 2004/2005



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:

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

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

The Director-General's Role

The financial report is the responsibility of the Director-General. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows and the accompanying notes for the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities controlled at the year's end or during the financial year.

Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me 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 and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Director-General in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other 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 the 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, FCA
Director, Financial Audit Services

SYDNEY
18 October 2005

Financial Statements for 2004/2005

NSW Food Authority

Statement of Financial Performance for the Year Ended 30 June 2005

	Notes	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Income					
Industry levies and license fees	2	6,187	4,757	6,187	4,757
Grants and contributions	3	11,693	6,348	11,693	6,348
Miscellaneous income and fees for services	4	975	562	975	627
Interest income	5	935	656	885	611
Increment on revaluation of non-current investment		-	-	7	215
Total Income		19,790	12,323	19,747	12,558
Expenditure					
Employee related expenses	7	8,853	5,665	8,853	5,665
Other operating expenses	8	6,266	4,558	6,223	4,793
Maintenance		57	49	57	49
Depreciation	9	1,054	971	1,054	971
Grants and subsidies		9	14	9	14
Loss on disposal of non-current assets	6	124	113	124	113
Decrement on revaluation		834	-	834	-
Total Expenditure		17,197	11,370	17,154	11,605
SURPLUS AT THE END OF THE FINANCIAL YEAR	17	2,593	953	2,593	953
NON-OWNER TRANSACTION CHANGES IN EQUITY					
Net decrease in asset revaluation reserve	15	140	-	140	-
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		140	-	140	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		2,453	953	2,453	953

The accompanying notes form part of these statements.



NSW Food Authority

Statement of Financial Position as at 30 June 2005

	Notes	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
ASSETS					
Current Assets					
Cash	10A	5,158	1,990	4,724	1,744
Other Financial Assets	10B	9,608	9,519	8,835	8,783
Receivables	11	1,214	2,921	1,225	2,976
Total Current Assets		15,980	14,430	14,784	13,503
Non-Current Assets					
Property, Plant and Equipment					
- Land and Buildings	12	6,838	8,053	6,838	8,053
- Plant and Equipment	12	1,784	2,150	1,784	2,150
Total Property, Plant and Equipment	12	8,622	10,203	8,622	10,203
Other Financial Assets	13	-	-	1,191	1,184
Superannuation Prepaid	14C	1,614	-	1,614	-
Total Non-Current Assets		10,236	10,203	11,427	11,387
TOTAL ASSETS		26,216	24,633	26,211	24,890
LIABILITIES					
Current Liabilities					
Payables	14A	1,139	1,801	1,134	2,058
Provisions	14B	2,741	1,464	2,741	1,464
Other	16	1,926	2,635	1,926	2,635
Total Current Liabilities		5,806	5,900	5,801	6,157
Non-Current Liabilities					
Provisions	14B	3,134	3,910	3,134	3,910
Total Non-Current Liabilities		3,134	3,910	3,134	3,910
TOTAL LIABILITIES		8,940	9,810	8,935	10,067
NET ASSETS		17,276	14,823	17,276	14,823
EQUITY					
Accumulated funds	15A	17,276	14,683	17,276	14,683
Reserves	15B	-	140	-	140
Total Equity		17,276	14,823	17,276	14,823

The accompanying notes form part of these statements.

Financial Statements for 2004/2005

NSW Food Authority

Statement of Cash Flows for the Year Ended 30 June 2005

	Notes	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to suppliers and employees		(17,579)	(12,211)	(17,754)	(12,165)
Grants and subsidies		(9)	(14)	(9)	(14)
Milk industry scheme payments		-	(500)	-	(500)
Total Payments		(17,588)	(12,725)	(17,763)	(12,679)
Receipts					
Industry levies, licenses and other		8,788	5,487	8,788	5,492
Grants and contributions		11,693	6,348	11,693	6,348
Interest received		935	679	885	643
Total Receipts		21,416	12,514	21,366	12,483
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	3,828	(211)	3,603	(196)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of :					
- Plant and Equipment		586	656	586	656
Purchases of Property, Plant and Equipment		(1,157)	(5,329)	(1,157)	(5,329)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(571)	(4,673)	(571)	(4,673)
NET INCREASE / (DECREASE) IN CASH		3,257	(4,884)	3,032	(4,869)
Opening cash and cash equivalents		11,509	16,393	10,527	15,396
CLOSING CASH AND CASH EQUIVALENTS	10A	14,766	11,509	13,559	10,527

The accompanying notes form part of these statements.



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1A Reporting Entity

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 1969 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.

Pacific Industries Services Corporation is likely to be wound up during 2005/2006.

1B Basis of Accounting

The NSW Food Authority's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views; and
- the requirements of the Public Finance and Audit Act, Regulations and Treasurers Directions.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

Except for certain investments and land and buildings, which are recorded at fair value, the financial statements are prepared in accordance with the historical cost convention.

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

1C Comparatives

Comparative financial information is presented in a consistent manner.

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NSW Food Authority Notes to and Forming Part of the Financial Statements
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1D Principles of Consolidation

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

The consolidated financial statements have been prepared in accordance with Australian Accounting Standard AAS 24 'Consolidated Financial Reports'.

All inter-entity balances and transactions have been eliminated.

1E Revenue Recognition

Revenue is recognized when the entity has control of the good or right to receive, it is probable that the economic benefits will flow to the NSW Food Authority and the amount of revenue can be measured reliably.

(i) Grants and Contributions 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.

(ii) Industry Levies and License Fees

Industry levies payable by producers and license fees are arrived at by recognising amounts due for the period ending 30 June 2005, rather than amounts invoiced by the NSW Food Authority for the calendar year ending 31 December 2005, in the case of levies or the respective license fee year. Adjustments are then made for amounts received in advance and amounts owed.

(iii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services i.e. user charges. User charges are recognised as revenue when the right to receive payment is established.

(iv) Investment Income

Interest revenue is recognised as it accrues. Rent revenue is recognised in accordance with AAS 17 'Accounting for Leases'.

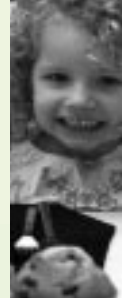
1F Provisions

Liabilities for wages and salaries, annual leave, long service leave, and on-costs are recognised and measured in respect of employee services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused, non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the entitlements accrued in the future.

The outstanding amounts of payroll tax and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised.

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates expected when the obligation is settled, for all employees with five or more years of service.



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The superannuation expense for the financial year is determined in accordance with Treasury Circular 02/12. The NSW Food Authority's superannuation position in each scheme as at 30 June 2005 has been advised by Pillar Administration. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

The balance of the NSW Food Authority's overfunded State Superannuation Scheme has been reported as a non-current asset (non-current liability at 30 June 2004) and the balance of the sum of its under funded State Authorities Superannuation Scheme and State Authorities Non-Contributory Superannuation Scheme as a non-current liability at 30 June 2005 (non-current liability at 30 June 2004).

Treasury Managed Fund normally calculates hindsight premiums each year. However in regard to workers compensation the final hindsight adjustment for the 1997/1998 fund year and an interim adjustment for the 1999/2000 fund year were not calculated until 2003/2004. As result, the 1998/1999 final and 2000/2001 interim hindsight calculations were paid in 2004/2005. The basis for calculating the hindsight premium is undergoing review and it is expected that the problems experienced will be rectified for future payments.

1G Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities. All financial instruments of the NSW Food Authority are carried at their net fair value.

(i) Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances. The average interest rate for the year was 4.41% (5.05% in 2003/2004).

(ii) Receivables

All receivables are recognised at balance date. Collectability of receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on receivables. All amounts due at 30 June 2005 are considered to be collectable other than the amounts provided for in the doubtful debts provision at note 12.

(iii) Payables

Liabilities are recognised for amounts due to be paid in the future for goods and services received whether or not invoiced. 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. No interest for late payment was paid during the year.

1H Other Financial Assets

(i) Current Other Financial Assets

Current other financial assets comprise short term deposits including Treasury Corporation Hour-glass cash facility, St George Bank and IMB Society Call Account Deposits. Interest on Treasury Corporation deposits is earned on a daily basis at the NSW Treasury Corporation 11am official cash rate. Interest on St George Bank Call Account deposits and IMB Society Call Account deposits is earned on a monthly basis at the 11am official cash rate. The average interest rate for the year ranged from 5.23% to 5.59% (4.65% to 5.67% in 2003/2004).

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(ii) Non-Current Other Financial Assets

Revaluation increments for non-current other financial assets are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Statement of Financial Performance, the increment is recognised immediately as revenue in the Statement of Financial Performance.

Revaluation decrements are recognised in the Statement of Financial Performance except to the extent that the decrement reverses an increment previously credited to the asset revaluation reserve, in which case it is debited to the asset revaluation reserve.

1I Insurance

The NSW Food Authority has 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.

1J Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

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

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1K Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the NSW Food Authority. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to acquisition.

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

Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing seller in an arm's length transaction.

1L Plant and Equipment

Plant and equipment costing \$5,000 and above individually are capitalised.

1M Revaluation of Physical Non-Current Assets

Buildings are valued at their fair value in accordance with AASB 1041 "Revaluation of Non-Current Assets". Land is valued at fair value in accordance with AASB 1041, having regard to its highest and best use. In both cases the highest and best use is considered to be equal to its existing use, subject to any restrictions or enhancements since acquisition. Plant and equipment are recorded at depreciated historical cost as a surrogate for fair value.



NSW Food Authority Notes to and Forming Part of the Financial Statements
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Each class of physical non-current asset is revalued every 5 years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last such valuation was in regard to NSW Food Authority's properties at Newington and Taree as at 30 June 2005 by NSW Department of Commerce Property Valuation Services and Crown Valuation Service Pty Ltd.

The recoverable amount test has not been applied as the NSW Food Authority is a not-for-profit entity whose service potential is not related to the ability to generate net cash inflows.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the Statement of Financial Performance, the increment is recognised immediately as revenue in the Statement of Financial Performance.

Revaluation decrements are recognised immediately as expenses in the Statement of Financial Performance, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

1N Depreciation of Non-Current Physical Assets

Depreciation is provided on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the NSW Food Authority. Land is not a depreciable asset.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent periodic maintenance.

The depreciation rates used are:-

Buildings	3.33%
Leasehold Improvements	16.67%
Motor Vehicles	5.00% to 10.00%
Computer Equipment	33.33%
Other Equipment	20.00% to 33.33%
Furniture & Fittings	10.00% to 14.33%

1O Maintenance and Repairs

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.

1P Leased Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

1Q 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

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NSW Food Authority Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2005

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 and 30 June 2006 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.

1R Adopting AASB 1047 "Disclosing the impacts of adopting Australian equivalents to International Financial reporting standards"

NSW Food Authority will apply the Australian equivalents to International Financial Reporting Standards (AEIFRS) from 2005-06.

NSW Food Authority is managing the transition to the new standards by allocating internal resources and/or engaging consultants to analyse the pending standards and Urgent Issues Group Abstracts to identify key areas regarding policies, procedures, systems and financial impacts affected by the transition. As a result of this exercise, the agency has taken the following steps to manage the transition to the new standards:

- NSW Food Authority's IFRS Strategy Committee is overseeing the transition. The Director of Finance & Licensing is responsible for the project and reports to the Food Authority Executive on progress against the plan.

- The following phases that need to be undertaken have been identified:

1. Scoping and Impact Analysis
2. Evaluation and Design
3. Implementation and Review

- To date, some Finance staff have attended AEIFRS training courses and an assessment on the impact of AEIFRS on NSW Food Authority has been conducted.

NSW Treasury has assisted and continues to assist agencies to manage the transition by developing policies, including mandates of options; presenting training seminars to all agencies; providing a website with up-to-date information to keep agencies informed of any new developments; and establishing an IAS Agency Reference Panel to facilitate a collaborative approach to manage the change.

NSW Food Authority has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as "indicative mandates").

Shown below are management's best estimates as at the date of preparing the 30 June 2005 financial report of the estimated financial impacts of AEIFRS on NSW Food Authority's equity and profit/loss. NSW Food Authority does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of the pending changes to the AEIFRS, including the UIG Interpretations and/or emerging accepted practice in their interpretation and application. NSW Food Authority's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005-06.



NSW Food Authority Notes to and Forming Part of the Financial Statements
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(a) Reconciliation of key aggregates

Reconciliation of equity under existing Standards (AGAAP) to equity under AEIFRS:			
	Notes	30 June 2005** \$'000	1 July 2004* \$'000
Total equity under AGAAP		17,276	14,823
Adjustments to accumulated funds			
Defined benefit superannuation adjustment for change in discount rate	1	(8,743)	(4,044)
Effect of discounting long term annual leave	2	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			

Reconciliation of surplus / (deficit) under existing Standards (AGAAP) to equity under AEIFRS:		
Year ended 30 June 2005	Notes	\$'000
Surplus/(deficit) under AGAAP		2,593
Defined benefit superannuation	1	(4,699)
Long term annual leave	2	17
Surplus / (deficit) under AEIFRS		(2,089)

Notes to tables above:

1. AASB 119 *Employee Benefits* requires the defined benefit superannuation obligation to be discounted using the government bond rate as at each reporting date, rather than the long-term expected rate of return on plan assets. Where the superannuation obligation is not assumed by the Crown, this will increase the defined benefit superannuation liability (or decrease the asset for those agencies in an underfunded position) and change the quantum of the superannuation expense.

2. AASB 119 requires the present value measurement for all long-term employee benefits. Current AGAAP provides that wages, salaries, annual leave and sick leave are measured at nominal value in all circumstances. NSW Food Authority has long-term annual leave benefits and will measure these benefits at present value, rather than nominal value, thereby decreasing the employee benefits liability and changing the quantum of the annual leave expense.

3. AASB 138 *Intangible Assets* requires all research costs to be expensed and restricts the capitalisation of development costs. Current AGAAP permits some research and development costs to be capitalised when certain criteria are met. As a result, some currently intangibles will need to be derecognised. Further, intangibles can only be revalued where there is an active market, which is unlikely to occur. Therefore, revaluation increments and decrements will need to be derecognised at amortised cost.

The adoption of AASB 1038 will also result in certain reclassifications from property, plant and equipment to intangibles (e.g computer software and easements).

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2 INDUSTRY LEVIES AND LICENSE FEES

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Industry Levies	1,088	913	1,088	913
License Fees	5,099	3,844	5,099	3,844
Total Industry Levies and License Fees	6,187	4,757	6,187	4,757

3 GRANTS AND CONTRIBUTIONS

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Grants and Contributions received from:				
NSW Department of Primary Industries	11,676	5,245	11,676	5,245
NSW Health	-	1,103	-	1,103
Others	17	-	17	-
Total Grants and Contributions	11,693	6,348	11,693	6,348

4 MISCELLANEOUS INCOME AND FEES FOR SERVICES

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Audit and inspection fees (from the food industry)	831	487	831	487
Rent and Property Income (from sub-tenants)	31	22	31	22
Other income	113	53	113	118
Total Miscellaneous Income and Fees	975	562	975	627

5 INTEREST INCOME

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Interest Income	967	688	917	643
Less:				
Interest allocation to:-				
- Contingency Fund	31	31	31	31
- Dairy Deregulation Assistance Fund	1	1	1	1
Net Interest Income	935	656	885	611



NSW Food Authority Notes to and Forming Part of the Financial Statements
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6 LOSS ON DISPOSAL OF NON-CURRENT ASSETS

	Consolidated	Consolidated	NSW Food Authority	NSW Food Authority
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Loss on disposal of plant & equipment				
Proceeds from disposal	587	656	587	656
Written down value of assets disposed	(711)	(769)	(711)	(769)
Loss on disposal of non-current assets	(124)	(113)	(124)	(113)

7 EMPLOYEE RELATED EXPENSES

	Consolidated	Consolidated	NSW Food Authority	NSW Food Authority
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Salaries and allowances	8,174	5,665	8,174	5,665
Superannuation charges	(1,704)	(1,205)	(1,704)	(1,205)
Recreation and extended leave	826	808	826	808
Redundancy	1,000	-	1,000	-
Payroll tax	483	349	483	349
Other	74	48	74	48
Total Employee Related Expenses	8,853	5,665	8,853	5,665

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NSW Food Authority Notes to and Forming Part of the Financial Statements
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8 OTHER OPERATING EXPENSES

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
External Audit Fees - Current year	70	67	66	63
Bad & Doubtful Debts	222	44	222	44
Consultancy	239	104	239	104
Contractors	718	630	692	630
Information Technology Costs	668	812	668	812
FBT, Financial Duty and Charges	107	82	107	82
Laboratory Services	1,585	388	1,585	388
Legal Fees	123	62	123	62
Miscellaneous Expenses	501	289	490	536
Producer Levy Administration Fee	83	81	83	81
Public Relations and Advertising	19	12	19	9
Rent	53	403	53	403
Staff Training	222	137	222	137
Stakeholder Liaison	92	116	92	116
Stores, Stationery & Printing	257	225	257	225
Postage & Telephone	331	314	331	314
Travel	976	792	974	787
Total Other Operating Expenses	6,266	4,558	6,223	4,793

9 DEPRECIATION EXPENSE

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Buildings	241	168	241	168
Leasehold Improvements	-	-	-	-
Equipment	29	21	29	21
Computers	589	588	589	588
Furniture	69	74	69	74
Motor Vehicles	126	120	126	120
Total Depreciation Expense	1,054	971	1,054	971



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

10 CASH AND CASH EQUIVALENTS

10A 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 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Cash at Bank	5,099	1,934	4,665	1,688
Cash Advances	59	56	59	56
Total Cash	5,158	1,990	4,724	1,744
Short Term Deposits	9,608	9,519	8,835	8,783
Total Cash and Cash Equivalents	14,766	11,509	13,559	10,527

10B Other Financial Assets

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Short term investments	8,614	8,578	7,841	7,842
T Corp Hour-glass Cash Facility	994	941	994	941
Total Other Financial Assets	9,608	9,519	8,835	8,783

11 RECEIVABLES

Receivables are stated after allowing for doubtful debts as follows:

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Accounts receivable	1,495	3,209	1,506	3,264
Provision for doubtful debts	(281)	(288)	(281)	(288)
Total Receivables	1,214	2,921	1,225	2,976

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NSW Food Authority Notes to and Forming Part of the Financial Statements
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12 PROPERTY PLANT AND EQUIPMENT

12A Fair value, less accumulated depreciation

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Land:				
At fair value	1,470	1,380	1,470	1,380
	1,470	1,380	1,470	1,380
Buildings:				
At fair value	5,719	7,148	5,719	7,148
Accumulated depreciation	(351)	(475)	(351)	(475)
	5,368	6,673	5,368	6,673
Total Land and Buildings:				
At fair value	7,189	8,528	7,189	8,528
Accumulated depreciation	(351)	(475)	(351)	(475)
	6,838	8,053	6,838	8,053
Motor vehicles:				
At fair value	1,315	1,224	1,315	1,224
Accumulated depreciation	(127)	(88)	(127)	(88)
	1,188	1,136	1,188	1,136
Computer equipment:				
At fair value	2,343	2,073	2,343	2,073
Accumulated depreciation	(1,960)	(1,376)	(1,960)	(1,376)
	383	697	383	697
Other equipment:				
At fair value	438	469	438	469
Accumulated depreciation	(308)	(297)	(308)	(297)
	130	172	130	172
Furniture & Fittings:				
At fair value	742	742	742	742
Accumulated depreciation	(659)	(597)	(659)	(597)
	83	145	83	145
Total Plant and Equipment:				
At fair value	4,838	4,508	4,838	4,508
Accumulated depreciation	(3,054)	(2,358)	(3,054)	(2,358)
	1,784	2,150	1,784	2,150
Written Down Value	8,622	10,203	8,622	10,203

Valuation of Land and Buildings as at 30 June 2005 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 2005.

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



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

12B Reconciliation of carrying amounts

2005	<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
Carrying amount at 1 July 2004	8,053	2,150	10,203	8,053	2,150	10,203
Additions	-	1,158	1,158	-	1,158	1,158
Disposals	-	(711)	(711)	-	(711)	(711)
Revaluation decrements	(974)	-	(974)	(974)	-	(974)
Depreciation expense	(241)	(813)	(1,054)	(241)	(813)	(1,054)
Depreciation written back on assets disposed	-	-	-	-	-	-
Carrying amount at 30 June 2005	6,838	1,784	8,622	6,838	1,784	8,622

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NSW Food Authority Notes to and Forming Part of the Financial Statements
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13 OTHER FINANCIAL ASSETS

INVESTMENT IN CONTROLLED AND ASSOCIATED COMPANIES

13A Non-current other financial assets

	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Controlled companies at fair value	1,191	1,184
Total Non-Current Other Financial Assets	1,191	1,184

13B Reconciliation of carrying amounts

2005	Milk Marketing \$'000	Pacific Industry Services Corporation	Total \$'000
Carrying amount at 1 July 2004	965	219	1,184
Operating Surplus	3	4	7
Carrying amount at 30 June 2005	968	223	1,191

14A PAYABLES

Payables comprise:

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Accrued salaries, wages and on-costs	28	267	28	267
Creditors	1,111	1,534	1,106	1,791
Total Payables	1,139	1,801	1,134	2,058



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

14B PROVISIONS

Employee benefits and related oncosts:

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Current Provisions				
Recreation leave	1,027	764	1,027	764
Extended leave	600	595	600	595
Provision for redundancy	1,114	105	1,114	105
Total Current Provisions	2,741	1,464	2,741	1,464
Non-Current Provisions				
Superannuation	14C 194	1,079	194	1,079
Recreation leave	342	255	342	255
Extended leave	2,598	2,576	2,598	2,576
Total Non-Current Provisions	3,134	3,910	3,134	3,910
Total Provisions	5,875	5,374	5,875	5,374
Aggregate Employee Benefits and Related On-Costs:				
Provisions - Current	2,741	1,464	2,741	1,464
Provisions - Non-Current	3,134	3,910	3,134	3,910
Accrued salaries, wages and on-costs	14A 28	267	28	267
Aggregate Employee Benefits Liability	5,903	5,641	5,903	5,641

Financial Statements for 2004/2005

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

14C

NSW Food Authority operates a number of employee superannuation plans administered by Pillar Administration on behalf of State Super, as follows:

- (i) SASS State Authorities Superannuation Scheme,
- (ii) SSS State Superannuation Scheme, and
- (iii) SANCS State Authorities Non-Contributory Superannuation Scheme.

The assessment of NSW Food Authority's gross superannuation liabilities at 30 June 2005, for the defined benefit schemes administered by Pillar Administration is based on the standard economic assumptions adopted by the Funds Actuary from the valuations carried out at 30 June 2005 as follows:

	2003/04	2004/05	2005/06
	%pa	%pa	%pa
Investment return	7.00	7.00	7.00
Salary growth rate	4.00	4.00	4.00
Consumer Price Index	2.50	2.50	2.50

Movements in balances relating to the superannuation schemes in operation are as follows:

	Consolidated SASS 2005 \$'000	Consolidated SASS 2004 \$'000	NSW Food Authority SASS 2005 \$'000	NSW Food Authority SASS 2004 \$'000
Balance 1 July 2004	(122)	(236)	(122)	(236)
Superannuation charges for the year	(40)	114	(40)	114
Balance 30 June 2005	(162)	(122)	(162)	(122)

	Consolidated SSS 2005 \$'000	Consolidated SSS 2004 \$'000	NSW Food Authority SSS 2005 \$'000	NSW Food Authority SSS 2004 \$'000
Balance 1 July 2004	(822)	(2,354)	(822)	(2,354)
Superannuation charges for the year	2,436	1,532	2,436	1,532
Balance 30 June 2005	1,614	(822)	1,614	(822)

	Consolidated SANCS 2005 \$'000	Consolidated SANCS 2004 \$'000	NSW Food Authority SANCS 2005 \$'000	NSW Food Authority SANCS 2004 \$'000
Balance 1 July 2004	(135)	(80)	(135)	(80)
Superannuation charges for the year	103	(55)	103	(55)
Balance 30 June 2005	(32)	(135)	(32)	(135)



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

14C continued.

	Consolidated 2005	2004	NSW Food Authority 2005			2004
	\$'000	\$'000	SASS \$'000	SSS \$'000	SANCS \$'000	\$'000
Liability assessed by Pillar Administration at 30 June 2005	(30,377)	-	-	(30,377)	-	-
Less:						
Employer's superannuation	31,991	-	-	31,991	-	-
Balance 30 June 2005	1,614	-	-	1,614	-	-
Liability assessed by Pillar Administration at 30 June 2005	(2,707)	-	(1,761)	-	(946)	-
Less:						
Employer's superannuation	2,513	-	1,599	-	914	-
Balance 30 June 2005	(194)	-	(162)	-	(32)	-

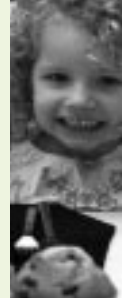
Financial Statements for 2004/2005

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

15 EQUITY

15A Changes in Equity

	Consolidated						NSW Food Authority					
	Accumulated Funds		Asset Revaluation Reserve		Total Equity		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Opening Balance	14,683	13,721	140	140	14,823	13,861	14,683	13,718	140	140	14,823	13,858
Changes in Equity - Transactions With Owners As Owners												
Fair Value of Net Assets Transferred to NSW Food Authority	-	12	-	-	-	12	-	12	-	-	-	12
Total	-	12	-	-	-	12	-	12	-	-	-	12
Changes in Equity - Other Than Transactions With Owners As Owners												
Surplus / (Deficit) for the Year	2,593	953	-	-	2,593	953	2,593	953	-	-	2,453	953
Increment / (Decrement) on Revaluation of: Investments in Controlled Companies	-	-	-	-	-	-	-	-	-	-	-	-
Land and Buildings	-	-	(140)	-	(140)	-	-	-	(140)	-	-	-
Prior year Adjustment	-	(3)	-	-	-	(3)	-	-	-	-	-	-
Total	2,593	950	(140)	-	2,453	950	2,593	953	(140)	-	2,453	953
Closing Balance	17,276	14,683	-	140	17,276	14,823	17,276	14,683	-	140	17,276	14,823



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

15B Reserves

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Revaluation increment on land and buildings	-	140	-	140
Total Asset Revaluation Reserve	-	140	-	140

15C Fair Value Of Net Assets Transferred to NSW Food Authority from NSW Health - Food Branch

	NSW Health 2005 \$'000	NSW Health 2004 \$'000
Current Assets		
Cash		
Other Financial Assets		
Receivables	-	956
Other		
Total Current Assets	-	956
Non-Current Assets		
Plant and equipment	-	12
Other Financial Assets		
Total Non-Current Assets	-	12
Total Assets	-	968
Current Liabilities		
Payables		
Provision for employee entitlements	-	956
Other		
Total Current Liabilities	-	956
Non-Current Liabilities		
Provision for employee entitlements		
Total Non-Current Liabilities	-	-
Total Liabilities	-	956
Net Assets	-	12

Financial Statements for 2004/2005

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

16 OTHER CURRENT LIABILITIES

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Milk Industry Funds	652	622	652	622
Income Received in Advance	1,274	2,013	1,274	2,013
Total Other Current Liabilities	1,926	2,635	1,926	2,635

16A 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 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	Contingency Fund 2005 \$'000	Dairy Assistance Fund 2005 \$'000	NSW Food Authority 2004 \$'000
Balance at 1 July 2004	622	1,090	622	601	21	1,090
Add:						
Interest received	30	32	30	29	1	32
	652	1,122	652	630	22	1,122
Less:						
(Payments)/transfers between funds	-	(500)	-	-	-	(500)
Milk Industry Funds Balance at 30 June 2005	652	622	652	630	22	622

16B INCOME RECEIVED IN ADVANCE

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Producer Levy	-	-	-	-
License Fees	1,274	2,013	1,274	2,013
Total Income Received in Advance	1,274	2,013	1,274	2,013



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

17 RECONCILIATION OF OPERATING SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Surplus / (Deficit) For The Year From Ordinary Activities	2,593	953	2,593	953
(Increment) / Decrement on Revaluation of Non-Current Investments	-	-	(7)	(215)
(Increment) / Decrement on Revaluation of Land & Buildings	834	-	834	-
Depreciation	1,054	971	1,054	971
Loss on Sale of Non-Current Assets	124	113	124	113
Doubtful Debts Written Off	(7)	4	(7)	4
Superannuation Provision	(2,693)	(1,591)	(2,693)	(1,591)
(Increase) / Decrease in Receivables	1,713	(2,264)	1,758	(2,325)
(Decrease) / Increase in Other Payables	(661)	426	(924)	717
(Decrease) / Increase in Industry Funds	30	(468)	30	(468)
(Decrease) / Increase in Provisions	1,580	477	1,580	477
(Decrease) / Increase in Income Received in Advance	(739)	1,168	(739)	1,168
Net Cash Flows From Operating Activities	3,828	(211)	3,603	(196)

Financial Statements for 2004/2005

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

18 RELATED PARTIES

(a) Wholly-Owned Group

Details of wholly-owned controlled entities are set out at notes 1A and 13A. Details of dealings with these entities are set out below:

(b) Consolidation Summary

2005	Total Income	Operating result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	19,747	2,593	26,211
Pacific Industry Services Corporation Pty Limited	11	4	229
Milk Marketing (NSW) Pty Limited	39	3	995
Consolidation eliminations	(7)	(7)	(1,219)
Total	19,790	2,593	26,216

2004	Total Income	Operating result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	12,558	953	24,890
Pacific Industry Services Corporation Pty Limited	11	(8)	238
Milk Marketing (NSW) Pty Limited	294	223	1,016
Consolidation eliminations	(540)	(215)	(1,511)
Total	12,323	953	24,633

(c) Balances with Entities within the Wholly-Owned Group

At 30 June 2005 no amounts were owed by NSW Food Authority to Pacific Industry Services Corporation Pty Limited (2003/2004 nil) or to Milk Marketing (NSW) Pty Limited (\$259,873 in 2003/2004).

At 30 June 2005, \$5,265 was due to NSW Food Authority from Pacific Industry Services Corporation Pty Limited (\$17,600 in 2003/2004) and \$23,208 was due from Milk Marketing (NSW) Pty Limited (\$49,000 in 2003/2004).

(d) Other 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.



NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

19 EXPENDITURE COMMITMENTS

19A Operating Lease Commitments

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Not later than one year	193	215	193	215
Later than one year and not later than 5 years	-	178	-	178
Total (including GST)	193	393	193	393

Representing non cancellable leases:

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Computer Equipment	-	-	-	-
Premises	2	11	2	11
Motor Vehicles	191	382	191	382
Total (including GST)	193	393	193	393

19B Contractual Commitments

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Not later than one year	686	344	686	344
Later than one year and not later than 5 years	41	41	41	41
Total (including GST)	727	385	727	385

Representing non cancellable contracts:

	Consolidated 2005 \$'000	Consolidated 2004 \$'000	NSW Food Authority 2005 \$'000	NSW Food Authority 2004 \$'000
Land and Building	-	-	-	-
Consultants	61	58	61	58
Office Repairs	-	-	-	-
Communications	201	92	201	92
Computer Systems Maintenance	81	117	81	117
Maintenance	46	31	46	31
Motor Vehicles	81	81	81	81
Human Resources	257	6	257	6
Total (including GST)	727	385	727	385

The total expenditure commitments above includes input tax credits of \$83,600 (\$71,000 in 2003/2004) that are expected to be recoverable from the Australian Taxation Office.

Financial Statements for 2004/2005

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2005

20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

(a) NSW Food Authority

As at balance date 30 June 2005, NSW Food Authority has no material contingent assets or contingent liabilities (2003/2004 nil).

(b) Milk Marketing

Milk Marketing has no material contingent assets or contingent liabilities at 30 June 2005 (2003/2004 nil).

(c) Pacific Industry Services Corporation

Pacific Industry Services Corporation has no material contingent assets or contingent liabilities at 30 June 2005 (2003/2004 nil).

21 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.

22 EVENTS SUBSEQUENT TO BALANCE DATE

There were no events occurring after reporting date that would significantly affect the status of these financial statements.

END OF AUDITED FINANCIAL STATEMENTS



NSW Food Authority

Supplementary Financial Information

1. NSW FOOD AUTHORITY PERFORMANCE AGAINST BUDGET

	Budget	Actual	Budget
	2005	2005	2006
	\$'000	\$'000	\$'000
Income			
Industry levies	900	1,088	1,000
License fees	4,364	5,099	4,904
Grants and contributions	11,676	11,693	12,523
Audit fees	918	831	842
Rent and property income	21	31	20
Interest income	600	885	600
Increment on revaluation of subsidiary companies	-	7	-
Miscellaneous	17	113	33
Total Income	18,496	19,747	19,922
Expenditure			
Salaries and allowances	8,171	8,174	8,879
Superannuation charges	946	(1,704)	935
Recreation and extended leave	857	826	981
Redundancy	1,000	1,000	300
Payroll tax	469	483	518
Miscellaneous employee related	95	74	179
Bad & doubtful debts	-	222	-
Consultancy	417	239	444
Contractors	687	692	667
External audit fees - current year	66	66	80
FBT, financial duty and charges	175	107	162
Grants and subsidies	49	9	421
Information technology costs	824	668	649
Laboratory services	1,580	1,585	1,411
Legal fees	177	123	106
Loss on disposal of non-current assets	-	124	100
Maintenance	126	57	151
Miscellaneous expenses	421	490	500
Postage & telephone	479	331	442
Producer levy administration fee	100	83	100
Public relations and advertising	7	19	6
Rent	81	53	38
Staff training	338	222	381
Stakeholder Liaison	16	92	113
Stores, stationery & printing	215	257	272
Travel	1,027	974	1,019
Depreciation	794	1,054	813
Decrement on revaluation of non-current assets	-	834	-
Total Expenditure	19,117	17,154	19,667
SURPLUS/(DEFICIT) FOR THE YEAR	(621)	2,593	255

Financial Statements for 2004/2005

NSW Food Authority

Supplementary Financial Information

2. 2004/2005 INCOME AND EXPENDITURE BUDGET

The 2004/2005 budget information represents the final operating budget for the NSW Food Authority for the period, depicting a budgeted operating deficit of \$621,000.

The budgeted and actual operating results differ chiefly for a number of reasons with respect to total Food Authority income:

- Industry levies were initially conservatively estimated at \$900,000 for the year due to a degree of uncertainty at the time of budgeting about their collection. Actual levies recorded for the year totalled \$1,088,000.
- During the year interest income totalling \$885,000 was received, however interest was budgeted at \$600,000. The increase in interest received over that budgeted was due to the postponement of expenditure on program development costs of the Food Authority.
-

License fees were conservatively estimated at \$4,364,000 for the year due to a degree of uncertainty at the time of budgeting about their collection. Actual license fees recorded for the year totalled \$5,099,000. The surplus compared to budget is chiefly due to the licensing of new industries during the year, the collection of license fees which were initially considered unlikely to be collected and minor adjustments made in relation to license fees invoiced in prior years.

The variance in total budgeted expenditure and total actual expenditure recorded for the Food Authority is due chiefly to the recognition of a superannuation revenue amount of \$1,704,000. This amount consists of payments made by the Food Authority toward superannuation and the changes in the superannuation liability as assessed by the Funds Actuary. The Food Authority's budget included an estimate of payments to be made for superannuation during the period. The Food Authority was not able to estimate the actuarial assessment of the change in superannuation liability.

3. ACCOUNTS PAYABLE

NSW Food Authority payment performance indicators.

	1st Quarter 30 Sep 04 \$	2nd Quarter 31 Dec 04 \$	3rd Quarter 31 Mar 05 \$	4th Quarter 30 Jun 05 \$
Current i.e. Within due date	4,292,913	5,061,429	5,195,785	4,369,873
Less than 30 days overdue	-	-	-	-
Between 30 and 60 days overdue	-	-	-	-
Total dollar amount of accounts paid	4,292,913	5,061,429	5,195,785	4,369,873
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 Valuation 2005 \$'000	WDV 2005 \$'000	WDV 2004 \$'000
Taree Office	889	538	409
Sydney Office	6,300	6,300	7,644
Total property held	7,189	6,838	8,053





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NSW Food Authority