

NSW Food Authority

Financial Information 2007-08

NSW Food Authority

Financial Summary 2007/08

NSW Food Authority and Consolidated Economic Entity Income and Expenditure

NSW Food Authority Income and Expenditure

Income for the period ended 30 June 2008 was \$19.5 million. Major sources of income included:

- \$11.5 million in grants and contributions from government toward food regulatory activities, policy and standard setting, enforcement, overhead, program development costs of the Food Authority and continued implementation of the Food Regulation Partnership model with local government,
- \$5.6 million in industry levies and license fees collected by the Food Authority,
- \$1.0 million in interest earned on cash deposits, and
- \$0.9 million from fees for audit and inspection services performed,
- \$0.5 million from the supply of miscellaneous goods and services.

Operating expenditure for the period was \$20.6 million. Major expenditure items included:

- \$12.3 million incurred for personnel services,
- other operating expenses of \$6.9 million,
- \$0.6 million in depreciation and amortisation of non-current assets of the Food Authority,
- \$0.5 million in grants paid including \$0.4 million paid to the shellfish industry for shellfish program costs, and
- \$0.2 million in maintenance expenses.

The operating deficit was \$1.1 million and was less than the deficits predicted in the original and revised budgets

Economic Entity Consolidated Income and Expenditure

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

The consolidated income of the entity for the period ended 30 June 2008 was \$19.6 million and the consolidated expenditure was \$20.8 million, resulting in an operating deficit of \$1.2 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 and the Office of the NSW Food Authority declare that in my opinion:

1. The accompanying Consolidated Financial Reports consisting of the Balance Sheets, Income Statements, Statements of Recognised Income and Expenses, Cash Flow Statements and the Notes thereto of the NSW Food Authority and its group, consisting of the NSW Food Authority, its controlled entities, Office of the NSW Food Authority, Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited, for the financial year ended 30 June 2008 exhibit a true and fair view of the financial position and transactions of the economic entity and the NSW Food Authority.
2. The Consolidated Financial Reports have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Australian Accounting Interpretations; and the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2005, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particulars included in the Consolidated Reports to be misleading or inaccurate.



George Davey
Director-General

22 October 2008



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

NSW Food Authority and controlled entities

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the NSW Food Authority (the Authority), which comprises the balance sheet as at 30 June 2008, the income statement, statement of recognised income and expense and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes for both the Authority, and controlled entities (the consolidated entity). The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Authority and the consolidated entity as at 30 June 2008, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005

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

The Director-General's Responsibility for the Financial Report

The Director-General is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

In conducting this audit, the Audit Office of New South Wales has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A 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 of New South Wales are not compromised in their role by the possibility of losing clients or income.



A Oyetunji
Director, Financial Audit Services

23 October 2008
SYDNEY

BEGINNING OF AUDITED FINANCIAL REPORT

NSW FOOD AUTHORITY

ABN 47 080 404 416

Income Statement for the Year Ended 30 June 2008

	Notes	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Revenue					
Industry levies and licence fees	2	5,602	5,438	5,602	5,438
Grants and contributions	3	11,462	12,426	11,462	12,426
Miscellaneous income and fees for services	4	1,510	1,150	1,411	1,150
Investment revenue	5	1,145	1,126	1,068	1,062
Increment/(decrement) on revaluation of non-current investment		(151)	684	(55)	(6)
Total Income		19,568	20,824	19,488	20,070
Expenditure					
Employee related expenses	7	12,260	11,326	-	-
Personnel services	7	-	-	12,260	11,326
Other operating expenses	8	7,086	7,130	6,861	7,060
Maintenance		227	250	227	250
Depreciation and amortisation	9	644	555	644	555
Grants and subsidies		513	461	507	461
Loss on disposal of plant, equipment and furniture	6	74	156	74	156
Total Expenditure		20,804	19,878	20,573	19,808
OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	19	(1,236)	946	(1,085)	262

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Balance Sheet as at 30 June 2008

	Notes	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	10	12,736	14,510	8,058	10,111
Receivables	11	1,400	1,568	1,338	1,605
Total Current Assets		14,136	16,078	9,396	11,716
Non-Current Assets					
Property, Plant and Equipment					
- Land and Buildings	12	6,271	6,454	6,271	6,454
- Plant and Equipment	12	1,986	2,162	1,986	2,162
Total Property, Plant and Equipment	12	8,257	8,616	8,257	8,616
Intangible Assets	14	1,810	1,511	1,810	1,511
Other Financial Assets :					
Investment in Controlled and Associated companies	13	-	-	1,140	1,195
Superannuation Prepaid	16(d)	1,580	1,731	-	-
Total Non-Current Assets		11,647	11,858	11,207	11,322
TOTAL ASSETS		25,783	27,936	20,603	23,038
LIABILITIES					
Current Liabilities					
Payables	15	1,591	2,901	1,557	2,893
Provisions	16	4,613	4,206	-	-
Other	24	1,188	1,202	1,188	1,202
Total Current Liabilities		7,392	8,309	2,745	4,095
Non-Current Liabilities					
Superannuation Provision		-	-	-	-
Total Non-Current Liabilities		-	-	-	-
TOTAL LIABILITIES		7,392	8,309	2,745	4,095
NET ASSETS		18,391	19,627	17,858	18,943
EQUITY					
Accumulated Funds	19	18,391	19,627	17,858	18,943
Total Equity		18,391	19,627	17,858	18,943

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Statement of Recognised Income and Expense for the Year Ended 30 June 2008

Notes	Consolidated	Consolidated	NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	\$'000	\$'000
Net / (loss) Income recognised directly in equity	-	-	-	-
Operating surplus/(deficit) for the year	(1,236)	946	(1,085)	262
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR	19 (1,236)	946	(1,085)	262

The above statement of recognised income and expense should be read in conjunction with the accompanying notes





NSW FOOD AUTHORITY

ABN 47 080 404 416

Cash Flow Statement for the Year Ended 30 June 2008

	Notes	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to suppliers and employees		21,177	18,680	21,374	21,784
Grants and subsidies		513	461	507	461
Milk industry fund payments		(2)	533	(2)	533
Total Payments		21,688	19,674	21,879	22,778
Receipts					
Industry levies, licences and other		7,962	7,847	7,952	7,847
Grants and contributions		11,462	12,426	11,462	12,426
Interest received		1,146	1,126	1,069	1,062
Total Receipts		20,570	21,399	20,483	21,335
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	17	(1,118)	1,725	(1,396)	(1,443)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		322	584	322	584
Payment for property, plant and equipment		(477)	(1,602)	(477)	(1,602)
Payment for intangible assets		(501)	(1,006)	(501)	(1,006)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(656)	(2,024)	(656)	(2,024)
NET INCREASE / (DECREASE) IN CASH		(1,774)	(299)	(2,053)	(3,467)
Opening cash and cash equivalents		14,510	14,809	10,111	13,578
CLOSING CASH AND CASH EQUIVALENTS	10	12,736	14,510	8,058	10,111

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The financial report is a consolidated financial report and incorporates the financial reports of the NSW Food Authority (the Authority) and entities controlled by the Authority (referred to as "the entity" in this financial report). The NSW Food Authority is a statutory body under Schedule 2 of the *Public Finance and Audit Act 1983*.

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

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

Milk Marketing (NSW) Pty Limited was incorporated on 27 June 1989 and began trading at that date. Its principle activity was the promotion of milk and dairy products in NSW on behalf of SafeFood. The company ceased all marketing activities at 30 June 2000 and continues as a subsidiary of the NSW Food Authority. All remaining funds continue to be used for the benefit of the NSW dairy industry.

Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited are controlled by their respective boards of directors. One Director of Milk Marketing (NSW) Pty Limited is a NSW Food Authority representative.

Pacific Industry Services Corporation is in the process of being wound up. It is expected that this entity will be fully wound up during 2008/2009.

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

(b) Statement of preparation

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

- applicable Australian Accounting Standards (which includes Australian Accounting Interpretations);
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- the requirements of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005* and Treasurer's Directions.

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

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

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

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

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

(c) Statement of compliance

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

(d) Segment reporting

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

(e) Principles of consolidation

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

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

(f) Revenue recognition

Revenue is measured at fair value of the consideration or contribution received or receivable and represents amounts receivable for services rendered in the normal course of our operation, net of GST.

(i) Contributions by government

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

(ii) Contributions and grants from other bodies

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

(iii) Interest Revenue

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

(iv) Sale of Goods and Services

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

(g) Employee benefits

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

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

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

(ii) Long service leave

We recognise our long service leave liability as a long-term employee benefit. However, the provision for long service leave is measured on a nominal basis, as an undiscounted amount. We use this method as the result does not differ materially than if we were to use the short-hand method (which is based on year-



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

end remuneration rates for all employees with five or more years of service) or the present value method to approximate the present value. When calculating the liability, we applied oncosts.

(iii) Superannuation

The Superannuation Schemes for the NSW Food Authority are:

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

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

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

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

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

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

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

(i) Property, plant and equipment

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

Land and buildings are valued at their fair value in accordance with *AASB 116 Property, Plant & Equipment*. Fair value is determined on the basis of an independent valuation prepared by external valuations experts, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the consolidated entity and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

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

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

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

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

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

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

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

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

(j) Intangible Assets

The NSW Food Authority uses computerised software and has capitalised the licences and associated costs. We have classified these items as intangible assets in accordance with AASB 138 – *Intangible Assets*. We show these assets at historical cost less accumulated amortisation. We consider the cost of acquisition as its fair value.

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

Intangibles	10.00%
-------------	--------

(k) Receivables

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

These receivables are reviewed on an ongoing basis. When there is objective evidence that the NSW Food Authority will not be able to collect all amounts due, an allowance for doubtful debts is established. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective rate. Bad debts are written off. All amounts due at 30 June 2008 are considered to be collectable other than the amounts provided for in the allowance for impairment at note 11.

(l) Payables

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

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

(m) Provisions

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

The NSW Food Authority recognises provisions for employee benefits.



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

(n) Financial Instruments

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

(o) Insurance

The NSW Food Authority has arranged ongoing 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.

(p) Income Tax

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

An application for an additional Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2009 was lodged with the Australian Taxation Office and has been granted.

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

(q) Leases

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

(r) Comparatives

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

(s) Accounting standards and interpretations issued, but not yet effective.

At the date of authorisation of the financial report, the following Standards which are expected to be relevant to NSW Food Authority were in issue but not yet effective.

The NSW Food Authority Executive anticipate the adoption of these Standards will have no material financial impact on the financial report of the NSW Food Authority.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 101 'Presentation of Financial Statements' and consequential amendments to other accounting standards resulting from its issue	1 January 2009	30 June 2010



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 2. Industry levies and licence fees

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Industry Levies	1,074	1,057	1,074	1,057
Licence Fees	4,528	4,381	4,528	4,381
Total Industry Levies and Licence Fees	5,602	5,438	5,602	5,438

Note 3. Grants and contributions

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Grants and Contributions received from: NSW Department of Primary Industries	11,462	12,426	11,462	12,426
Total Grants and Contributions	11,462	12,426	11,462	12,426

Note 4. Miscellaneous income and fees for services

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Audit and inspection fees (from the food industry)	890	929	890	929
Rent and Property Income (from sub-tenants)	44	55	44	55
Other income	576	166	477	166
Total Miscellaneous Income and Fees	1,510	1,150	1,411	1,150

Note 5. Investment revenue

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Interest Revenue	1,146	1,127	1,069	1,063
Less:				
Interest allocation to:-				
- Dairy Deregulation Assistance Fund	1	1	1	1
Net Interest Revenue	1,145	1,126	1,068	1,062

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

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

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	322	584	322	584
Written down value of assets disposed	(396)	(740)	(396)	(740)
Gain / (loss) on disposal of plant and equipment	(74)	(156)	(74)	(156)

Note 7. Employee Related Expenses / Personnel Services

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
Salaries and allowances	8,745	8,233	(195)	(173)
Superannuation	1,156	1,186	-	-
Workers Compensation	51	88	-	-
Fringe Benefit Tax	43	33	-	-
Other Employee Related Expenses	188	183	-	-
Annual and Long Service Leave	1,462	974	-	-
Payroll Tax	615	629	-	-
Personnel Services	-	-	12,455	11,499
Total Employee Related Expenses / Personnel Services	12,260	11,326	12,260	11,326

Note 8. Other operating expenses

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
External Audit Fees - Current year	81	79	77	75
Consultancy (a)	71	341	66	341
Contractors	791	796	745	765
Information Technology Costs	483	940	483	940
Financial Duty and Charges	14	10	14	10
Laboratory Services	1,367	1,277	1367	1,277
Legal Fees	1,288	273	1288	273
Miscellaneous Expenses	404	475	391	459
Producer Levy Administration Fee	82	80	82	80
Public Relations and Advertising	10	331	10	331
Rent	106	72	102	72
Staff Training	173	233	172	233
Temporary Staff	205	142	205	142
Stakeholder Liaison	441	267	386	266
Stores, Stationery & Printing	266	509	266	509
Postage & Telephone	344	345	344	345
Travel	960	960	863	942
Total Other Operating Expenses	7,086	7,130	6,861	7,060

(a) Consultancy

During the year, NSW Food Authority engaged 5 consultants at a total cost of \$66,312. This compares with 12 consultants last year at a cost of \$340,855.



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 9. Depreciation and amortisation expense

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	183	183	183	183
Equipment	50	32	50	32
Computers	44	34	44	34
Furniture	31	29	31	29
Motor Vehicles	134	114	134	114
Depreciation expense	442	392	442	392
Amortisation				
Intangibles	202	163	202	163
Amortisation expense	202	163	202	163
Total depreciation and amortisation	644	555	644	555

Note 10. Cash

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

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	\$'000	\$'000
Cash at Bank	2,797	4,626	(1,036)	1,098
Cash Advances	73	54	58	54
Total Cash	2,870	4,680	(978)	1,152
Short Term Deposits	9,866	9,830	9,036	8,959
Total Cash	12,736	14,510	8,058	10,111

Note 11. Receivables

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	\$'000	\$'000
Receivables	1,632	1,815	1,570	1,852
Allowance for impairment of receivables	(232)	(247)	(232)	(247)
Total Receivables	1,400	1,568	1,338	1,605

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 12. Property, plant and equipment

12 (a) Net carrying amount less accumulated depreciation

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Land:				
At fair value	1,470	1,470	1,470	1,470
Net carrying amount	1,470	1,470	1,470	1,470
Buildings:				
Gross carrying amount	6,014	6,014	6,014	6,014
Accumulated depreciation and impairment	(1,213)	(1,030)	(1,213)	(1,030)
Net carrying amount at fair value	4,801	4,984	4,801	4,984
Total Land and Buildings:				
Gross carrying amount	7,484	7,484	7,484	7,484
Accumulated depreciation and impairment	(1,213)	(1,030)	(1,213)	(1,030)
Net carrying amount at fair value	6,271	6,454	6,271	6,454
Motor vehicles:				
At cost	1,261	1,266	1,261	1,266
Accumulated depreciation and impairment	(145)	(87)	(145)	(87)
Net carrying amount	1,116	1,179	1,116	1,179
Computer equipment:				
At cost	932	931	932	931
Accumulated depreciation and impairment	(489)	(445)	(489)	(445)
Net carrying amount	443	486	443	486
Other equipment:				
At cost	659	649	659	649
Accumulated depreciation and impairment	(429)	(379)	(429)	(379)
Net carrying amount	230	270	230	270
Furniture & Fittings:				
At cost	981	980	981	980
Accumulated depreciation and impairment	(784)	(753)	(784)	(753)
Net carrying amount	197	227	197	227
Total Plant and Equipment:				
At cost	3,833	3,826	3,833	3,826
Accumulated depreciation and impairment	(1,847)	(1,664)	(1,847)	(1,664)
Net carrying amount	1,986	2,162	1,986	2,162
Net Carrying Amount	8,257	8,616	8,257	8,616

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

Management is of the view that the market value of the remaining assets is assessed as being the written down value at 30 June 2008.

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

12 (b) Reconciliation of carrying amounts

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

2008	Consolidated			NSW Food Authority		
	Land and Buildings	Plant and Equipment	Total	Land and Buildings	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at 1 July 2007	6,454	2,162	8,616	6,454	2,162	8,616
Additions	-	477	477	-	477	477
Disposals	-	(470)	(470)	-	(470)	(470)
Net revaluation increment less revaluation decrement	-	-	-	-	-	-
Depreciation expense	(183)	(259)	(442)	(183)	(259)	(442)
Depreciation written back on assets disposed	-	76	76	-	76	76
Net carrying amount at 30 June 2008	6,271	1,986	8,257	6,271	1,986	8,257
2007	Land and Buildings	Plant and Equipment	Total	Land and Buildings	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net carrying amount at 1 July 2006	6,637	1,509	8,146	6,637	1,509	8,146
Additions	-	1,602	1,602	-	1,602	1,602
Disposals	-	(867)	(867)	-	(867)	(867)
Net revaluation increment less revaluation decrement	-	-	-	-	-	-
Depreciation expense	(183)	(209)	(392)	(183)	(209)	(392)
Depreciation written back on assets disposed	-	127	127	-	127	127
Net carrying amount at 30 June 2007	6,454	2,162	8,616	6,454	2,162	8,616



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 13. Other financial assets

Investment in controlled and associated companies

13 (a) Non-current other financial assets

	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Controlled companies at fair value	1,140	1,195
Total Non-Current Other Financial Assets	1,140	1,195

13 (b) Reconciliation of carrying amounts

2008	Milk Marketing (NSW) Pty Limited \$'000	Pacific Industry Services Corporation Pty Limited \$'000	Total \$'000
Carrying amount at 1 July 2007	965	230	1,195
Operating surplus/(deficit)	(48)	(7)	(55)
Carrying amount at 30 June 2008	917	223	1,140

Note 14. Intangibles

14 (a) Net carrying amount less accumulated depreciation

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Intangible Assets				
Software				
Cost	3,985	3,484	3,985	3,484
Accumulated amortisation and impairment	(2,175)	(1,973)	(2,175)	(1,973)
Net Carrying Amount	1,810	1,511	1,810	1,511



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

14 (b) Reconciliation of carrying amounts

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

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
			\$'000	\$'000
Net carrying amount at 1 July 2007	1,511	668	1,511	668
Additions	501	1,006	501	1,006
Disposals	-	-	-	-
Amortisation expense	(202)	(163)	(202)	(163)
Depreciation written back on assets disposed	-	-	-	-
Net carrying amount at 30 June 2008	1,810	1,511	1,810	1,511

Note 15. Payables

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
			\$'000	\$'000
Accrued salaries, wages and on-costs	87	77	87	77
Creditors	1,504	2,824	1,470	2,816
Total Payables	1,591	2,901	1,557	2,893

Note 16. Provisions

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
			\$'000	\$'000
16 (a) Current provisions				
Annual leave	1,497	1,270	-	-
Long Service leave	3,099	2,918	-	-
Provision for redundancy	17	18	-	-
Total Current Provisions	4,613	4,206	-	-
Total Provisions	4,613	4,206	-	-



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

16 (b) Annual leave

The liability at 30 June 2008 was \$1,496,529 (2007 - \$1,270,347). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value.

The value of annual leave expected to be taken within twelve months is \$1,122,397 (2007 - \$952,760) and \$374,132 (2007 - \$317,587) after twelve months.

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Leave taken and entitlement for the year are as follows:				
Balance at beginning of the financial year	1,270	1,594	-	-
Less: Value of leave taken during the year	1,035	945	-	-
	235	649	-	-
Add: Value of increased entitlement during the year	1,262	621	-	-
Balance at the end of the financial year	1,497	1,270	-	-

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

16 (c) Long Service Leave

The total liability at 30 June 2008 was \$3,098,667 (2007 - \$2,918,234).

The value of long service leave expected to be taken within twelve months is \$2,943,734 (2007 - \$2,772,322) and \$154,933 (2007 - \$145,912) after twelve months.

This liability comprises:

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Short term - expected to be settled within 12 months	2,944	2,772	-	-
Long term - not expected to be settled within 12 months	155	146	-	-
Balance at the end of the financial year	3,099	2,918	-	-

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





NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 16 (d) Superannuation

Accounting policy

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

Fund information

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

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

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

All the schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligation at beginning of the year	2,740	2,400	844	845	36,965	39,121
Current service cost	115	102	47	49	147	159
Interest cost	173	141	52	48	2,297	2,249
Contributions by Fund participants	60	51	-	-	164	182
Actuarial (gains) / losses	298	87	3	28	(709)	(3,602)
Benefits paid	(290)	(41)	(70)	(126)	(3,047)	(1,144)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	3,096	2,740	876	844	35,817	36,965

Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	2,494	2,059	813	785	45,520	40,569
Expected return on Fund assets	193	159	64	59	3,523	3,018
Actuarial gains/(losses)	(260)	171	(123)	46	(6,322)	2,632
Employer contributions	133	95	56	48	297	264
Contributions by Fund participants	60	51	-	-	164	182
Benefits paid	(290)	(41)	(70)	(125)	(3,047)	(1,145)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	2,330	2,494	740	813	40,135	45,520



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Reconciliation of the assets and liabilities recognised in the balance sheet

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligation at end of year	3,096	2,740	876	844	35,817	36,965
Fair value of Fund assets at end of year	(2,330)	(2,494)	(740)	(813)	(40,135)	(45,520)
Subtotal	766	246	136	31	(4,318)	(8,555)
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	1,836	6,547
Net Liability/(Asset) recognised in balance sheet at end of year	766	246	136	31	(2,482)	(2,008)

Expense recognised in income statement

Components Recognised in Income Statement	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	115	102	47	49	147	159
Interest cost	173	141	52	48	2,297	2,249
Expected return on Fund assets (net of expenses)	(193)	(159)	(64)	(59)	(3,523)	(3,018)
Actuarial losses/(gains) recognised in year	558	(84)	126	(18)	5,613	(6,234)
Past-service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	(4,711)	6,547
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	653	-	161	20	(177)	(297)

Amounts recognised in the statement of recognised income and expense

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	-	-	-	-	-	-
Adjustment for limit on net asset	-	-	-	-	-	-

Cumulative amount recognised in the statement of recognised income and expense

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	-	-	-	-	-	-
Cumulative adjustment for limitation on net asset	-	-	-	-	-	-



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Fund assets

The percentage invested in each asset class at the balance sheet date:

	30-Jun-08	30-Jun-07
Australian equities	31.6%	33.6%
Overseas equities	25.4%	26.5%
Australian fixed interest securities	7.4%	6.8%
Overseas fixed interest securities	7.5%	6.4%
Property	11.0%	10.1%
Cash	6.1%	9.8%
Other	11.0%	6.8%

Fair value of Fund assets

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

Expected rate of return on assets

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

Actual return on Fund assets

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(186)	304	(58)	105	(2,821)	5,650



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation method

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

b) Economic Assumptions

	30-Jun-08	30-Jun-07
Salary increase rate (excluding promotional increases)	3.5% pa	4.0 % pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets backing current pension liabilities	8.3%	7.6%
Expected rate of return on assets backing other liabilities	7.3%	7.6%
Discount rate	6.55%pa	6.4% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2008 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors - the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Total & Permanent Disability	Retirement	Resignation	Redundancy	
Males						
30	4	8	-	280	150	2.90
40	6	10	-	150	150	1.80
50	11	30	-	112	150	0.00
60	30	-	1400	-	150	0.00
Females						
30	2	2	-	372	150	2.90
40	3	6	-	175	150	1.80
50	7	28	-	144	150	0.00
60	18	-	1500	-	150	0.00



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

(ii) SSS Contributors - the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

Age nearest Birthday	Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:					Additional promotional salary increase rate %
	Death	Ill-health Retirement	Retirement (R60 for females)	Cash Resignation (R60 for females)	Preservation (R60 for females)	
Males						
30	4	42	-	178	95	2.90
40	6	54	-	80	140	1.80
50	11	144	-	20	50	0.00
60	30	-	6500	-	-	0.00
Females						
30	2	6	-	204	124	2.90
40	3	21	-	72	105	1.80
50	7	103	-	30	90	0.00
60	18	-	6300	-	-	0.00

Note : Different assumptions apply to females who have elected to retire at age 55 (R55 members).

(iii) SSS Commutation - the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Proportion of pension commuted	
	Retirement	Breakdown
Later of commencement or age 55	0.15	0.20
	Widow	Widower
55	0.2500	0.2500
65	0.5380	0.5800
75	0.4825	0.5160
85	0.3928	0.3728

(iv) SSS Pensioner Mortality - assumed mortality rates (in 2006/2007) for SSS pensioners (separately for normal retirement/spouses and invalidity)

Age	Retirement Pensioners Spouses and Widows		Invalidity Pensioners	
	Males	Females	Males	Females
55	0.0025	0.0014	0.0081	0.0066
65	0.0070	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements - per annum assumed rates of mortality improvement for SSS pensioners

Age	Improvement rates- (for years post 2006)	
	Males	Females
55	0.0152	0.0113
65	0.0101	0.0065
75	0.0087	0.0068
85	0.0052	0.0080



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Historical information

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,096	2,740	876	844	35,817	36,965
Fair value of Fund assets	(2,330)	(2,494)	(740)	(813)	(40,135)	(45,520)
(Surplus)/Deficit in Fund	766	246	136	31	(4,318)	(8,555)
Experience adjustments – Fund liabilities	298	87	3	28	(709)	(3,602)
Experience adjustments – Fund assets	260	(171)	122	(46)	6,322	(2,632)

Expected contributions

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions	114	97	53	54	263	291





NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2008 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,099	2,712	880	836	32,800	33,210
Net market value of Fund assets	(2,330)	(2,494)	(740)	(812)	(40,135)	(45,520)
Net (surplus)/deficit	769	218	140	24	(7,335)	(12,310)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07	30-Jun-08	30-Jun-07
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

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

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

(d) Economic assumptions

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

Weighted-Average Assumptions		
	30-Jun-08	30-Jun-07
Expected rate of return on Fund assets backing current pension liabilities	7.7% pa	7.7% pa
Expected rate of return on Fund assets backing other liabilities	7.0% pa	7.0% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

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

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

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

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Surplus For The Year From Ordinary Activities	(1,236)	946	(1,085)	262
(Increment) / Decrement on Revaluation of Non-Current Investments	-	-	55	5
(Increment) / Decrement on Revaluation of Land & Building	-	-	-	-
Depreciation and amortisation	644	555	644	555
Loss on Sale of Non-Current Assets	74	156	74	156
Doubtful Debts Written Off	(14)	(25)	(14)	(25)
Superannuation Provision	151	(684)	-	-
(Increase) / Decrease in Receivables	151	20,689	280	231
(Decrease) / Increase in Other Payables	(1,281)	(18,843)	(1,336)	(2,256)
(Decrease) / Increase in Industry Funds	2	(1,231)	2	(533)
(Decrease) / Increase in Provisions	407	-	-	-
(Decrease) / Increase in Income Received in Advance	(16)	162	(16)	162
Net Cash Flows From Operating Activities	(1,118)	1,725	(1,396)	(1,443)



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 18. Related Parties

18 (a) Wholly-owned group

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

18 (b) Consolidation summary

2008	Total Income \$'000	Operating result \$'000	Total assets \$'000
NSW Food Authority	19,488	(1,085)	20,603
Pacific Industry Services Corporation Pty Limited	15	(7)	228
Milk Marketing (NSW) Pty Limited	161	(48)	1,022
Office of the NSW Food Authority	12,304	(151)	5,146
Consolidation eliminations	(12,400)	55	(1,216)
Total	19,568	(1,236)	25,783

2007	Total Income \$'000	Operating result \$'000	Total assets \$'000
NSW Food Authority	20,070	262	23,038
Pacific Industry Services Corporation Pty Limited	13	5	239
Milk Marketing (NSW) Pty Limited	52	(10)	1,009
Office of the NSW Food Authority	12,183	684	4,891
Consolidation eliminations	(11,494)	5	(1,241)
Total	20,824	946	27,936

18 (c) Related party transactions

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

Outstanding balances

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

	2008 \$'000	2007 \$'000
<i>Current Receivables</i>		
Pacific Industry Services Corporation Pty Limited	-	6
Milk Marketing (NSW) Pty Limited	75	38
The Office of the NSW Food Authority	-	-
	75	44
<i>Current Payables</i>		
The Office of the NSW Food Authority	-	-

NSW FOOD AUTHORITY
ABN 47 080 404 416

Notes to and Forming Part of the Financial Report
For the Year Ended 30 June 2008

Note 19. Equity

19 Changes in equity

	Consolidated						NSW Food Authority					
	Accumulated Funds		Asset Revaluation Reserve		Total Equity		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance	19,627	18,681	-	-	19,627	18,681	18,943	18,681	-	-	18,943	18,681
Gain/(loss) on revaluation of properties	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) recognised directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the period	(1,236)	946	-	-	(1,236)	946	(1,085)	262	-	-	(1,085)	262
Closing Balance	18,391	19,627	-	-	18,391	19,627	17,858	18,943	-	-	17,858	18,943



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 20. Expenditure Commitments

20 (a) Operating lease commitments

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Not later than one year	41	171	41	171
Later than one year and not later than 5 years	-	-	-	-
Total (including GST)	41	171	41	171

Representing non cancellable leases:

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Premises	41	38	41	38
Motor Vehicles	-	133	-	133
Total (including GST)	41	171	41	171

20 (b) Contractual commitments

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Not later than one year	1,761	2,347	1,761	2,347
Later than one year and not later than 5 years	-	41	-	41
Total (including GST)	1,761	2,388	1,761	2,388

Representing non cancellable contracts:

	Consolidated 2008 \$'000	Consolidated 2007 \$'000	NSW Food Authority 2008 \$'000	NSW Food Authority 2007 \$'000
Business Continuity Plan	-	29	-	29
Communications	33	172	33	172
Computer Systems Maintenance	104	184	104	184
Consultants	35	58	35	58
Contract Laboratory Services	1,353	1,353	1,353	1,353
Software Upgrade	-	143	-	143
Human Resources	152	292	152	292
Maintenance	40	157	40	157
Sponsorship	44	-	44	-
Total (including GST)	1,761	2,388	1,761	2,388

The total expenditure commitments above include input tax credits of \$163,764 (\$232,666 in 2006/2007) that are expected to be recoverable from the Australian Taxation Office.



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 21. Contingent assets and contingent liabilities

(a) NSW Food Authority

(i) As at balance date 30 June 2008, NSW Food Authority has one material contingent liability:

A claim for equitable relief including accumulating legal costs has been brought against the NSW Food Authority in the Supreme Court. Advice has been received from counsel estimating that the cost of the claim at \$3,465,620 (2006/07 \$3,036,000).

(ii) As at balance date 30 June 2008 (and 30 June 2007), NSW Food Authority has one material contingent asset.

There may be a GST input tax credit receivable from the Australian Taxation Office by the NSW Food Authority in respect of personnel services which were supplied by the Office of the NSW Food Authority for the period 17 March 2006 to 30 June 2006. We estimate the total amount of this contingent asset to be \$315,915. As at 30 June 2008, the NSW Food Authority has sought professional advice to assess the Authority's position and has made a representation to the Australian Taxation Office, for which it is awaiting a reply (2006/07 - \$4,580,670).

(b) Milk Marketing

Milk Marketing has no material contingent assets or contingent liabilities at 30 June 2008 (2006/2007 nil).

(c) Pacific Industry Services Corporation

Pacific Industry Services Corporation has no material contingent assets or contingent liabilities at 30 June 2008 (2006/2007 nil).

(d) The Office of the NSW Food Authority

The Office of the NSW Food Authority has no material contingent assets at 30 June 2008 (2006/2007 nil).

At balance date 30 June 2008, the Office of the NSW Food Authority has one material contingent liability:

A GST liability may exist in respect of the provision of personnel services by the Office of the NSW Food Authority to the NSW Food Authority for the period 17 March to 30 June 2006. We estimate the total amount of this contingent liability to be \$315,915. As at 30 June 2008, the Office of the NSW Food Authority has sought professional advice to assess the Office's position and has made representation to the Australian Taxation Office, for which it is awaiting a reply (2006/07 - \$4,580,670).

Note 22. Segment information

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

Note 23. Events subsequent to balance date

There were no significant events subsequent to 30th June 2008 and prior to the date of this report.



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of the Financial Report For the Year Ended 30 June 2008

Note 24. Other current liabilities

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
			\$'000	\$'000
Milk Industry Funds	25	24	25	24
Income Received in Advance	1,163	1,178	1,163	1,178
Total Other Current Liabilities	1,188	1,202	1,188	1,202

24 (a) Milk industry funds

There was one fund in operation during the period. The Deregulation Assistance Fund established to assist the dairy industry in paying costs associated with Farm Gate Deregulation. The Contingency Fund which allowed NSW Food Authority to pay abnormal industry costs operated until fully paid out during the year 2006/07.

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

	Consolidated		NSW Food Authority			NSW Food
	2008	2007	2008	Contingency	Dairy	Authority
	\$'000	\$'000	\$'000	Fund	Fund	2007
				\$'000	\$'000	\$'000
Balance at 1 July 2007	24	557	24	-	24	557
Add:						
Interest received	1	12	1	-	1	12
	25	569	25	-	25	569
Less:						
Payments/transfers between funds	-	(545)	-	-	-	(545)
Milk Industry Funds Balance at 30 June 2008	25	24	25	-	25	24

24 (b) Income received in advance

	Consolidated		NSW Food	NSW Food
	2008	2007	Authority	Authority
	\$'000	\$'000	2008	2007
			\$'000	\$'000
Licence Fees	859	814	859	814
Other Income	304	364	304	364
Total Income Received in Advance	1,163	1,178	1,163	1,178



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

Note 25. Financial instruments

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

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

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

(a) Financial instrument categories : NSW Food Authority

Financial Assets	Note	Category	Carrying Amount	
			2008 \$'000	2007 \$'000
Class:				
Cash and cash equivalents	10	N/A	8,058	10,111
Receivables ¹	11	Loans and receivables (at amortised cost)	2,512	2,593
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	1,557	2,893

(b) Financial instrument categories : Consolidated Entity

Financial Assets	Note	Category	Carrying Amount	
			2008 \$'000	2007 \$'000
Class:				
Cash and cash equivalents	10	N/A	12,736	14,510
Receivables ¹	11	Loans and receivables (at amortised cost)	2,622	2,595
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	1,591	2,901

Notes

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

(b) Credit Risk

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

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

Cash

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



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

Receivables - trade debtors

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

The entity is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2008: \$2,281,381; 2007: \$2,451,940) and not less than 6 months past due (2008: \$407,082 ; 2007: \$331,616) are not considered impaired and together these represent 100% of the total trade debtors. Most of the entity's debtors have a AAA credit rating. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

(a) NSW Food Authority

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2008			
< 3 months overdue	2,512	2,512	-
3 months - 6 months overdue	176	176	-
> 6 months overdue	-	-	-
2007			
< 3 months overdue	2,496	2,496	-
3 months - 6 months overdue	287	287	-
> 6 months overdue	-	-	-

(b) Consolidated Entity

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2008			
< 3 months overdue	2,512	2,512	-
3 months - 6 months overdue	176	176	-
> 6 months overdue	-	-	-
2007			
< 3 months overdue	2,496	2,496	-
3 months - 6 months overdue	287	287	-
> 6 months overdue	-	-	-

Notes

- Each column in the table reports 'gross receivables'.
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the balance sheet.



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

NSW Food Authority and Consolidated Entity Deposits

NSW Food Authority has placed funds on deposit with TCorp, which has been rated “AAA” by Standard and Poor’s. These deposits are similar to money market or bank deposits and can be placed “at call” or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 7.92% (2007– 6.55%), while over the year the weighted average interest rate was 6.81% (2007 – 6.41%) on a weighted average balance during the year of \$1,155,464 (2007 – \$1,083,711). None of these assets are past due or impaired.

(c) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer’s Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer’s Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2006/07 – 0%).

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

Notes to and Forming Part of Financial Report
For the Year Ended 30 June 2008

Maturity analysis and interest rate exposure of financial liabilities

(a)	NSW Food Authority	Interest Rate Exposure					Maturity Dates		
		Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2008			1,557	-	-	1,557	1,557	-	-
	<i>Payables</i>		1,557	-	-	1,557	1,557	-	-
2007			2,893	-	-	2,893	2,893	-	-
	<i>Payables</i>		2,893	-	-	2,893	2,893	-	-

Maturity analysis and interest rate exposure of financial liabilities

(b)	Consolidated entity	Interest Rate Exposure					Maturity Dates		
		Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2008			1,591	-	-	1,591	1,591	-	-
	<i>Payables</i>		1,591	-	-	1,591	1,591	-	-
2007			2,901	-	-	2,901	2,901	-	-
	<i>Payables</i>		2,901	-	-	2,901	2,901	-	-



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2007. The analysis assumes that all other variables remain constant.

Interest rate risk

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

(a) NSW Food Authority

	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2008					
<i>Financial assets</i>					
Cash and cash equivalents	8,058	(81)	-	81	-
Receivables	1,338	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,557	-	-	-	-
Borrowings	-	-	-	-	-
2007					
<i>Financial assets</i>					
Cash and cash equivalents	10,111	(101)	-	101	-
Receivables	1,605	-	-	-	-
<i>Financial liabilities</i>					
Payables	2,893	-	-	-	-
Borrowings	-	-	-	-	-



NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

(b)	Consolidated entity				
	Carrying Amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2008					
<i>Financial assets</i>					
Cash and cash equivalents	12,736	(127)	-	127	-
Receivables	1,400	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,591	-	-	-	-
Borrowings	-	-	-	-	-
2007					
<i>Financial assets</i>					
Cash and cash equivalents	14,510	(145)	-	145	-
Receivables	1,568	-	-	-	-
<i>Financial liabilities</i>					
Payables	2,901	-	-	-	-
Borrowings	-	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2008 \$'000	2007 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years (pre-June 2008 - Up to 2 years)	1,194	1,117

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





NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to and Forming Part of Financial Report For the Year Ended 30 June 2008

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

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

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

NSW Food Authority and Consolidated Entity

	Change in unit price	Impact on profit/loss	
		2008 \$'000	2007 \$'000
Hour Glass Investment - Cash facility	-0.46%	(6)	(5)

(e) Fair Value

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

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

END OF AUDITED FINANCIAL REPORT



NSW FOOD AUTHORITY

Supplementary Financial Information

1. NSW FOOD AUTHORITY CONSOLIDATED ECONOMIC ENTITY PERFORMANCE AGAINST BUDGET

	Budget	Actual	Budget
	2008	2008	2009
	\$'000	\$'000	\$'000
Income			
Industry levies	1,000	1,074	1,000
License fees	4,528	4,528	5,091
Grants and contributions	11,462	11,462	11,747
Audit and inspection fees	992	890	1,175
Rent and property income	20	44	20
Interest income	1,100	1,145	1,100
Decrement on revaluation of non-current investments	-	(151)	-
Miscellaneous	271	576	960
Total Income	19,373	19,568	21,093
Expenditure			
Employee related expenses	12,528	12,217	13,176
Consultancy	233	71	172
Contractors	840	791	1,014
External audit fees - current year	95	81	92
FBT, financial duty and charges	72	57	118
Grants and subsidies	494	513	513
Information technology costs	415	483	637
Laboratory services	1,346	1,367	1,365
Legal fees	860	1,288	350
Loss on disposal of non-current assets	-	74	-
Maintenance	227	227	420
Miscellaneous expenses	700	404	300
Postage & telephone	332	344	271
Producer levy administration fee	80	82	80
Public relations and advertising	77	10	14
Rent	25	106	59
Staff training	243	173	256
Stakeholder Liaison	254	441	265
Stores, stationery & printing	309	266	275
Temporary staff	187	205	151
Travel	1,024	960	967
Depreciation and amortisation	686	644	583
Total Expenditure	21,027	20,804	21,078
SURPLUS/(DEFICIT) FOR THE YEAR	(1,654)	(1,236)	15

NSW FOOD AUTHORITY CONSOLIDATED ECONOMIC ENTITY

Supplementary Financial Information

2. 2007/08 INCOME AND EXPENDITURE BUDGET

The 2007/08 budget information represents the revised operating budget for the NSW Food Authority for the period, depicting a budgeted operating deficit of \$1,654,000. The actual operating result was a deficit of \$1,236,000.

The budgeted and actual operating results with respect to total Food Authority income are approximately equal with a slight increase in actual income received compared to budget of \$195,000.

Total budgeted expenditure is marginally over total actual expenditure recorded for the Food Authority by \$223,000 and is due chiefly to an underspend in employee related expenditure resulting from savings due to time lags experienced in filling of new and vacated positions.

It is also worth noting that actual expenditure on legal fees was \$1,288,000 compared to the revised budget of \$860,000. This overspend of \$428,000 was due to costs incurred in relation to a claim for equitable relief brought against the Food Authority in the Supreme Court.

3. ACCOUNTS PAYABLE

NSW Food Authority payment performance indicators.

	1st Quarter 30 Sep 07	2nd Quarter 31 Dec 07	3rd Quarter 31 Mar 08	4th Quarter 30 Jun 08
	\$	\$	\$	\$
Current i.e. Within due date	8,621,046	5,343,767	4,540,891	5,598,356
Less than 30 days overdue	-	-	-	-
Between 30 and 60 days overdue	-	-	-	-
Total dollar amount of accounts paid	8,621,046	5,343,767	4,540,891	5,598,356
Percentage of accounts paid on time	100.00%	100.00%	100.00%	100.00%

4. MAJOR ASSETS

Property held by the NSW Food Authority

	At Cost	At Valuation	WDV	WDV
	2008	2007	2007	2006
	\$'000	\$'000	\$'000	\$'000
Taree Office	-	475	475	490
Sydney Office	-	5,796	5,796	5,964
Total property held	-	6,271	6,271	6,454

5. CREDIT CARD USE

I certify that credit card use in the NSW Food Authority and Milk Marketing (NSW) Pty Limited in 2007/08 has been in accordance with Premier's Memoranda and Treasurer's Directions.



G R Davey
Director-General
NSW Food Authority



This page has been left blank intentionally.





This page has been left blank intentionally.

**Report design and
production**

Heather Johnston, Johnston Design

**Copywriting and
document management**

Tony Wragg

Photography

Carmen Lee Platt, Encapture Photography

Andrea Francolini Photography

Thanks to the following for location photography:

Campisi's Continental Butchery PL, West Hoxton

Entertainment Quarter Village Market, Moore Park

Hong Ha Bakery, Hurstville

Hurstville City Council staff



6 Avenue of the Americas, Newington NSW 2127

PO Box 6682, Silverwater NSW 1811

Tel: 02 9741 4777 Fax: 02 9741 4888

www.foodauthority.nsw.gov.au

Consumer and Industry Helpline

Tel: 1300 552 406 Fax: 02 9647 0026

Email: contact@foodauthority.nsw.gov.au

Office hours 8.30am to 5.30pm Monday to Friday

