



Food
Authority

Safer food, clearer choices

Annual Report 2011–12



Contents

2	Our Minister
3	Letter of submission
4	About us
8	1 Keeping food safe
26	2 Educating & informing
36	3 People & systems
40	4 Statutory reporting
45	Glossary
46	Financial information 2011–12
47	1 NSW Food Authority
95	2 Office of the NSW Food Authority
118	3 Pacific Industry Services Corporation Pty Limited

Our Minister



The NSW Government is committed to ensuring that food produced and sold in NSW is safe, and that consumers have clearer choices about the food they eat.

As Minister for Primary Industries, I am proud to say that NSW is the first State with a single through-chain regulatory agency responsible for regulating and monitoring food safety in NSW.

This means that 'from paddock to plate' consumers can be confident that the NSW Government is working with industry and other stakeholders to minimise foodborne illness, undertake compliance and enforcement work, and provide a public education service about food safety.

Through partnerships with industry, local councils and the community we are working to ensure that food businesses do the right thing and consumers are assisted to make informed and healthier choices.

The work undertaken by the NSW Food Authority delivers important and beneficial outcomes for businesses and the community. This includes:

- **The Food Safety Supervisor Program** – is ensuring that food service businesses such as cafes and restaurants have at least one staff member who has been trained in food safety. This scheme is helping to ensure food safety is a focus in the food service sector through training the people that handle food sold to consumers.
- **The 'Scores on Doors' trial** – is nearly complete with more than 800 food businesses and 28 councils registered to participate in the Authority's 'Scores on Doors' hygiene rating program during the first ten months of a twelve month trial. The program allows consumers to make informed choices and helps to improve food safety and hygiene standards in the food retail and foodservice sectors. The program assesses participating food businesses against relevant food safety legislation. They are awarded a star rating based on this information.
- **Streamlining regulatory processes to improve food safety** – by working closely with industry on initiatives such as alternative compliance methods for wild shellfish harvesters and childcare centres, and by focussing on continuous improvement, the Authority has achieved more than \$3 million in savings to industry.
- **Improving egg safety** – A number of initiatives have been introduced to address increasing foodborne illness cases attributable to *Salmonella* in egg related products over the past few years. To increase egg handling education among consumers the Authority launched a popular mobile games app – Good Glen and the Bad Eggs – which went on to win an Australian Mobile Award. On the industry front, egg sector audits—held for the first time this year—showed a 95 per cent compliance rate, indicating that most businesses are following the rules.
- **Blewett labelling review** – The Authority provided valuable input into the national response to this review, which aims to standardise national labelling laws and make information on food labels clearer and more useful. The ideas generated from this review will set the future direction of labelling laws across Australia.

These achievements and the effective day to day operations could not be achieved without the professionalism of the NSW Food Authority's dedicated staff and management.

A stylized black ink signature of The Hon Katrina Hodgkinson MP, written in a cursive, flowing style.

The Hon Katrina Hodgkinson MP
Minister for Primary Industries
Minister for Small Business

“ The work undertaken by the NSW Food Authority delivers important and beneficial outcomes for businesses and the community.

Letter of submission



31 October 2012

The Hon. Katrina Hodgkinson MP
Minister for Primary Industries
Minister for Small Business
Level 30, 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 controlled entities, the Office of the NSW Food Authority and Pacific Industry Services Corporation Pty Limited for the year ended 30 June 2012.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Polly Bennett'.

Polly Bennett
Chief Executive Officer
NSW Food Authority

About us

The NSW Food Authority is a government agency that works to ensure food sold in the state is safe and correctly labelled, and that consumers are provided with information that helps them make informed choices about the food they eat.



Our charter

The Authority provides the regulatory framework for the food industry in New South Wales by administering and enforcing state and national food legislation. This includes the national Food Standards Code and the *Food Act 2003* (NSW), as well as a range of food safety schemes in the Food Regulation 2010, which regulate key industry sectors of the food industry.

We were established on 5 April 2004 through the merger of SafeFood NSW with the food regulatory staff and resources of NSW Health.

Responsible to the Minister for Primary Industries, the Authority provides a single point of contact on food safety for industry, local government and consumers. We are Australia's first through-chain food regulatory agency, regulating and monitoring food safety across New South Wales—from primary production through to point of sale.

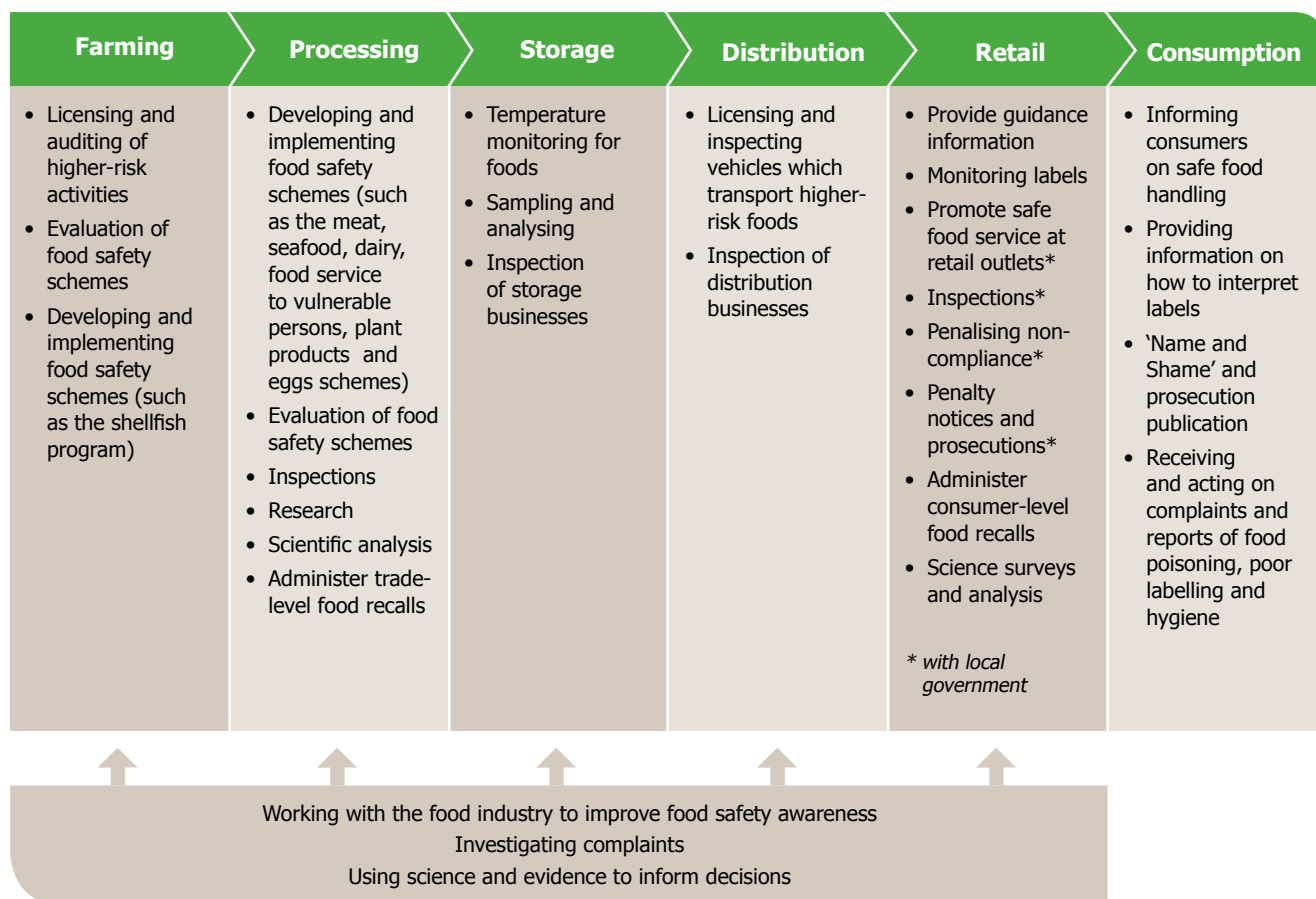
The Authority sits within the Primary Industries ministerial portfolio and is one of the agencies that makes up the Department of Trade and Investment, Regional Infrastructure and Services NSW (NSW Trade & Investment).

Our aims and objectives




- Ensuring the safety and integrity of the food supply in NSW by regulating and monitoring food safety, managing food related incidents such as foodborne illness outbreaks and participating in safe food handling promotions—in conjunction with other government agencies, industry and local councils.
- Contributing to the development and implementation of trans-Tasman food policies.
- Being actively involved in applications and proposals to amend the Food Standards Code.
- Establishing food safety schemes for higher-risk foods and businesses through a process of risk analysis.
- Educating consumers by providing information on good food handling practices and assistance in understanding food labels.
- Leading the way on national policy initiatives such as the disclosure of nutrition information in fast food outlets.

“ The Authority provides the regulatory framework for the food industry in New South Wales.

Our contribution to food safety



NSW Food Authority – Vision, Key Result Areas, Outcomes

Vision – <i>Safer food, clearer choices</i>			
Key Result Areas	Safe food produced and sold in NSW 	Well-informed industry and consumers 	Excellence in client service and delivery 
Outcomes	<ol style="list-style-type: none"> 1. Reduction in foodborne illness in NSW 2. Incidents and emergencies relating to food are effectively managed 3. Compliance of NSW food industry with food regulations is maximised 4. Regulatory burden on the food industry is appropriate to the risk 	<ol style="list-style-type: none"> 1. The food industry has access to appropriate, effective information on food safety, labelling and standards 2. Consumers have information on food safety and are able to make informed choices about the food they eat 	<ol style="list-style-type: none"> 1. Safe, skilled and accountable people working safely 2. Our services meet client and community needs and communities participate in decision-making 3. Community confidence in our services is increased

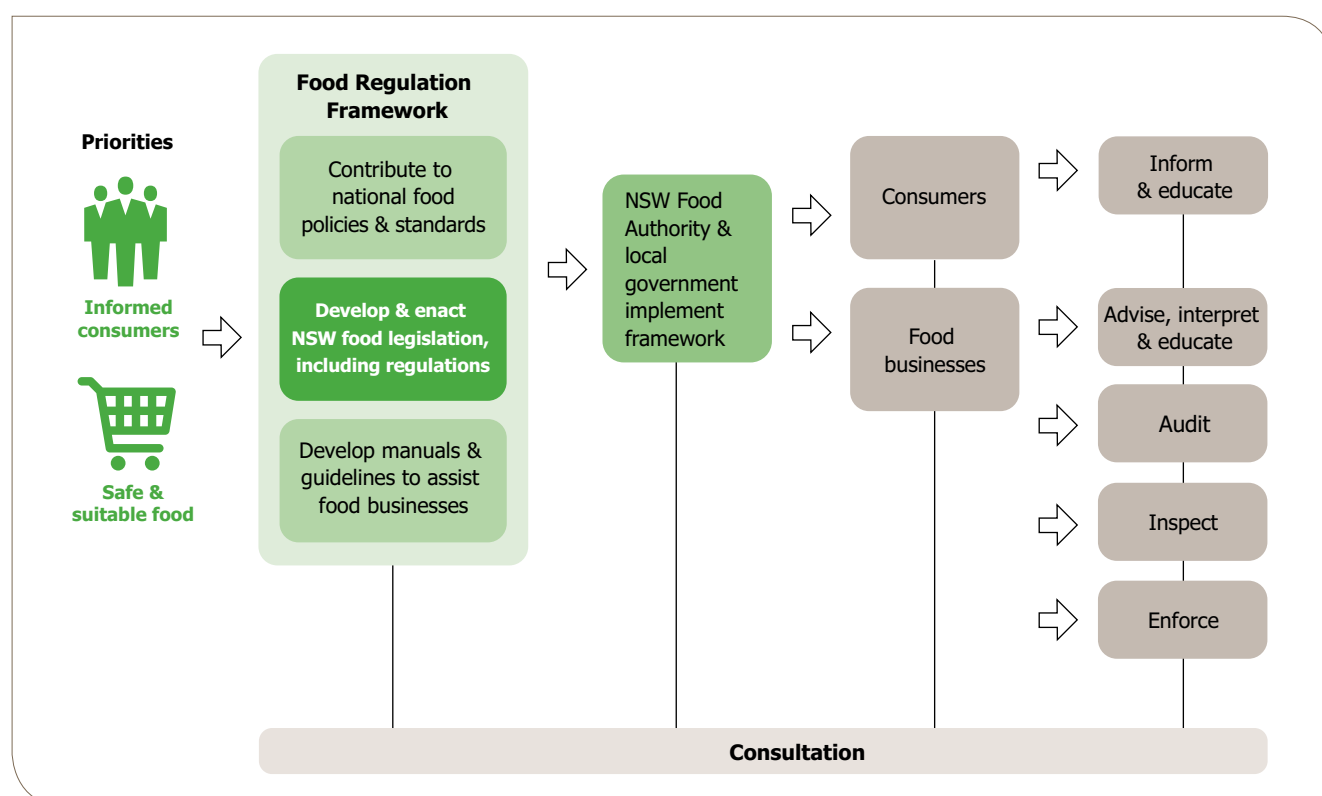
Our corporate plan KRAs

Throughout the year the operations of the NSW Food Authority were underpinned by five Key Result Areas (KRAs) linked closely to our Corporate Plan. These formed the basis of our approach to everything we did. To fulfil our food safety role, we focused on the following KRAs:

1. Safer food, clearer choices
2. Safe food produced and sold in NSW
3. Well informed industry and consumers
4. Effective service delivery
5. Governance and organisational support

In June 2012, we revised our Corporate Plan and began working to the plan outlined above. This will guide our activities from 2012 to 2015, and will be reviewed annually.

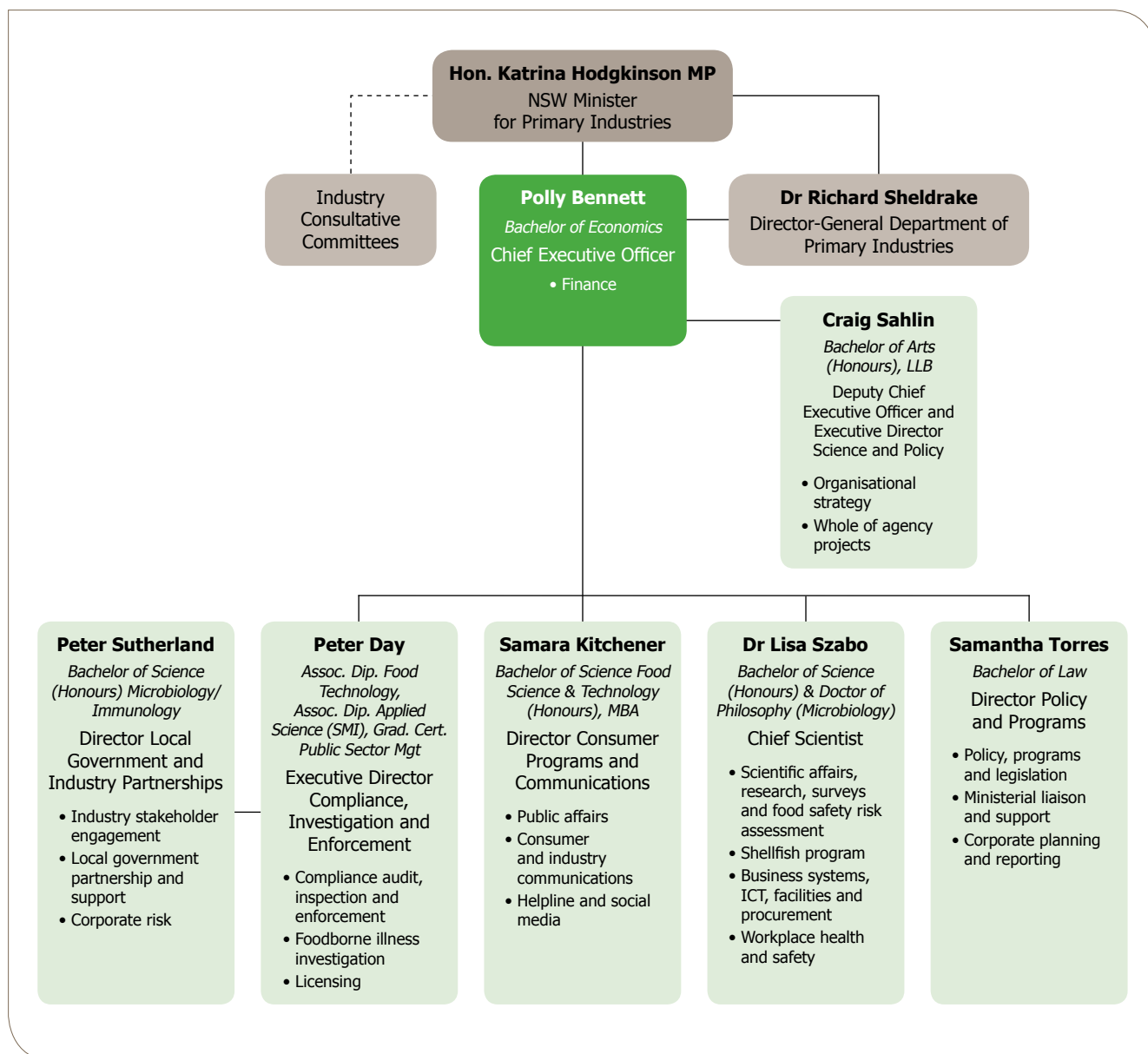
The NSW Food Regulation Framework





Dr Lisa Szabo, Craig Sahlin, Peter Day, Samantha Torres (back row L-R)
Samara Kitchener, Peter Sutherland, Polly Bennett (front row L-R).

Management team



1 Keeping food safe



To help keep food safe we:

1. Conduct risk based surveillance of all food industry sectors
2. Improve compliance of the NSW food industry with food regulations
3. Benchmark and verify NSW food industry performance

To deliver on our promise of 'safer food, clearer choices', the NSW Food Authority regulates businesses to keep food safe, enforces food safety laws and empowers others to help us reduce foodborne illness.

To maintain food safety and protect the community, the Authority enforces the requirements of the *Food Act 2003* to help ensure food is both safe and suitable for human consumption and prevent misleading or deceptive conduct in connection with the labelling, advertising and sale of food.

While most food businesses follow the rules, we are vigilant in pursuing those that don't.

We protect the community by:

- applying the Food Standards Code, including labelling and advertising compliance,
- inspecting food premises, vehicles and equipment used for the handling of food,
- auditing and verifying statutory food safety requirements.

The Authority works closely with 152 councils across NSW under the Food Regulation Partnership. Through this program, we collaborate with councils to improve consistency and compliance, and keep food safe.

There are around 55,000 food businesses in NSW. The Authority licenses 7065 of these, made up of 14,698 facilities. (See table on next page)

Food business compliance continues to improve

The Authority has in place targeted enforcement strategies that aim to ensure food sold in NSW is safe and correctly labelled.

The Authority uses a graduated approach to enforcement, providing businesses with opportunities to rectify problems before prosecutions are pursued. Notable changes in enforcement figures this year included:

- Prohibition orders down from 12 to 7, indicating a high level of compliance with improvement notices
- Warning letters down from 264 to 218
- Improvement notices down from 681 to 677
- Penalty notices down from 244 to 238
- Prosecutions down from 86 to 32

During 2011–12, the Authority finalised 32 prosecutions against six defendants in the Local Court, maintaining a 100 per cent success rate. Five additional matters were heard during this period and were awaiting a reserved decision from the local court magistrate as at 30 June 2012. Prosecutions were down almost 50 per cent compared to the same period last year, showing the graduated enforcement approach is

working, with problems being rectified earlier in the process and less reliance on the court system.

Investigating significant food safety breaches

The Authority is responsible for investigating breaches of the *Food Act 2003*. The vast majority of New South Wales food businesses do the right thing. Our role is to keep things in check and identify and correct issues as they arise.

Our trained officers routinely undertake investigations of food businesses across the state to ensure they are doing the right thing. Non-compliance can result in enforcement action, including prosecution through the courts.

Significant cases this year included:

Manufacturer fined for selling *Listeria* contaminated chicken

A NSW manufacturer prosecuted for selling *Listeria* contaminated chicken used in 'Chicken wraps', was fined \$236,000 (plus costs). Twenty-five cases of listeriosis, including three stillbirths, were linked to the consumption of chicken used in the wraps. Six other cases were reported at a Brisbane conference in June 2009, caused by chicken supplied by the same business. The manufacturer has had its licence to operate a meat processing plant cancelled.

“ The Authority has in place targeted enforcement strategies that aim to ensure food sold in NSW is safe and correctly labelled.



2011–12 Licence numbers

Business	Number of licensed facilities
Animal food field depot	14
Animal food field harvesting	18
Animal food processing plant	21
Cold food store (dairy, meat, seafood, plant)	527
Dairy farm	779
Dairy farm (goat)	15
Dairy processing factories	147
Egg processing	8
Egg production	201
Egg production and processing	5
Farm milk collectors	119
Food service to vulnerable persons	1216
Food transport (dairy, meat, seafood, plant)	6622
Game meat field depot	124
Game meat field harvesting	968
Game meat primary processing plant	6
Handling wild caught seafood	1060
Knackery	7
Meat processing plant	346
Meat retail	1841
Non-shellfish aquaculture	45
Oyster farmer	282
Plant product processing plant	55
Poultry abattoir	39
Red meat abattoir	26
Rendering	7
Seafood processing plant	171
Shellfish wild harvest	29
TOTAL number of licensed facilities (up from 14,492 in 2010–11)	14,698

Highlights

Food business compliance improves

Prosecutions, penalty notices and prohibition orders on licensed businesses were all down this year—indicating a high level of compliance.

Fast Choices commences

The Authority worked with the food industry to help them prepare for this new legislation, which requires standard food outlets to display nutritional information on menus at point of sale.

Egg sector audits commence

Results from the first audits conducted with egg graders and processors under the Egg Food Safety Scheme showed a 95 per cent compliance rate.

Food Safety Auditor program adopted

More than 1000 licensed facilities across NSW have adopted this program, which allows approved auditors (other than Authority employees) to conduct regulatory food safety audits of licensed food businesses in NSW.

Butcher fined for selling meat containing sulphur dioxide

A western Sydney butcher, prosecuted this year for selling raw meat and sausages containing sulphur dioxide levels exceeding those permitted by the Food Standards Code, was fined \$9000 (plus costs). Since the prosecution, the Authority has conducted a number of unannounced compliance inspections (in addition to the usual regulatory audits) to ensure the butcher meets the required standards.

Noodle manufacturers warned over high preservative levels

Preliminary compliance testing of fresh noodles this year revealed a potential issue with preservative use that required further investigation.

It appeared manufacturers were adding preservative so that the noodles could be stored at ambient temperatures, rather than being properly refrigerated.

While the level of preservative found in some noodle samples was non-compliant, it was not likely to cause an adverse health effect in those consuming the noodles.

During 2010–11, twelve manufacturers were found to be breaching the Food Standards Code and were issued with warning letters.

As a follow up, Authority officers re-sampled products from the same manufacturers early in 2012. We discovered five of the twelve were now complying with the Code, while the remaining seven continued to breach the Code.

After further re-sampling, five of the seven were found to be using excess sorbic acid or using benzoic acid, which is not permitted. Each business that did not comply received a penalty notice. After two more rounds of testing, all offending businesses were compliant.

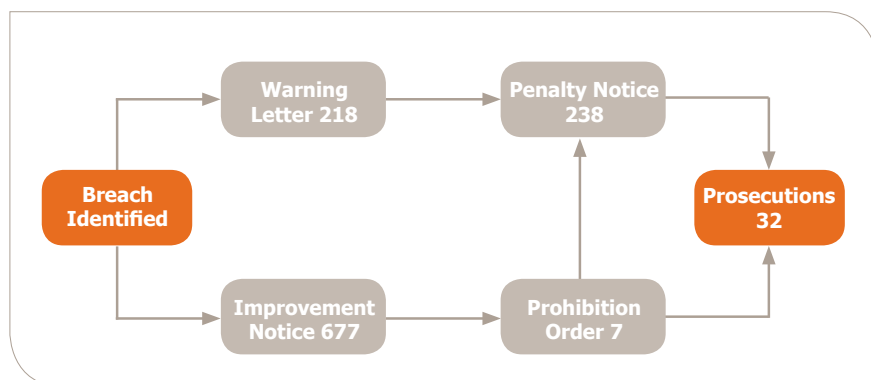
Further information is being developed to advise businesses of the requirement to store ready-to-eat noodle products under proper temperature control.

Percentage of auditable licensed businesses audited within schedule

Target	Actual	Variance
90%	111.9%	+21.9%

Our audit program activities were exceeded this year due to improved operational efficiencies and the introduction of an audit program in the egg sector. Increased audits in the meat sector were due to the introduction of an audit performance program.

2011–12 Graduated enforcement



Compliance and enforcement statistics			
Activity	Actual 2009–10	Actual 2010–11	Actual 2011–12
Audits	5732	5187	5527
Failed audits	688 12%	459 8%	515 9%
Inspections of licensed facilities	2431	3487	4604
Failed inspections of licensed facilities	92 3.7%	53 1.5%	64 1.4%
Inspections of non-licensed facilities	2388	3119	2580
Failed inspections of non-licensed facilities	256	477	499
Complaint investigations	1221	1010	1039
Investigations of foodborne disease incident (single case)	736	701	699
Investigations of foodborne disease incident (two or more people)	525	514	475
Labelling Compliance Surveillance Program investigations	335	348	254
Labelling Compliance Surveillance Program investigations resulting in enforcement action	N/A	308	93
Investigations of unlicensed businesses (resulting in enforcement action)	149	142	125
Written warning	176	264	218
Improvement notices	753	681	677
Penalty notices	249	244	238
Prohibition orders	16	12	7
Product seizures	37	21	20
Licence cancellations	0	1	2
Use of emergency orders	0	0	0
Prosecutions (finalised after hearing or plea of guilty)	120 prosecutions 8 defendants	86	32
Company instigated food recalls (nationwide)	52	67	66
Company instigated food recalls (NSW manufacturers)	26	28	23
Shellfish harvest area closures	381	472	929

Audits

Audits were up this year, due to first time audits being conducted in the eggs sector and an increase in licensee numbers.

Failed audits

The small increase in the number of unacceptable audit results was due to the newly regulated eggs sector, which was subject to auditing for the first time this year.

Inspections of licensed facilities

The increase recorded this year was due to continuing improvement in the coordination of the verification inspection program.

Inspections of non-licensed facilities

This year's decrease was due to a reduced number of new facilities entering the manufacturer wholesaler inspection program and improved compliance rates (following a sustained inspection program).

Responding to foodborne illness outbreaks

The NSW Ministry of Health and NSW Food Authority are jointly responsible for investigating outbreaks of foodborne illness.

Epidemiological investigation of potential food sources is undertaken by NSW Health, while environmental investigations (including inspection of food premises and collection and testing of samples) are conducted by the Authority.

Our Foodborne Illness Investigation (FBI) Unit is responsible for managing food related incidents and outbreaks. We do so in accordance with the National Food Incident Response Protocol and the Food Industry Emergency Sub-plan.

During 2011–12, the Authority was notified of 699 individual cases of foodborne illness (similar to the 701 recorded last year) and 475 incidents affecting two or more people (down from 514 last year).

For the past few years, *Salmonella* has been the organism of most concern. This continued to be the case this year, with 17 confirmed *Salmonella* outbreaks. Factors contributing to the majority of these outbreaks included a lack of skills and knowledge amongst some food handlers, inadequate cleaning and sanitising, and poor handling of eggs. Foods most commonly identified were those involving raw or inadequately processed eggs, including fried ice cream and mayonnaise.

The Authority has invested heavily in egg food safety through the recently introduced Egg Food Safety Scheme (see page 15), and other initiatives such as the hot bread shop program (see case study page 15), and training of local council Environmental Health Officers around raw egg food safety risks.

Total *Salmonella* notifications in NSW for 2011–12 (2790) were 25.5 per cent lower than for the previous twelve month period. Not all these notifications were food related, and the reduction was due to a number of factors, however it was an early indication that the interventions are working.

Twenty seizures of food products

In 2011–12, the Authority made 20 seizures compared with 21 last year.

Apart from food products, the Authority also seizes advertising material that breaches the Food Standards Code. This year, detox product advertising (containing misleading information) and a display advertising a product with an unsuitable food label (indicating the presence of ingredients not permitted under the Food Standards Code) were seized. (See *Annual seizure summary update on next page*)

“ The Authority has invested in egg food safety through the Egg Food Safety Scheme and other initiatives such as the hot bread shop program.



Percentage of auditable businesses that passed scheduled audits

Target	Actual	Variance
90%	90.7%	+0.7%

The compliance rate was above target, but slightly lower than last year when 91% was achieved (due to the auditing of the eggs sector for first time).

2011–12 Annual seizure summary

Commodity	Est quantity	Reasons for seizure
Dairy products		
Fetta cheese	10 kg	Premises not fit for producing safe and suitable food
Game meat products		
Feral pig carcasses	197 kg	Failure to comply with the requirements of a food safety program
Wild boar carcase	28 kg	No harvester identification carcase tags
Feral wild boar carcase		Unlicensed harvesting of wild game animals
Animal food kangaroo carcase	28 kg	
Meat products		
1. Sucuk sliced fermented 2. Sucuk 2kg pcs cooked 3. Cabanossi sliced 4. Shredded beef 5. Pepperoni sliced 6. Pepperoni pcs	90 kg 86 kg 168 kg 434 kg 316 kg 299 kg Total 1393 kg	Unlicensed manufacture of ready to eat meat products, no monitoring or testing records
Manufactured chicken kebab	8 kg	Did not comply with the requirements of the food regulation
Uncooked fermented sausage Raw chicken kebab (on stick)	40 kg	Premises not fit for producing safe and suitable food
Variety of dried & smoked smallgoods	168 kg	Evidence of unlicensed activity due to a breach of the <i>Food Act</i> S104
1 x lamb roller 351 NSW inspection stamp 351 1 x hogget roller 351		Evidence of offences under sections 104(1) & 104(3) in relation to failure to comply with meat food safety scheme, condition of licence, as well as section 18(1) of the Act
1 x 'grass fed/stress free' premium beef, black angus. No use by/lot	300 g	Labelling non-compliance S18(3) <i>Food Act</i> evidence of false description
Plant products		
Damaged packet pearl marley powder	300 g	Evidence of pest infestation contrary to clause 24 of food safety standards – standard 3.2.2
Seafood products		
Scallop meat roe on	2.7 kg	Imported scallop labelled as product of Australia
Cockles	92.5 kg	Harvested from an unclassified shellfish harvest area
Other products		
1. USP labs 'Jack 3d' tropical fruit punch 2. USP labs 'Jack 3d' grape bubblegum 3. USP labs 'Jack 3d' lemon lime	2.5 kg 2.5 kg 3.5 kg	Evidence of breach of S21 <i>Food Act</i> 2003. Not labelled in accordance with Food Standards Code. Declared ingredients not permitted in formulated supplementary sports food
1. Moti angle coffee (20 bags) 2. Moti angle coffee (10 bags) 3. Moti angle coffee advertisement	1 kg	Illegal product—contained undeclared chemical
Moti angel detox plum advertising		Misleading advertising
1. Leptin green coffee 800 2. Leptin slimming bag green tea 3. Leptin green coffee pure black 4. Leptin weight loss chocolate 5. Shift slimming green coffee	16 kg	Unsafe and illegal food slimming products
1. Buzzer – 3 in 1 – stamina & performance (150ml) 2. Cardboard push-up display advertisement for buzzer	2.25 kg	Unsuitable food label indicates presence of ingredients not permitted by Food Standards Code
1. TWIX 58g barcode-40111315 2. Snickers 57g barcode-5000159407397 3. Mars 51g barcode-5000159407236	7.1 kg	Parallel imported product. Evidence of food for sale that did not comply with the Food Standards Code, specifically standard 1.2.9 clause 2(1)
Mars 51g confection bar	6.12 kg	Parallel imported product. Evidence of food for sale that does not comply with the Food Standards Code, Standard 1.2.9—legibility requirements
1. Tins Karicare HA Gold+ marked UBD 1/6/11 2. Tin Karicare HA Gold+ marked UBD 17/3/11	3.6 kg	Sale by chemist shop of out of date product. Evidence of breach of the Food Standards Code— <i>Food Act</i> S21

Compliance project helps improve food safety at hot bread shops

The incidence of *Salmonella* outbreaks from raw egg foods served in hot bread shops prompted the Authority to undertake a targeted compliance project this year. Over the past five years, there have been seven large scale outbreaks of *Salmonella* from this type of premises—each associated with a high number of cases (more than 320 people in one instance). The compliance project involved 31 hot bread shops in Fairfield, with inspections, food safety workshops and re-inspections conducted between October 2011 and June 2012.

The Authority believes the high incidence of *Salmonella* in this sector is due to a lack of skills and knowledge, inadequate cleaning and sanitising, and the poor handling of eggs. The aim of this project was to increase food safety knowledge amongst hot bread shop operators and employees, improve overall compliance and reduce (or prevent) future outbreaks of food poisoning. Initial inspections highlighted some poor practices, however once owners and staff participated in our food safety workshops, compliance levels improved significantly.

Undertaking regulatory audits for DAFF

The Authority will undertake regulatory audits on behalf of the Department of Agriculture, Forestry and Fisheries (DAFF), following the signing of a Memorandum of Understanding (MOU) this year.

This agreement removes potential regulatory duplication, and reduces compliance costs for these industry sectors. It also enables a more efficient use of staff resources in the two agencies.

The audits will include areas where we have the most experience—dairy processors, single commodity dairy stores, shellfish harvesters, egg processors, red meat abattoirs (tier one), poultry abattoirs and game meat field harvesters.

DAFF will audit, on behalf of the Authority, export-registered multi-commodity dairy stores, export registered fishing vessels, and red meat (tier two) export abattoirs.

More than one thousand food businesses adopt regulatory food safety auditor program

More than one thousand licensed facilities across NSW have adopted the regulatory food safety (third party) auditor program.

The program (introduced in 2010–11), assists the Authority in monitoring and enforcing food safety compliance by allowing qualified and experienced

auditors (other than Authority employees) to conduct regulatory food safety audits of licensed food businesses in NSW. It is based on the National Food Safety Audit Policy and the National Regulatory Food Safety Auditor Guidelines. Auditors under this system may also be known as 'third party auditors' or commercially employed auditors.

As at 30 June 2012, there were 54 approved external regulatory food safety auditors. This compares with 28 at the same time last year.

Compliance rates high for first round of egg audits

Results from the first audits conducted with egg graders and processors under the Egg Food Safety Scheme have shown a 95 per cent compliance rate.

Audits of egg graders began in April 2011 and egg processors in December 2011.

At 30 June 2012, there were 209 egg licensees. During the year, 127 audits and 77 inspections were conducted on these facilities. Of these, three were issued with improvement notices.

The Egg Food Safety Scheme requires businesses that produce or process eggs and egg related products for sale to be licensed and implement food safety requirements. The law impacts businesses such as egg producers, graders, processors, storage facilities and transport vehicles and aims to reduce the incidence of foodborne illness in the egg industry.

Egg farms that produce, wash, grade or dry clean more than 20 dozen eggs in any week need to hold a licence. The licence fee is waived for any egg farmer who sells up to 100 dozen eggs in any week, however they are still required to comply with the provisions of the scheme.

The Authority used the initial round of inspections to further explain the regulatory program and educate egg farmers on compliance requirements. The program will now move towards ensuring compliance, with improvement notices being issued where breaches are detected.

The egg audit team continued its industry specific training this year, with selected auditors undertaking training in high risk specialty eggs and completing Egg and Egg Products training conducted by the Department of Agriculture, Forestry and Fisheries.



Food Safety Officer Brett Rankin checks the operation of egg candling equipment.

“The Authority worked closely with the meat industry this year to improve awareness of animal welfare requirements.



Tougher animal welfare requirements for abattoirs

Disturbing video footage showing the gross mistreatment of animals at an abattoir in western Sydney prompted swift action from the Authority this year.

As a result of the breach (on 10 February 2012) and poor management control of operations at the facility, the Authority suspended slaughtering operations at the offending abattoir and conducted a comprehensive review of animal welfare at all domestic abattoirs across the state. It found that the majority of abattoirs operate correctly.

The review resulted in the development of some important new measures, designed to support compliance with all regulatory requirements, including the protection of animal welfare.

This included unannounced, monthly inspections of all processing facilities and mandatory training to improve the competency of staff and supervisors in complying with animal welfare rules.

Mandatory requirements imposed on domestic red meat abattoirs to be progressively implemented during 2012-13 include:

- Designating a trained Animal Welfare Officer to be on premises while processing is occurring

- Ensuring all relevant employees are trained in the 'stunning and sticking' component of the MTM11 Australian Meat Industry Training Package by 1 July 2013
- Adopting the 'Industry Animal Welfare Standards for Livestock Processing Establishments preparing meat for human consumption (2nd Edition)' as a condition of licence in all NSW domestic abattoirs
- Passing additional annual audits specifically focussing on animal welfare compliance

The Authority worked closely with the meat industry to ensure these new measures were practical, proportionate and likely to be effective in improving industry awareness of animal welfare requirements. They bring NSW domestic abattoirs into line with export-registered plants and other best practice jurisdictions, such as the European Union.

The NSW Department of Primary Industries, the Authority and the RSPCA will continue to work together to monitor and respond to issues of animal welfare in the state's abattoirs.

Influencing the national agenda

The Authority plays a lead role in several areas of national work, including the development of new ways to work across jurisdictions to achieve common outcomes.

In 2011–12, our policy focus areas included:

- Fast food kilojoule labelling requirements
- Food safety management in hospitality (and related retail sectors)
- Development of a draft national standard on nutrition, health and related claims
- Extensive work on the national response to Labelling Logic—the report of the Blewett Review of Labelling Law and Policy

The Blewett Review, and the government's response, will set the direction of labelling law and policy nationally for the foreseeable future.

The support and advice of the Authority is sought regularly by food agencies around the country. We share resources and ideas with them to help make food safe and inform consumers.

We participate in forums and subcommittees within the food regulatory system. This system was established through a Food Regulation Agreement (signed by all jurisdictions and the Australian government) and a Joint Food Standards Treaty between Australia and New Zealand.

This system is responsible for setting food policy and making food standards, which aim to:

- Protect the health and safety of consumers by reducing risks related to food
- Support public health objectives and enable consumers to make informed choices
- Enable industry to operate efficiently across jurisdictional and international boundaries

By maintaining a cooperative national system of food regulation, we aim to provide safe food controls while reducing the regulatory burden on business. This helps achieve compliance with regulatory requirements in the most cost effective way, benefiting industry, consumers and government.

Maintaining a consistent approach to food regulation

Implementing and enforcing food standards is the responsibility of states and territories—in partnership with local government councils. The Implementation Sub-Committee (ISC)—part of the Food Regulation Standing Committee (FRSC)—works to achieve a consistent approach in the interpretation and enforcement of food standards across all jurisdictions.

The Authority plays an integral role in the work of the ISC, which develops national and trans-Tasman guidelines, compliance strategies and templates for regulatory activities (such as inspections) as a means of achieving a consistent approach to food regulation.

New South Wales leads the ISC work component that focusses on coordinating local government activities. The Authority is leading a national program to develop a standardised food inspection checklist for use by all council Environmental Health Officers and a hygiene rating system for food service businesses ('Scores on Doors').

This year we played a significant role in the ongoing work of the ISC, contributing to the output of a number of national working groups.

During 2011–12, the Authority chaired implementation working groups for the new Poultry Meat Standard and Point of Sale Nutrition Information, and led ISC's work on local government consistency (including the development of standardised inspections and a 'Scores on Doors' model). The Authority played a significant role in the development of national standards and compliance strategies for a number of foods: eggs, meat, raw milk dairy products and seed sprouts, infant formula and GM (genetically modified) foods.

Responding to consumer demand for clearer labelling

The Authority continues to support the inclusion of clearer, more useful information on food labels.

We are mindful of the importance of balancing consumer driven issues—such as free range and organic claims—against the burden placed upon industry when mandatory requirements of this nature are imposed.

“ The Authority plays a key role in the development of new standards that help improve food safety.



For this reason, the Authority consults closely with industry and consumer stakeholders to determine whether non-regulatory approaches, such as education and awareness campaigns, are appropriate in dealing with this demand for information.

We also participate, at a state and national level, on working groups and committees that develop new initiatives to help ensure labelling policy meets the needs of the community.

During 2011–12, these included:

Cross-jurisdictional senior officials working group

Nominated by lead Ministers (from jurisdictions across Australia and New Zealand), this group developed the national response to the Blewett labelling review. The projects underway as a result of these recommendations (supported by Ministers) include the development of a national nutrition policy—to be undertaken in consultation with Health Ministers—and the development of a national ‘front of pack’ labelling system to help consumers make more informed, healthier choices.

National work on kilojoule menu board labelling

Representatives from all Australian jurisdictions (except the Northern Territory) and New Zealand, comprised a group established to develop a set of principles and guideline definitions to help interested jurisdictions develop a nationally consistent approach to the provision of point of sale nutrition information (kilojoule menu board

labels) in standard fast and snack food outlets. These were largely drawn from NSW legislation and were endorsed by the Australian and New Zealand Food Regulation Ministerial Council (ANZFRMC) in September 2011. In addition, Authority staff chaired an implementation working group. This was formed to develop nationally consistent industry assistance tools and key messaging to assist jurisdictions as they moved to implement similar requirements.

Work begins on new primary processing standards

The Authority plays a key role in the development of new standards that help improve food safety. This year we participated in discussions relating to new poultry meat and raw milk dairy products standards.

Poultry meat standard

The Authority worked with other jurisdictions to develop a consistent implementation approach.

The Primary Production and Processing Standard for Poultry Meat (Standard 4.2.2) aims to reduce the *Campylobacter* and *Salmonella* contamination of poultry meat and associated foodborne illness incidents by strengthening food safety and traceability throughout the food chain. While parts of the poultry production chain (such as processors) are already regulated under the Food Regulation’s meat food safety scheme, the new standard extends this coverage to include primary production businesses such as growers and transporters of live poultry.

During 2011–12 we consulted with industry to identify ways to minimise the regulatory burden created by the standard, particularly on poultry growers. Once these matters are finalised, the Food Regulation 2010 will be amended and the new primary production requirements of the standard will commence operation in NSW.

New food businesses covered by the new standard (such as primary producers) will have two months from that date to apply for a licence (if applicable) and six months to develop a Food Safety Management System (FSMS).

Raw milk dairy products standard

The Authority participated this year in the development of a new Primary Production and Processing (PPP) Standard for raw milk dairy products.

The new standard allows alternative, feasible safety systems for raw milk dairy products to be used—as long as they preserve the integrity of the products and maintain an acceptable safety level. It enables the production and sale of non-pasteurised hard to very hard cooked curd cheeses. Unpasteurised raw cows milk, however, can still not be sold.

Development is continuing on standards that may allow production of other types of raw milk dairy products.

Helping food businesses prepare for Fast Choices

The Authority worked closely with the food industry during 2011–12 to help prepare them for the compliance phase of the 'Fast Choices' legislation.

The legislation requires standard food outlets to display nutrition information (ie average kilojoule content) on menus at point of sale, helping consumers to make healthier food choices. These requirements were introduced on 1 February 2011, with a twelve month implementation period for businesses to comply.

The Authority worked with food businesses this year to ensure that they met the requirements of the legislation before penalty provisions commenced on 1 February 2012. This included broad consultation, developing industry assistance materials, consumer education and providing information on compliance to approximately 40 individual restaurant chains as they worked to modify their menu displays.

Key activities included:

- Advising the Fast Choices Labelling Reference Group—comprising industry, peak bodies and government representatives.
- One-on-one consultation with stakeholders—assessment of menu boards, posters and tags to ensure they were compliant.
- Developing industry assistance materials—eg the 'Fast Choices User Guide' and the 'Nutrition

Information for standard food outlets' factsheet (both on our website). The 'Fast Choices User Guide' includes answers to questions raised by industry during the implementation process.

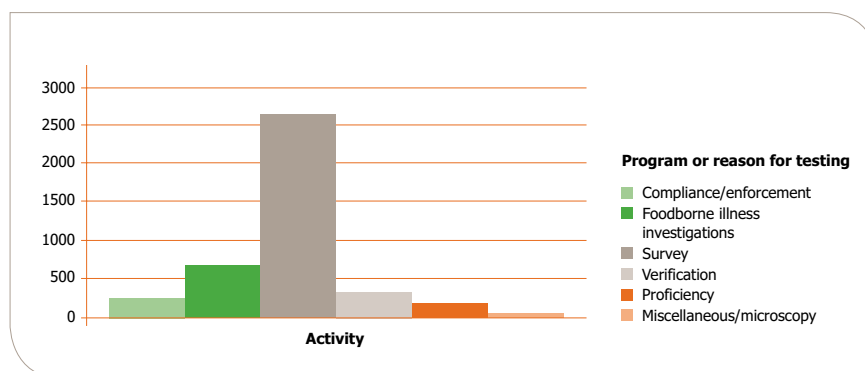
- Developing an implementation plan for supermarkets with the Supermarket Working Group—comprising major supermarkets and peak bodies, including the Australian National Retailers Association (ANRA) and the National Association of Retail Grocers of Australia (NARGA).
- Developing an information pack for council EHOs—including a compliance strategy, an example of a compliant menu board, food display cabinet and menu brochure, and a list of impacted businesses.
- Developing a nutrition information compliance plan—to ensure that NSW businesses impacted by the legislation (approximately 40 chains) comply with the requirements.
- Conducting random compliance visits—in March 2012, we began visiting the first of 180 fast food outlets across NSW to assess their facilities for compliance.
- Implementing the Fast Choices consumer education campaign—called the 8700kJ campaign

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FIND YOUR IDEAL FIGURE

Supermarkets were granted a twelve month extension (to 1 February 2013) due to modifications to the requirements that were needed to enable supermarkets to comply. This timeline is consistent with the twelve month implementation period given to fast food outlets that are required to comply with the legislation.



Figure 1: Food samples tested by the NSW Food Authority 2011–12



Streamlining regulatory processes to improve food safety

The Authority develops, and contributes to, policies, standards and programs which assist the food industry in producing safe, suitable and correctly labelled food. These requirements are expressed through legislation—principally the *Food Act 2003* (NSW), the *Food Regulation 2010* (NSW) and the national *Food Standards Code*.

Part of our role is to constantly review how food safety is regulated, and streamline processes wherever possible.

By working closely with industry on initiatives such as alternative compliance methods for wild shellfish harvesters and childcare centres, kilojoule labelling, and by focussing on continuous improvement, the Authority is able to take an effective, practical and pragmatic approach to the regulation of food in NSW.

In 2011–2012, our red tape reduction efforts achieved savings to industry of more than \$3 million.

Four key regulatory reforms were introduced:

- Reduced compliance requirements for NSW wild shellfish harvesters: these fishers can harvest on remote open beaches, under

reduced monitoring requirements, because the risk of microbiological contamination there is extremely low. This has resulted in savings of approximately \$214,000 to businesses.

- The storage temperatures of Sydney rock oysters has been increased from less than 15 degrees C to less than 21 degrees C within 72 hours of harvest—resulting in electricity savings for farmers of around \$217,000.
- A Memorandum of Understanding has been signed between the Authority and Australian Quarantine Inspection Service (AQIS) ensuring NSW businesses who export products are only audited by one agency, not both, reducing audit fees for businesses and saving \$318,000.
- NSW childcare centres are not required to implement food safety programs and receive routine inspections by the Authority to audit their food safety programs—resulting in savings worth more than \$2.3 million for the 1748 childcare centres serving food in NSW. This was in recognition of the appropriateness of existing council inspections and risk management approaches (which already require that these businesses comply with food safety standards).

Gathering valuable data through food testing and surveys

The Authority gathers data through verification programs, food testing and surveys to help prevent the spread of foodborne illness and maintain food safety. Assessing this data allows us to identify key food safety issues and develop systems and processes to manage them effectively.

Food testing

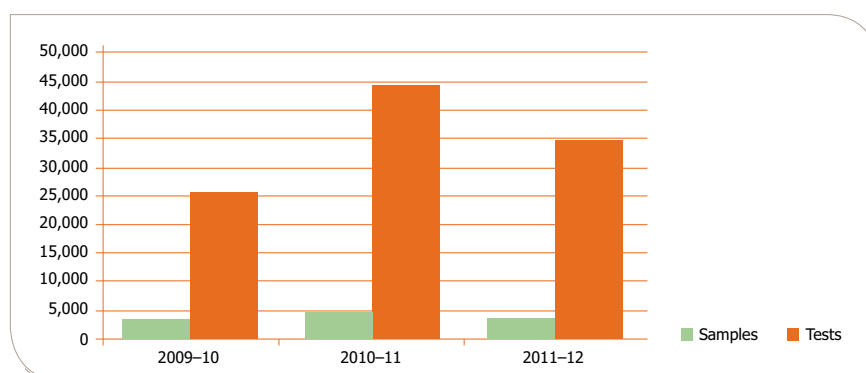
The Authority draws on the services of several third parties to assist with our testing and analysis of food samples. This allows us to expand our capabilities and respond more quickly to food safety issues and emergencies.

Our major supplier for food testing services is the NSW Forensic and Analytical Science Service (FASS)—formerly known as the Division of Analytical Laboratories. During 2011–12, FASS analysed 3850 samples and completed 34,393 tests; 1957 samples were for microbiological analysis, (7384 tests); 1894 samples were for chemical analysis (27,009 tests). Sample and test numbers vary from year to year depending upon the surveys prioritised by the Authority, and the type of tests required. (See Figure 2 on next page)

Food safety verification and surveys

One of the ways we monitor food safety is by conducting targeted surveys in high-risk food groups. We determine what problems may exist and use science to find a solution.

Figure 2: Annual laboratory utilisation 2010–2012



We also test food through our Food Safety Verification Program, where we purchase (at random) products manufactured or packaged in New South Wales under a Food Safety Scheme and test them against the Food Standards Code or other mandatory requirements. This may include microbiological testing and/or chemical analysis.

During 2011–12, 264 samples were randomly purchased from sites of manufacture and submitted for microbiological testing, pH and water activity. Nine samples were found to be non-compliant and referred to the Authority's compliance and enforcement group for follow-up investigation.

This year we were involved in five state based surveys and led one national survey.

1. Microbiological quality of retail wild game meat

From November 2011 to June 2012, 108 samples were purchased from retailers around NSW and tested for Standard Plate Counts, *E. coli*, Coagulase positive staphylococci, *Salmonella*, *Listeria*, and *Campylobacter*. Samples included muscle meat and products of kangaroo, wild boar, and wild rabbit. As at 30 June 2012, the results were still being analysed. The data obtained from this survey will be used to inform the review of the meat food safety scheme risk assessment.

2. Hot bread shop (in conjunction with Fairfield City Council)

From June 2011 to June 2012 the NSW Food Authority and Fairfield City Council conducted a joint project to improve food safety compliance in Vietnamese hot bread shops. As part of this project, 31 businesses were subject to two rounds of inspections and microbiological sampling. As at 30 June 2012, the results of this project were still being finalised. (See case study on page 15)

3. Nutritional component of packaged foods

This scoping survey aimed to gain a better understanding of the potential variation between Nutritional Information Panels (NIPs) on food and the actual nutrient values of that food—taking into account season and batch variation. Thirty-one products were selected for analysis. Results were judged against a guideline accuracy target where the average result was within +/- 20% of the nutrient information included in the panel. Ninety-one per cent of products had most of the mandatory components within target.

4. Nutritional component of snacks and fast food

As part of the evaluation of the Fast Choices initiative, this survey is carried out to assess the level of consistency between the information provided by businesses covered by the Regulation (on the menu board, brochure and the website) and the actual laboratory analysis. This survey will continue in 2012–13.

5. Labelling compliance

This three year labelling compliance survey—analysing imported confectionery, packaged ready-to-eat meat and fresh noodles—commenced in 2010–11. A full report will be available at the end of 2013.

National survey: *Salmonella* and *E. coli* in nuts and nut products

This survey was conducted to gather information on the prevalence of *Salmonella* and *E. coli* in ready-to-eat (RTE) nuts and their products (both imported and domestically produced). A total of 915 samples was collected across Australia and tested. The survey found that the microbiological quality of nuts and nut products in Australia is generally very good. Only one sample of unpackaged macadamia nut was categorised as potentially dangerous due to the presence of *Salmonella*. A follow up sampling of another unpackaged macadamia sample from the same retailer was negative for *Salmonella*.

Monitoring the shellfish industry

To help maintain food safety in the shellfish industry, the Authority manages the NSW Shellfish Program, which classifies shellfish harvest areas based on potential pollution sources and water quality that can impact these areas.

Shellfish are susceptible to contamination through poor water quality which can affect the food safety of filter feeding shellfish such as oysters and mussels.

Depending on environmental conditions, shellfish harvest areas are routinely closed and reopened throughout the year to ensure a safe food supply.

We have 78 shellfish harvest areas (71 operational, two prohibited and five inactive).

This year we reviewed all 71 operational harvest areas in New South Wales. No harvest area was demoted.

Other key activities during the year included:

- Undertaking 543 shellfish harvest area closures and 580 shellfish harvest area openings. This is up on last year's figures of 454 and 472 respectively, mainly due to an increase in rainfall events

- Conducting seven training courses for industry on depuration plant operation and environmental sampling techniques
- Continued participation in the Kalang River Working Group to help identify the source of human faecal pollution in the river and support the commencement of remediation works so that the river can be reopened to shellfish farmers

Conducting ongoing research programs

The Authority provides knowledge and support to research projects that reflect the agency's priorities.

This is key to obtaining robust information on difficult scientific issues, helping us to ensure we are prepared, and able to respond, to tomorrow's challenges.

During 2011–12, we worked collaboratively with a cross section of organisations on research projects.

These included:

Macquarie University: phytoplankton research

Certain phytoplankton (an organism found naturally in waterways) produce biotoxins that are harmful to humans. To manage the risk, NSW shellfish farmers collect samples and monitor for phytoplankton and biotoxins. In 2011–12, the Authority part funded this PhD research project to better understand the diversity of phytoplankton in NSW oyster growing waterways and the potential to reduce monitoring requirements. The project revealed limited potential for reducing requirements and reinforced the adequacy of the public health protection measures of current practices.

University of Tasmania: pathogen growth in oysters

This research project examined the impact of storage temperature on the microbiological status of Pacific oysters and Sydney rock oysters. Microbial growth in Pacific oysters followed expected trends. However, the results for Sydney rock oysters demonstrated that microbial growth did not occur until storage temperatures rose above 25°C. This research enabled the Authority to amend the storage temperature requirement for Sydney rock oysters. As a result of this research, the industry has the potential to save up to \$217,000 each year.

Shellfish harvest areas in NSW (total 78 – as at 30 June 2012)

APPROVED [30]	RESTRICTED [41]	PROHIBITED [2]
<p>Harvesting and direct sale is permitted</p> <p>Reason</p> <ul style="list-style-type: none"> • Highly predictable water quality that meets the approved standards. • No poisonous substance that exceeds safety standards has been detected. 	<p>Harvesting is restricted to certain times with depuration</p> <p>Reason</p> <ul style="list-style-type: none"> • The area does not consistently meet the approved criteria. • Depuration or relay is required prior to sale. • The area is subject to a limited degree of pollution. • The level of pollution in the area is moderate and shellfish can be made fit for human consumption by relay or depuration. 	<p>Harvesting is not permitted at any time</p> <p>Reason</p> <ul style="list-style-type: none"> • The area is contaminated with faecal wastes exceeding restricted criteria or poisonous substances. • The area is adjacent to a sewerage outfall. • Pollution sources in the area are unpredictable.
UNCLASSIFIED [5]		

Classification of shellfish harvest areas can take up to three years, with areas classified as either Approved, Restricted or Prohibited.



The Food Regulation Partnership began in July 2008 when the Authority appointed all 152 NSW local councils and the Office of Environment and Heritage (representing Kosciusko National Park) as 'partner' enforcement agencies under the *Food Act 2003*.

We share with councils the responsibility for ensuring that retail and food service businesses are inspected and comply with food safety regulations. Councils undertake routine inspections of retail/food service businesses, while the Authority provides support and assistance to help improve the consistency of inspections and interpretation of food laws, standardising inspection processes and providing technical advice.

Supporting our partners in local government

Councils in NSW help us monitor and regulate more than 38,000 food retail and foodservice businesses across the state that are required to be inspected—sharing responsibility for inspecting food premises and enforcing food safety law. They do this under an arrangement known as the Food Regulation Partnership (FRP).

Under the FRP, each council has a more defined role as a food safety enforcement agency. This includes conducting regular inspections and responding to food related emergencies. The FRP helps to improve the Authority's food safety capabilities, ensuring that available resources are focused directly on food safety outcomes.

FRP report shows less need for harsh enforcement action

The Food Regulation Partnership moved into its third full reporting year in 2011–12, showing a continued decrease in warning letters issued, but an increase in the number of

improvement and penalty notices issued by councils.

Councils use a graduated approach to enforcement consistent with the 'National Enforcement Guideline', which allows an officer to apply a proportionate response based on the risk to food safety.

We saw a general reduction in the number of more severe enforcement tools applied—such as prosecutions, prohibition orders and seizures (product, equipment etc). This indicates a reduction in the number of offences relating to more serious food safety concerns.

Overall, food complaints, penalty notices and enforcement actions have decreased since FRP reporting began in 2009–10.

Improved consistency in inspections

A standard Food Premises Assessment Report (FPAR) has been developed in consultation with councils. The aim of this report is to help improve the consistency of inspection between officers across NSW. More than 90 councils participated in a state-wide trial of the FPAR and its use is growing.

“ The FRP helps to improve the Authority's food safety capabilities, ensuring that available resources are focused directly on food safety outcomes.”



FRP report snapshot

Activity	2009–10	2010–11	2011–12
Inspections undertaken by councils	62,448	61,046	59,901
Food complaints	4517	4341	4334
Food complaints investigated	98.8%	98.8%	96.6%
Warning letters	8044	6914	5837
Improvement notices	1399	1455	2517
Penalty notices	2049	1374	1710
Seizure notices	52	32	31
Prohibition orders	73	61	29
Prosecutions	22	12	19

“ The Authority responded to more than 3000 council enquiries this year regarding food safety and regulatory issues.



Strategic support framework assists local government

To assist our local government partners in delivering the requirements of the FRP, the Authority has in place a strategic support framework which includes consultation, communication, networking and council officer training.

Key support activities for 2011–12 included:

- Conducting state liaison group meetings to discuss policy, and regional meetings and training sessions across NSW. These sessions provided training on contemporary food regulatory issues for council Environmental Health Officers (EHOs)
- Holding three Food Regulation Forum meetings, each preceded by a Retail and Food Service Industry Advisory Group meeting
- Providing presentations and information at state conferences of NSW Local Government and Shires Association, Environmental Health Australia and Environmental Development and Allied Professionals
- Communicating with councils and food retailers through food safety newsletters, factsheets and web based information
- Responding to more than 3000 enquiries from councils regarding food surveillance and regulatory issues

FRP evaluation reveals improvements in compliance rates

To assess the ongoing effectiveness of the FRP (in improving the regulatory system for the retail food sector in NSW), the Authority conducted an evaluation study in 2011 on its first four years of operation.

The results showed that the FRP is working as intended. Both food business retail managers and councils agreed that the FRP has been effective in improving the safety of retail food in NSW.

Key findings of the evaluation included:

- There has been a decrease in suspected foodborne illness outbreaks in the retail/food service sector in NSW since 2007–08, but with no clear trends showing a reduction in the number of people becoming ill
- Compliance for retail food businesses had improved by two thirds since 2007
- Levels of cooperation between the Authority and councils regarding food regulation had improved
- Food safety surveillance by councils and the Authority had proved more effective than it was in 2007
- The frequency of annual food inspections was appropriate
- Positive changes had taken place in the consistency of food surveillance and enforcement experienced by businesses, but there is room for improvement

These findings informed the development of a second phase of program initiatives focused on improving regulatory consistency across councils, the regulatory issues resolution process and communication. In addition, the measures developed for this evaluation will serve as benchmarks against which to assess the impact of the FRP in the future.

Awards, sponsorships and scholarships

Each year the Authority supports its local government partners by rewarding outstanding EHOs, funding food-related council projects and providing scholarships for EHO trainees.

Food Surveillance Champion Awards

These awards recognise innovation, leadership and outstanding work in local government food surveillance. This year they were presented to six recipients:

- Individual (city): Jody Houston, Manly Council
- Individual (country): Joshua Smith, Greater Taree City Council
- Group (city): Ku-ring-gai, North Sydney and City of Ryde Councils
- Group (country): The Environmental Health Section, Ballina Shire Council
- Lifetime service: Kelvin Frost and David Martin

Council funding program

The Authority drew on a funding pool of \$25,000 to support various council projects during the year (ranging in value from \$500 to \$5000). Projects supported included: food safety courses and manuals in different languages, food safety calendars for businesses and development of electronic inspection reports. The councils funded for these projects were Kogarah, Wagga Wagga, Port Stephens, Queanbeyan, North Sydney, Randwick, Canada Bay and Fairfield.

FRP scholarships

We funded three scholarships for trainee EHOs at the University of Western Sydney.

- Erin Hogan, Sutherland Shire Council: 'Investigation into the knowledge level and application of safe temperature control practices amongst food handlers in the Sutherland Shire area'.
- Jera Kubitzky, Shellharbour City Council: 'How is food safety at temporary food stalls at events regulated by NSW councils and the Food Authority? An investigation into resource allocation, inspection protocols and statistics on food safety and control.'
- Renae McCanna, Griffith City Council: 'Food handlers knowledge: an investigation into the gaps in knowledge of food handlers'.



Left to right: Karen Boulter and Trudi Coutts (Ku-ring-gai Council), Misha Klingstrom and Amy Young (North Sydney Council), Craig Redfern, Henryk Matulewicz and Lara Goode (City of Ryde Council).



Left to right: Renae McCanna (Griffith City Council), Erin Hogan (Sutherland Shire Council), Peter Sutherland (NSW Food Authority) and Jera Kubitzky (Shellharbour City Council).

2 Educating & informing



The Authority's education and information program has three key goals. To:

1. Improve access to food safety information and labelling for consumers and the food industry in NSW.
2. Improve food handlers' knowledge of food safety standards in NSW.
3. Ensure food is correctly labelled.

One of the primary roles of the NSW Food Authority is to inform and educate consumers and industry about food safety and labelling. We do this through our website, targeted education campaigns, industry presentations and seminars, ongoing media coverage, brochures, newsletters, factsheets, smartphone/tablet apps and social media.

Connecting with the community

The Authority empowers consumers by providing them with timely access to important information—helping them to make informed choices about food selection, food preparation and dining out. The information we provide is guided by research, consumer and industry feedback, inspections and audits, surveys, and trends in foodborne illness.

8700kJ campaign helps consumers make informed choices

A campaign to help consumers understand kilojoule labelling in fast food chains was launched by the Authority in March 2012.

Known as *8700kJ* (the daily energy intake of the average Australian), the campaign aims to reduce overweight and obesity levels by helping consumers make informed choices about fast and ready-to-go food.

Its launch followed the introduction of NSW 'Fast Choices' legislation, which requires fast food chains with twenty or more outlets in NSW to display the kilojoule content of all items on their menus.

The campaign was digitally based, using advertising, social media and stakeholder outreach to increase awareness of kilojoules and the *8700kJ* average adult daily intake figure.

The advertising—delivered via radio, food-court shopalites and table-tops—was targeted at consumers as they made their fast food decisions.

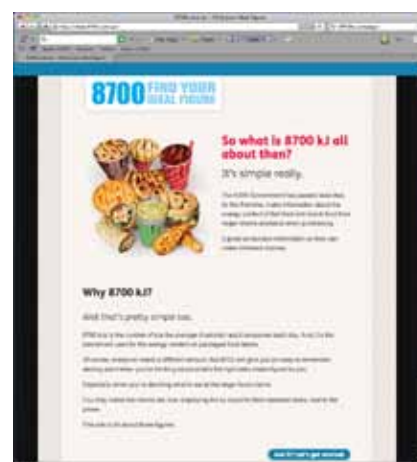
Heavy fast food consumers aged 18–24 years were the primary audience. Although not necessarily overweight, they could develop chronic health problems as they age, unless they make healthy lifestyle changes.

Consumers were encouraged to find out their 'ideal' kJ figure by using the website, or the iPhone, iPad or Android apps. They were also able to use these digital tools to search food outlets to see how many kilojoules are in the food they are eating, and learn about how exercise can help burn those kilojoules.

The *8700kJ* campaign won two major awards—the Public Relations Institute of Australia's (PRIA) NSW Awards for Excellence, and the best new mobile application in the nutrition category of the Australian Mobile Awards (the 'Mobies') 2012.

Significantly, focus groups we conducted during the year showed high campaign acceptance and personal relevance for a healthy weight campaign.

The Authority plans to continue the *8700kJ* campaign through 2012–13, with an emphasis on social media and the introduction of videos on the website (comparing the kilojoule content of different types of fast foods).



The 8700.com.au website helps people make informed choices about fast and ready-to-go food.



One of the promotional vehicles the Authority used to promote the *8700kJ* campaign was staging the 'Winter Warmer Big Night In', held in Potts Point in June 2012. Health and lifestyle media (including bloggers) came to hear presentations by fitness trainer Michelle Bridges (pictured) and TV nutritionist Dr Joanna McMillan, University of Sydney's Professor Ian Caterson (pictured), NSW Chief Health Officer Dr Kerry Chant and NSW Food Authority Chief Scientist Dr Lisa Szabo.

2011–12 Name and Shame penalties

	2009–10	2010–11	2011–12
No. penalty notices published	2329	1693	1337
No. facilities that had penalty notices published	1309	943	785

“ Initial trends in a Fast Choices evaluation conducted by the Authority this year showed high levels of compliance amongst food businesses and an increasing awareness of average daily energy intake levels by consumers.



TV nutritionist Dr Joanna McMillan at the launch of 8700kJ, with food court table display and iPad app.

8700.com.au
FIND YOUR IDEAL FIGURE

Evaluation shows Fast Choices is working

Initial trends in a Fast Choices evaluation conducted by the Authority this year showed high levels of compliance amongst food businesses and an increasing awareness of average daily energy intake levels by consumers.

The evaluation drew on information from the following to measure the effectiveness of the initiative:

- Industry consultation and feedback
- On-site compliance checks
- Use and acceptability of the labelling system
- Verifying the energy values displayed by laboratory testing of food
- Changes in consumer food choice and nutrients purchased (estimates)
- Qualitative and quantitative data from interviews with consumers to assess changes in their understanding.

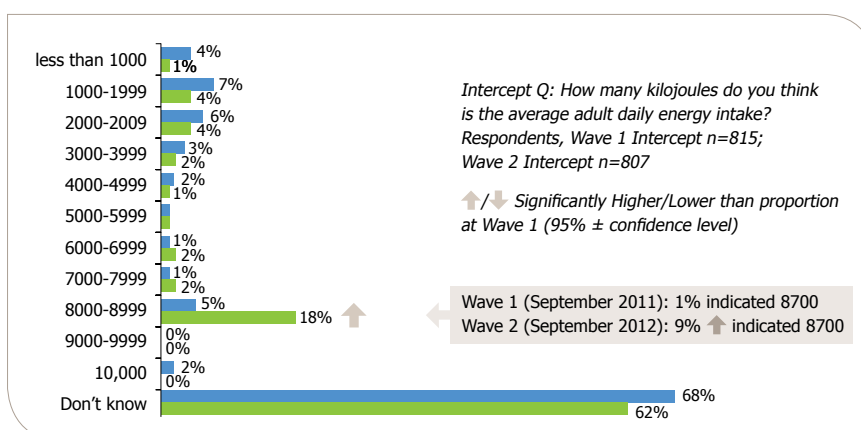
The evaluation will be completed during the first quarter of 2013. The results will be used to determine if any changes or refinements need to be made to Fast Choices to help ensure it delivers on its objective to help reduce levels of obesity in our community.

Name and Shame penalties almost halve in three years

The number of penalty notices published on our 'Name and Shame' register continued to fall this year, down by almost half compared to three years ago.

Introduced in 2008, the register makes available to the public (via our website) a list of businesses that have breached serious food safety laws, exposing them to public scrutiny and accountability. It helps New South Wales consumers make informed decisions about where to eat based on the food safety performance of the food business.

Awareness of daily intake levels – energy (kJ)



Surveys conducted this year of people exiting fast food outlets showed a significant increase in awareness that the daily intake for the average person is between 8000kJ and 9000kJ.

Highlights

8700kJ campaign commences

This award winning digital campaign aims to reduce overweight and obesity levels by helping consumers make more informed choices about fast foods.

Scores on Doors trial almost complete

In the first ten months of a twelve month trial, this food hygiene rating program attracted more than 800 food businesses and 28 councils.

Social media audience grows

The Authority attracted more than 1200 followers to our Twitter account, with our audience reach growing steadily.

Food Safety Supervisor (FSS) program underway

More than 40,000 Food Safety Supervisor certificates have been issued since the requirement became compulsory in October 2011.

The figures for 2011–12 show that the campaign is having the desired impact, with fewer businesses being 'named and shamed' for serious food safety breaches. There are also fewer repeat offenders. Hits to the website now exceed five million.

Pregnancy brochure and wallet card popular with mums-to-be

More than 50,000 copies of the Authority's *Food safety during pregnancy* brochure and 220,000 wallet cards were distributed to mums-to-be during 2011–12. There were around 95,000 births in NSW during the year.

The brochure contains important food safety advice for before, during and after pregnancy—including special tips on eating fish, seafood, cheese and eggs—and remains one of the Authority's most popular consumer resources.

More than half of the pregnant women surveyed by the Authority during the year indicated they were unsure about which foods to avoid during pregnancy, making the booklet and wallet card a very handy reference tools.

Pregnant women need to take special care with their diet so it's important that they have the right information to make informed choices about what they eat.

The pregnancy brochure and wallet card are available from the Authority in printed form or online.

'Good Glen and the Bad Eggs' app delivers important food safety message



Although eggs are recognised as one of the healthiest foods available, mishandling them can lead to food poisoning.

Between 2009 and 2011 there was a notable increase in *Salmonella* outbreaks linked to food containing eggs. The factors contributing to illness were identified as the poor handling of raw eggs, temperature abuse and the use of cracked or dirty eggs.

To help educate the wider community on the difference between a good egg and a bad one, the Authority developed an interactive smartphone/tablet game that focusses on teaching people (including young children) about safe food handling practices.

Called 'Good Glen and the Bad Eggs', the addictive app reinforces three key messages:

- Use clean eggs, free from dirt and cracks
- Keep eggs cold in the fridge
- When handling eggs keep hands, surfaces and utensils clean and dry

The app was the main feature of our 'Big Egg Show' display at the Sydney Royal Easter Show this year. The theme was 'Keeping eggs safe in the home'.



The app won the 'Education and Family category, Games' of the Australian Mobile Awards (the 'Mobies'). The Mobies celebrates outstanding achievement across all aspects of the Australian mobile landscape and rewards 'creativity and insight' at the cutting edge of the industry.

Other giveaways at the Show included 39,500 egg timers (with information on how to handle eggs safely), allergy, pregnancy and food labelling booklets, and fridge thermometers.

The Sydney Royal Easter Show continues to be a successful way for the Authority to generate awareness about the importance of food safety in the home and our role as a food safety advisor and regulator.

Publications and promotional items

The Authority regularly assists other organisations to promote food safety and healthy eating. This year our contributions/activities included:

- Providing media support for Guide Dogs in Cafés and Clubs 2012 campaign
- Sponsoring the 2011 and 2012 Royal Agricultural Society Fine Food Shows and Cheese & Dairy Show
- Preparing articles for *Australian Chinese Daily* newspaper (eg food safety during the Chinese Moon Festival and food labelling)
- Providing food safety information for the *Police Legacy Handbook* for parents of primary school children
- Working with the media to alert consumers to the increased risk of food poisoning in warmer temperatures and at music festival venues
- Providing resources for the Department of Primary Industries' Small Farms Expo
- Providing support and information on food safety legislation to the state conferences of the Local Government and Shires Association.

Support grows for 'Scores on Doors'

More than 800 food businesses and 28 councils registered to participate in the Authority's 'Scores on Doors' hygiene rating program during the first ten months of a twelve month trial.

While the take-up has been slower than expected, it shows a genuine interest by food businesses and councils to support the program.

'Scores on Doors' allows consumers to make informed choices and helps to improve food safety and hygiene standards in the food retail and food service sectors. The program assesses participating food businesses performance against relevant food safety legislation. They are awarded a star rating based on this information.

Once awarded, the scorecard can be placed in a conspicuous location within a food business, allowing consumers to make more informed choices about where they eat and who they buy their food from. This will in turn encourage businesses (such as restaurants, cafés, takeaway shops, and hotels) to maintain and improve their hygiene standards.

Outcomes and feedback from the trial will enable further fine tuning of the scheme. Councils and businesses will be encouraged to participate in 'Scores on Doors', and a more targeted consumer awareness campaign conducted.

Interest builds in our website and social media channels

The Authority uses the internet as one of our primary communication tools. This includes our website and, more recently, social media.

In 2011–12, we reviewed our year long Twitter trial and agreed to continue using the social media channel. As at 30 June 2012, we had attracted more than 1200 followers (a mix of food businesses and industry stakeholders, consumers and consumer groups, and many others).

The reach of our Twitter channel is growing steadily. We tweet food alerts, advice of new resources for food businesses, and corporate and media announcements. It has also become an important tool for monitoring, and responding to, breaking news.

During 2011–12, we also made several enhancements and additions to our website, many of them based on visitor feedback and changes in regulations.

These included new pages on poultry standard development and egg stamping requirements and updates on the resources, childrens services and emergencies pages. We also created a separate web site to promote our 8700kJ campaign. (See page 29)

	Website visits	
	2010–11	2011–12
	693,000	755,102

UP 9%

	Inbound contacts	
	2010–11	2011–12
	29,962	33,058

UP 10%

Consumer recalls and advisories

The Authority publicised 44 retail food recall advisories (affecting NSW) and five consumer warnings this year. These included recalls for foods containing undeclared allergens, such as milk nuts, and eggs as well as foods containing foreign objects such as glass or pieces of plastic.

Two recalls were due to the presence of the bacteria *Listeria*—one referred to a milk product, the other a salad. *Listeria* can cause illness especially in pregnant women, children under five, people over 70, and people with weakened immune systems.

Some of the more unusual warnings involved the banning of a sports food supplement containing DMAA (1,3-dimethylamylamine) a drug with adverse health effects including high blood pressure and vomiting; Burmese traditional powders containing arsenic; two instant coffee brands, containing Viagra; and apricot kernels with high levels of naturally occurring cyanide.

Through postings on the Authority website, media releases and Twitter this information was communicated promptly to consumers.

Helpline

The Authority's helpline is the first port of call for most stakeholders who contact us.

The helpline team handles inquiries and food complaint reports and distributes important food safety resources—such as brochures, guidelines and newsletters—to hospitals, health clinics, general practitioners and retail fish outlets that carry bulk supplies of the Authority's resources. We also provide resources to people who cannot access material online or prefer a printed copy.

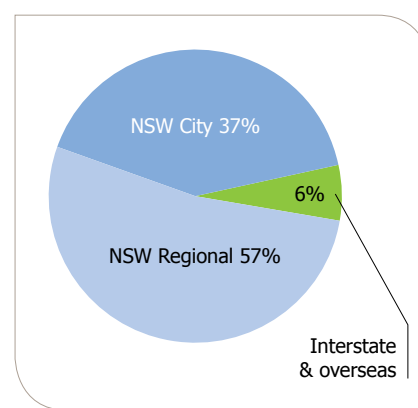
Inbound contact volumes again rose substantially this year as the implementation period finished for new Food Safety Supervisor training requirements (which impacted a large number of NSW retail food businesses and food handlers).

Contact volumes were up 10 per cent (to 33,000) this year, with inquiries showing the greatest growth. The telephone remains the primary method to contact the Authority (74 per cent), while email contacts have grown to 19 per cent of the total inbound volume.

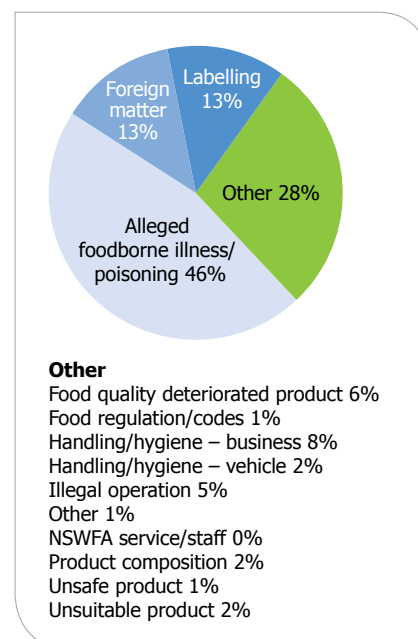
The number of food complaints recorded fell 2.9 per cent this year. Of those, allegations of foodborne illness accounted for a steady 46 per cent.

Despite the rise in contact volumes, the helpline bettered its 86 per cent first-call resolution rate target, achieving 88 per cent result for the year.

Helpline calls by geographic origin 2011–12



Helpline complaints/reports received 2011–12



Number of visits to safety at home content on website:


Target	Actual	Variance
260,000	369,124	+42%



The Authority's long-running campaign on pregnancy and food safety saw its pregnancy web page again rank as most popular, with information on food poisoning in second position.

Number of visits to business standards content on website:

Target	Actual	Variance
155,000	153,554	-1%



The Food Safety Supervisor program is now ongoing and the portal with information for businesses, food handlers and Registered Training Organisations are the most popular business standards pages.

Communicating with our colleagues in industry

The Authority enjoys ongoing relationships with primary producers, manufacturers, processors, wholesalers, distributors and retailers across the food chain. This helps us maintain a consistent approach to food safety and plan effectively for the future.

We also work with key food industry groups and associations in NSW, helping them to communicate regulatory requirements to their members and maintain and improve food safety standards.

This year saw industry adopting the new Food Safety Supervisor program, a review of our food industry consultative committee structures undertaken and work commence on the development of new processing standards for poultry meat and raw milk dairy products.

NSW food service businesses on board with FSS program

More than 40,000 certificates were issued to new Food Safety Supervisors since the requirement became compulsory in October 2011.

The program mandates Food Safety Supervisor training and aims to reduce foodborne illness attributable to the hospitality sector by raising the standard of food handling practices. The new requirements mean that certain food businesses in the NSW hospitality and retail food service sector (eg restaurants, cafés, takeaways, clubs and pubs) must appoint at least one trained Food Safety Supervisor to help ensure food handling on the premises is done safely.

A person holding an FSS certificate will know how to recognise, prevent and alleviate the hazards associated with the handling of food and be able to instruct others on safe handling practices.

Up to 30 June 2012, 40,542 certificates had been issued and 141 Registered Training Organisations (RTOs) had been approved by the Authority to issue Food Safety Supervisor certificates.

To help ensure training meets best practice requirements, the Authority introduced monitoring, verification, continuous improvement standards and compliance testing for approved RTOs.

Since September 2010, three RTOs have received temporary suspension actions and one a permanent suspension for breaching conditions of their approval to issue Food Safety Supervisor certificates.

The Authority plans to use its evaluation framework to determine whether the FSS program is achieving its objectives, and what (if anything) needs to be done differently.

Future plans include developing refresher course content (the certificate must be renewed every five years) and determining the appropriateness of introducing the FSS program to businesses not currently captured.

Inaugural RTO forum held

Authority executives met with representatives from RTOs approved

under the new FSS program at the inaugural RTO Forum, held in Sydney on 26 June 2012. Hosted by the Authority, issues discussed included FSS compliance, auditing and the RTO Management System.

A key action from the forum was the development of standard training content for RTOs (relating to food safety and regulatory requirements).

To maintain communication with RTOs, the Authority launched 'FFS News' this year. It will be published every six months.

“ Up to 30 June 2012, 40,542 certificates had been issued and 141 Registered Training Organisations (RTOs) had been approved by the Authority to issue Food Safety Supervisor certificates.

Food service businesses targeted during Food Allergy Awareness Week

Held each year in May, Food Allergy Awareness Week highlights a growing problem that affects many Australian families.

Australia has one of the highest allergy rates in the world, where one in ten children under the age of five, and an increasing number of adults, have food allergies.

This year's Food Allergy Awareness Week (sponsored by the Authority) focused on food service businesses and their employees. The law requires these businesses to provide accurate information when a customer asks about allergens in foods being served.

To deliver the message, the Authority (in partnership with Anaphylaxis Australia) developed the *Be prepared, be allergy aware. It's worth the effort* booklet, which was distributed to food businesses by local councils. It is also available on our website.

A brochure, *Food Allergy and intolerance*, is available for consumers.



Mock recall exercise tests crisis response at Sydney Fish Market

In December 2011, the Authority partnered with the Sydney Fish Market to stage a successful mock food recall exercise.

Mock recalls are an excellent way of testing traceability and food recall and response systems.

The scenario saw a fictitious group of people suffering histamine poisoning after consuming seafood sold from

the market floor. In a real situation, it would have been critical to rapidly trace any affected batches and their distribution and remove them from sale.

The mock recall confirmed to Sydney Fish Market that their traceability and response processes were effective and able to deal with such a situation. The exercise also identified areas where fine tuning of coordination could streamline the recall process.

Keeping industry informed

To help ensure our industry colleagues are kept up to date with changes in food safety rules and Authority activities, we use a variety of communication tools. These include publications, technical updates and industry circulars.

Publications

- Foodwise: four issues (Volumes 22 to 25)
- *Be prepared, be allergy aware* brochure (for food service businesses)
- Fast Choices User Guide
- Guidelines for food businesses at temporary events
- Food safety program for farmed shellfish
- Food safety program for wet storage of shellfish
- Guide dogs and food service businesses factsheet
- Manufacturer wholesaler food inspection program factsheet
- Protecting food from contamination (in English and eight other languages)
- Safe handling of raw egg products factsheet (in Vietnamese)
- Food Premises and Assessment Reports (in English and ten other languages)
- 'FRP Update' newsletters (for councils)

Circulars

- Antibiotic notification and milk cooling temperatures
- Audits of export registered establishments in NSW
- Management responsibilities for animal welfare at abattoirs
- Egg stamping
- Game meat field harvester vehicle audit program changes
- Training requirements for red meat domestic abattoirs

The Authority also communicates with industry through our website (featuring more than 100 pages of regularly updated industry information). New pages this year included: Poultry standard requirements, Food Safety Supervisors for RTOs and the RTO Management System.

Committee memberships refreshed following industry review

The makeup of some food industry committees in NSW changed this year following a review of consultative arrangements by the Authority.

Our review highlighted the following:

- Industry values the close working relationship and transparent consultation process
- Committee membership needs to be updated regularly to ensure it represents and meets industry needs

- Committee members tend to be more engaged where they represent peak industry associations
- Member communication (to their constituency) needs to be improved to provide effective feedback
- A strong focus on food regulatory issues needs to be maintained.

As a result of the review, the Minister sought to refresh some existing structures and establish new committees to help ensure they represent the needs of the industry and government.

This saw the establishment of a new Egg Industry Consultative Committee and the merging of the red meat and poultry meat industries to form a new Meat Industry Consultative Council.

The dairy, seafood, shellfish and food service to vulnerable persons committees continued, but with updated membership (except for the shellfish committee).

The industry is now represented by the following committees:

- NSW Dairy Industry Conference
- Meat Industry Consultative Council (includes poultry meat)
- NSW Seafood Industry Forum
- Egg Industry Consultative Committee
- NSW Vulnerable Persons Food Safety Scheme Consultative Committee
- NSW Shellfish Committee



Line processing of poultry meat

International delegations exchange ideas on food safety

The Authority hosted delegations from China, Japan and Vietnam during 2011–12. Meetings discussed food safety regulation and audits, food retail initiatives (eg Scores on Doors and food inspection templates), agriculture / food interface, food sampling and risk based assessments.

Information on legislation and programs received by the delegations will be used to formulate policy in their respective countries. There was also interest shown in adopting several of our food safety initiatives.

Masterclass shows industry how to use social media in a crisis

Communications professionals from 27 food industry companies and organisations participated in the Authority's 'Crisis Communications in the Digital Age Masterclass' held in Sydney in November 2011. Case studies showed participants the benefits and pitfalls of managing a crisis in the digital age using social media.

The masterclass was part of the Authority's collaborative approach to engaging with industry to provide practical help and foster strong relationships.

Sharing ideas at industry events

Participating in industry events and forums allows the Authority to interact directly with industry on food safety legislation, guidelines and emerging issues. This assists us to develop policy that is practical and effective.

Key industry activities Authority representatives attended or presented at during the year included:

Food Science and Technology Convention (July 2011)

Our Foodborne Illness Investigation Unit Manager, Dr Craig Shadbolt, chaired a 'Microbiology – New Developments' session at the 44th Annual Convention of the Australian Institute of Food Science and Technology.

Securing Global Food Safety Conference (September 2011)

Our Director of Science and Technical Services, Edward Jansson, and our Foodborne Illness Investigation Unit Manager, Dr Craig Shadbolt, spoke at this international conference on chemical hazards in food, and outbreaks linked to egg and egg products respectively.

NSW Farmers' Association poultry field day (September 2011)

Our Director of Industry Liaison, Peter Sutherland, updated more than 150 attendees on the Primary Production and Processing Standard for poultry meat.

Listeriosis and rockmelons in the US: lessons for Australia (December 2012)

Our Foodborne Illness Investigation Unit Manager, Dr Craig Shadbolt, spoke at this event, presented by the Produce Marketing Association Australia New Zealand.

Melon linked foodborne illness in Australia (February 2012)

Our Foodborne Illness Investigation Unit Manager, Dr Craig Shadbolt, spoke at this event, presented by the Australian Melon Association Food Safety Meeting.

Panel Discussion: Hypothetical: European E Coli outbreak — what if it happened here? (May 2012)

Our Foodborne Illness Investigation Unit Manager, Dr Craig Shadbolt, spoke at the AUSVEG National Convention, Hobart.

Food and Health Dialogue (March 2012)

Our Chief Scientist, Dr Lisa Szabo, updated the Australian Government's Food and Health Dialogue (a joint government-industry-public health initiative aimed at making healthier food choices easier) on the point-of-sale energy labelling initiative at fast and snack food outlets in NSW.

Authority representatives also presented at Dairy Industry Association of Australia, NSW Farmers' Association and Australian Shellfish Quality Assurance Advisory Committee events—speaking on mandatory reporting of food related illness in the dairy industry, egg labelling and shellfish food safety.

3 People & systems

In order to continue delivering on our promise of 'safer food, clearer choices' we need to ensure we have the most efficient people and systems in place.



The team working for the Authority uses science and new technology to fulfill our obligations to NSW food businesses and consumers.

Staff numbers and breakdown

As at 30 June 2012, the NSW Food Authority had a complement of 115 FTE (full time equivalent) staff and two Senior Executive Service (SES) Officers – an FTE total of 117. (See table below)

Training and development

Three staff members participated in the NSW Trade & Investment Management Development Program and one staff member participated in the NSW Trade & Investment Leadership Program. The Authority engaged one graduate recruit under the NSW Trade & Investment Graduate Recruitment Program. One staff member completed a Supervisor Development Program, and one staff member completed an Economics and Policy Course.

Specific courses run for Food Safety Officers included auditor training in ready-to-eat manufactured meat processes, heat treatment process, bivalve mollusc growing and harvesting processes, animal welfare, Government Investigations (Certificate IV), and lead auditor training.

Staff salaries

During the year, eligible staff members covered by the Crown Employees (Public Sector Salaries) Award 2008 received a salary increase of two point five per cent (2.5%) on 8 July 2011.

The award provided for one, two point five per cent (2.5%) wage increase—to apply from the first full pay period commencing after 1 July 2011. The Award expired on 30 June 2011 and a new award application was made by the relevant unions to the NSW Industrial Relations Commission.

The NSW Trade & Investment Staff Payroll Centre (Orange) managed the Authority's payroll and leave administration.

Equal Employment Opportunity (EEO)

NSW Trade & Investment continues to work to develop an organisational environment where women can maximise their opportunities and talents and achieve their career goals. The department's wider workforce management programs provided the context within which the department sought to position itself as an attractive and supportive workplace for women, and to retain and better manage talented female employees for senior management and leadership roles.

Statistical information on EEO target groups

As at 30 June 2012, females comprised 53.1 per cent of the organisation. This represents a significant increase on the 36 per cent recorded in the Authority's first year of operation (June 2004).

Staff numbers by category

Occupation group	2009–10	2010–11	2011–12
Clerical	30	27	21
Food Safety Officers	96	92	94
Total staff (non-SES)	126	119	115
Senior Executive Service	2	2	2
TOTAL STAFF (all)	128	121	117

“ The team working for the Authority uses science and new technology to fulfill our obligations to NSW food businesses and consumers.

Disability Action Plan

NSW Trade & Investment is developing an organisation-wide Disability Action Plan. It is envisaged there will be an overarching plan, with a number of specific Disability Action Plans for agencies which interface directly with the broader community. The Plan will incorporate new guidelines based on the National Disability Strategy being prepared by the Department of Family and Community Services.

Aboriginal Affairs Committee

The Authority has one staff member participating in both the NSW Trade & Investment Aboriginal Employment Network Group and the Aboriginal Employment Steering Group.

Indigenous activities held during the year included a morning tea at Taree in July 2011 to promote awareness amongst staff of issues affecting Aboriginal people during NAIDOC (National Aborigines and Islanders Day Observance Committee) week.

The Authority encourages staff to use 'Welcome to Country' and 'Acknowledgement of Country' protocols to introduce appropriate Authority events. These include national and international conferences, staff conferences and major meetings.

Trends in the representation of EEO groups

EEO group	Benchmark or target	% of total staff		
		2009–10	2010–11	2011–12
Women	50.0%	54.0%	54.6%	53.1%
Aboriginal people and Torres Strait Islander	2.0%	0.9%	0.8%	0.8%
People whose first language was not English	20.0%	16.0%	14.9%	15.4%
People with a disability	12.0%	3.0%	1.7%	1.7%
People with a disability requiring work-related adjustment	7.0%	0.0%	0.0%	0.0%

Trends in the distribution of EEO groups

EEO group	Benchmark or target	2009–10	2010–11	2011–12
Women	100	88	88	87
Aboriginal people and Torres Strait Islander	100	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	n/a
People with a disability	100	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

A 'Distribution Index' of 100 indicates that the distribution of the EEO group across salary levels is equivalent to other staff. Values less than 100 indicate that the EEO group tends to be concentrated at lower salary levels than other staff. The more pronounced this tendency is, the lower the index will be. All staff percentages and distribution index figures are as at 30 June 2012.

Incident summary

Item	2009–10	2010–11	2011–12
Staff numbers	128	121	117
Incidents	8	5	6
Days lost	0	8	2

“ The Authority is committed to maintaining the health, safety and welfare of all our staff and visitors – in keeping with the safety mission of NSW Trade & Investment: ‘Everyone home safe and well, every day’.



Work health and safety

The Authority is committed to maintaining the health, safety and welfare of all our staff and visitors—in keeping with the safety mission of NSW Trade & Investment: ‘Everyone home safe and well, every day’.

To help us do this, we operate a dedicated Work Health and Safety Committee where management and staff representatives review policies, monitor trends and enhance mitigation strategies across the agency. The committee meets bi-monthly.

Key work health and safety (WHS) activities during 2011–12 included:

- Working with the Departmental Safety Unit to ensure we comply with the new *Workplace Health and Safety Act* (effective from 1 January 2012)
- Conducting refresher training on emergency evacuation for all staff and specific training for fire wardens
- Completing Departmental e-learning on bullying and harassment prevention
- Updating the Authority’s WHS risk register
- Organising presentations to staff on the new legislation
- Developing a policy for boat handling practices and procedures

During 2011–12, six incidents were reported, with one of these resulting in two lost days due to injury. (See table above)

Executive officers

Chief Executive Officer’s remuneration and performance

Polly Bennett – Chief Executive Officer, NSW Food Authority

Bachelor of Economics. Chief Executive Officer, SES Level 5

Remuneration package: \$260,000 per annum (includes superannuation). Engaged on a five-year contract until 2017.

Ms Bennett is responsible for the Authority’s overall strategic direction and vision.

She joined the agency in March 2012, replacing Mr Alan Coutts as Chief Executive Officer.

Reporting directly to the Minister for Primary Industries on agency activities, Ms Bennett leads a diverse organisation through her executive management team.

Milestones for 2011–12 included:

- Launching the 8700kJ campaign—to help reduce overweight and obesity levels by helping consumers make more informed choices about ready-to-eat food (See page 27)
- Commencing audits on the new Egg Food Safety Scheme and promoting egg food safety through promotions, displays and a new smartphone app (See page 29)
- Encouraging more than 800 food businesses and 28 councils to participate in the ‘Scores on Doors’ food hygiene rating program trial (See page 30)

Senior management

	2009–10	2010–11	2011–12
Total SES	2	2	2
CEO level 6	1	1	0
CEO level 5	0	0	1
SES level 4	1	1	1
Female SES	–	–	1

- Assisting food businesses to prepare for the introduction of the Food Safety Supervisor program. More than 40,000 certificates have been issued since the requirement became compulsory in October 2011 (See page 32)
- Playing a key role in influencing the national and international food safety agenda—including input into the Blewett labelling review (helping develop a 'front of pack' labelling system) and participating on key regulatory committees (See page 17)

Helping to prevent foodborne illness and providing important food safety and regulatory advice will continue to be the Authority's primary focus as Ms Bennett leads the agency into 2012–13.

Information management

Information management is critical to the Authority's ability to regulate more than 55,000 food businesses throughout New South Wales.

During 2011–12, we completed a major base software upgrade to our relational database system—BYTE—requiring significant resources and some temporary system shutdowns for testing, transitioning and upgrading. BYTE is the Authority's primary business system, managing licensing and compliance information and processes.

Also this year, we appointed a company to begin work on a new wireless access system for frontline field officers. This system enables

officers to access and update relevant data while in the field via a mobile device like a tablet.

The key benefits of this new system include:

- Reducing the double handling of information relating to audits, inspections and complaint investigations
- Increasing the time field officers can actually remain in the field
- Providing officers with real time information on food businesses they are visiting
- Improving response times to incident investigations by alerting officers who are closest to the scene

The results of a pilot for the new system are due in September 2012.

Legislative changes

During 2011–12, the following changes were made to the Authority's legislation:

Amendment to Meat Industry Act 1978

On 6 January 2012, the *Statute Law (Miscellaneous Provisions) Act (No 2) 2011* amended the *Meat Industry Act 1978* by omitting the reference to 'Police Service' in s 76A(9)(b) and inserting instead 'NSW Police Force'.

Amendments to Food Regulation 2010

On 9 December 2011, Food Regulation 2010 was amended by Food Amendment (Nutritional Information) Regulation 2011 to:

- provide exemptions from the requirements of the *Food Act*

2003 in relation to the display of nutritional information for standard food items sold on a trial basis,

- exempt supermarkets from requirements to display the nutritional information for standard food items until 1 February 2013,
- permanently exempt supermarkets from those requirements where nutritional information panels are displayed,
- vary the requirements in relation to the manner in which nutritional information is displayed by supermarkets,
- enable the Authority to waive or reduce fees for approval as an analyst,
- clarify the operation of the meat food safety scheme in relation to retail premises, and
- update references and for other law revision purposes.

Postponement of the Repeal of the Meat Industry (Meat Industry Levy) Regulation 2006

The Authority receives a levy from occupiers of land who are liable to pay an animal health rate to their local Livestock Health and Pest Authority. The average meat industry levy received from an eligible rate payer is \$14 per year and the maximum payable is \$130. This levy is collected under the Meat Industry (Meat Industry Levy) Regulation, which was scheduled for automatic repeal in September 2011. As the ongoing review of the Livestock Health and Pest Authority structure may impact the remaking of the regulation, we sought, and were granted, a postponement of this automatic repeal.

4 Statutory reporting

Since the Authority was established, we have continued to build on our capabilities—ensuring we are effectively managed, energy efficient and committed to multiculturalism.



The Office of the NSW Food Authority

The Office of the NSW Food Authority is a division of the Government Service, established under the *Public Sector Employment and Management Act 2002*.

The Office of the NSW Food Authority's sole objective is to provide personnel services to the NSW Food Authority and is a not-for-profit entity. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at the Authority, 6 Avenue of the Americas, Newington NSW 2127.

The Office of the NSW Food Authority commenced operations on 17 March 2006, when it assumed responsibility for the employees and employee related liabilities of the Authority. The assumed liabilities were recognised on 17 March 2006, together with an

offsetting receivable, representing the related funding due from the former employer.

Consultants

Six consultants were engaged by the NSW Food Authority consolidated entity in 2011–12 for a total cost of \$139,557. Of those, one was engaged for more than \$30,000.

Guarantee of service

The Authority has established internal control processes designed to achieve our objectives. We utilise the NSW Trade & Investment Internal Audit and Risk Committee, have an established risk management framework and conduct reviews to assess controls. We are committed to delivering appropriate, effective and quality services to our stakeholders.

Enterprise Risk Management

The Authority has an Enterprise Risk Management Policy, Procedures, Risk Register and treatment plans for all significant risks identified, based on Australian/ New Zealand Standard Risk Management Principles & Guidelines AS/NZS ISO 31000:2009.

These documents are regularly reviewed by our Executive, the NSW Trade & Investment Audit and Risk Committee and the Divisional Risk Coordinators' Network and updated as appropriate.

The purpose of the plan, risk register and treatment plans are to:

- establish an overarching risk management framework that incorporates and links to existing program risk management plans,
- identify and assess risks to overall service delivery and corporate strategies,
- inform the Authority's internal audit program,
- develop strategies and risk treatment plans to mitigate the most serious risks, both at the corporate and divisional level, and incorporate these into corporate planning and reporting, and
- establish a governance structure to manage corporate risks.

The Authority is a member of the NSW Treasury Managed Fund (TMF) which is a self insurance scheme owned and underwritten by the NSW Government. TMF provides a full range of insurance cover for us, including workers compensation, property, public liability, comprehensive motor vehicle and miscellaneous risks.

The Authority is also provided certain protection under the *Food Act 2003*. It is committed to using risk management principles to minimise risk exposure and insurance premium costs.

The management of risk has been a key consideration in the development of our strategic plan.

“ The Authority is committed to ensuring our services and facilities are accessible to everyone in NSW.

The Authority has a Business Continuity Plan and Disaster Recovery Plan. Both comprise a set of processes and procedures that are updated quarterly and tested annually. This ensures that critical business functions can continue during, and after, a disaster, minimising the disruption of services to the public.

Multicultural policies and services plan

We have an ongoing commitment to the principles of multiculturalism, ensuring our services and facilities are accessible to everyone in New South Wales.

The Authority undertakes to:

- ensure our safety programs cater for the ethnic diversity of the state's consumers and food industry,
- service those from culturally and linguistically diverse (CALD) backgrounds,
- ensure that our employees are acknowledged for their cultural diversity and granted reasonable flexibility in their duties to:
 - accommodate culturally diverse practices, and
 - utilise culturally specific skills,
- maintain consistency with Equal Employment Opportunity principles, ensuring that prospective employees are treated equally and not disadvantaged by virtue of any CALD community membership or cultural belief or practice.

Risk management attestation



31 August 2012

Mr Mark Pellowe
Senior Director
Financial Management and Reporting Branch
The Treasury, Level 24, Governor Macquarie Tower
1 Farrer Place SYDNEY NSW 2000

Dear Mr Pellowe,

Internal Audit and Risk Management Attestation for the 2011–2012 Financial Year for the NSW Food Authority

I, Polly Bennett am of the opinion that the NSW Food Authority has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular TC 09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables the senior management of the NSW Food Authority to understand, manage and satisfactorily control risk exposures.

I, Polly Bennett am of the opinion that the Audit and Risk Committee for the Department of Trade and Investment, Regional Infrastructure and Services (NSW Trade and Investment), of which the NSW Food Authority is a partner agency, is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and members of the Audit and Risk Committee are:

- Independent Chair Dr Elizabeth Coombs, (appointed for 4 years)
- Independent Member Mr Ian Neale, (appointed for 6 years)
- Independent Member Mr Ken Barker, (appointed for 3 years)
- Non-independent Member Mr Nick Roberts, (appointed for 4 years)
- Non-independent Member Mr Mark Duffy, (appointed for 3 years)

During 2011-2012 NSW Trade and Investment's internal audit services were provided by two external contractors and departmental staff. This model was chosen after a review of the internal audit function which included consultation with stakeholders, management and the Committee.

I, Polly Bennett declare that this Internal Audit and Risk Management Attestation is made on behalf of the following controlled entities:

- Office of the NSW Food Authority
- Pacific Industry Services Corporation Pty Limited

Should you wish to discuss this statement further please contact Ms Sian Malyn, Chief Audit Executive on 9842 8034.

Yours sincerely,

Polly Bennett
Chief Executive Officer
NSW Food Authority

“ The Authority publishes food safety compliance information for businesses and tips for consumers in a range of languages.



This assists industry by ensuring that:

- food industry participants have appropriate access to the Authority’s consultation processes, regulatory programs and advisory services,
- food industry participants have a better understanding of the Authority’s role and practices relating to culturally diverse communities ,
- our programs and services take account of culturally diverse and traditional methods of food preparation.

We have developed an implementation action plan to give effect to these strategies.

Activities during 2011–12 included:

- **Engaging an interpreter, and translating factsheets, to communicate food safety issues to bakeries**

It was discovered that some bakeries in Fairfield had been preparing Vietnamese-style pork rolls (containing raw egg products such as egg butter or mayonnaise) that were linked to a number of foodborne illness (Salmonellosis) reports. To help address this problem, the Authority, in cooperation with Fairfield City Council, undertook an awareness campaign. This included factsheets on important food safety issues (translated into Vietnamese and Chinese) and visits by food inspection staff accompanied by a translator. Two food safety workshops were held for food handlers, one aimed at staff with

lower English proficiency. On reinspection, food safety compliance had increased and additional controls to manage risks had been implemented.

- **Translating the CALD component for the 8700kJ campaign for Chinese, Indian and Vietnamese audiences**

Translated radio advertisements were featured in drive-time on 2AC Australian Chinese Radio, 2ILR India Link FM and 2VNR Vietnamese radio. These communities were chosen for greatest representation in the target audience age group (18-24 year olds).

- **Asking RTOs to offer Food Safety Supervisor (FSS) training in languages other than English**

To address the need for FSS training to be accessible for people from CALD communities, the Authority asks Registered Training Organisations (RTOs) applying to become approved under the program whether they offer, or plan to offer, the required training units in languages other than English. As at 30 June 2012, six RTOs were providing these services. We will continue to encourage RTOs to provide services for people from CALD communities via our six-monthly newsletter.

Other important, ongoing activities include providing a free, accredited interpreter service on demand for calls by non-English speakers to our helpline. We also publish selected food safety compliance information for food

businesses and tips for consumers in a range of community languages.

Languages are included in the set where the incidence of consumers who speak a language other than English at home (or have difficulty with English) is highest.

Other resources are translated as appropriate. Languages include Arabic, Chinese, Greek, Italian, Japanese, Khmer, Korean, Macedonian, Serbian, Spanish, Thai, Turkish and Vietnamese.

In 2011–12, our program of activities for 2011–14 was restructured in line with the Community Relation Commission's multicultural planning framework and endorsed by the Executive. As a small agency the Authority is required to report formally on our plan and progress every three years, with the next full report due no later than 2013–14.

The Authority also reports our multicultural strategies and actions as part of the Multicultural Plan Implementation Report for NSW Trade & Investment.

Code of Conduct

The Authority is committed to meeting the expectations of the community to conduct our work with efficiency, economy, fairness, impartiality and integrity. These principles are inherent in our Code of Conduct and our Regulatory Food Safety Auditor Code of Conduct.

Annual Report production

Production of the NSW Food Authority Annual Report 2011–12 cost \$9,936.00+ GST. Four (4) hard copies were printed. This report is also available for free download from www.foodauthority.nsw.gov.au.

Formal access requests

GIPA (Government Information Public Access) applications for the NSW Food Authority are managed centrally and are included in the consolidated GIPA information published in the Annual Report for NSW Trade & Investment. Further information about accessing documents under GIPA is on the Authority's website.

Privacy management

The *Food Act 2003* imposes particular obligations on those administering or executing the Act not to disclose certain confidential information obtained by them in the course of their duties.

Matters relating to more general collection, disclosure and use of personal information by the Authority are governed by provisions of the *Privacy and Personal Information Act 1998*. Personal information which contains information or an opinion about an individual's health or disability is also subject to provisions of the *Health Records and Information Privacy Act 2002*.

In 2011–12, the Authority reviewed our privacy management arrangements and submitted a revised privacy management plan to the Office of the Information Commissioner.

Energy performance

Corporate commitment

The Authority is committed to minimising our impact on the environment by:

- achieving energy savings,
- incorporating sustainable energy management practices (where cost effective),
- using whole-of-government energy contracts to achieve cost savings,
- purchasing green power to reduce greenhouse gas emissions.

Electricity is supplied to our offices through the State Contract Control Board electricity contracts C777. This includes the purchase of six per cent green power.

Planning

An Energy Manager and Energy Coordinator have accountability and responsibility for energy management. Where feasible and cost effective, the Authority will endeavour to reduce energy consumption in buildings and our vehicle fleet, reducing our carbon footprint. To encourage staff to reduce energy use and reinforce sustainability, we send out regular emails and update them on environmental promotions via the intranet.

Future direction

The Energy Management Plan includes the Authority's policy directions; monitoring, targeting and reporting mechanisms; and energy management strategies. Apart from using whole-of-government energy contracts, we purchase GreenPower and products with recycled content where feasible.

“ Our vehicle fleet is being progressively downsized to use four-cylinder and hybrid cars, and smarter travel plans are being introduced where possible.

Our vehicle fleet is being progressively downsized to use four-cylinder and hybrid cars, and smarter travel plans are being introduced where possible. Staff awareness and participation in lowering gas emissions is promoted via posters and the intranet.

Waste reduction

The Authority operates in accordance with the NSW Government Waste Reduction and Purchasing Policy.

Our policy is to continue to reduce waste by increasing recycling and purchasing recycled content products where possible. All copy paper purchased has a minimum 50 per cent

recycled content and remanufactured laser printer and fax toner cartridges are purchased when available.

Initiatives for waste reduction have included increasing the replacement of paper documents with electronic documents. This includes email, e-newsletters and electronic record keeping. Double-sided printing and copying is also used where appropriate.

We also recycle all toner cartridges, light globes and fluorescent tubes, and recycle and/or donate redundant IT equipment and mobile phones.

2011–12 Overseas travel

Name of officer	Travel dates	Destination	Purpose of travel	Source of funds
Marianne Tegel	9 December 2011 to 17 December 2011	Italy	NSW Food Authority invited by Food Agriculture Organisation (FAO) and World Health Organisation (WHO) to participate in a workshop in Rome to develop the FAO/WHO Guide for food recall during food safety emergencies/incidents	FAO/WHO
Craig Sahlin	14 February 2012 to 16 February 2012	New Zealand	27th meeting of the Implementation Sub Committee (ISC) to meet with senior officers of the NZ Food Safety Authority (NZFSA) (now integrated into the Ministry of Agriculture and Forestry)	NSW Food Authority
Peter Day	14 February 2012 to 16 February 2012	New Zealand	27th meeting of the Implementation Sub Committee (ISC) to meet with senior officers of the NZ Food Safety Authority (NZFSA) (now integrated into the Ministry of Agriculture and Forestry)	NSW Food Authority
David Cusack	13 February 2012 to 16 February 2012	New Zealand	27th meeting of the Implementation Sub Committee (ISC) to meet with senior officers of the NZ Food Safety Authority (NZFSA) (now integrated into the Ministry of Agriculture and Forestry)	ISC Project Pool Fund, Commonwealth Department of Health & Ageing

Glossary

ANZFRMC	Australian and New Zealand Food Regulation Ministerial Council
AQIS	Australian Quarantine Inspection Service
CALD	Culturally and Linguistically Diverse
DAFF	Department of Agriculture, Forestry and Fisheries
EEO	Equal Equal Employment Opportunity
EHO	Environmental Health Officer
FASS	NSW Forensic and Analytical Science Service
FBI Unit	Foodborne Illness Investigation Unit of the NSW Food Authority
FRP	Food Regulation Partnership
FSIC	Food Safety Information Council
FPAR	Food Premises Assessment Report
FRSC	Food Regulation Standing Committee – official committee that advises the Australia and New Zealand Food Regulation Ministerial Council
FSANZ	Food Standards Australia New Zealand
FSC	Food Standards Code
FSMS	Food Safety Management System
FSS	Food Safety Supervisor
GIPA	Government Information Public Access
GM	Genetically Modified
ISC	Implementation Sub-Committee of the Food Regulation Standing Committee (FRSC)
MoU	Memorandum of Understanding
NAIDOC	National Aborigines and Islanders Day Observance Committee
NIP	Nutritional Information Panel
NSW Trade & Investment	Department of Trade and Investment, Regional Infrastructure and Services
PPP	Primary Production and Processing
PRIA	Public Relations Institute of Australia
RTE	Ready-to-eat
RTO	Registered Training Organisation
SDAC	Standards Development Advisory Committee of Food Standards Australia New Zealand (see FSANZ)

Financial information

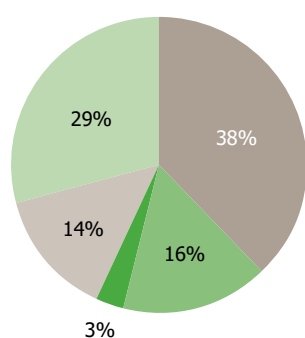


1 NSW Food Authority

Financial Summary 2011–12

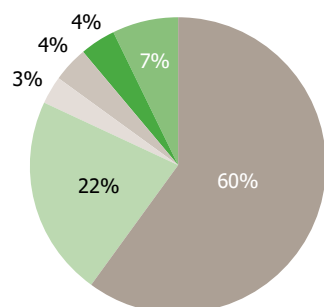
NSW Food Authority Income and Expenditure

NSW Food Authority
2011–12 actual expenses
by Branch



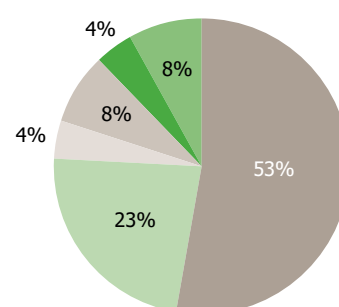
- Compliance Investigation & Enforcement
- Communications
- Industry Liaison
- Business Services
- Science and Policy

NSW Food Authority
2011–12 actual expenses
for the year



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

NSW Food Authority
2011–12 actual income
for the year



- Grants & contributions
- Audit & inspection fees
- Interest income
- Industry levies
- Other income
- License fees



Statement by Chief Executive Officer of the NSW Food Authority

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

1. The accompanying Consolidated Financial Statements consisting of the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and the Notes thereto of the NSW Food Authority and its group, consisting of the NSW Food Authority, its controlled entities, the Office of the NSW Food Authority and Pacific Industry Services Corporation Pty Limited, for the financial year ended 30 June 2012 exhibit a true and fair view of the financial position and transactions of the economic entity and NSW Food Authority.
2. The Consolidated Financial Statements have been prepared in accordance with applicable Australian Accounting Standards which include the Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particulars included in the Consolidated Statements to be misleading or inaccurate.
4. The Consolidated Financial Statements have maintained a going concern basis as a Letter of Comfort was received from the Department of Trade and Investment Regional Infrastructure & Services.

A handwritten signature in black ink, appearing to read 'Polly Bennett'.

Polly Bennett
Chief Executive Officer

15 October 2012



INDEPENDENT AUDITOR'S REPORT

New South Wales Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the New South Wales Food Authority (the Authority), which comprise the statements of financial position as at 30 June 2012 , the statements of comprehensive income, the statements of changes in equity, the statements of cash flows and notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity, as at 30 June 2012 and of the financial performance and the cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executives Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements that give a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer , as well as evaluating the overall presentation of the financial statements.

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

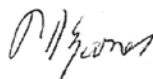
My opinion does not provide assurance:

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

Independence

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

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



Peter Barnes
Director, Financial Audit Services

15 October 2012
SYDNEY

START OF AUDITED FINANCIAL STATEMENTS

NSW FOOD AUTHORITY

ABN 47 080 404 416

Statements of Comprehensive Income for the Year Ended 30 June 2012

	Notes	Consolidated		Parent Entity	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations					
Industry levies and licence fees	2	6,717	6,580	6,717	6,580
Grants and contributions	3	12,949	12,233	12,949	12,233
Miscellaneous income and fees for services	4	3,749	3,284	3,749	3,284
Investment revenue	5	950	905	942	876
Increment/(decrement) on revaluation of non-current investment		-	-	-	(73)
Total revenue from continuing operations		24,365	23,002	24,357	22,900
Expenses from continuing operations					
Employee related expenses	7	13,552	12,496	-	-
Personnel services	7	-	-	31,008	12,263
Other operating expenses	8	7,139	6,165	7,131	6,063
Maintenance		24	87	24	87
Depreciation and amortisation	9	1,012	953	1,012	953
Grants and subsidies		648	510	648	510
Loss on disposal of plant, equipment and furniture	6	160	151	160	151
Loss on transfer of ownership of non-current investment	1	-	671	-	671
Total expenses from continuing operations		22,535	21,033	39,983	20,698
Net surplus(deficit) for the year		1,830	1,969	(15,626)	2,202
Other comprehensive income/(loss)					
Actuarial (losses)/gains on defined benefit superannuation	16(d)	(17,456)	233	-	-
Total comprehensive income/(loss) for the year		(15,626)	2,202	(15,626)	2,202

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Statements of Financial Position as at 30 June 2012

	Notes	Consolidated			Parent Entity		
		2012	2011	2010	2012	2011	2010
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS							
Current Assets							
Cash and Cash Equivalents	10	15,853	13,602	12,189	15,653	13,394	11,223
Receivables	11	1,264	1,268	1,548	1,264	1,273	1,558
Total Current Assets		17,117	14,870	13,737	16,917	14,667	12,781
Non-Current Assets							
Property, Plant and Equipment							
- Land and Buildings	12	8,030	8,315	8,600	8,030	8,315	8,600
- Plant and Equipment	12	1,996	2,027	1,921	1,996	2,027	1,921
Total Property, Plant and Equipment	12	10,026	10,342	10,521	10,026	10,342	10,521
Intangible Assets	14	3,113	3,271	2,437	3,113	3,271	2,437
Other Financial Assets :							
Investment in Controlled and Associated companies	13	-	-	-	198	198	942
Total Non-Current Assets		13,139	13,613	12,958	13,337	13,811	13,900
TOTAL ASSETS		30,256	28,483	26,695	30,254	28,478	26,681
LIABILITIES							
Current Liabilities							
Payables	15	1,476	1,345	925	7,669	6,772	6,016
Provisions	16	6,195	5,432	5,105	-	-	-
Other	23	30	29	28	30	29	28
Total Current Liabilities		7,701	6,806	6,058	7,699	6,801	6,044
Non-Current Liabilities							
Superannuation Provision	16(d)	25,486	8,982	10,144	-	-	-
Other	18(c)	-	-	-	25,486	8,982	10,144
Total Non-Current Liabilities		25,486	8,982	10,144	25,486	8,982	10,144
TOTAL LIABILITIES		33,187	15,788	16,202	33,185	15,783	16,188
NET ASSETS		(2,931)	12,695	10,493	(2,931)	12,695	10,493
EQUITY							
Reserves		1,862	1,862	1,862	1,862	1,862	1,862
Accumulated Funds		(4,793)	10,833	8,631	(4,793)	10,833	8,631
Total Equity		(2,931)	12,695	10,493	(2,931)	12,695	10,493

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Statements of Changes in Equity for the Year Ended 30 June 2012

	Accumulated Funds \$'000	Consolidated Asset Revaluation \$'000	Total \$'000
Balance at 1 July 2011	10,833	1,862	12,695
Net result for the year	1,830	-	1,830
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial (losses)/gains on defined benefit superannuation	(17,456)	-	(17,456)
Total comprehensive income for the year	(15,626)	-	(15,626)
Balance at 30 June 2012	(4,793)	1,862	(2,931)
Balance at 1 July 2010	8,631	1,862	10,493
Net result for the year	1,969	-	1,969
Other comprehensive income			
Net increase/(decrease) in property, plant and equipment asset revaluation reserve	-	-	-
Actuarial (losses)/gains on defined benefit superannuation	233	-	233
Total comprehensive income for the year	2,202	-	2,202
Balance at 30 June 2011	10,833	1,862	12,695

NSW FOOD AUTHORITY

ABN 47 080 404 416

Statements of Changes in Equity for the Year Ended 30 June 2012

		Acumulated Funds \$'000	Parent Entity Asset Revaluation \$'000	Total \$'000
Balance at 1 July 2011		9,185	1,862	11,047
Changes in accounting policy	1(s)	1,648	-	1,648
Restated total equity at 1 July 2011		10,833	1,862	12,695
Net result for the year		(15,626)	-	(15,626)
Other comprehensive income				
Net increase/(decrease) in property, plant and equipment asset revaluation reserve		-	-	-
Actuarial (losses)/gains on defined benefit superannuation		-	-	-
Total comprehensive income for the year		(15,626)	-	(15,626)
Balance at 30 June 2012		(4,793)	1,862	(2,931)
Balance at 1 July 2010		8,145	1,862	10,007
Changes in accounting policy	1(s)	486	-	486
Restated total equity at 1 July 2010		8,631	1,862	10,493
Net result for the year as reported in the 2011 financial statements		1,040	-	1,040
Adjustment on change in accounting policy	1(s)	1,162	-	1,162
Restated net result for the year in the 2011 financial statements		2,202	-	2,202
Other comprehensive income for the year as reported in the 2011 financial statements		-	-	-
Total comprehensive income for the year		2,202	-	2,202
Balance at 30 June 2011		10,833	1,862	12,695

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Statements of Cash Flows for the Year Ended 30 June 2012

	Notes	Consolidated		Parent Entity	
		2012	2011	2012	2011
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to suppliers and employees		(21,372)	(19,626)	(21,356)	(19,502)
Grants and subsidies		(648)	(510)	(648)	(510)
Total payments		(22,020)	(20,136)	(22,004)	(20,012)
Receipts					
Milk industry fund payments		1	1	1	1
Industry levies, licences and other		11,069	10,831	11,069	10,831
Grants and contributions received		12,949	12,233	12,949	12,233
Interest received		950	905	942	876
Total receipts		24,969	23,970	24,961	23,941
NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES	17	2,949	3,834	2,957	3,929
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		388	435	388	435
Payment for property, plant and equipment		(799)	(951)	(799)	(951)
Payment for intangible assets		(287)	(1,242)	(287)	(1,242)
Transfer of asset/ownership of non-current investment	1	-	(663)	-	-
NET CASH (OUTFLOW) INFLOW FROM INVESTING ACTIVITIES		(698)	(2,421)	(698)	(1,758)
CASH FLOWS FROM FINANCING ACTIVITIES					
NET CASH (OUTFLOW) INFLOW FROM FINANCING ACTIVITIES		-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,251	1,413	2,259	2,171
Opening cash and cash equivalents		13,602	12,189	13,394	11,223
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	15,853	13,602	15,653	13,394

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Note 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

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

Going Concern:

The Financial Statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of the Authority's business. The Consolidated and Parent Entity both generated Total Comprehensive Loss for the year of \$15,626,000 and resulted to a negative Total Equity of \$2,931,000 mainly due to the actuarial losses on defined benefit superannuation of \$17,456,000 for the year. The superannuation actuarial gains or losses are re-measurements based on assumptions that do not necessarily reflect the ultimate cost of providing superannuation. As such, the management believe that the Authority is well placed to manage its business risks successfully despite the resulting negative Total Equity. A Letter of Comfort was also issued by the Department of Trade and Industry Regional Infrastructure & Services in relation to the matter.

Controlled Entities:

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

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

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

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

Statement of Comprehensive Income for the period ended 02 March 2011

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

Statement of Financial Position as at 02 March 2011

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

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

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

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

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

(b) Statement of compliance

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

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

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

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

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

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

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

(c) Segment reporting

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

(d) Principles of consolidation

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

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

(e) Revenue recognition

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

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

Revenue is recognised for the business activities as follows:

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012**(i) Government grants**

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

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

(ii) Contributions and grants from other bodies

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

(iii) Interest Income

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

(iv) Sale of Goods and Services

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

(v) Industry levies and licence fees

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

(vi) Infringement charges and fines

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

(f) Employee benefits**(i) Salaries and wages, annual leave and sick leave**

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

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

(ii) Long service leave

The Authority recognises long service leave liability as a long-term employee benefit. The provision for long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specific in NSWTC12-06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

(iii) Superannuation

The Superannuation Schemes for the Authority are:

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

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

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

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

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

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

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

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

(h) Property, plant and equipment

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

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

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

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

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

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

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

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

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

(i) Intangible Assets

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

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

Intangibles	10.00%
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(j) Receivables

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

These receivables are reviewed on an ongoing basis. When there is objective evidence that the Authority will not be able to collect all amounts due, an allowance for doubtful debts is established. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective rate. Bad debts are written off. All amounts due at 30 June 2012 are considered to be collectable other than the amounts provided for in the allowance for impairment at note 11.

(k) Payables

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

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

(l) Provisions

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

The Authority recognises provisions for employee benefits.

(m) Financial Instruments

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

(n) Insurance

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

(o) Income Tax

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

Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2013 lodged with the Australian Taxation Office was 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.

(p) Leases

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

(q) Comparatives

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

(r) New Australian Accounting Standards issued but not effective

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

AASB newly issued standards

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

AASB amending standards

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

- AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13' (Issued September 2011).

(s) Change in accounting policy

In accordance with NSW Treasury policy, the Parent Entity and the Special Purpose Entity have changed their policy in the recognition of the defined benefit superannuation cost components and actuarial gains and losses. Previously, defined benefit superannuation cost components and actuarial gains and losses are recognised by the Special Purpose Entity and consolidated in the Economic Entity.

The change in policy was made by the Parent Entity and the Special Purpose Entity on the basis that defined benefit superannuation movements should also be recognised by the Parent Entity and consolidated in the Economic Entity. The new policy has been applied retrospectively from 1 July 2010 and comparative information in relation to the 2011/2012 financial year has been restated accordingly. It was impracticable to restate the figures prior to 1 July 2010.

The following adjustments were made as a result of the change in accounting policy to the Statements of Comprehensive Income and Statements of Financial Position for the year ended 30 June 2010 and 30 June 2011:

	Consolidated			Parent		
	Reported Balance for the year ended 30 June 2010 \$000	Increase/ (Decrease) \$000	Restated Balance for the year ended 30 June 2010 \$000	Reported Balance for the year ended 30 June 2010 \$000	Increase/ (Decrease) \$000	Restated Balance for the year ended 30 June 2010 \$000
Statement of Comprehensive Income (extract)						
Increment/(decrement) on revaluation of non-current investment	618	(618)	-	(105)	-	(105)
Total revenue from continuing operations	21,087	(618)	20,469	20,333	-	20,333
Employee related expenses	12,946	(618)	12,328	-	-	-
Personnel services	-	-	-	12,946	1,080	14,026
Total expenses from continuing operations	20,405	(618)	19,787	20,269	1,080	21,349
Net surplus/(deficit) for the year	1,969	-	1,969	64	(1,080)	(1,016)
Other comprehensive income						
Actuarial (losses)/gains on defined benefit superannuation	(1,698)	-	(1,698)	-	-	-
Total comprehensive income/(loss) for the year	846	-	846	1,926	(1,080)	846

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

	Consolidated			Parent		
	Reported Balance as at 30 June 2010	Increase/ (Decrease)	Restated Balance as at 30 June 2010	Reported Balance as at 30 June 2010	Increase/ (Decrease)	Reported Balance as at 30 June 2010
	\$000	\$000	\$000	\$000	\$000	\$000
Statement of Financial Position (extract)						
Cash and Cash Equivalents	12,189	-	12,189	7,165	4,058	11,223
Total Current Assets	14,870	-	14,870	8,722	4,058	12,780
Total Assets	26,695	-	26,695	22,622	4,058	26,680
Payables	925	-	925	2,443	3,573	6,016
Total Current Liabilities	6,058	-	6,058	2,471	3,573	6,044
Total Liabilities	16,202	-	16,202	12,615	3,573	16,188
Accumulated Funds	8,631	-	8,631	8,145	486	8,631

	Consolidated			Parent		
	Reported Balance for the year ended 30 June 2011	Increase/ (Decrease)	Restated Balance for the year ended 30 June 2011	Reported Balance for the year ended 30 June 2011	Increase/ (Decrease)	Restated Balance for the year ended 30 June 2011
	\$000	\$000	\$000	\$000	\$000	\$000
Statement of Comprehensive Income (extract)						
Increment/(decrement) on revaluation of non-current investment	929	(929)	-	(73)	-	(73)
Total revenue from continuing operations	23,931	(929)	23,002	22,900	-	22,900
Employee related expenses	13,425	(929)	12,496	-	-	-
Personnel services	-	-	-	13,425	(1,162)	12,263
Total expenses from continuing operations	21,962	(929)	21,033	21,860	(1,162)	20,698
Net surplus/(deficit) for the year	1,969	-	1,969	1,040	1,162	2,202
Other comprehensive income						
Actuarial (losses)/gains on defined benefit superannuation	233	-	233	-	-	-
Total comprehensive income/(loss) for the year	2,002	-	2,002	1,040	1,162	2,202

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

	Consolidated			Parent		
	Reported Balance as at 30 June 2011 \$000	Increase/ (Decrease) \$000	Restated Balance as at 30 June 2011 \$000	Reported Balance as at 30 June 2011 \$000	Increase/ (Decrease) \$000	Reported Balance as at 30 June 2011 \$000
Statement of Financial Position (extract)						
Cash and Cash Equivalents	13,602	-	13,602	9,009	4,385	13,394
Total Current Assets	14,870	-	14,870	10,281	4,385	14,666
Total Assets	28,483	-	28,483	24,092	4,385	28,477
Payables	1,345	-	1,345	4,034	2,738	6,772
Total Current Liabilities	6,806	-	6,806	4,063	2,738	6,801
Total Liabilities	15,788	-	15,788	13,045	2,738	15,783
Accumulated Funds	10,833	-	10,833	9,185	1,648	10,833

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Note 2. Industry levies and licence fees

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Industry Levies	1,038	1,117	1,038	1,117
Licence Fees	5,679	5,463	5,679	5,463
Total Industry Levies and Licence Fees	6,717	6,580	6,717	6,580

Note 3. Grants and contributions

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Grants and Contributions received from:				
Department of Primary Industries	12,949	12,233	12,949	12,233
Total Grants and Contributions	12,949	12,233	12,949	12,233

Note 4. Miscellaneous income and fees for services

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Audit and inspection fees (from the food industry)	1,845	2,202	1,845	2,202
Rent and Property Income (from sub-tenants)	48	44	48	44
Infringement charges and fines	193	215	193	215
Other income	1,663	823	1,663	823
Total Miscellaneous Income and Fees	3,749	3,284	3,749	3,284

Note 5. Investment revenue

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Interest Revenue	951	906	943	877
Less:				
Interest allocation to:-				
- Dairy Deregulation Assistance Fund	(1)	(1)	(1)	(1)
Net Interest Revenue	950	905	942	876

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

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

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	388	435	388	435
Written down value of assets disposed	(548)	(586)	(548)	(586)
Gain / (loss) on disposal of plant and equipment	(160)	(151)	(160)	(151)

Note 7. Employee Related Expenses / Personnel Services

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Salaries and allowances	10,540	10,192	-	-
Superannuation	135	300	-	-
Workers Compensation	76	39	-	-
Fringe Benefit Tax	17	27	-	-
Annual and Long Service Leave	2,058	1,242	-	-
Payroll Tax	726	696	-	-
Personnel Services	-	-	31,008	12,263
Total Employee Related Expenses / Personnel Services:	13,552	12,496	31,008	12,263

Note 8. Other operating expenses

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
External Audit Fees	97	102	95	100
Consultancy (a)	140	261	140	261
Contractors	1,282	903	1,280	836
Information Technology Costs	851	405	851	405
Financial Duty and Charges	12	14	12	14
Laboratory Services	1,489	1,452	1,489	1,452
Legal Fees	227	499	227	499
Miscellaneous Expenses	726	616	722	596
Producer Levy Administration Fee	80	80	80	80
Public Relations and Advertising	641	10	641	10
Rent	114	104	114	102
Staff Training	94	155	94	155
Temporary Staff	34	45	34	45
Stakeholder Liaison	76	131	76	129
Stores, Stationery & Printing	313	352	313	352
Postage & Telephone	382	281	382	281
Travel	581	755	581	746
Total Other Operating Expenses	7,139	6,165	7,131	6,063

(a) Consultancy

During the year, NSW Food Authority engaged 6 consultants at a total cost of \$139,557. This compares with 10 consultants last year at a cost of \$260,868.

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Note 9. Depreciation and amortisation expense

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Depreciation				
Buildings	285	285	285	285
Equipment	38	34	38	34
Computers	80	65	80	65
Furniture	24	25	24	25
Motor Vehicles	140	136	140	136
Depreciation expense	567	545	567	545
Amortisation				
Intangibles	445	408	445	408
Amortisation expense	445	408	445	408
Total depreciation and amortisation	1,012	953	1,012	953

Note 10. Cash and cash equivalents

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

	Consolidated			Parent Entity		
	2012	2011	2010	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash at Bank	6,509	4,326	2,291	6,309	4,118	2,013
Cash Advances	50	50	54	50	50	54
Total Cash	6,559	4,376	2,345	6,359	4,168	2,067
Short Term Deposits	9,294	9,226	9,844	9,294	9,226	9,156
Total Cash	15,853	13,602	12,189	15,653	13,394	11,223

In compliance with NSW TC6/23, cash at bank booked in the Office of the NSW Food Authority's ledger were transferred back to NSW Food Authority last March 2012 and the 2011/2010 cash at bank was reclassified and repositioned to be consistent with the current year disclosures.

Note 11. Receivables

	Consolidated			Parent Entity		
	2012	2011	2010	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables	1,541	1,569	1,868	1,541	1,574	1,878
Allowance for impairment of receivables	(277)	(301)	(320)	(277)	(301)	(320)
Total Receivables	1,264	1,268	1,548	1,264	1,273	1,558

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

Note 12. Property, plant and equipment

12 (a) Net carrying amount

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Land:				
At fair value	1,725	1,725	1,725	1,725
Net carrying amount	1,725	1,725	1,725	1,725
Buildings:				
Gross carrying amount	6,875	6,875	6,875	6,875
Accumulated depreciation and impairment	(570)	(285)	(570)	(285)
Net carrying amount at fair value	6,305	6,590	6,305	6,590
Total Land and Buildings:				
Gross carrying amount	8,600	8,600	8,600	8,600
Accumulated depreciation and impairment	(570)	(285)	(570)	(285)
Net carrying amount at fair value	8,030	8,315	8,030	8,315
Motor vehicles:				
At cost	1,511	1,449	1,511	1,449
Accumulated depreciation and impairment	(201)	(204)	(201)	(204)
Net carrying amount	1,310	1,245	1,310	1,245
Computer equipment:				
At cost	690	1,018	690	1,018
Accumulated depreciation and impairment	(217)	(491)	(217)	(491)
Net carrying amount	473	527	473	527
Other equipment:				
At cost	333	486	333	486
Accumulated depreciation and impairment	(201)	(352)	(201)	(352)
Net carrying amount	132	134	132	134
Furniture & Fittings:				
At cost	214	481	214	481
Accumulated depreciation and impairment	(133)	(360)	(133)	(360)
Net carrying amount	81	121	81	121
Total Plant and Equipment:				
At cost	2,748	3,434	2,748	3,434
Accumulated depreciation and impairment	(752)	(1,407)	(752)	(1,407)
Net carrying amount	1,996	2,027	1,996	2,027
Net Carrying Amount	10,026	10,342	10,026	10,342

Valuation of Land and Buildings as at 30 June 2010 was performed by First State Property Valuers and Crown Valuation Service Pty. Ltd. Management has considered and reviewed the movement of property indices for the year and deemed that there is no significant movement in the market value of the Land and Buildings as of 30 June 2012.

Management is of the view that the market value of the remaining assets is assessed as being the written down value at 30 June 2012.

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

12 (b) Reconciliation of carrying amounts

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

2012	Consolidated			Parent Entity		
	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Net carrying amount at 1 July 2011	8,315	2,027	10,342	8,315	2,027	10,342
Additions	-	799	799	-	799	799
Disposals	-	(1,487)	(1,487)	-	(1,487)	(1,487)
Gross revaluation increment less revaluation decrement	-	-	-	-	-	-
Depreciation expense	(285)	(282)	(567)	(285)	(282)	(567)
Depreciation written back on assets disposed	-	939	939	-	939	939
Net carrying amount at 30 June 2012	8,030	1,996	10,026	8,030	1,996	10,026

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

Note 13. Other financial assets

Investment in controlled and associated companies

13 (a) Non-current other financial assets

	Parent Entity	
	2012	2011
	\$'000	\$'000
Controlled companies at fair value	198	198
Total Non-Current Other Financial Assets	198	198

13 (b) Reconciliation of carrying amounts

2012	Pacific Industry Services Corporation Pty Limited \$'000
Carrying amount at 1 July 2011	198
Operating surplus/(deficit)	-
Carrying amount at 30 June 2012	198

Note 14. Intangibles

14 (a) Net carrying amount

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Intangible Assets				
Software				
Cost	4,731	6,422	4,731	6,422
Accumulated amortisation and impairment	(1,618)	(3,151)	(1,618)	(3,151)
Net Carrying Amount	3,113	3,271	3,113	3,271

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

14 (b) Reconciliation of carrying amounts

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

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Opening net carrying amount	3,271	2,437	3,271	2,437
Additions	287	1,242	287	1,242
Disposals	-	-	-	-
Net revaluation increment less revaluation decrement	-	-	-	-
Amortisation expense	(445)	(408)	(445)	(408)
Depreciation written back on assets disposed	-	-	-	-
Closing net carrying amount	3,113	3,271	3,113	3,271

Note 15. Payables

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages, on-costs and payroll tax	297	253	-	-
Creditors	1,179	1,092	1,177	1,087
Office of the NSW Food Authority (Note 18c)	-	-	6,492	5,685
Total Payables	1,476	1,345	7,669	6,772

Note 16. Provisions

	Consolidated			Parent Entity		
	2012	2011	2010	2012	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
16 (a) Current provisions						
Annual leave	1,459	1,539	1,294	-	-	-
Long Service leave	4,736	3,893	3,811	-	-	-
Total Current Provisions	6,195	5,432	5,105	-	-	-
Total Provisions	6,195	5,432	5,105	-	-	-

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

16 (b) Annual leave

The liability at 30 June 2012 was \$1,459,420 (2011 - \$1,539,023). 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 \$1,094,565 (2011 - \$1,154,267) and \$364,855 (2011 - \$384,756) after twelve months.

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Leave taken and entitlement for the year are as follows:				
Balance at beginning of the financial year	1,539	1,294	-	-
Less: Value of leave taken during the year	(948)	(662)	-	-
	591	632	-	-
Add: Value of increased entitlement during the year	868	907	-	-
Balance at the end of the financial year	1,459	1,539	-	-

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

16 (c) Long Service Leave

The total liability at 30 June 2012 was \$4,735,756 (2011 - \$3,893,191).

The value of long service leave expected to be taken within twelve months is \$4,498,968 (2011 - \$3,698,531) and \$236,788 (2011 - \$194,660) after twelve months.

This liability comprises:

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Short term - expected to be settled within 12 months	4,499	3,698	-	-
Long term - not expected to be settled within 12 months	237	195	-	-
Balance at the end of the financial year	4,736	3,893	-	-

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Note 16 (d) Superannuation

Accounting policy

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

Fund information

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

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

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

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	4,398	3,731	1,026	903	44,444	44,418
Current service cost	141	126	46	42	72	83
Interest cost	228	191	52	45	2,283	2,235
Contributions by Fund participants	70	62	-	-	91	89
Actuarial (gains) / losses	166	193	62	(3)	13,725	49
Benefits paid	(577)	95	(136)	39	(2,486)	(2,430)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	4,426	4,398	1,050	1,026	58,129	44,444

Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	3,513	2,815	770	620	36,603	35,472
Expected return on Fund assets	303	244	65	52	3,050	2,956
Actuarial gains/(losses)	(391)	125	(66)	5	(3,046)	342
Employer contributions	165	172	46	54	145	174
Contributions by Fund participants	70	63	-	-	91	89
Benefits paid	(577)	94	(136)	39	(2,486)	(2,430)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	3,083	3,513	679	770	34,357	36,603

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

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

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	4,426	4,398	1,050	1,026	58,129	44,444
Fair value of Fund assets at end of year	(3,083)	(3,513)	(678)	(770)	(34,358)	(36,603)
Subtotal	1,343	885	371	256	23,771	7,841
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	1,343	885	371	256	23,771	7,841

Expense recognised in the statements of comprehensive income

Components Recognised in the statements of comprehensive incomes	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	141	126	46	42	72	83
Interest cost	228	191	52	45	2,283	2,236
Expected return on Fund assets (net of expenses)	(303)	(243)	(65)	(52)	(3,050)	(2,956)
Actuarial losses/(gains) recognised in year	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	66	74	33	35	(695)	(637)

Amounts recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	557	68	128	(7)	16,771	(293)
Adjustment for limit on net asset	-	-	-	-	-	-

Cumulative amount recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	1,416	859	298	170	25,037	8,266
Cumulative adjustment for limitation on net asset	-	-	-	-	-	-

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Fund assets

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

	30-Jun-12	30-Jun-11
Australian equities	28.0%	33.4%
Overseas equities	23.7%	29.5%
Australian fixed interest securities	4.9%	5.7%
Overseas fixed interest securities	2.4%	3.1%
Property	8.6%	9.9%
Cash	19.5%	5.1%
Other	12.9%	13.3%

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-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(14)	260	2	57	10	2,920

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

a) Valuation method

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

b) Economic Assumptions

	30-Jun-12	30-Jun-11
Salary increase rate (excluding promotional increases)	2.5% pa	3.5% pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.6% pa	8.6% pa
Discount rate	3.06% pa	5.28% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial report is available from The Treasury website.

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

Historical information

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	4,426	4,398	1,050	1,026	58,129	44,444
Fair value of Fund assets	(3,083)	(3,513)	(678)	(770)	(34,358)	(36,603)
(Surplus)/Deficit in Fund	1,343	885	371	256	23,771	7,841
Experience adjustments – Fund liabilities	166	193	62	(3)	13,725	49
Experience adjustments – Fund assets	391	(125)	66	(5)	3,046	(342)

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,731	3,221	903	899	44,418	41,873
Fair value of Fund assets	(2,815)	(2,435)	(620)	(670)	(35,472)	(33,824)
(Surplus)/Deficit in Fund	916	786	283	229	8,945	8,049
Experience adjustments – Fund liabilities	195	(420)	62	(26)	1,670	6,414
Experience adjustments – Fund assets	(39)	416	(1)	127	(188)	7,000

	SASS	SANCS	SSS
	30-Jun-08	30-Jun-08	30-Jun-08
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,096	876	35,817
Fair value of Fund assets	(2,330)	(740)	(40,135)
(Surplus)/Deficit in Fund	766	136	(4,318)
Experience adjustments – Fund liabilities	298	3	(709)
Experience adjustments – Fund assets	260	122	6,322

Expected contributions

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	133	118	49	45	146	142

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,837	4,045	891	933	33,731	32,973
Net market value of Fund assets	(3,083)	(3,513)	(678)	(770)	(34,358)	(36,603)
Net (surplus)/deficit	754	531	213	163	627	(3,631)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

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

(d) Economic assumptions

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

Weighted-Average Assumptions		
	30-Jun-12	30-Jun-11
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

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

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

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

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Net surplus/(deficit) for the year	1,830	1,969	(15,626)	2,202
(Increment) / Decrement on Revaluation of Non-Current Investments	-	-	-	73
Depreciation and amortisation	1,012	953	1,012	953
Loss on transfer of ownership/de-registration of non-current asset	-	671	-	671
Loss on Sale of Non-Current Assets	160	151	160	151
Doubtful Debts Written Off	(24)	(19)	(24)	(19)
(Increase) / Decrease in Receivables	28	290	33	303
(Decrease) / Increase in Other Payables	131	420	897	756
(Decrease) / Increase in Industry Funds	1	1	1	1
(Decrease) / Increase in Provisions	763	327	-	-
(Decrease) / Increase in Other Non-Current Liabilities	(952)	(929)	16,504	(1,162)
Net Cash Flows From Operating Activities	2,949	3,834	2,957	3,929

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Note 18. Related Parties

18 (a) Wholly-owned group

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

18 (b) Consolidation summary

2012	Total Income \$'000	Operating result \$'000	Total assets \$'000
NSW Food Authority	24,357	(15,626)	30,256
Office of the NSW Food Authority	31,008	17,456	31,978
Pacific Industry Services Corporation Pty Limited	8	-	201
Consolidation eliminations	(31,008)	-	(32,179)
Total	24,365	1,830	30,256

2011	Total Income \$'000	Operating result \$'000	Total assets \$'000
NSW Food Authority	22,900	1,969	28,478
Pacific Industry Services Corporation Pty Limited	9	(4)	207
Milk Marketing (NSW) Pty Limited (up until 2 March 2011)	20	(69)	-
Office of the NSW Food Authority	12,484	(233)	14,667
Consolidation eliminations	(12,411)	306	(14,669)
Total	23,002	1,969	28,683

18 (c) Related party transactions

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

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

Outstanding balances

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

	2012 \$'000	2011 \$'000
<i>Current Receivables</i>		
Pacific Industry Services Corporation Pty Limited	-	4
The Office of the NSW Food Authority	-	-
	-	4
<i>Current Payables</i>		
The Office of the NSW Food Authority	6,492	5,685
<i>Non-current Payables</i>		
The Office of the NSW Food Authority	25,486	8,982

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

Note 19. Expenditure Commitments

Contractual commitments

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Not later than one year	1,858	1,989	1,858	1,989
Later than one year and not later than 5 years	-	-	-	-
Total (including GST)	1,858	1,989	1,858	1,989

Representing non cancellable contracts:

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Business Continuity Plan	-	-	-	-
Communications	-	-	-	-
Computer Systems Maintenance	333	351	333	351
Consultants	-	103	-	103
Contract Laboratory Services	1,502	1,502	1,502	1,502
Software Upgrade	-	-	-	-
Human Resources	-	5	-	5
Maintenance	23	28	23	28
Sponsorship	-	-	-	-
Total (including GST)	1,858	1,989	1,858	1,989

The total expenditure commitments above include input tax credits of \$168,851 (\$180,791 in 2010/2011) that are expected to be recoverable from the Australian Taxation Office.

Note 20. Contingent assets and contingent liabilities

(a) NSW Food Authority

The Authority has no material contingent assets or contingent liabilities at 30 June 2012 (2010/2011 nil).

(b) The Office of the NSW Food Authority

The Office of the NSW Food Authority has no material contingent assets or contingent liabilities at 30 June 2012 (2010/2011 nil).

Note 21. Segment information

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

Note 22. Events subsequent to balance date

There were no significant events subsequent to 30th June 2012 and prior to the date of these statements.

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements 30 June 2012

Note 23. Other current liabilities

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Milk Industry Funds	30	29	30	29
Total Other Current Liabilities	30	29	30	29

Milk Industry Funds

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

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

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	29	28	29	28
Add :				
Interest received	1	1	1	1
	30	29	30	29
Less:				
Payments/transfers between funds	-	-	-	-
Milk Industry Funds Balance at 30 June 2012	30	29	30	29

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012**Note 24. Financial instruments**

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

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

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

(i) Financial instrument categories : Parent Entity

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2012 \$'000	2011 \$'000
Class:				
Cash and cash equivalents	10	N/A	15,653	13,394
Receivables ¹	11	Loans and receivables (at amortised cost)	1,074	1,141
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	1,177	1,087

(ii) Financial instrument categories : Consolidated

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2012 \$'000	2011 \$'000
Class:				
Cash and cash equivalents	10	N/A	15,853	13,602
Receivables ¹	11	Loans and receivables (at amortised cost)	1,074	1,141
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	15	Financial liabilities measured at amortised cost	1,179	1,092

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 the Financial Statements

30 June 2012

(a) Credit Risk

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

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

Cash

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012*Receivables - trade debtors*

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

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012: \$376,000; 2011: \$461,000) and not less than 30 days past due (2012: \$429,000 ; 2011: \$414,000) are not considered impaired and together these represent 100% of the total trade debtors. There are no debtors which are currently not past due or impaired whose terms have been renegotiated.

(i) Parent Entity

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2012			
< 3 months overdue	75	75	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	300	300	-
2011			
< 3 months overdue	125	125	-
3 months - 6 months overdue	39	39	-
> 6 months overdue	250	250	-

(ii) Consolidated

	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
	\$'000	\$'000	\$'000
2012			
< 3 months overdue	75	75	-
3 months - 6 months overdue	54	54	-
> 6 months overdue	300	300	-
2011			
< 3 months overdue	125	125	-
3 months - 6 months overdue	39	39	-
> 6 months overdue	250	250	-

Notes

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

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements

30 June 2012

NSW Food Authority and Consolidated Entity Deposits

The Authority has placed funds on deposit with TCorp, which has been rated "AAA" by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed "at call" or for a fixed term. For fixed term deposits, the interest rate payable by TCorp is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.95% (2011– 5.23%), while over the year the weighted average interest rate was 4.78% (2011 – 5.26%) on a weighted average balance during the year of \$1,415,779 (2011 – \$1,349,028). None of these assets are past due or impaired.

(b) Liquidity risk

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

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

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year (2010/11 – 0%).

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

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

Maturity analysis and interest rate exposure of financial liabilities

(i) Parent Entity		\$'000					Maturity Dates		
		Interest Rate Exposure							
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
2012 Payables		1,177	-	-	1,177		1,177	-	-
		1,177	-	-	1,177		1,177	-	-
2011 Payables		1,087	-	-	1,087		1,087	-	-
		1,087	-	-	1,087		1,087	-	-

Maturity analysis and interest rate exposure of financial liabilities

(ii) Consolidated		\$'000					Maturity Dates		
		Interest Rate Exposure							
	Weighted Average Effective Int. Rate	Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing		< 1 yr	1-5 yrs	> 5 yrs
2012 Payables		1,179	-	-	1,179		1,179	-	-
		1,179	-	-	1,179		1,179	-	-
2011 Payables		1,092	-	-	1,092		1,092	-	-
		1,092	-	-	1,092		1,092	-	-

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements

30 June 2012

(c) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Authority operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the year end. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

(i) Parent Entity

	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
2012					
<i>Financial assets</i>					
Cash and cash equivalents	15,653	(157)	-	157	-
Receivables	1,074	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,177	-	-	-	-
2011					
<i>Financial assets</i>					
Cash and cash equivalents	13,394	(134)	-	134	-
Receivables	1,141	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,087	-	-	-	-

NSW FOOD AUTHORITY

ABN 47 080 404 416

Notes to the Financial Statements
30 June 2012

(ii) Consolidated					
	Carrying Amount \$'000	-1% Result \$'000	Equity \$'000	1% Result \$'000	Equity \$'000
2012					
<i>Financial assets</i>					
Cash and cash equivalents	15,853	(159)	-	159	-
Receivables	1,074	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,476	-	-	-	-
2011					
<i>Financial assets</i>					
Cash and cash equivalents	13,602	(136)	-	136	-
Receivables	1,141	-	-	-	-
<i>Financial liabilities</i>					
Payables	1,092	-	-	-	-

Other price risk – TCorp Hour-Glass facilities

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

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	1,452	1,384

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 the Financial Statements

30 June 2012

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

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

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

Parent Entity and Consolidated

	Change in unit price	Impact on profit/loss	
		2012 \$'000	2011 \$'000
Hour Glass Investment - Cash facility	+/-1%	+/-15	+/-15

(d) Fair value compared to carrying amount

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

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

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
Financial assets at fair value				
Tcorp Hour-Glass Invnt. Facility	-	1,452	-	1,452

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

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

END OF AUDITED FINANCIAL STATEMENTS

NSW FOOD AUTHORITY

ABN 47 080 404 416

Supplementary Financial Information

1. NSW FOOD AUTHORITY CONSOLIDATED ECONOMIC ENTITY
PERFORMANCE AGAINST BUDGET

	Budget	Actual	Budget
	2012	2012	2013
	\$'000	\$'000	\$'000
Revenue			
Industry levies	1,100	1,038	1,000
License fees	5,403	5,679	5,566
Grants and contributions	12,949	12,949	12,460
Audit and inspection fees	1,562	1,845	1,688
Rent and property income	-	48	22
Fines and penalties	200	193	200
Interest Income	900	950	1,000
Miscellaneous	625	1,663	717
Total Revenue	22,739	24,365	22,653
Expenditure			
Employee related expenses	14,577	13,552	14,926
Consultancy	376	140	118
Contractors	1,427	1,282	986
External audit fees - current year	97	97	100
FBT, financial duty and charges	15	12	12
Grants and subsidies	499	648	595
Information technology costs	607	851	735
Laboratory services	1,484	1,489	1,461
Legal fees	313	227	252
Loss on disposal of non-current assets	-	160	-
Maintenance	35	24	75
Miscellaneous expenses	400	726	596
Postage & telephone	317	382	271
Producer levy administration fee	103	80	100
Public relations and advertising	23	641	271
Rent	147	114	56
Staff training	127	94	69
Temporary Staff	50	34	-
Stakeholder Liaison	-	76	-
Stores, stationery & printing	252	313	214
Travel	741	581	621
Depreciation and amortisation	945	1,012	1,030
Total Expenditure	22,535	22,535	22,488
SURPLUS FOR THE YEAR	204	1,830	165

NSW FOOD AUTHORITY

ABN 47 080 404 416

NSW Food Authority Consolidated Economic Entity

Supplementary Financial Information

2. 2011/12 INCOME AND EXPENDITURE BUDGET

The 2011/12 budget information represents the revised operating budget for the NSW Food Authority for the period, depicting a surplus of \$204,000. The budget surplus was a result of funding received from the government for the wireless internet access project for field based staff. Expenditure on this project was capitalised. The actual operating result for the entity was a surplus of \$1,830,000 mainly due to actual revenue exceeding the budget.

Actual total Authority's income is \$24,365,000 and exceeds budgeted income of \$22,739,000 by \$1,626,000 due to the following:

- Increase in miscellaneous income by \$1,040,000 was due to unbudgeted Food Safety Supervisor certificate income in the amount of \$831,000 and unbudgeted funding from the NSW Ministry of Health to support the implementation, promotion and evaluation of the Fast Choices program in the amount of \$250,000.
- Minor increase in audit fees due to minor increase in audit activities in the amount of \$283,000 as well as minor increase in licence fees of \$276,000.

Actual total Authority's expenditure of \$22,535,000 is the same as the budgeted expenditure of \$22,535,000.

3. ACCOUNTS PAYABLE

NSW Food Authority payment performance indicators.

Aged Analysis at the end of each quarter

Below is a schedule of the dollar amount of payments made during 2011-12 by The Authority. Also included is the time these documents were paid, in relation to due date.

Quarter	Current (ie within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 60 and 90 days overdue	More than 90 days overdue
All suppliers	\$	\$	\$	\$	\$
September 2011	465,495	185,733	376	1,372	6,063
December 2011	706,558	256,837	14,382	-	31,758
March 2012	2,157,101	599,571	155,105	1,630	155,106
June 2012	3,273,806	611,639	45,077	42,923	47,700
Total all suppliers	6,602,960	1,653,780	214,940	45,925	240,627
Small Business					
September 2011	-	-	-	-	-
December 2011	-	-	-	-	-
March 2012	-	-	-	-	-
June 2012	-	-	-	-	-
Total small business	-	-	-	-	-

A small business must be a business registered with the Department of Finance and Services as a small business before it is recognised in the accounting system as a small business. As such, it is noted that there were no small business suppliers for the Authority registered with the Department of Finance and Services for the year.

Due to the manner in which the financial management reports payment analysis, it is considered that payments in the 'less than 30 days overdue' are also paid on time.

NSW FOOD AUTHORITY

ABN 47 080 404 416

Accounts paid on time within each quarter

Below is a schedule indicating the percentage of payments paid 'on time'.

All suppliers	September 2011	December 2011	March 2012	June 2012
Total no of accounts due for payment	178	169	618	668
No of accounts paid on time	167	160	506	619
% of account paid on time (based on no of accounts)	94%	95%	82%	93%
\$ amount of accounts due for payment	659,039	1,009,534	3,068,512	4,021,145
\$ amount of accounts paid on time	651,228	963,395	2,756,672	3,885,445
% of accounts paid on time (based on \$ amount of accounts)	99%	95%	90%	97%
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-
Small business	September 2011	December 2011	March 2012	June 2012
Total no of accounts due for payment	-	-	-	-
No of accounts paid on time	-	-	-	-
% of account paid on time (based on no of accounts)	-	-	-	-
\$ amount of accounts due for payment	-	-	-	-
\$ amount of accounts paid on time	-	-	-	-
% of accounts paid on time (based on \$ amount of accounts)	-	-	-	-
Number of payment for interest on overdue accounts	-	-	-	-
Interest paid on overdue accounts	-	-	-	-

For the full 2011-12 financial year 94.27% (based on \$ dollar amount) of all accounts were paid on time.

All accounts for payment are directed to and processed in the Authority's Orange office.

In addition:

- There were no instances of penalty interest being paid or incurred during 2011-12.
- There were instances of supplier's enquiries regarding late payments.
Invoices were generally entered into the accounting system within one week of receipt of the invoice by the Accounts Payable Section

These indicators will continue to be monitored during 2012-13 and future years to ensure the Authority's payment performance continues to improve.

4. MAJOR ASSETS

Property held by the NSW Food Authority

	At Cost	At Valuation	WDV	WDV
	2011	2012	2012	2011
	\$'000	\$'000	\$'000	\$'000
Taree Office	-	600	550	575
Sydney Office	-	8,000	7,480	7,740
Total property held	-	8,600	8,030	8,315

NSW FOOD AUTHORITY

ABN 47 080 404 416

5. CREDIT CARD USE

I certify that credit card use in 2011-12 in the NSW Food Authority has been in accordance with Premier's Memoranda and Treasurer's Directions.



P Bennett
Chief Executive Officer
NSW Food Authority

2 Office of the NSW Food Authority

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

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

1. The accompanying Financial Statements consisting of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and the Notes thereto of the Office of NSW Food Authority, for the financial year ended 30 June 2012 exhibit a true and fair view of the financial position and transactions of the Office of NSW Food Authority.
2. The Financial Statements have been prepared in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particulars included in the Financial Statements to be misleading or inaccurate.



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

12 October 2012



INDEPENDENT AUDITOR'S REPORT

Office of the New South Wales Food Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of New South Wales Food Authority (the Office), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Director-General's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Independence

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

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



Peter Barnes
Director, Financial Audit Services

12 October 2012
SYDNEY

START OF AUDITED FINANCIAL STATEMENTS

Office of the Food Authority

ABN 53 410 560 411

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Revenue from continuing operations			
Personnel services income	4	31,008	12,484
Total revenue from continuing operations		31,008	12,484
Expenses from continuing operations			
Employee related expenses	5	13,552	12,717
Total expenses from continuing operations		13,552	12,717
Net surplus/(deficit) from continuing operations		17,456	(233)
Other comprehensive income			
Actuarial gain/(losses) on defined benefit superannuation	10(c)	(17,456)	233
Total comprehensive income/(loss) for the year		-	-

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

Office of the Food Authority
ABN 53 410 560 411

Statement of Financial Position as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000	2010 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	6	-	-	-
Receivables	7	6,492	5,685	5,313
Total Current Assets		6,492	5,685	5,313
Non-Current Assets				
Receivables	7	25,486	8,982	10,144
Total Non-Current Assets		25,486	8,982	10,144
TOTAL ASSETS		31,978	14,667	15,457
LIABILITIES				
Current Liabilities				
Payables	8	297	253	208
Provisions	10	6,195	5,432	5,105
Total Current Liabilities		6,492	5,685	5,313
Non-Current Liabilities				
Superannuation Provision	10(c)	25,486	8,982	10,144
Total Non-Current Liabilities		25,486	8,982	10,144
TOTAL LIABILITIES		31,978	14,667	15,457
NET ASSETS		-	-	-
EQUITY				
Reserves		-	-	-
Accumulated Funds		-	-	-
Total Equity		-	-	-

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

Office of the Food Authority
ABN 53 410 560 411

Statement of Changes in Equity for the Year Ended 30 June 2012

	Notes	Accumulated Funds \$'000
Balance at 1 July 2011		1,647
Changes in accounting policy	1(m)	(1,647)
Restated total equity at 1 July 2011		-
Total comprehensive income for the year		
Net surplus(deficit) for the year		17,456
Actuarial gains/(losses) on defined benefit superannuation		(17,456)
Balance at 30 June 2012		-
Balance at 1 July 2010		485
Changes in accounting policy	1(m)	(485)
Restated total equity at 1 July 2010		-
Total comprehensive income as reported in the 2011 financial statements		(233)
Net surplus(deficit) for the year		-
Actuarial (losses)/gains on defined benefit superannuation		233
Balance at 30 June 2011		-

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

Office of the Food Authority
ABN 53 410 560 411

Statement of Cash Flows for the Year Ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Cash Flows from Operating Activities			
Payments to suppliers and employees		-	-
Income from personnel services		-	-
Net Cash (Outflow) Inflow from Operating Activities		-	-
Net Cash (Outflow) Inflow from Investing Activities		-	-
Net Cash (Outflow) Inflow from Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalents		-	-
Opening cash and cash equivalents		-	-
Cash and Cash Equivalents at the end of the year	6	-	-

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

Office of the Food Authority
ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2012**

Note 1. Summary of significant accounting policies

(a) Reporting entity

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

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

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

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

(b) Statement of preparation

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

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

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

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

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

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

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

(c) Statement of compliance

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

(d) Segment reporting

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

(e) Revenue recognition

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements 30 June 2012

(f) Employee benefits

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

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

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

(ii) Long service leave

The Office recognises long service leave liability as a long-term employee benefit. The provision for long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on the application of certain factors (specific in NSWTC 12-06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

(iii) Superannuation

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

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

The first three schemes are defined benefit schemes, which are closed to new entrants. AASB 119 – *Employee Benefits* requires the defined benefit obligation to be discounted using the government bond rate at each reporting date. Note 10(c) details the reserves, overfunding, provisions and other disclosures provided by the scheme actuary.

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

The superannuation liability is recognised in the Office of the NSW Food Authority. It is the difference between the gross liabilities and the stake in the funds at reporting date in respect of the Office employees (refer Note 10(c)). Superannuation liability for defined benefit funds for NSW state employees are actuarially assessed by Pillar Administration prior to each reporting date and are measured at the present value of the estimated future payments.

(g) Goods and services tax (GST)

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

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

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

Office of the Food Authority
ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2012**

(h) Receivables

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

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

(i) Payables

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

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

(j) Provisions

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

The Office recognises provisions for employee benefits.

(k) Comparatives

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

(l) New Australian Accounting Standards issued but not effective

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

AASB newly issued standards

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

AASB amending standards

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements 30 June 2012

(m) Change in accounting policy

In accordance with NSW Treasury policy, the Office has changed its policy on the recognition of the defined benefit superannuation cost components and actuarial gains and losses. Previously defined benefit superannuation cost components and actuarial gains and losses are recognised by the Office and consolidated in the Economic Entity.

The change in policy was made by the Office on the basis that defined benefit superannuation movements should be recognised also by the Parent Entity (NSW Food Authority) and consolidated in the Economic Entity. The new policy has been applied retrospectively from 1 July 2010 and comparative information in relation to the 2011/2012 financial year has been restated accordingly. It was impracticable to restate the figures prior to 1 July 2010.

The following adjustments were made as a result of the change in accounting policy to the Statements of Comprehensive Income and Statements of Financial Position for the year ended 30 June 2010 and 30 June 2011:

The Office of the NSW Food Authority			
	Reported Balance for the year ended 30 June 2010	Increase/ (Decrease)	Restated Balance for the year ended 30 June 2010
	\$000	\$000	\$000
Statement of Comprehensive Income (extract)			
Personnel services income	13,251	1,080	14,331
Movement in state superannuation schemes	618	(618)	-
Total revenue from continuing operations	13,869	462	14,331
Employee related expenses	13,251	(618)	12,633
Total expenses from continuing operations	13,251	(618)	12,633
Net surplus/(deficit) for the year	618	1,080	1,698
Other comprehensive income			-
Actuarial (losses)/gains on defined benefit superannuation	(1,698)	-	(1,698)
Total comprehensive income/(loss) for the year	(1,080)	1,080	-

The Office of the NSW Food Authority			
	Reported Balance as at 30 June 2010	Increase/ (Decrease)	Restated Balance as at 30 June 2010
	\$000	\$000	\$000
Statement of Financial Position (extract)			
Cash and Cash Equivalents	4,058	(4,058)	-
Receivables	1,532	3,781	5,313
Total Current Assets	5,590	(277)	5,313
Total Assets	15,734	(277)	15,457
Payables	-	208	208
Total Current Liabilities	5,105	208	5,313
Total Liabilities	15,249	208	15,457
Accumulated Funds	485	(485)	-

Office of the Food Authority
ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2012**

The Office of the NSW Food Authority			
	Reported Balance for the year ended 30 June 2011	Increase/ (Decrease)	Restated Balance for the year ended 30 June 2011
	\$000	\$000	\$000
Statement of Comprehensive Income (extract)			
Personnel services income	13,646	(1,162)	12,484
Movement in state superannuation schemes	929	(929)	-
Total revenue from continuing operations	14,575	(2,091)	12,484
Employee related expenses	13,646	(929)	12,717
Total expenses from continuing operations	13,646	(929)	12,717
Net surplus(deficit) for the year	929	(1,162)	(233)
Other comprehensive income			-
Actuarial (losses)/gains on defined benefit superannuation	233	-	233
Total comprehensive income/(loss) for the year	1,162	(1,162)	-

The Office of the NSW Food Authority			
	Reported Balance as at 30 June 2011	Increase/ (Decrease)	Restated Balance as at 30 June 2011
	\$000	\$000	\$000
Statement of Financial Position (extract)			
Cash and Cash Equivalents	4,385	(4,385)	-
Receivables	2,694	2,991	5,685
Total Current Assets	7,079	(1,394)	5,685
Total Assets	16,061	(1,394)	14,667
Payables	-	253	253
Total Current Liabilities	5,432	253	5,685
Total Liabilities	14,414	253	14,667
Accumulated Funds	1,647	(1,647)	-

Office of the Food Authority
ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2012**

Note 2. General

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

Note 3. Remuneration of auditors

Fees for the audit of the Office of the NSW Food Authority's 2012 financial report were included as part of total audit fees paid to *The Audit Office of New South Wales* by the parent entity, NSW Food Authority.

Note 4. Personnel Services Income

	2012	2011
	\$'000	\$'000
Personnel Services provided to NSW Food Authority	31,008	12,484
Total Personnel Services Income	31,008	12,484

Note 5. Employee Related Expenses

	2012	2011
	\$'000	\$'000
Salaries and Allowances	10,540	10,413
Superannuation	136	300
Workers Compensation	76	39
Fringe Benefits Tax	17	27
Annual and Long Service Leave	2,058	1,242
Payroll Tax	725	696
Total Employee Related Expenses	13,552	12,717

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2012

Note 6. Cash and Cash Equivalents

In compliance with NSW TC6/23, cash at bank booked in the Office of the Food Authority's ledger were transferred back to NSW Food Authority last March 2012 and the 2011/2010 cash at bank was reclassified and repositioned to be consistent with the current year disclosures.

	2012	2011	2010
	\$'000	\$'000	\$'000
Cash at Bank	-	-	-
Total Cash	-	-	-

Note 7. Receivables

	2012	2011	2010
	\$'000	\$'000	\$'000
Accounts Receivable (receivable from NSW Food Authority)			
Current receivables	6,492	5,685	5,313
Non- Current receivables 10(c)	25,486	8,982	10,144
Total Receivables	31,978	14,667	15,457

Note 8. Payables

	2012	2011	2010
	\$'000	\$'000	\$'000
Accrued salaries, wages, on-costs and payroll tax	297	253	208
Total Payables	297	253	208

Note 9. Related party information

Related party transactions

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

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

Outstanding balances

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

	2012	2011	2010
	\$'000	\$'000	\$'000
<i>Current & Non-Current Receivables</i>			
Parent entity (NSW Food Authority)	31,978	14,667	15,457
<i>Non-Current Payables</i>			
Parent entity (NSW Food Authority)	-	-	-

Office of the Food Authority
ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2012**

Note 10. Provisions

Employee benefits and related oncosts:

	2012	2011	2010
	\$'000	\$'000	\$'000
Current Provisions			
Annual Leave (a)	1,459	1,539	1,294
Long Service Leave (b)	4,736	3,893	3,811
Total Current Provisions	6,195	5,432	5,105
Non-Current Provisions			
Superannuation Provisions (c)	25,486	8,982	10,144
Total Non-current Provisions	25,486	8,982	10,144
Total Provisions	31,681	14,414	15,249

Note 10. (a) Annual leave

The liability at 30 June 2012 was \$1,459,420 (2011 - \$1,539,023). 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 \$1,094,565 (2011 - \$1,154,267) and \$364,855 (2011 - \$384,756) after twelve months.

	2012	2011	2010
	\$'000	\$'000	\$'000
Leave taken and entitlement for the year are as follows:			
Balance at beginning of the financial year	1,539	1,294	1,476
Less: Value of leave taken during the year	(948)	(662)	(1,026)
	591	632	450
Add: Value of increased entitlement during the year	868	907	844
Balance at the end of the financial year	1,459	1,539	1,294

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2012

Note 10. (b) Long Service Leave

The total liability at 30 June 2012 was \$4,735,756 (2011 - \$3,893,191).

The value of long service leave expected to be taken within twelve months is \$4,498,968 (2011 - \$3,698,531) and \$236,788 (2011 - \$194,660) after twelve months.

This liability comprises:

	2012	2011	2010
	\$'000	\$'000	\$'000
Short term - expected to be settled within 12 months	4,499	3,698	3,621
Long term - not expected to be settled within 12 months	237	195	190
Balance at the end of the financial year	4,736	3,893	3,811

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

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements 30 June 2012

Note 10 (c) Superannuation

Accounting policy

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

Fund information

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

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

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

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at beginning of the year	4,398	3,731	1,026	903	44,444	44,418
Current service cost	141	126	46	42	72	83
Interest cost	228	191	52	45	2,283	2,235
Contributions by Fund participants	70	62	-	-	91	89
Actuarial (gains) / losses	166	193	62	(3)	13,725	49
Benefits paid	(577)	95	(136)	39	(2,486)	(2,430)
Past service cost	-	-	-	-	-	-
Curtailments	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Business Combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Present value of partly funded defined benefit obligation at end of the year	4,426	4,398	1,050	1,026	58,129	44,444

Reconciliation of the fair value of Fund assets

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value of Fund assets at beginning of the year	3,513	2,815	770	620	36,603	35,472
Expected return on Fund assets	303	244	65	52	3,050	2,956
Actuarial gains/(losses)	(391)	125	(66)	5	(3,046)	342
Employer contributions	165	172	46	54	145	174
Contributions by Fund participants	70	63	-	-	91	89
Benefits paid	(577)	94	(136)	39	(2,486)	(2,430)
Settlements	-	-	-	-	-	-
Business combinations	-	-	-	-	-	-
Exchange rate changes	-	-	-	-	-	-
Fair value of Fund assets at end of the year	3,083	3,513	679	770	34,357	36,603

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2012

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

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of partly funded defined benefit obligations at end of year	4,426	4,398	1,050	1,026	58,129	44,444
Fair value of Fund assets at end of year	(3,083)	(3,513)	(678)	(770)	(34,358)	(36,603)
Subtotal	1,343	885	371	256	23,771	7,841
Unrecognised past service cost	-	-	-	-	-	-
Unrecognised gain/(loss)	-	-	-	-	-	-
Adjustment for limitation on net asset	-	-	-	-	-	-
Net Liability/(Asset) recognised in the statements of financial position at end of year	1,343	885	371	256	23,771	7,841

Expense recognised in the statements of comprehensive income

Components Recognised in the statements of comprehensive incomes	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current service cost	141	126	46	42	72	83
Interest cost	228	191	52	45	2,283	2,236
Expected return on Fund assets (net of expenses)	(303)	(243)	(65)	(52)	(3,050)	(2,956)
Actuarial losses/(gains) recognised in year	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-
Movement in adjustment for limitation on net assets	-	-	-	-	-	-
Curtailment on settlement (gain)/loss	-	-	-	-	-	-
Expense (income) recognised	66	74	33	35	(695)	(637)

Amounts recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	557	68	128	(7)	16,771	(293)
Adjustment for limit on net asset	-	-	-	-	-	-

Cumulative amount recognised in the statements of comprehensive income

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cumulative amount of actuarial (gains)/losses	1,416	859	298	170	25,037	8,266
Cumulative adjustment for limitation on net asset	-	-	-	-	-	-

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements 30 June 2012

Fund assets

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

	30-Jun-12	30-Jun-11
Australian equities	28.0%	33.4%
Overseas equities	23.7%	29.5%
Australian fixed interest securities	4.9%	5.7%
Overseas fixed interest securities	2.4%	3.1%
Property	8.6%	9.9%
Cash	19.5%	5.1%
Other	12.9%	13.3%

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-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Actual return on Fund assets	(14)	260	2	57	10	2,920

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

a) Valuation method

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

b) Economic Assumptions

	30-Jun-12	30-Jun-11
Salary increase rate (excluding promotional increases)	2.5% pa	3.5% pa
Rate of CPI increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.6% pa	8.6% pa
Discount rate	3.06% pa	5.28% pa

c) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation. The triennial report is available from The Treasury website.

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements
30 June 2012

Historical information

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	4,426	4,398	1,050	1,026	58,129	44,444
Fair value of Fund assets	(3,083)	(3,513)	(678)	(770)	(34,358)	(36,603)
(Surplus)/Deficit in Fund	1,343	885	371	256	23,771	7,841
Experience adjustments – Fund liabilities	166	193	62	(3)	13,725	49
Experience adjustments – Fund assets	391	(125)	66	(5)	3,046	(342)

	SASS		SANCS		SSS	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,731	3,221	903	899	44,418	41,873
Fair value of Fund assets	(2,815)	(2,435)	(620)	(670)	(35,472)	(33,824)
(Surplus)/Deficit in Fund	916	786	283	229	8,945	8,049
Experience adjustments – Fund liabilities	195	(420)	62	(26)	1,670	6,414
Experience adjustments – Fund assets	(39)	416	(1)	127	(188)	7,000

	SASS	SANCS	SSS
	30-Jun-08	30-Jun-08	30-Jun-08
	\$'000	\$'000	\$'000
Present value of defined benefit obligation	3,096	876	35,817
Fair value of Fund assets	(2,330)	(740)	(40,135)
(Surplus)/Deficit in Fund	766	136	(4,318)
Experience adjustments – Fund liabilities	298	3	(709)
Experience adjustments – Fund assets	260	122	6,322

Expected contributions

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	133	118	49	45	146	142

Office of the Food Authority
ABN 53 410 560 411

Notes to the Financial Statements 30 June 2012

Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 30th June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS		SANCS		SSS	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued benefits	3,837	4,045	891	933	33,731	32,973
Net market value of Fund assets	(3,083)	(3,513)	(678)	(770)	(34,358)	(36,603)
Net (surplus)/deficit	754	531	212	163	627	(3,631)

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS		SANCS		SSS	
30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
multiple of member contributions		% member salary		multiple of member contributions	
1.90	1.90	2.50	2.50	1.60	1.60

(c) Funding method

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

(d) Economic assumptions

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

Weighted-Average Assumptions		
	30-Jun-12	30-Jun-11
Expected rate of return on Fund assets backing current pension liabilities	8.3% pa	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa	7.3% pa
Expected salary increase rate	4.0% pa	4.0% pa
Expected rate of CPI increase	2.5% pa	2.5% pa

Nature of asset/liability

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

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

Office of the Food Authority
ABN 53 410 560 411

**Notes to the Financial Statements
30 June 2012**

Note 11. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2012 (2010/11 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2012 (2010/11 nil).

Note 12. Contingent liabilities and contingent assets

The Office has no material contingent assets or contingent liabilities at 30 June 2012 (2010/11 nil).

Note 13. Subsequent events

There have been no events subsequent to balance sheet date.

Note 14. Segment Information

The Office operates in Australia.

END OF AUDITED FINANCIAL STATEMENTS

3 Pacific Industry Services Corporation Pty Limited

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

DIRECTOR'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

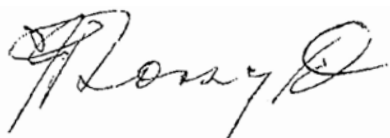
Pursuant to the *Public Finance and Audit Act 1983* the Director of the Company declare on behalf of the Company that in my opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Pacific Industry Services Corporation Pty Limited as at 30 June 2012.
2. The statements have been prepared in accordance with applicable Australian Accounting Standards which include Australian Accounting Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, and the Treasurer's Directions.

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

Signed at *Bonnowa Waters*

This //th day of October, 2012 in accordance with a resolution of the Director.



Director

James Richmond Forsyth



INDEPENDENT AUDITOR'S REPORT

Pacific Industry Services Corporation Pty Limited

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Pacific Industry Services Corporation Pty Limited (the Corporation), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does not provide assurance:

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

Independence

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

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



Peter Barnes
Director, Financial Audit Services

12 October 2012
SYDNEY

START OF AUDITED FINANCIAL STATEMENTS
Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Statement of Comprehensive Income for the Year Ended 30 June 2012

	Notes	2012 \$	2011 \$
Revenue from continuing operations			
Investment Revenue		7,975	8,541
Other Revenue		-	-
Total revenue from continuing operations		<u>7,975</u>	<u>8,541</u>
Expenses from continuing operations			
Bank Charges		123	123
Contractors		2,013	6,026
Audit Fees	3	2,112	2,112
Miscellaneous Expenses		-	-
Insurance		4,151	3,931
Total expenses from continuing operations		<u>8,399</u>	<u>12,192</u>
Operating result before income tax expense		(424)	(3,651)
Income Tax expense	1(g)	<u>-</u>	<u>-</u>
Operating result from continuing operations		<u>(424)</u>	<u>(3,651)</u>
Net operating result for the year		<u>(424)</u>	<u>(3,651)</u>
Operating result attributable to the members of Pacific Industry Services Corporation Pty Limited		<u>(424)</u>	<u>(3,651)</u>

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Statement of Financial Position for the Year Ended 30 June 2012

	Notes	2012 \$	2011 \$
Current Assets			
Cash and cash equivalents	4	200,818	207,268
Total Current Assets		<u>200,818</u>	<u>207,268</u>
Total Assets		<u>200,818</u>	<u>207,268</u>
Current Liabilities			
Payables	5	2,717	8,743
Total Current Liabilities		<u>2,717</u>	<u>8,743</u>
Total Liabilities		<u>2,717</u>	<u>8,743</u>
Net Assets		<u>198,101</u>	<u>198,525</u>
Equity			
Issued Capital	12	2,875,267	2,875,267
Accumulated Funds		(2,677,166)	(2,676,742)
Total Equity		<u>198,101</u>	<u>198,525</u>

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Statement of Changes in Equity for the Year Ended 30 June 2012

	Issued Capital \$	Accumulated Fund \$	Total Equity \$
Balance at 1 July 2010	<u>2,875,267</u>	<u>(2,673,091)</u>	<u>202,176</u>
Total comprehensive income (loss) for the year	<u>-</u>	<u>(3,651)</u>	<u>(3,651)</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2011	<u>2,875,267</u>	<u>(2,676,742)</u>	<u>198,525</u>
Total comprehensive income (loss) for the year	<u>-</u>	<u>(424)</u>	<u>(424)</u>
Transactions with owners in their capacity as owners	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2012	<u><u>2,875,267</u></u>	<u><u>(2,677,166)</u></u>	<u><u>198,101</u></u>

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Statement of Cash Flows for the Year Ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(14,425)	(9,832)
Interest received		7,975	8,541
Other receipts		-	-
Net Cash (Outflow) Inflow from Operating Activities	13	(6,450)	(1,291)
Net Cash (Outflow) Inflow from Investing Activities		-	-
Net Cash (Outflow) Inflow from Financing Activities		-	-
Net Increase (Decrease) in Cash and Cash Equivalents		(6,450)	(1,291)
Cash and Cash Equivalents at the beginning of the year		207,268	208,559
Cash and Cash Equivalents at the end of the year	4	200,818	207,268

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2012

Note 1. Summary of significant accounting policies

Reporting Entity

Pacific Analysis Pty Limited was incorporated on 16 December 1994 and commenced operations on 1 March 1995. It changed its name to Pacific Industry Services Corporation Pty Limited on 9 July 1996. The Company was established for the purpose of providing laboratory services. These were discontinued in February 2000. On 15 May 2000 all assets except land and buildings were sold to Microtech Laboratories (NSW) Pty Ltd in consideration for a 35% share in that entity. On 1 May 2001, the company's interest in Microtech Laboratories (NSW) Pty Ltd was sold. The Company is a 100% owned subsidiary of NSW Food Authority.

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

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

Basis of preparation

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

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

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

Statement of Compliance

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

Significant accounting policies

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

a) Significant revenues & expenses

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

b) Revenue recognition

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

Other Revenue

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

Interest

Interest revenue is recognised as it accrues.

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2012**

Dividends

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

c) Cash assets

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

d) Receivables

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

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

e) Payables

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

f) Provisions

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

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

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

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

g) Income tax

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

Private Ruling for exemption from Commonwealth income tax for the years ending 30 June 2005 to 30 June 2013 lodged with the Australian Taxation Office has been granted.

h) Goods and services tax

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

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

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2012**

(i) New Australian Accounting Standards issued but not effective

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

AASB newly issued standards

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

AASB amending standards

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2012

Note 2. General

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

2012	2011
\$	\$

Note 3. Remuneration of auditors

Fees paid to *The Audit Office of New South Wales*
Audit of Financial Statements

2,112	2,112
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Note 4. Cash and cash equivalents

Cash at bank and in hand

200,818	207,268
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Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the Statements of Cash Flows as follows:

Balance per Statements of Financial Position (as above)

200,818	207,268
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Balance per the Statements of Cash Flows

200,818	207,268
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Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2012**

	2012	2011
	\$	\$
Note 5. Payables		
Amounts payable to parent entity (NSW Food Authority)	-	3,826
Payables and accrued expenses	2,717	4,917
	<u>2,717</u>	<u>8,743</u>
Note 6. Related party information		
Share transactions of directors		
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in the company	-	-
	<u>-</u>	<u>-</u>
Related party transactions		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Outstanding balances		
Aggregate amounts receivable from, and payable to related parties at balance date are as follows:		
<i>Current Receivables</i>		
Parent entity (NSW Food Authority)	-	-
	<u>-</u>	<u>-</u>
<i>Current Payables</i>		
Parent entity (NSW Food Authority)	-	3,826
	<u>-</u>	<u>3,826</u>

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2012**

Note 7. Responsible persons and executive officers

Directors

The names of directors who have held office during the financial year were:

Mr James Richmond Forsyth

Ms Frances Edwina Mulhearn from 1 July 2011 to 12 April 2012

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

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

	2012	2011
	\$	\$
Directors' remuneration		
Income paid or payable or otherwise made available, to all directors from the company and any related parties	-	-
	Number 2012	Number 2011
Number of directors whose income was within the following bands:		
Nil to \$9,999	2	2

The company does not employ any executive personnel.

Note 8. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 30 June 2012 (2010/2011 nil).

(b) Other expenditure commitments

There were no material expenditure commitments as at 30 June 2012 (2010/2011 nil).

Note 9. Contingent liabilities and contingent assets

The company has no material contingent assets or contingent liabilities at 30 June 2012 (2010/2011 nil).

Note 10. Subsequent events

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

**Notes to the Financial Statements
30 June 2012**

Note 11. Segment Information

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

The company operates in Australia.

Note 12. Equity

	2012	2011
	\$	\$
Issued and Fully Paid:		
2,875,267 Ordinary shares of \$1.00 each	<u>2,875,267</u>	<u>2,875,267</u>

Note 13. Reconciliation of net operating result for the year after income tax to net cash flows from operations

Operating result for the year	(424)	(3,651)
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in receivables	-	-
Increase/(Decrease) in payables and other liabilities	<u>(6,026)</u>	<u>2,360</u>
Net cash provided by/(used in) operating activities	<u>(6,450)</u>	<u>(1,291)</u>

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2012

Note 14. Financial instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2012	2011
			\$	\$
Class:				
Cash and cash equivalents	4	N/A	200,818	207,268
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ¹	5	Financial liabilities measured at amortised cost	2,717	8,743

Note

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2012

(b) Credit Risk

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

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

Cash

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

(c) Liquidity risk

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

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

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

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

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

PACIFIC INDUSTRY SERVICES CORPORATION PTY LIMITED
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2012

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	\$ Interest Rate Exposure				Maturity Dates		
		Nominal Amount	Fixed Interest Rate	Variable Interest Rate	Non-interest bearing	< 1 yr	1-5 yrs	> 5 yrs
2012								
Payables	-	2,717	-	-	2,717	2,717	-	-
		2,717	-	-	2,717	2,717	-	-
2011								
Payables	-	8,743	-	-	8,743	8,743	-	-
		8,743	-	-	8,743	8,743	-	-

Pacific Industry Services Corporation Pty Limited
ABN 36 066 872 302

Notes to the Financial Statements
30 June 2012

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the balance sheet date. The analysis is performed on the same basis for 2011. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount \$	-1% Result \$	Equity \$	1% Result \$	Equity \$
2012					
<i>Financial assets</i>					
Cash	200,818	(2,008)	-	2,008	-
<i>Financial liabilities</i>					
Payables	2,717	-	-	-	-
2011					
<i>Financial assets</i>					
Cash	207,268	(2,073)	-	2,073	-
<i>Financial liabilities</i>					
Payables	8,743	-	-	-	-

(e) Fair Value

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

END OF AUDITED FINANCIAL STATEMENTS



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