

Financial Statements for 2003/04

NSW Food Authority

Financial Summary 2003/2004

NSW Food Authority and Consolidated Economic Entity Income and Expenditure

NSW Food Authority Income and Expenditure

Income for the period ended 30 June 2004 was \$12.6 million. Major sources of income included:

- \$6.3 million in grants and contributions from government toward food regulatory activities which transferred to the Food Authority during the year from NSW Health and the costs of accommodating affected staff, as well as policy and standard setting, enforcement, overhead, and program development costs of the Food Authority,
- \$4.8 million of industry levies and license fees collected by the Food Authority, and
- \$1.5 million from a combination of fees for audit services performed, interest earned and recognition of a revaluation increment on it's controlled entities.

Operating expenditure for the period was \$11.6 million. Major expenditure items included:

- \$5.7 million of employee related expenses,
- other operating expenses of \$4.8 million, and
- \$1.0 million in depreciation of non-current assets of the Food Authority.

The operating surplus was \$1.0 million.

Economic Entity Consolidated Income and Expenditure

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

The consolidated income of the entity for the period ended 30 June 2004 was \$12.3 million and the consolidated expenditure was \$11.4 million, resulting in an operating surplus of \$0.9 million.

Statement by Director-General of the NSW Food Authority

Pursuant to requirements of the Public Finance and Audit Act 1983, I, George Robert Davey, Director-General of the NSW Food Authority at June 30, 2004 declare that in my opinion:

1. The accompanying Consolidated Financial Statements consisting of the Statements of Financial Position, Statements of Financial Performance, Statements of Cash Flows and the Notes thereto of the NSW Food Authority and its group, consisting of the NSW Food Authority its controlled entities, Pacific Industry Services Corporation Pty Limited and Milk Marketing (NSW) Pty Limited, for the financial year ended 30 June 2004 exhibit a true and fair view of the financial position and transactions of the economic entity and the NSW Food Authority.
2. The Consolidated Financial Statements have been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Consensus Views; and the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2000, and the Treasurer's Directions.
3. Further, I am not aware of any circumstances which would render any particulars included in the Consolidated Financial Statements to be misleading or inaccurate.



George Davey
Director-General

14 October 2004



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT
NSW FOOD AUTHORITY

To Members of the New South Wales Parliament

Audit Opinion

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

- (a) presents fairly the Authority's and the consolidated entity's financial position as at 30 June 2004 and their financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 41B of the *Public Finance and Audit Act 1983* (the Act).

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

The Director-General's Role

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

Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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


My opinion does *not* provide assurance:

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

Audit Independence

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

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



P J Boulous, CA
Director of Audit

SYDNEY
18 October 2004

NSW Food Authority

Statement of Financial Performance for the Year Ended 30 June 2004

	Notes	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Income					
Industry levies and license fees	2	4,757	4,786	4,757	4,786
Grants and contributions	3	6,348	4,589	6,348	4,589
Miscellaneous income and fees for service	4	562	551	627	571
Interest income	5	656	949	611	908
Increment on revaluation	1G(ii)	-	-	215	-
Total Income		12,323	10,875	12,558	10,854
Expenditure					
Employee related expenses	7	5,665	11,220	5,665	11,220
Other operating expenses	8	4,558	4,204	4,793	4,178
Maintenance		49	116	49	116
Depreciation	9	971	693	971	693
Grants and subsidies		14	8	14	8
Loss on disposal of non-current assets	6	113	287	113	287
Decrement on revaluation		-	-	-	6
Total Expenditure		11,370	16,528	11,605	16,508
SURPLUS / (DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES	18	953	(5,653)	953	(5,654)
NON-OWNER TRANSACTION CHANGES IN EQUITY					
Net increase / (decrease) in asset revaluation reserve	16	-	68	-	68
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	16	-	68	-	68
OWNER TRANSACTIONS IN EQUITY					
Net increase in equity as a result of administrative restructure	16C	12	-	12	-
TOTAL CHANGES IN EQUITY RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		12	-	12	-
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		965	(5,585)	965	(5,586)

The above Statement of Financial Performance should be read in conjunction with the accompanying notes.

NSW Food Authority

Statement of Financial Position as at 30 June 2004

	Notes	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
ASSETS					
Current Assets					
Cash	11A	1,990	5,426	1,744	5,160
Other Financial Assets	11B	9,519	10,967	8,783	10,236
Receivables	12	2,921	635	2,976	655
Total Current Assets		14,430	17,028	13,503	16,051
Non-Current Assets					
Property, Plant and Equipment					
- Land and Buildings	13	8,053	3,965	8,053	3,965
- Plant and Equipment	13	2,150	2,637	2,150	2,637
Total Property, Plant and Equipment	13	10,203	6,602	10,203	6,602
Other Financial Assets	14	-	-	1,184	969
Total Non-Current Assets		10,203	6,602	11,387	7,571
TOTAL ASSETS		24,633	23,630	24,890	23,622
LIABILITIES					
Current Liabilities					
Payables	15A	1,801	1,346	2,058	1,341
Provisions	15B	1,464	1,565	1,464	1,565
Other	17	2,635	1,935	2,635	1,935
Total Current Liabilities		5,900	4,846	6,157	4,841
Non-Current Liabilities					
Provisions	15B	3,910	4,923	3,910	4,923
Total Non-Current Liabilities		3,910	4,923	3,910	4,923
TOTAL LIABILITIES		9,810	9,769	10,067	9,764
NET ASSETS		14,823	13,861	14,823	13,858
EQUITY					
Accumulated funds	16A	14,683	13,721	14,683	13,718
Reserves	16B	140	140	140	140
Total Equity		14,823	13,861	14,823	13,858

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

NSW Food Authority

Statement of Cash Flows for the Year Ended 30 June 2004

	Notes	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Payments to suppliers and employees		(12,211)	(11,199)	(12,165)	(11,174)
Grants and subsidies		(14)	(8)	(14)	(8)
Milk industry scheme payments		(500)	(19)	(500)	(19)
Total Payments		(12,725)	(11,226)	(12,679)	(11,201)
Receipts					
Industry levies, licenses and other		5,487	7,489	5,492	7,489
Grants and contributions		6,348	4,589	6,348	4,589
Interest received		679	994	643	953
Total Receipts		12,514	13,072	12,483	13,031
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	(211)	1,846	(196)	1,830
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of :-					
- Plant and Equipment		656	565	656	565
Purchases of Property, Plant and Equipment		(5,329)	(5,103)	(5,329)	(5,103)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(4,673)	(4,538)	(4,673)	(4,538)
NET INCREASE / (DECREASE) IN CASH		(4,884)	(2,692)	(4,869)	(2,708)
Opening cash and cash equivalents		16,393	19,085	15,396	18,104
CLOSING CASH AND CASH EQUIVALENTS	11A	11,509	16,393	10,527	15,396

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2004

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1A Reporting Entity

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

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

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

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

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

Pacific Industries Services Corporation is likely to be wound up during 2004/2005.

1B Basis of Accounting

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

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

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

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

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

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

1C Principles of Consolidation

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

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

All inter-entity balances and transactions have been eliminated.

1D Revenue Recognition

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

(i) Grants and Contributions from Other Bodies

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

(ii) Industry Levies and License Fees

Industry levies payable by producers and license fees are arrived at by recognising amounts due for the period ending 30 June 2004, rather than amounts invoiced by the NSW Food Authority for the calendar year ending 31 December 2004, in the case of levies or the respective license fee year. Adjustments are then made for amounts received in advance and amounts owed.

(iii) Sale of Goods and Services

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

(iv) Investment Income

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

1E Provisions

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

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

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

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

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

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

1F Financial Instruments

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

(i) Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances. The average interest rate for the year was 5.05% (4.25% in 2002/2003).

(ii) Receivables

All receivables are recognised at balance date. Collectability of receivables is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on receivables. All amounts due at 30 June 2004 are considered to be collectable other than the amounts provided at note 12.

(iii) Payables

Liabilities are recognised for amounts due to be paid in the future for goods and services received whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. No interest for late payment was paid during the year.

1G Other Financial Assets

(i) Current Other Financial Assets

Current other financial assets comprise short term deposits including Treasury Corporation Hour-glass cash facility, St George Bank and IMB Society Call Account Deposits. Interest on Treasury Corporation deposits is earned on a daily basis at the NSW Treasury Corporation 11am official cash rate. Interest on St George Bank Call Account deposits and IMB Society Call Account deposits is earned on a monthly basis at the 11am official cash rate. The average interest rate for the year ranged from 4.65% to 5.67% (4.25% to 4.85% in 2002/2003).

(ii) Non-Current Other Financial Assets

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

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

1H Insurance

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

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

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

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

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

1J Acquisitions of Assets

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

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

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

1K Plant and Equipment

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

1L Revaluation of Physical Non-Current Assets

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

Each class of physical non-current asset is revalued every 5 years and with sufficient regularity to ensure that the carrying amount of each asset in the class do not differ materially from it's fair value at reporting date. The last such valuation was in regard to NSW Food Authority's property at Taree and was at 16 April 2003 by the State Valuers Office.

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

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

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

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

1M Depreciation of Non-Current Physical Assets

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

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

The depreciation rates used are:-

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

1N Maintenance and Repairs

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

1O Leased Assets

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

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

1P 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 has retrospective application from the year ended 30 June 1995 to the year ending 30 June 2004.

1Q Adopting AASB 1047 “Disclosing the impacts of adopting Australian equivalents to International Financial reporting standards”

The agency will apply the Australian Equivalents to International Financial Reporting Standards (AIFRS) from the reporting period beginning 1 July 2005.

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

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

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

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

- To date, some Finance staff have attended IFRS training courses and a preliminary assessment on the impact of IFRS on the agency has been conducted.

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

The agency has identified a number of significant differences in accounting policies that will arise from adopting AIFRS. Some differences arise because AIFRS requirements are different from existing AASB requirements. Other differences could arise from options in AIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised the agency of options it is likely to mandate, and will confirm these during 2004-05. This disclosure reflects these likely mandates.

The agency’s accounting policies may also be affected by a proposed standard designed to harmonise accounting standards with Government Finance Statistics (GFS). This standard is likely to change the impact of AIFRS and significantly affect the presentation of the income statement. However, the impact is uncertain, because it depends on when this standard is finalised and whether it can be adopted in 2005-06.

Based on current information, the following key differences in accounting policies are expected to arise from adopting AIFRS:

- AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards requires retrospective application of the new AIFRS from 1 July 2004, with limited exemptions. Similarly, AASB 108 Accounting Policies, Changes in accounting Estimates and Errors requires voluntary changes in accounting policy and correction of errors to be accounted for retrospectively by restating comparatives and adjusting the opening balance of accumulated funds. This differs from current Australian requirements, because such changes must be recognised in the current period through profit or loss, unless a new standard mandates otherwise.

- AASB 116 Property, Plant and Equipment requires the cost and fair value of property, plant and equipment to be increased to include restoration costs, where restoration provisions are recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets. Major inspection costs must be capitalised and this will require the fair value and depreciation of the related asset to be re-allocated.

- AASB 117 Leases requires operating lease contingent rentals to be recognised as an expense on a straight-line basis over the lease term rather than expensing in the financial year incurred.

- AASB 119 Employee Benefits requires the defined benefit obligation to be discounted using the government bond rate as at each reporting date rather than the long-term expected rate of return on plan assets. Where the unfunded superannuation liability is not assumed by the Crown, this will increase the amount and the future volatility of the unfunded superannuation liability and the volatility of the employee benefit expense.

- AASB 1004 Contributions applies to not-for-profit entities only. Entities will either continue to apply the current requirements in AASB 1004 where grants are normally recognised on receipt, or alternatively apply the proposals on grants included in ED 125 Financial Reporting by Local Governments. If the ED 125 approach is applied, revenue and/or expense recognition will be delayed until the agency supplies the related goods and services (where grants are in-substance agreements for the provision of goods and services) or until conditions are satisfied.

- AASB 132 Financial Instrument Disclosure and Presentation prohibits in-substance defeasance. Agencies can no longer offset financial assets and financial liabilities when financial assets are set aside in trust by a debtor for the purposes of discharging an obligation, without assets having been accepted by the creditor in settlement of the obligation. This will have the effect of increasing both assets and liabilities but will have no net impact on equity.

- AASB 136 Impairment of Assets requires an entity to assess at each reporting date whether there is any indication that an asset (or cash generating unit) is impaired and if such indication exists, the entity must estimate the recoverable amount. However, the effect of this Standard should be minimal because all the substantive principles in AASB 136 are already incorporated in Treasury’s policy Valuation of Physical Non-Current Assets at Fair Value.

- AASB 139 Financial Instrument Recognition and Measurement results in the recognition of financial instruments that were previously off balance sheet, including derivatives. The standard adopts a mixed measurement model and requires financial instruments held for trading and available for sale to be measured at fair value and valuation changes to be recognised in profit or loss or equity, respectively. Previously they were recognised at cost. This may increase the volatility of the operating result and balance sheet.

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2004

2 INDUSTRY LEVIES AND LICENSES FEES

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Industry Levies	913	1,173	913	1,173
License Fees	3,844	3,613	3,844	3,613
Total Industry Levies and License Fees	4,757	4,786	4,757	4,786

3 GRANTS AND CONTRIBUTIONS

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Grants and Contributions received from:				
NSW Department of Agriculture	5,245	4,500	5,245	4,500
NSW Health	1,103	-	1,103	-
Others	-	89	-	89
Total Grants and Contributions	6,348	4,589	6,348	4,589

4 MISCELLANEOUS INCOME AND FEES FOR SERVICE

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Audit fees	487	490	487	490
Rent and Property Income (from sub-tenants)	22	44	22	44
Other income	53	17	118	37
Total Miscellaneous Income and Fees	562	551	627	571

5 INTEREST INCOME

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Interest Income	688	994	643	953
Less:				
Interest allocation to:				
- Contingency Fund	31	44	31	44
- Dairy Deregulation Assistance Fund	1	1	1	1
Net Interest Income	656	949	611	908

6 GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Gain / (loss) on disposal of plant & equipment				
Proceeds from disposal	656	565	656	565
Written down value of assets disposed	(769)	(852)	(769)	(852)
Gain / (loss) on disposal of non-current	(113)	(287)	(113)	(287)

7 EMPLOYEE RELATED EXPENSES

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Salaries and allowances	5,665	4,720	5,665	4,720
Superannuation charges	(1,205)	4,914	(1,205)	4,914
Recreation and extended leave	808	453	808	453
Redundancy	-	490	-	490
Payroll tax	349	266	349	266
Other	48	377	48	377
Total Employee Related Expenses	5,665	11,220	5,665	11,220

8 OTHER OPERATING EXPENSES

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
External Audit Fees - Current year	67	64	63	60
Bad & Doubtful Debts	44	9	44	9
Consultancy	104	215	104	215
Contractors	630	430	630	430
Information Technology Costs	812	462	812	462
FBT, Financial Duty and Charges	82	97	82	96
Laboratory Services	388	202	388	202
Legal Fees	62	80	62	80
Miscellaneous Expenses	289	282	536	269
Producer levy Administration Fee	81	82	81	82
Public Relations and Advertising	12	31	9	31
Rent	403	929	403	929
Staff Training	137	62	137	62
Stakeholder Liaison	116	104	116	102
Stores, Stationery & Printing	225	149	225	149
Postage & Telephone	314	331	314	331
Travel	792	675	787	669
Total Other Operating Expenses	4,558	4,204	4,793	4,178

9 DEPRECIATION EXPENSE

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Buildings	168	9	168	9
Leasehold Improvements	-	8	-	8
Equipment	21	11	21	11
Computers	588	478	588	478
Furniture	74	73	74	73
Motor Vehicles	120	114	120	114
Total Depreciation Expense	971	693	971	693

10 INDIVIDUALLY SIGNIFICANT ITEMS

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Superannuation Provision	1,205	(4,914)	1,205	(4,914)
Total of Individually Significant Items	1,205	(4,914)	1,205	(4,914)

The NSW Food Authority recognises a superannuation revenue of \$1,205,000 in its employee related expenses (note 7) for the year ending 30 June 2004. This amount consists of payments made by the NSW Food Authority toward superannuation and the changes in the superannuation liability as assessed by the Funds Actuary.

11 CASH AND CASH EQUIVALENTS

11A Cash

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

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Cash at Bank	1,934	5,390	1,688	5,124
Cash Advances	56	36	56	36
Total Cash	1,990	5,426	1,744	5,160
Short Term Deposits	9,519	10,967	8,783	10,236
Total Cash and Cash Equivalents	11,509	16,393	10,527	15,396

11B Other Financial Assets

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Short term investments	8,578	10,073	7,842	9,342
T Corp Hour-glass Cash Facility	941	894	941	894
Total Other Financial Assets	9,519	10,967	8,783	10,236

12 RECEIVABLES

Receivables are stated after allowing for doubtful debts as follows:

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Accounts receivable	3,209	883	3,264	903
Provision for doubtful debts	(288)	(248)	(288)	(248)
Total Receivables	2,921	635	2,976	655

13 PROPERTY PLANT AND EQUIPMENT

13A Fair value, less accumulated depreciation

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Land:				
At fair value	1,380	1,380	1,380	1,380
	1,380	1,380	1,380	1,380
Buildings:				
At fair value	7,148	527	7,148	527
Accumulated depreciation	(475)	(266)	(475)	(266)
	6,673	261	6,673	261
Buildings:				
At fair value - work in progress	-	2,295	-	2,295
	-	2,295	-	2,295
Leasehold improvements:				
At fair value	-	869	-	869
Accumulated depreciation	-	(840)	-	(840)
	-	29	-	29
Total Land and Buildings:				
At fair value	8,528	5,071	8,528	5,071
Accumulated depreciation	(475)	(1,106)	(475)	(1,106)
	8,053	3,965	8,053	3,965
Motor vehicles:				
At fair value	1,224	1,219	1,224	1,219
Accumulated depreciation	(88)	(82)	(88)	(82)
	1,136	1,137	1,136	1,137
Computer equipment:				
At fair value	2,073	2,055	2,073	2,055
Accumulated depreciation	(1,376)	(818)	(1,376)	(818)
	697	1,237	697	1,237
Other equipment:				
At fair value	469	320	469	320
Accumulated depreciation	(297)	(276)	(297)	(276)
	172	44	172	44
Furniture & Fittings:				
At fair value	742	742	742	742
Accumulated depreciation	(597)	(523)	(597)	(523)
	145	219	145	219
Total Plant and Equipment:				
At fair value	4,508	4,336	4,508	4,336
Accumulated depreciation	(2,358)	(1,699)	(2,358)	(1,699)
	2,150	2,637	2,150	2,637
Written Down Value	10,203	6,602	10,203	6,602

Land and buildings were revalued at 16 April 2003 by the State Valuers Office.

Management is of the view that the market value of the remaining assets is assessed as being the written down value at 30 June 2004.

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2004

13B Reconciliation of carrying amounts

2004	<u>Consolidated</u>			<u>NSW Food Authority</u>		
	Land and	Plant and	Total	Land and	Plant and	Total
	Buildings	Equipment		Buildings	Equipment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2003	3,965	2,637	6,602	3,965	2,637	6,602
Additions	4,256	1,085	5,341	4,256	1,085	5,341
Disposals	(799)	(912)	(1,711)	(799)	(912)	(1,711)
Depreciation expense	(168)	(803)	(971)	(168)	(803)	(971)
Depreciation written back on assets disposed	799	143	942	799	143	942
Carrying amount at 30 June 2004	8,053	2,150	10,203	8,053	2,150	10,203

14 OTHER FINANCIAL ASSETS

INVESTMENT IN CONTROLLED AND ASSOCIATED COMPANIES

14A Non-Current Other Financial Assets

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Controlled companies at fair value	-	-	1,184	969
Total Non-Current Other Financial Assets	-	-	1,184	969

14B Reconciliation of carrying amounts

	<u>Consolidated</u>	<u>NSW Food Authority</u>		
	Total	Milk	Pacific	Total
	\$'000	Marketing	Industry	\$'000
		\$'000	Services	
			Corporation	
			\$'000	
Carrying amount at 1 July 2003	-	742	227	969
Operating Surplus	-	223	(8)	215
Carrying amount at 30 June 2004	-	965	219	1,184

15A PAYABLES

Payables comprise:

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Accrued salaries, wages and on-costs	267	134	267	134
Creditors	1,534	1,212	1,791	1,207
Total Payables	1,801	1,346	2,058	1,341

15B PROVISIONS

Employee benefits and related oncosts:

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Current Provisions				
Recreation leave	764	555	764	555
Extended leave	595	478	595	478
Provision for redundancy	105	532	105	532
Total Current Provisions	1,464	1,565	1,464	1,565
Non-Current Provisions				
Superannuation	1,079	2,670	1,079	2,670
Recreation leave	255	185	255	185
Extended Leave	2,576	2,068	2,576	2,068
Total Non-Current Provisions	3,910	4,923	3,910	4,923
Total Provisions	5,374	6,488	5,374	6,488
Aggregate Employee Benefits and Related On-Costs:				
Provisions - Current	1,464	1,565	1,464	1,565
Provisions - Non-Current	3,910	4,923	3,910	4,923
Accrued salaries, wages and on-costs 15A	267	134	267	134
Aggregate Employee Benefits Liability	5,641	6,622	5,641	6,622

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2004

15C SUPERANNUATION

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

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

The assessment of NSW Food Authority's gross superannuation liabilities at 30 June 2004, for the defined benefit schemes administered by Pillar Administration is based on the standard economic assumptions adopted by the Funds Actuary from the valuations carried out at 30 June 2004 as follows:

	2003/04	2004/05	2005/06
	%pa	%pa	%pa
Investment return	7.0	7.0	7.0
Salary growth rate	4.0	4.0	4.0
Consumer Price Index	2.5	2.5	2.5

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

	Consolidated 2004 \$'000	2003 \$'000	NSW Food Authority 2004 \$'000	SASS \$'000	SSS \$'000	SANCS \$'000	NSW Food Authority 2003 \$'000
Balance 1 July 2003	(2,670)	1,956	(2,670)	(236)	(2,317)	(117)	1,956
Superannuation charges for the year	1,591	(4,626)	1,591	114	1,495	(18)	(4,626)
Balance 30 June 2004	(1,079)	(2,670)	(1,079)	(122)	(822)	(135)	(2,670)
Liability assessed by Pillar Administration at 30 June 2004	(30,415)	(28,517)	(30,415)	(750)	(29,071)	(594)	(28,517)
Less:							
Employer's superannuation investment	29,336	25,847	29,336	628	28,249	459	25,847
Balance 30 June 2004	(1,079)	(2,670)	(1,079)	(122)	(822)	(135)	(2,670)

On 23 April 2004, 34 staff transferred to the Food Authority from NSW Health. Superannuation liability transferred for those officers was fully funded at that date. Employer contributions to superannuation for the transferring staff were made by the Food Authority from 23 April 2004 onward.

16 EQUITY**16A Changes in Equity**

	Consolidated				NSW Food Authority							
	Accumulated Funds		Asset Revaluation Reserve		Total Equity		Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Opening Balance	13,721	19,374	140	72	13,861	19,446	13,718	19,372	140	72	13,858	19,444
Changes in Equity - Transactions With Owners As Owners												
Fair Value of Net Assets Transferred to NSW Food Authority	12	-	-	-	12	-	12	-	-	-	12	-
Total	12	-	-	-	12	-	12	-	-	-	12	-
Changes in Equity - Other Than Transactions With Owners As Owners												
Surplus / (Deficit) for the Year	953	(5,653)	-	-	953	(5,653)	953	(5,654)	-	-	953	(5,654)
Increment / (Decrement) on Revaluation of:												
Land and Buildings	-	-	-	68	-	68	-	-	-	68	-	68
Prior year Adjustment	(3)	-	-	-	(3)	-	-	-	-	-	-	-
Total	950	(5,653)	-	68	950	(5,585)	953	(5,654)	-	68	953	(5,586)
Closing Balance	14,683	13,721	140	140	14,823	13,861	14,683	13,718	140	140	14,823	13,858

16B Reserves

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Revaluation increment on land and buildings	140	140	140	140
Total Asset Revaluation Reserve	140	140	140	140

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2004

16C Fair Value of Net Assets Transferred to NSW Food Authority from NSW Health - Food Branch

	NSW Health 2004 \$'000
Current Assets	
Cash	
Other Financial Assets	
Receivables	956
Other	
Total Current Assets	956
Non-Current Assets	
Plant and equipment	12
Other Financial Assets	
Total Non-Current Assets	12
Total Assets	968
Current Liabilities	
Payables	
Provision for employee entitlements	956
Other	
Total Current Liabilities	956
Non-Current Liabilities	
Provision for employee entitlements	
Total Non-Current Liabilities	0
Total Liabilities	956
Net Assets	12

NSW Health transferred plant and equipment of \$24,184.75. The transferred assets were assessed and brought in at fair value.

NSW Food Authority Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2004

17 OTHER CURRENT LIABILITIES

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Milk Industry Funds	622	1,090	622	1,090
Income Received in Advance	2,013	845	2,013	845
Total Other Current Liabilities	2,635	1,935	2,635	1,935

17A MILK INDUSTRY FUNDS

There were two funds in operation during the period:

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

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

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

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	CF 2004 \$'000	DAF 2004 \$'000	NSW Food Authority 2003 \$'000
Balance at 1 July 2003	1,090	1,064	1,090	1,070	20	1,064
Add :						
Interest received	32	45	32	31	1	45
	1,122	1,109	1,122	1,101	21	1,109
Less:						
(Payments)/transfers between funds	(500)	(19)	(500)	(500)	0	(19)
Milk Industry Funds Balance at 30 June 2004	622	1,090	622	601	21	1,090

17B INCOME RECEIVED IN ADVANCE

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Producer Levy	-	257	-	257
License Fees	2,013	588	2,013	588
Total Income Received in Advance	2,013	845	2,013	845

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

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Surplus / (Deficit) For The Year From Ordinary Activities	953	(5,653)	953	(5,654)
(Increment) / Decrement on Revaluation of Non-Current Investments	-	-	(215)	6
Depreciation	971	693	971	693
Loss on Sale of Non-Current Assets	113	287	113	287
Doubtful Debts Written Off	4	9	4	9
Superannuation Provision	(1,591)	4,626	(1,591)	4,626
(Increase) / Decrease in Receivables	(2,264)	1,256	(2,325)	1,230
(Decrease) / Increase in Other Payables	426	(228)	717	(223)
(Decrease) / Increase in Industry Funds	(468)	26	(468)	26
(Decrease) / Increase in Provisions	477	782	477	782
(Decrease) / Increase in Income Received in Advance	1,168	48	1,168	48
Net Cash Flows From Operating Activities	(211)	1,846	(196)	1,830

19 RELATED PARTIES

(a) Wholly-Owned Group

Details of wholly-owned controlled entities are set out at notes 1A and 14A. Details of dealings with these entities are set out below:

(b) Consolidation Summary

2004	Total Margin	Operating result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	12,558	953	24,890
Pacific Industry Services Corporation Pty Limited	11	(8)	238
Milk Marketing (NSW) Pty Limited	294	223	1,016
Consolidation eliminations	(540)	(215)	(1,511)
Total	12,323	953	24,633
2003	Total Margin	Operating result	Total assets
	\$'000	\$'000	\$'000
NSW Food Authority	10,854	(5,654)	23,622
Pacific Industry Services Corporation Pty Limited	9	0	229
Milk Marketing (NSW) Pty Limited	31	(6)	775
Consolidation eliminations	(19)	7	(996)
Total	10,875	(5,653)	23,630

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

At 30 June 2004 no amounts were owed by NSW Food Authority to Pacific Industry Services Corporation Pty Limited (nil in 2002/2003). \$259,873 was due to Milk Marketing (NSW) Pty Limited (nil in 2002/2003).

At 30 June 2004 \$17,600 was due to NSW Food Authority from Pacific Industry Services Corporation Pty Limited (\$8,800 in 2002/2003) and \$49,000 from Milk Marketing (NSW) Pty Limited (\$28,865 in 2002/2003).

(d) Other Transactions

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

20 EXPENDITURE COMMITMENTS

20A Operating Lease Commitments

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Not later than one year	215	371	215	371
Later than one year and not later than 5 years	178	25	178	25
Total (including GST)	393	396	393	396

Representing non cancellable leases:

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Computer Equipment	-	27	-	27
Premises	11	337	11	337
Motor Vehicles	382	32	382	32
Total (including GST)	393	396	393	396

20B Contractual Commitments

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Not later than one year	344	2,785	344	2,785
Later than one year and not later than 5 years	41	56	41	56
Total (including GST)	385	2,841	385	2,841

Representing non cancellable contracts:

	Consolidated 2004 \$'000	Consolidated 2003 \$'000	NSW Food Authority 2004 \$'000	NSW Food Authority 2003 \$'000
Land and Building	-	2,559	-	2,559
Consultants	58	-	58	-
Office Repairs	-	135	-	135
Communications	92	-	92	-
Computer Systems Maintenance	117	142	117	142
Maintenance	31	-	31	-
Motor Vehicles	81	-	81	-
Human Resources	6	5	6	5
Total (including GST)	385	2,841	385	2,841

The total expenditure commitments above include input tax credits of \$71,000 (\$294,000 in 2002/2003) that are expected to be recoverable from the Australian Taxation Office.

21 CONTINGENT ASSETS AND LIABILITIES

(a) NSW Food Authority

NSW Food Authority has no material contingent liabilities or assets at 30 June 2004 (2002/2003 nil).

(b) Milk Marketing

Milk Marketing has no contingent liabilities or assets at 30 June 2004 (2002/2003 nil).

(c) Pacific Industry Services Corporation

Pacific Industry Services Corporation has no contingent liabilities or assets at 30 June 2004 (2002/2003 nil).

22 SEGMENT INFORMATION

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

23 EVENTS SUBSEQUENT TO BALANCE DATE

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

END OF AUDITED FINANCIAL STATEMENTS

NSW Food Authority

Supplementary Financial Information

1. NSW FOOD AUTHORITY PERFORMANCE AGAINST BUDGET

	Budget	Actual	Budget
	2004	2004	2005
	\$'000	\$'000	\$'000
Income			
Industry levies	615	913	900
License fees	4,120	3,844	4,514
Grants and contributions	5,603	6,348	11,676
Audit fees	990	487	1,168
Rent and property income	21	22	22
Interest income	232	611	600
Increment on revaluation of subsidiary companies	200	215	-
Miscellaneous	17	118	16
Total Income	11,798	12,558	18,896
Expenditure			
Salaries and allowances	6,052	5,665	8,268
Superannuation charges	638	(1,205)	912
Recreation and extended leave	573	808	1,157
Redundancy	-	-	280
Payroll tax	329	349	571
Miscellaneous employee related	46	48	92
Bad & doubtful debts	-	44	20
Consultancy	274	104	377
Contractors	830	630	577
External audit fees	75	63	80
FBT, financial duty and charges	127	82	175
Grants and subsidies	2	14	49
HACCP initiative	58	-	10
Information technology costs	578	812	889
Laboratory services	581	388	1,616
Legal fees	122	62	177
Loss on disposal of non-current assets	-	113	20
Maintenance	46	49	127
Miscellaneous expenses	516	536	514
Postage & telephone	392	314	496
Producer levy administration fee	77	81	80
Public relations and advertising	9	9	7
Rent	389	403	81
Staff training	129	137	246
Stakeholder Liaison	50	116	36
Stores, stationery & printing	147	225	193
Travel	679	787	1,192
Depreciation	809	971	823
Total Expenditure	13,528	11,605	19,065
DEFICIT FOR THE YEAR	(1,730)	953	(169)

NSW Food Authority

Supplementary Financial Information

2. 2003/2004 INCOME AND EXPENDITURE BUDGET

The 2003/2004 budget information represents the final operating budget for the NSW Food Authority for the period, depicting a budgeted operating deficit of \$1,730,000.

- The budgeted and actual operating results differ chiefly for a number of reasons with respect to total Food Authority income:
- During the year interest income totalling \$611,000 was received, however interest was budgeted at \$232,000. The increase in interest received over that budgeted was due to the postponement of expenditure on the Food Authority's new head office building.
 - Grants and contributions from the government were budgeted at \$5,603,000 however at year end a further \$745,000 was received to assist with the costs of accommodating staff transferred to the Food Authority from NSW Health.
 - Industry levies were initially conservatively estimated at \$615,000 for the year due to a degree of uncertainty at the time of budgeting about their collection. Actual levies recorded for the year totalled \$913,000.

The variance in total budgeted expenditure and total actual expenditure recorded for the Food Authority is due chiefly to the recognition of a superannuation revenue amount of \$1,205,000. This amount consists of payments made by the Food Authority toward superannuation and the changes in the superannuation liability as assessed by the Funds Actuary. The Food Authority's budget included an estimate of payments to be made for superannuation during the period. The Food Authority was not able to estimate the actuarial assessment of the change in superannuation liability.

3. ACCOUNTS PAYABLE

NSW Food Authority payment performance indicators.

	1st Quarter 30 Sep 03 \$	2nd Quarter 31 Dec 03 \$	3rd Quarter 31 Mar 04 \$	4th Quarter 30 Jun 04 \$
Current i.e. Within due date	4,225,157	6,888,273	3,411,342	3,483,228
Less than 30 days overdue	-	-	-	-
Between 30 and 60 days overdue	-	-	-	-
Total dollar amount of accounts paid	4,225,157	6,888,273	3,411,342	3,483,228
Percentage of accounts paid on time	100.00%	100.00%	100.00%	100.00%

4. MAJOR ASSETS

Property held by the NSW Food Authority

	At Cost 2004 \$'000	At Valuation 2004 \$'000	WDV 2004 \$'000	WDV 2003 \$'000
Taree Office	-	677	409	401
Sydney Office	7,851	-	7,644	3,535
Leasehold improvements	-	-	-	29
Total property held	7,851	677	8,053	3,965

