



# Annual Report 2001–2002



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11 September 2002

The Honourable Keith Hamilton  
Minister for Agriculture & Aboriginal Affairs  
PO Box 500  
East Melbourne VIC 3002

Dear Minister,

In accordance with the Financial Management Act 1994, I have pleasure in submitting to you the Annual Report & Financial Statements for Dairy Food Safety Victoria for the period 1 July 2001 to 30 June 2002.

Yours sincerely,

A handwritten signature in blue ink that reads 'D. E. Hore'.

Dr Desmond E. Hore  
CHAIRMAN



# vision

'The Victorian dairy industry's reputation for food safety and integrity of production makes our products internationally preferred'

# mission

'The independent Authority to regulate dairy food safety'

# values

Transparency  
Integrity  
Knowledge  
Responsiveness

# business philosophies

DFSV will:

- Foster strong industry partnerships for consumer and industry protection, industry prosperity and market growth.
- Focus on commercial realities and the value of the dairy licence.
- Clearly define its products and services.
- Deliver regulation not only inspection.
- Work to simplify and unify food safety standards on a national basis.
- Deliver independence, tempered with fairness and common sense.
- Promote integrity and excellence in all its operations.
- Be vigilant, never complacent.

# Chairman's review



...DFSV values its role as a partner with the dairy industry...

I am pleased to present the second Annual Report from Dairy Food Safety Victoria (DFSV).

During 2001-02, competition in export markets increased markedly and, with it, the need for close attention to food safety issues. Our capacity to assure the safety of production systems and products may well emerge as one of the most important competitive advantages in an increasingly difficult market.

The Victorian dairy manufacturing industry has continued to perform to the highest standards during the past year. Over 99.9% of products tested under DFSV's independent program met the required safety standards.

DFSV values its role as a partner with the dairy industry in the quest for continuing high food safety standards. I believe that industry recognises what the organisation is attempting to achieve and there is growing confidence in our approach to dairy food safety.

We know that we must provide consistent service standards and that we need to expand the value-adding component in what we do. DFSV aims to allow increased flexibility for dairy food chain operators to achieve high dairy food safety standards while maintaining consumer confidence in the Victorian industry.

During the year, biosecurity emerged as an industry catchword. I am pleased with the progress that has been made in developing joint plans with the Commonwealth and other States and with industry organisations to combat and minimise the impact of an outbreak of an exotic animal disease. DFSV has a critical leadership role in ensuring adequate preparedness and I remain determined that we will deliver on that responsibility.

Another important milestone during the year was the finalisation of the Code of Practice for Dairy Food Safety under the Dairy Act 2000. The Code of Practice has received Ministerial approval and implementation will occur from late 2002. From that time, Victoria will have a dairy safety assurance scheme at the leading edge of world's best practice.

I am pleased by the steady progress being made towards the adoption of consistent dairy food safety standards at the national level. The Memorandum of Understanding between the Tasmanian Dairy Industry Authority and DFSV is an important step in this direction.

It is also pleasing to note that DFSV has delivered its full range of services this year while containing costs and without any adjustment to the rates by which licence fees are calculated.

I am grateful for the active support and assistance received from all sectors of the dairy industry and the Minister for Agriculture and Aboriginal Affairs during 2001-02. To Dr Anne Astin, CEO, all her staff and to my fellow Board members, I extend my thanks for a continuing excellent performance and I look forward to further major achievements in the coming year.

A handwritten signature in blue ink, reading "D. E. Hore". The signature is fluid and cursive, written in a professional style.

Dr Desmond E. Hore  
CHAIRMAN

...this complete through



# CEO's report



chain approach is arguably the most significant step yet taken in dairy food safety...

This second Dairy Food Safety Victoria (DFSV) annual report covers our first full year of operation since establishment in October 2000.

Our focus this year has been on establishing and reinforcing our new business objectives, improving the services we provide, internally developing our organisation, and planning for the Code of Practice for Dairy Food Safety under the Dairy Act 2000 that will be implemented over the coming twelve months.

We have closely aligned our work to the key strategic directions outlined in the Corporate Plan and this Annual Report describes achievements under each key driver in the plan.

## *Improved services*

DFSV has a commitment to working in partnership with industry to promote market growth, industry prosperity and consumer protection. Emphasis last year was on improving the consistency of audits while adding value and increasing responsiveness, but still being mindful of the need to strictly contain costs.

A broad review of regional operations has led to greater operational efficiencies and independence through changed geographic boundaries for Dairy Food Safety Officers. As part of that review, we closed the Warragul office. Account managers have been created for some key clients and a study has been completed on the feasibility of using contract auditing to deliver services on behalf of DFSV in the future.

## *A better food safety scheme*

The Dairy Act 2000 requires all licensed dairy businesses to develop, document, validate and implement a food safety program based on HACCP principles. The Code of Practice developed under the Act has received Ministerial approval and will be progressively implemented over the coming year.

For the first time, dairy farms will be required to have a documented food safety program. The strategy to achieve this is to align or integrate the program with factory quality assurance schemes and for DFSV to audit the factory systems themselves rather than individual farms.

DFSV will continue to work with manufacturers, farmers and farmer organisations to ensure a pragmatic approach to achieving the desired outcome. This will be important in the increasingly non-traditional dairy sectors of goat, sheep and buffalo milk producers.

A strategic approach to the introduction of dairy food safety programs with carriers and distributors will also ensure the total integrity of the dairy food safety scheme.

This complete through chain approach is arguably the most significant step yet taken in the management of dairy food safety. It places Victoria at the forefront of world best practice and we are aware that our progress is being closely observed by other Australian and international dairying authorities.



## ...DFSV is committed to working towards a national framework for dairy food safety in order

During the year, there was considerable progress towards greater flexibility for industry operators to meet their food safety obligations. For example, short term 'conditional' licences have been introduced to enable tighter management of instances of poor performance based on a careful assessment of risk.

I believe these arrangements are essential in building a credible and workable dairy food safety system across the whole industry.

### *Communicating our role and purpose*

It is important that all sectors of the dairy industry have confidence in the Victorian dairy food safety scheme and understand what DFSV is trying to achieve. We have and will continue to consult with industry on all key issues as well as review our strategic direction and progress with industry.

The Corporate Plan was widely circulated for comment during the year and received favourable response. We also had very encouraging responses to our joint Board and industry regional forums as well as to the Annual General Meeting. The Chairman and I have continued to make regular visits to meet key industry participants, and other elements of our communication strategy are being progressively implemented.

### *A national framework for dairy food safety*

DFSV is committed to working towards a national framework for dairy food safety in order to achieve consistency in standards and to reduce compliance costs for industry.

During the year, we signed a Memorandum of Understanding with the Tasmanian Dairy Industry Authority, which will see better alignment of our services and the ability to utilise resources more efficiently. We initiated a forum for the chief executives of dairy authorities or food safety organisations from all States to progress a national agenda for consistency of standards and their application.

Progress is being made towards national coordination of technical issues with the potential for significant impact on the dairy industry and DFSV has also undertaken a leadership role in national regulatory forums for food safety generally.

### *Biosecurity*

Biosecurity has become a key issue for the industry with a much higher profile following the disastrous outbreak of Foot and Mouth Disease in the UK. During 2001-02, DFSV prepared joint industry/government emergency management plans and made significant progress towards joint Commonwealth and State Government dairy disaster plans. We have an ongoing commitment to deliver the final plans in 2002.

### *Finance*

DFSV operations are funded by industry, mainly through the issue of licences to all participants in the dairy food supply chain. At the end of June 2002 there were 7112 dairy farms, 156 dairy manufacturers (including milk brokers), 61 dairy food carriers and 152 dairy distributor licences issued.



to achieve consistency in standards...

DFSV has fully sustained its operation during 2001-02 under the original funding model and this will continue in 2002-03. In the coming year, we will proceed to change the basis of the calculation for farmer licence fees to the volume of milk produced rather than livestock numbers used previously. The implementation of this aspect of the funding model was originally foreshadowed for the 2001-02 licensing period, but in close consultation with farmers and farmer organisations including the United Dairyfarmers of Victoria, it will be introduced for the 2002-03 licensing period to ensure cost equity across the farm sector.

#### *Staff*

DFSV is committed to develop its staff so that they are valued as a genuine industry asset. Our internal focus has been to provide greater role clarity, enhance skills and develop a more effective working environment for all staff. A new human resources plan has been introduced that aligns individual positions to strategic goals and strengthens our performance management procedures. We have also designed an organisational structure to better reflect our products and services.

Over the past year, we had a turnover of 25% of staff (3 permanent positions and 2 contracted positions in a total of 19 staff), which has allowed increased flexibility through a policy to make greater use of external specialists on an as-needs basis. Our training and development plan included staff attendance at targeted national and international dairy safety forums, peak industry conferences as well as development of strategic partnerships with academic institutions.

In 2001-02, the Chairman and I attended the International Dairy Federation World Dairy Summit in New Zealand. Our Industry Services Manager was selected to participate in the Supermarket to Asia tour to gain further understanding of key overseas markets. One of our senior field staff visited the dairies and manufacturers in California and attended the International Association of Food Protection Conference. Industry visits and conference attendance will remain a priority objective in developing the expertise of our staff.

I would like to thank the Chairman and Board members for their support and guidance at all times. I wish to acknowledge appreciation for the efforts of our staff during an extremely busy year.

I would also like to recognise the positive and constructive feedback on our programs and services from all sectors of the dairy industry. This support and continued development of strong partnerships I am sure will take us confidently into the future.

**Dr Anne M Astin**  
CHIEF EXECUTIVE OFFICER



# Highlights of the year

## Industry

- Victoria has continued to be recognised as a supplier of safe dairy products to global markets in Asia, the Americas and Europe.
- New dairy food safety standards were agreed in partnership between industry and government.
- Industry achieved an outstanding food safety record for 2001-02: only two recalls involving minimal amounts of Victorian product from a total production of over 1.3 million tonnes.
- Industry has played a key role in further development of the dairy food safety scheme and its growing credibility in all sectors of the dairy production chain.
- Recognition of the value of the Victorian dairy licence continued to grow and was evidence of excellence in safe food production.
- Effective risk management, industry security and equity for licensees reinforced through the introduction of short-term 'conditional' licences.
- Confidence in the future of the industry was shown by significant new investment by dairy companies in metropolitan and regional Victoria.



# Highlights of the year

# DFSV

- New Corporate and Business Plans established the future direction for DFSV.
- Review of regional operations resulted in increased efficiency and cost containment.
- Competencies and expertise of staff fostered through specific training opportunities.
- A new streamlined licensing system introduced to improve timeliness of licence issue and revenue collection.
- Feasibility study endorsed by the Board recommended the introduction of contract auditing for dairy food safety programs.
- Continuous improvement of operations achieved in response to feedback from industry.
- Risk based approach in place for product sampling and dairy food safety programs.
- Joint plans developed with the Commonwealth, other States and the dairy industry to combat and minimise the impact of an outbreak of an exotic animal disease.



...During the year, the Board invited key industry stakeholders to present their views on a range of issues.



**Standing:** Margaret Darton, Chris Nixon, Dr Richard Walton, Prof Vivian Lin, Paul Ford,  
**Seated:** Dr Desmond Hore and Anne Adams

# The board of directors

ge of issues, analysed the received information and established guidelines for the future...

## **Dr Desmond Hore** Ph.D, B.V.Sc.

CHAIRMAN

Previously held positions as Chairman and CEO of a wide range of Commonwealth, State, industry and academic bodies and Councils. Held positions as a field veterinarian and researcher for more than two decades. Currently, a member of the Victorian Casino and Gaming Authority and an advisor on livestock and related services.

## **Anne Adams** M.A.I.C.D.

DEPUTY CHAIRMAN

A dairy farmer from Wangoom. Currently a member of the Boards of the Australian Dairy Corporation, Warrnambool Co-operative Society Ltd. and the Institute of Land and Water Resources. Previously held position as Deputy Chair on the Board of the Victorian Dairy Industry Authority. Member of the Hopkins Falls Landcare group. In 1996, was awarded the Rural Achiever's Award from the Warrnambool City Council's Economic Development Unit.

## **Margaret Darton** B.App.Sci, Dip.App.Chem, Grad.Dip.Lib.

PRINCIPAL POLICY ANALYST, DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT

Department of Natural Resources and Environment. A member of the Dairy Food Safety Working Group to establish Dairy Food Safety Victoria. Has responsibility for the implementation of the Victorian Government's food safety policy across all primary industry sectors. Member of the National Working Group for development of Primary Production and Processing Standards and the Victorian Food Safety Council.

## **Paul Ford** Dip. Dairy Technology Fellow, Australian Rural Leadership Program

RESEARCH DIRECTOR, AUSTRALIAN INGREDIENT CENTRE

Thirty years commercial experience in dairy processing. Founder Director Australian Starter Culture Research Centre. Past Director, Dairy Research and Development Corporation. Past Director Murray Dairy. Previously held senior management positions with the Commonwealth Department of Primary Industry and Bonlac Foods.

## **Prof. Vivian Lin** BA (Yale), M.Pub.Health & Dr.Pub.Health (UC Berkeley)

PROFESSOR AND HEAD OF SCHOOL OF PUBLIC HEALTH AT LA TROBE UNIVERSITY

President of the Chinese Medicine Registration Board. Previously held positions in the NSW Health Department, National Occupational Health and Safety Commission and the Victorian Health Department. Consults for the World Bank and AusAID on Health Sector Projects to China.

## **Chris Nixon** B.Eng (Melbourne), B.Eco (La Trobe), Grad.Exec.Mgt (Stanford)

INDEPENDENT STRATEGIC ADVISOR

Chairman, Geoffrey Gardiner Dairy Foundation Ltd. Has over 30 years experience in various engineering, manufacturing and senior management roles. Currently advisor to various private and publicly listed companies. Former Managing Director, Containers Packaging, past Chairman of Bayside Trains.

## **Dr Richard Welton** B.Sc (Hons), Ph.D (Microbiol), Dip.Ed (Tert).

CONSULTANT

An experienced manager, strategist and scientist. Has 30 years experience in senior management, dairy food safety regulation, business development, commercialisation of public sector resources, corporate and strategic planning, consulting, university teaching and international scientific research.

# Our staff members

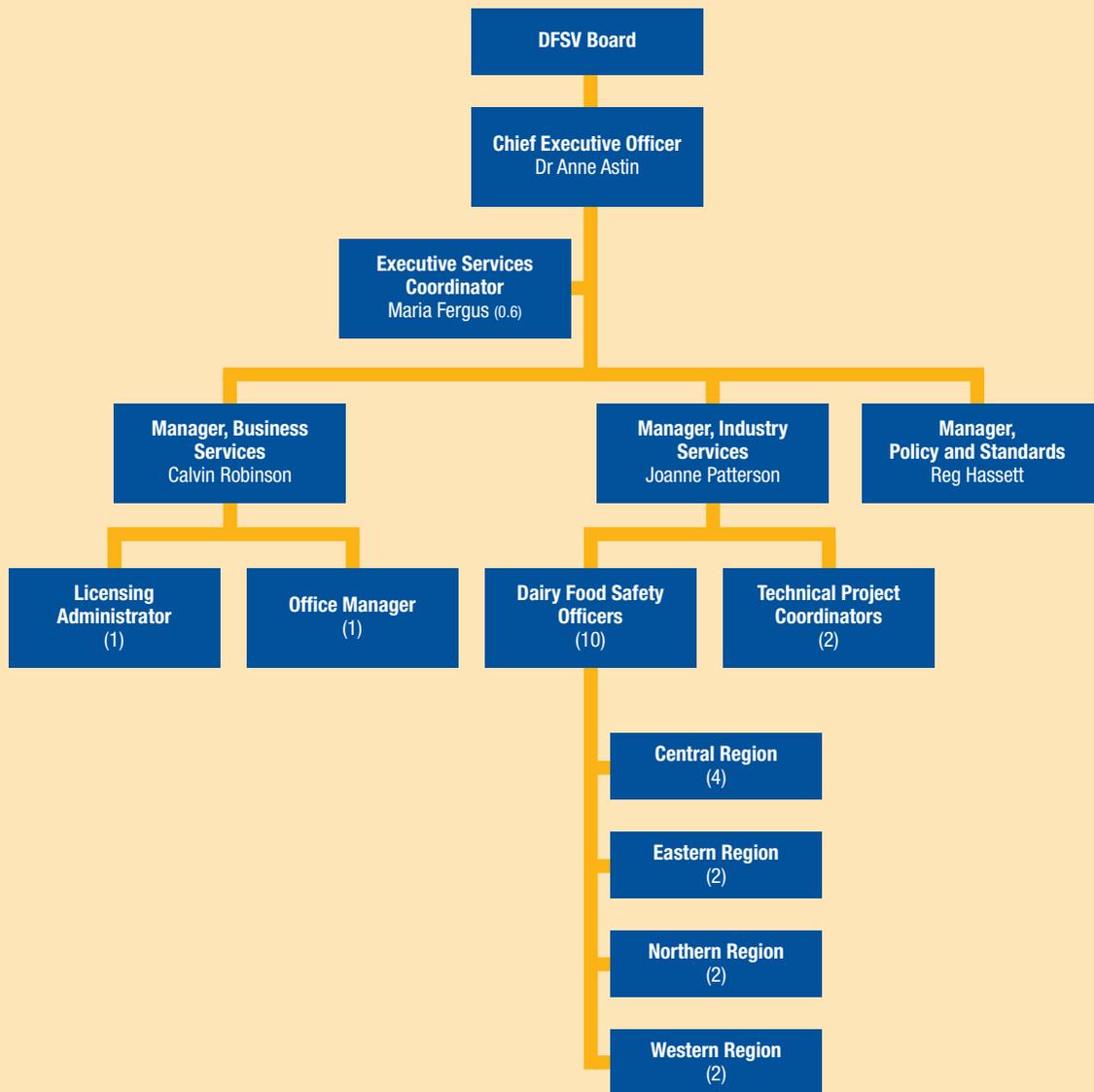
...last year the foundation for a future



From left to right: Joanne Patterson, Suzanne Russell, Bill Bloomfield, Anne Prince, Lawrie Sharp, Neville Collins, Anne Astin, Julianne Rice, Robert Bell, Kelly Long, Marie Lockwood, Calvin Robinson, Ian Haynes, Reg Hassett, Haydn Ruddle  
Absent: Maria Fergus, Katrina Chatterton



skilled workforce was captured in a new human resources plan...



# Organisation chart 2002

...We will measure our success by the rate of adoption of benchmark standards for Dairy Food Safety



# Operations Report

ety by industry and our ability to respond to the needs of industry for information and advice...

## Leadership

*Setting an international benchmark in dairy food safety regulation.*

Our key leadership achievement in 2001–02 was the finalisation of the Code of Practice for Dairy Food Safety that was approved by the Board in August 2002. This Code of Practice is fundamental in establishing **Victoria's dairy food safety scheme** (pictured right). The Code was developed in consultation with all sectors of the dairy industry and has received Ministerial approval.

All Victorian dairy licence holders will be required to have an **approved dairy food safety program**. The adoption and implementation of these programs establishes Victoria as a world leader in the application of contemporary quality assurance principles to dairy food safety.

Additionally, DFSV:

- Signed a Memorandum of Understanding covering the sharing of resources and information with the Tasmanian Dairy Industry Authority.
- Established an issues monitoring system for key strategic technical issues.
- Initiated a forum of CEOs of State Dairy Authorities or their equivalent to promote development of a national agenda for dairy regulation.
- Actively worked towards a coordinated national strategy for the management of technical issues (eg. incidence of *Mycobacterium paratuberculosis* in herds and in milk).
- Undertook a leadership role in national regulatory standards forums including membership of the Development and Implementation Sub-Committee of the Food Regulation Standing Committee.
- Presented awareness forums to explain obligations under the Dairy Act 2000 to ice cream manufacturers.
- Examined the feasibility of contract auditing for dairy food safety programs.
- Hosted international visitors from the Japan Dairy Council in September 2001 and the National Dairy Development Board of India in October 2001.
- Was represented by staff at meetings of national bodies including the Dairy Export Industry Consultative Committee, the Australian Dairy Authorities Standards Committee and Standards Australia.

## Key issues for 2002-2003

The key issue for the coming year will be the implementation of the Code of Practice for Dairy Food Safety and the Victorian Dairy Food Safety Scheme.



Other important initiatives include:

- Delivery of an extensive round of workshops and forums to explain the implications of the Code of Practice.
- Harmonisation of commercial, AQIS and DFSV dairy food safety and audit programs.
- Effective communication of information gained through the issues monitoring system.
- International benchmark study of dairy food safety standards and compliance.
- Implementation of emergency management plans for DFSV and industry involving outbreaks of exotic or endemic animal disease.



...We will measure our success by a reduction in the number of incidents and recalls and tren





## nds in audit performance...

### Services

#### *Achieving continuous improvement in industry performance.*

In 2001–02, there were two recalls of Victorian dairy products involving only one tonne of product which was located and removed from the domestic market. Export markets were not affected.

Other key achievements included:

- A review of the product testing program that resulted in a new risk based approach and cost reductions of about 40%.
- An action plan implemented to align the DFSV quality system to the new ISO9000/2000 standard.
- Research reports completed on water quality, effectiveness of commercial pasteurisers, and biosolids usage for presentation at industry conferences and workshops.
- 63% of manufacturing premises achieving an A-rating.
- A review of regional operations leading to changed geographic boundaries for Dairy Food Safety Officers, assignment of account managers to key clients and closure of the Warragul office with services to the Gippsland region being provided from the Abbotsford office.
- Development and implementation of a new organisational structure to align resources to strategic objectives in the Corporate Plan and enable more effective prioritisation of products and services.
- Development and introduction of new licensing rules to provide greater clarity for businesses when making application for licences through DFSV.
- Further outsourcing of non-core services including accounting.
- Development and implementation of a Pathogen Prevention Policy to prevent the incidence of pathogens in dairy food and to enable manufacturers to have greater flexibility in on-site management.

### Key issues for 2002-2003

Our key tasks for the coming year are to provide comprehensive education for industry participants about obligations and responsibilities under the dairy food safety scheme, and to commence implementation of the food safety program arrangements for farmers. Other priorities are to:

- Implement the Regional Operations Review recommendations for other regions.
- Increase focus on delivery of key services.
- Upgrade the internal IT capability and redevelop key software.



...We will measure our success by the level of enquiry and the value placed upon advice and





Information provided to industry by our people...

## People

*DFSV people, a valuable asset for the dairy industry.*

Last year, the foundation for our future skilled workforce was captured in a new Human Resources Plan. This plan includes identification of training and leadership development needs.

Other key achievements included:

- Restructuring of the organisation involving a turnover of 25% of our total staff complement (3 permanent positions and 2 contracted positions in a total of 19 staff).
- A new performance management system in which staff performance is reviewed against objectives in the corporate plan and aligned to training and development needs and remuneration reviews.
- An appraisal and salary review of the Dairy Food Safety Officer role including establishment of a remuneration benchmark.
- Strategic partnerships established with academic institutions involving staff presentations to dairy technology students at Gilbert Chandler College, visiting groups from Korea and China, and to food technology students at Victoria University. Two fourth year engineering graduates spent the summer vacation working with DFSV on technical projects.
- Responding to 305 requests from industry for technical advice and assistance.
- Competencies and expertise of staff fostered through specific training opportunities and attendance at national and international dairy food safety conferences in the US, Korea, Taiwan and New Zealand.
- An intra-State audit program initiated to develop consistency of audit services in all regions.
- A network established with key industry specialists to gather essential industry dairy food safety information.
- DFSV auditors equipped with technological tools to enable audits reports to be provided on site.

## Key issues for 2002-2003

Our priority for the coming year will be the implementation, with staff, of our human resources plan.

Other priorities will include:

- On-going training and leadership development for staff.
- Continued refinement of the performance management system.
- Continuing development of human resource management processes to ensure consistency of DFSV standards for service delivery.



...We will measure our success by the way that DFSV's role develops as an integral part of the info





Information network within industry on all matters concerning dairy food safety...

### Communication

*An active network with stakeholders and customers, understanding and endorsing our role.*

Our key achievement in communication for 2001–02 was the publication of our Corporate Plan and Communication Strategy under the direction of the Board. Our aim is to enhance communication and continue to establish effective networks with key customers and stakeholders.

Industry forums were held in Melbourne and regional centres enabling direct interaction with the Board and senior management on issues of mutual interest and concern.

Other initiatives in communication were:

- Industry representatives joining steering committees to oversee the development and implementation of the Code of Practice for Dairy Food Safety and the feasibility study for contract auditing.
- An extensive program of personal visits by the Chairman and CEO to key industry organisations.
- Staff and Board members accepting invitations to address industry meetings on dairy food safety matters. These included the UDV Annual Conference and the Tasmanian Quality Assured's National Conference.
- Continuing commitment to provide development opportunities to university undergraduates. In 2001–02 engineering students reported to key industry representatives on projects undertaken with DFSV to validate pasteurisers and assess the quality of water used by the dairy industry.
- Playing an active role in helping to shape the national agenda for dairy food safety.

### Key issues for 2002-2003

Our key strategic focus will be to maximise opportunities for communication and education, particularly with implementation of the Code of Practice. Other priorities will be to:

- Review achievements in the Communication Strategy and implement the next phase.
- Upgrade the DFSV website as a key means of communication on dairy food safety.
- Develop a Service Charter for all DFSV services and operations in direct response to industry feedback.



...We will measure our success by the level of industry support for the funding model in place and





by perceptions of our services being of value to licence holders within industry...

### Financial

*Funded by industry to a level permitting strategic and business objectives to be met.*

In 2001–02, a streamlined licensing system brought forward the timing of revenue collections and licence issue. This has resulted in improved operating cash flows and a reduced risk of unlicensed operators.

DFSV also:

- Introduced a new chart of accounts to enable streamlined management and reporting.
- Improved communication of its budget arrangements and reports to industry in a transparent manner.
- Maintained the farm licence fee rate at the initial level for an additional year beyond that originally foreshadowed.

The current funding model is on track to sustain the organisation for its first three-year period.

### Key issues for 2002-2003

The most important task for 2002-03 is to undertake a review of the current funding model and to implement any new arrangements arising from the review.

Other key issues will include:

- Farmer licence fees to be based on an output model and calculated according to the volume of milk produced rather than the number of cows.
- Review insurance and work cover compliance
- Quantify the funding implications of the full implementation of the Code of Practice for Dairy Food Safety.
- Review cost recovery from audit and related services.



# Corporate Governance Statements

## Charter and Purpose Establishment of the Authority

Dairy Food Safety Victoria is established under the Dairy Act 2000. The organisation is a statutory authority that reports to the Minister for Agriculture and Aboriginal Affairs.

## Objectives of the Authority

The objectives of the Authority as outlined in the Dairy Act 2000 are to:

- a. ensure that standards which safeguard public health are maintained in the Victorian dairy industry, and
- b. ensure that it performs its functions and exercises its powers efficiently and effectively.

## Functions of the Authority

The functions of DFSV as stated in the Dairy Act 2000 are to:

- a. establish, maintain and improve:
  - (i) the food safety standards of dairy food
  - (ii) the standards of construction and hygiene of plant and equipment in a dairy manufacturing premises
  - (iii) the standards of maintenance, cleanliness and hygiene of dairy transport vehicles
- b. monitor and review the above standards,
- c. approve and monitor the implementation of food safety programs,
- d. administer the licensing systems,
- e. ensure appropriately qualified persons are appointed as authorised officers,

- f. fix and charge fees in respect of the carrying out of its functions or the exercise of its powers,
- g. in consultation with the Secretary to Department of Human Services or a municipal council, protect public health,
- h. advise the Minister on matters relating to the administration of the Dairy Act 2000, and
- i. carry out any other function that is conferred on the Authority by the Dairy Act 2000 or any other Act.

## Powers of the Authority

Dairy Food Safety Victoria has powers under the Dairy Act 2000 to enable it to perform its functions.

Also, Dairy Food Safety Victoria may:

- a. enter into agreements or arrangements with third parties for the provision of services to or by Dairy Food Safety Victoria,
- b. fix and charge fees for its services, including the services of its authorised officers, and
- c. expend its funds in carrying out its functions or in paying salaries and allowances to its members.

A complete statement of DFSV's functions, powers and duties is available at [www.dairysafe.vic.gov.au](http://www.dairysafe.vic.gov.au)

## Board of Directors

The DFSV Board consists of seven members who are appointed on the basis of their skills and expertise rather than industry sector representation.

The Minister appoints the Chairperson and may also



appoint one member nominated by the Secretary of the Department of Natural Resources and Environment.

The Minister appoints the remaining five members acting upon the recommendations of a selection committee.

Board members must have expertise in one or more of the following areas:

- a. on-farm milk production, dairy food manufacturing or public health,
- b. food technology and safety,
- c. business management,
- d. consumer issues, or
- e. any other area the Minister considers relevant to the Authority's functions.

Each member holds office for three years and is eligible for re-appointment.

### **Board Committees**

The Board has established a Finance and Audit Committee to undertake the broad functions of internal audit and risk management. Members of this Committee are Mr Chris Nixon (Chair) and Ms Anne Adams. This Committee has representation from the contracted internal audit service provider, Ernst and Young. A risk assessment for the new organisation has been completed and presented to the Board.

The Operations Review and Policy Committee has been established to review present and emerging risks to industry and to oversee dairy food safety audit arrangements, incident and emergency management and regulatory frameworks. Members of this Committee are Dr Richard Welton (Chair), Ms Margaret Darton, Mr Paul Ford and Professor Vivian Lin.

The Remuneration and Human Resources Policy Committee has been established to assist the Board in fulfilling its statutory responsibilities relating to the remuneration of the CEO and Executive Management Team. The Committee also assists the Board in the formulation of Human Resource Management Policies and Procedures. Members of this Committee are Dr Des Hore (Chair), Ms Anne Adams and Mr Chris Nixon.

### **Ethical Standards**

For the interim, DFSV operates under The Code of Conduct for the Victorian Public Service, which provides guidance on addressing possible or perceived conflicts of interest. All employees are required to act with the utmost integrity and objectivity at all times in all dealings.

Victorian Public Service guidelines for protecting merit and equity are observed wherever appropriate.

### **Occupational Health and Safety**

An OH&S Committee consisting of staff and management representatives has been established and is undertaking the full range of health and safety obligations.

### **Freedom Of Information**

DFSV is a prescribed authority for the purposes of the Freedom of Information Act 1982. During the twelve months ended 30 June 2002, no FOI requests were received by DFSV.

### **Whistle Blowers' Legislation**

DFSV has complied with legislative requirements in the implementation of the Whistle Blowers' Legislation including the appointment of relevant officers. As required under S104 of the Act, a full copy of DFSV's procedures are included as an addendum. Additionally, there have been no matters disclosed to DFSV.



### Consultants

During the twelve months ended 30 June 2002, 6 consultants were engaged at a total cost of \$59,619.

### Building Act 1993

DFSV did not undertake any building works, which fall within the provisions of the Building Act 1993.

### Declaration

In accordance with Direction 9.1.3(iv) of the Financial Management Act 1994, the following information is available from the Accounting Officer on request:

- Statement that declarations of pecuniary interests and shares held have been duly completed by relevant officers.
- Details of publications produced by the entity about the entity and the places where the publications can be obtained.
- Details of any major external reviews carried out on the entity.
- Details of major research and development activities undertaken by the entity.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and the services it provides.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.

- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.

### Multicultural Statement

DFSV is committed to policies, programs and strategies that deliver culturally appropriate services to all Victorians. Special initiatives were not needed by the organisation during the period July 1 2001 to June 30 2002.

### National Competition Policy

The Government largely adopted the recommendations presented in July 1999 and incorporated them into the Dairy Act 2000.



# contacts

# DFSV

## Head Office

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W: <http://www.dairysafe.vic.gov.au>  
ABN 19045433005

P.O. Box 548  
Richmond Vic 3121

### Chief Executive Officer

*Dr Anne Astin*  
T: (03) 9426 5905  
E: [aastin@dairysafe.vic.gov.au](mailto:aastin@dairysafe.vic.gov.au)

### Business Services Manager

*Calvin Robinson*  
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### Manager – Policy & Standards

*Reg Hassett*  
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### Industry Services Manager

*Joanne Patterson*  
T: (03) 9426 5904  
E: [jpatterson@dairysafe.vic.gov.au](mailto:jpatterson@dairysafe.vic.gov.au)

### Licensing Officer

*Marie Lockwood*  
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## Shepparton Regional Office

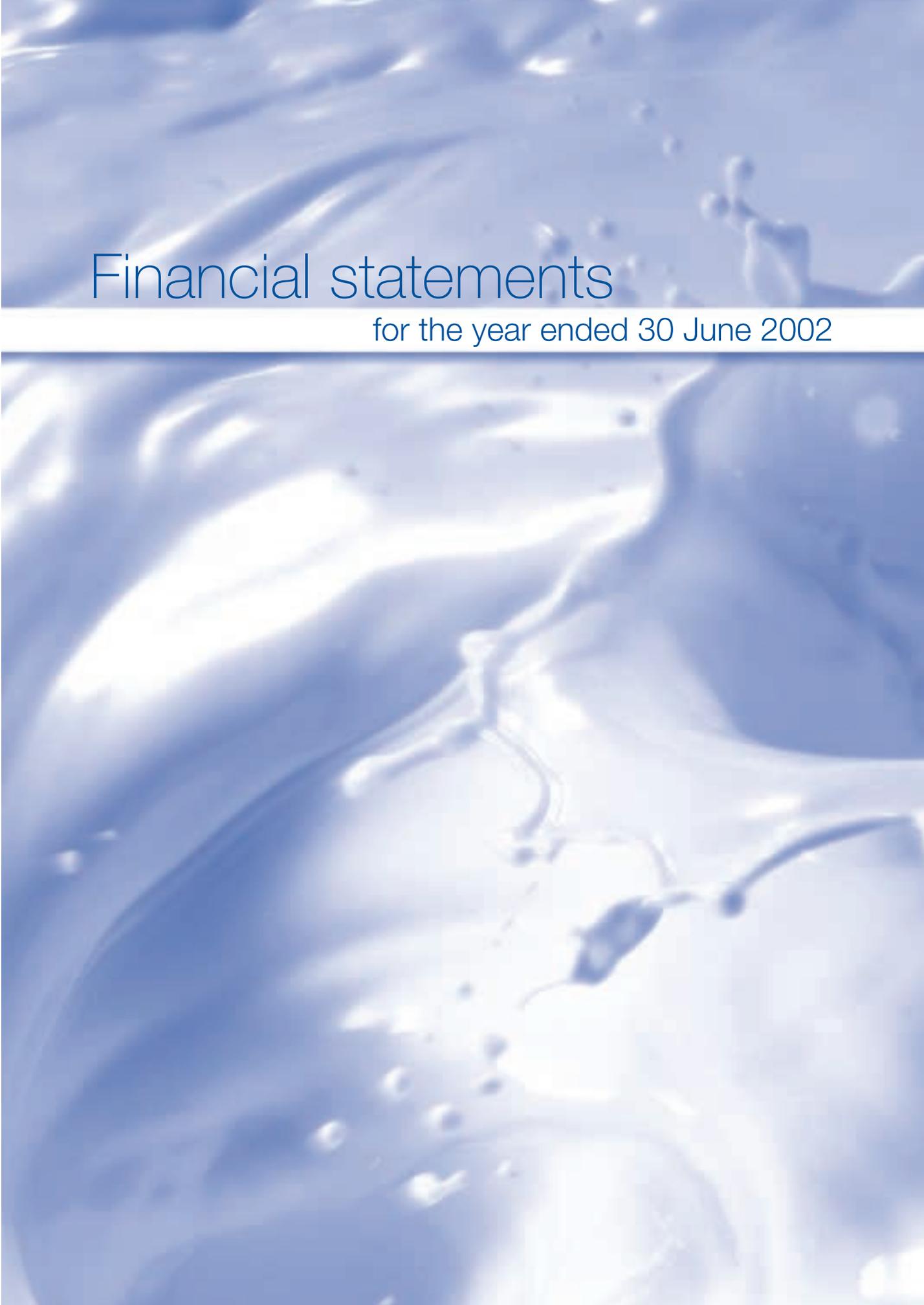
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## Warrnambool Regional Office

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The background of the entire page is a high-speed photograph of water splashing, creating a complex pattern of white and light blue droplets and ripples against a darker blue background. The water appears to be moving from the top right towards the bottom left, creating a sense of dynamic motion.

# Financial statements

for the year ended 30 June 2002

# Statement of Financial Performance for the year ended 30 June 2002

	Note	2002 \$	9 months to 30 June 2001 \$
<b>REVENUE</b>			
Revenue from Ordinary Activities	2	2,838,776	1,947,712
<b>TOTAL REVENUE</b>		<b>2,838,776</b>	<b>1,947,712</b>
<b>EXPENSES</b>			
Marketing Expenses		(44,079)	(17,063)
Occupancy Expenses		(220,961)	(113,753)
Administration Expenses		(2,743,225)	(1,896,655)
<b>TOTAL EXPENSES</b>		<b>(3,008,265)</b>	<b>(2,027,471)</b>
Deficit from Ordinary Activities		(169,489)	(79,759)
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	9	<b>(169,489)</b>	<b>(79,759)</b>

The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2002

	Note	2002 \$	30 June 2001 \$
<b>CURRENT ASSETS</b>			
Cash assets	3	295,955	41,703
Receivables	4	319,051	260,545
Other Assets	5	1,623,997	1,909,311
<b>TOTAL CURRENT ASSETS</b>		<b>2,239,003</b>	<b>2,211,559</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	6	216,274	178,976
<b>TOTAL NON-CURRENT ASSETS</b>		<b>216,274</b>	<b>178,976</b>
<b>TOTAL ASSETS</b>		<b>2,455,277</b>	<b>2,390,535</b>
<b>CURRENT LIABILITIES</b>			
Payables	7	431,511	223,174
Provisions	8	252,847	155,315
<b>TOTAL CURRENT LIABILITIES</b>		<b>684,358</b>	<b>378,489</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	8	220,167	291,805
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>220,167</b>	<b>291,805</b>
<b>TOTAL LIABILITIES</b>		<b>904,525</b>	<b>670,294</b>
<b>TOTAL NET ASSETS</b>		<b>1,550,752</b>	<b>1,720,241</b>
<b>EQUITY</b>			
Accumulated deficit	9	(249,248)	(79,759)
Contributed equity	10	1,800,000	1,800,000
<b>TOTAL EQUITY</b>		<b>1,550,752</b>	<b>1,720,241</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows for the year ended 30 June 2002

	Note	2002 \$	9 months to 30 June 2001 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		2,906,856	1,626,992
Payment to suppliers and employees		(2,914,643)	(1,934,369)
Interest received		75,102	77,680
Net cash provided by (used in) operating activities	17 (ii)	67,315	(229,697)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of fixed assets		63,669	75,147
Fixed asset purchases		(176,732)	(106,016)
Net cash provided by (used in) investing activities		(113,063)	(30,869)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Funds provided by VDIA		-	2,132,134
Funds provided by NRE for staff entitlements		-	70,135
Net cash provided by (used in) financing activities		-	2,202,269
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(45,748)</b>	<b>1,941,703</b>
Cash at beginning of year		1,941,703	-
<b>CASH AT END OF YEAR</b>	17 (i)	<b>1,895,955</b>	<b>1,941,703</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements for the year ended 30 June 2002

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Financial Management Act 1994, Australian Accounting Standards and other mandatory professional reporting requirements and Accounting & Financial Reporting Bulletins issued by the Department of Treasury & Finance.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### (a) Basis of Accounting

The accompanying financial statements have been prepared under the historical cost convention using the accrual basis and does not take into account changing money values or except where stated, current valuations of non-current assets. Cost is based on fair values of the consideration given in exchange for the assets.

### (b) Valuation of Investments

Investments are shown at cost and represent interest bearing deposits. All investments are invested for short terms.

### (c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent disposal.

### (d) Depreciation and amortisation

Depreciation is calculated on a straight line basis so as to write off the cost or revalued amount of each fixed asset (reduced by its estimated residual value at the time of acquisition/revaluation) over its expected useful life to the entity or, in relation to leasehold improvements, amortised over the shorter of the useful life of the asset to the entity and the term of the lease.

The depreciation rates used for each class of assets are:

CLASS OF ASSET	DEPRECIATION RATE
Leasehold improvements	30% to 75%
Motor vehicles	10.0%
Office equipment	10.0%
Furniture and fittings	10.0%
Plant and equipment	15.0% to 33.3%

Note: Rates for leasehold improvements are designed to write off the asset by 30 September 2003, which is the expiry date of the lease.

### (e) Disposal of Fixed Assets

The gain or loss on disposal of all fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal and is included in the operating statement.

### (f) Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.

# Notes to the Financial Statements for the year ended 30 June 2002

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *(g) Employee Entitlements*

Provision is made for the entity's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount plus on costs. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements plus on costs. Contributions are made by the economic entity to employee superannuation and are charged as expenses when incurred.

(i) Long service leave is provided from the commencement of employment on a pro rata basis and is accrued at the rate of 13 weeks paid leave for 10 years of continuous service. Access to long service leave by employees is on the completion of 10 years of continuous service.

(ii) Annual leave is treated as a liability based on the leave entitlement at balance date.

### *(h) Doubtful Debts*

Bad debts are written off during the year in which they become known.

A provision for doubtful debts is raised based on collectability of outstanding amounts.

### *(i) Revenue Recognition*

Annual licence fees payable by dairy farmers are raised during December for a twelve month period. Annual licence fees payable by manufacturers relate to a calendar year but may be paid by quarterly instalments. Revenue received from licence fees is non-reciprocal as there is no expectation that either the amount will be repaid or that direct services of the same value will be provided to the licensee. As a result, revenue from these fees is recognised when the fees are raised.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

### *(j) Leases*

Operating lease payments are not capitalised and rental payments are expensed in the period in which they are incurred. An operating lease is one where substantially all the risk and benefit remains with the lessor. There were no financial leases in existence at the end of the financial year.

### *(k) Cash*

For the purpose of the Statement of Cash Flows, cash includes cash at bank and on hand and short term investments.

### *(l) Income Tax*

Dairy Food Safety Victoria is a statutory body that is exempt from income tax under the State and Territory Bodies provisions in Division 1AB of the Income Tax Assessment Act 1936 section 24AR.

### *(m) Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

# Notes to the Financial Statements for the year ended 30 June 2002

	Note	2002 \$	9 months to 30 June 2001 \$
<b>2. DEFICIT FROM ORDINARY ACTIVITIES</b>			
Deficit from ordinary activities has been determined after:			
<i>(a) Revenue:</i>			
Revenues from operating activities			
Audit and inspection fees		154,057	108,506
Australian Milk Residue (AMRA) survey		213,034	195,051
Licence fees		2,308,735	1,456,309
		<u>2,675,826</u>	<u>1,759,866</u>
Revenues from outside operating activities			
Interest received and receivable from investments		75,102	85,641
Proceeds on sale of fixed assets		63,669	75,147
Other income		24,179	27,058
		<u>162,950</u>	<u>187,846</u>
TOTAL REVENUE		<u>2,838,776</u>	<u>1,947,712</u>
<i>(b) Expenses:</i>			
Expenses from operating activities			
Audit fees	12	24,955	20,000
Bad debts written off		-	240
Depreciation and amortisation	6		
Leasehold improvements		27,898	10,148
Motor vehicles		4,327	12,249
Office equipment		2,576	464
Furniture and fittings		1,057	2,548
Plant and equipment		35,310	12,972
Operating lease rental		212,022	87,010
Doubtful debts		(1,098)	10,253
Written down value of assets sold		68,266	94,131
<i>(c) Other Items:</i>			
Loss on sale of fixed assets		(4,597)	(18,984)

*(d) Significant Items:*

Commencement of DFSV's operations – period ended 30 June 2001

The Victorian Dairy Industry Authority (VDIA) ceased operations on 29 September 2000.

Dairy Food Safety Victoria (DFSV) responsibilities and certain staff of the VDIA, under the provisions of the Dairy Act 2000, were transferred on 30 September 2000 to DFSV. The total funds provided by the VDIA to DFSV were \$2,378,542 which comprised \$1,800,000 of net assets and \$578,542 of funds to discharge VDIA's liability and fund employee's entitlements.

# Notes to the Financial Statements for the year ended 30 June 2002

	Note	2002 \$	2001 \$
<b>3. CASH ASSETS</b>			
Cash on hand		1,400	1,850
Cash at Bank		294,555	39,853
<b>TOTAL CASH ASSETS</b>		<b>295,955</b>	<b>41,703</b>
<b>4. RECEIVABLES</b>			
Current			
Trade debtors		154,889	151,663
Provision for doubtful debts		(5,155)	(1,800)
		149,734	149,863
Other debtors			
- Dairy Industry license fees		79,154	89,437
- other		94,163	29,698
Provision for doubtful debts		(4,000)	(8,453)
		169,317	110,682
<b>TOTAL RECEIVABLES (NET)</b>		<b>319,051</b>	<b>260,545</b>
<b>5. OTHER ASSETS</b>			
Interest bearing deposits		1,600,000	1,900,000
Prepayments		23,997	9,311
		1,623,997	1,909,311
<b>6. PLANT AND EQUIPMENT</b>			
Leasehold improvements			
At cost		90,425	48,190
Accumulated amortisation		(38,045)	(10,148)
		52,380	38,042
Motor vehicles			
At cost		21,135	96,715
Accumulated depreciation		(3,694)	(7,234)
		17,441	89,481
Office equipment			
At cost		35,621	10,708
Accumulated depreciation		(3,040)	(464)
		32,581	10,244
Furniture and fittings			
At cost		18,443	7,510
Accumulated depreciation		(3,134)	(2,547)
		15,309	4,963

# Notes to the Financial Statements for the year ended 30 June 2002

	Note	2002 \$	2001 \$		
<b>6. PLANT AND EQUIPMENT (continued)</b>					
Plant and equipment					
At cost		146,719	49,141		
Accumulated depreciation		(48,156)	(12,895)		
		98,563	36,246		
<b>TOTAL FIXED ASSETS</b>		<b>216,274</b>	<b>178,976</b>		
Summary of Plant and equipment					
At cost		312,343	212,264		
Accumulated depreciation		(96,069)	(33,288)		
		216,274	178,976		
Movements in carrying amounts of plant and equipment:					
	OPENING BALANCE BEGINNING OF YEAR	ADDITIONS	DISPOSALS AT WRITTEN DOWN VALUE	DEPRECIATION	CLOSING BALANCE END OF YEAR
Leasehold improvements	38,042	42,236	-	(27,898)	52,380
Motor vehicles	89,481	-	(67,713)	(4,327)	17,441
Office equipment	10,244	24,913	-	(2,576)	32,581
Furniture and equipment	4,963	11,956	(553)	(1,057)	15,309
Plant and equipment	36,246	97,627	-	(35,310)	98,563
	178,976	176,732	(68,266)	(71,168)	216,274
<b>7. PAYABLES</b>					
Trade creditors				217,023	56,800
Other creditors				214,488	166,374
				431,511	223,174
<b>8. PROVISIONS</b>					
Current Liabilities					
Provision for annual leave				129,539	152,015
Provision for long service leave				119,308	-
Provision for fringe benefits tax				4,000	3,300
				252,847	155,315
Non – Current Liabilities					
Provision for Long Service Leave				220,167	291,805
Aggregate employee entitlement liability					
Number of employees at end of year				469,014	443,820
				19	18

## Notes to the Financial Statements for the year ended 30 June 2002

	2002 \$	2001 \$
<b>9. ACCUMULATED DEFICIT</b>		
Opening balance at beginning of year	(79,759)	-
Deficit from ordinary activities	(169,489)	(79,759)
Closing balance at end of year	(249,248)	(79,759)

### 10. CONTRIBUTED EQUITY

An establishment grant of \$1,800,000 was received from the Government through the sale of the Victorian Dairy Industry Authority.

This grant, which is deemed contributed capital, has been used to establish the entity with the intent that the funds will be fully expended.

# Notes to the Financial Statements for the year ended 30 June 2002

## 11. FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk

The entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities is as follows:

30 June 2002	FLOATING	FIXED INTEREST	FIXED INTEREST	NON-INTEREST	TOTAL 2002	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE % 2002
	INTEREST RATE	MATURING WITHIN 1 YEAR	MATURING WITHIN 5 YEAR	BEARING		
	\$	\$	\$	\$	\$	
<b>FINANCIAL ASSETS</b>						
Cash assets	-	-	-	295,955	295,955	
Receivables:						
Trade debtors	-	-	-	149,734	149,734	
Other debtors	-	-	-	169,317	169,317	
Investments	1,600,000	-	-	-	1,600,000	3.97%
	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>615,006</u>	<u>2,215,006</u>	
<b>FINANCIAL LIABILITIES</b>						
Payables:						
Trade creditors	-	-	-	(217,023)	(217,023)	
Other creditors	-	-	-	(214,488)	(214,488)	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(431,511)</u>	<u>(431,511)</u>	
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<u>1,600,000</u>	<u>-</u>	<u>-</u>	<u>183,495</u>	<u>1,783,495</u>	
30 June 2001	FLOATING	FIXED INTEREST	FIXED INTEREST	NON-INTEREST	TOTAL 2002	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE % 2002
	INTEREST RATE	MATURING WITHIN 1 YEAR	MATURING WITHIN 5 YEAR	BEARING		
	\$	\$	\$	\$	\$	
<b>FINANCIAL ASSETS</b>						
Cash assets	-	-	-	41,703	41,703	
Receivables:						
Trade debtors	-	-	-	149,863	149,863	
Other debtors	-	-	-	110,682	110,682	
Investments	1,900,000	-	-	-	1,900,000	4.90%
	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>302,248</u>	<u>2,202,248</u>	
<b>FINANCIAL LIABILITIES</b>						
Payables:						
Trade creditors	-	-	-	(56,800)	(56,800)	
Other creditors	-	-	-	(166,374)	(166,374)	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(223,174)</u>	<u>(223,174)</u>	
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>79,074</u>	<u>1,979,074</u>	

# Notes to the Financial Statements for the year ended 30 June 2002

## 11. FINANCIAL INSTRUMENTS (continued)

### (b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial statements.

The entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the entity.

### (c) Net Fair Values

Financial assets where the carrying amount exceeds net fair values have not been written down as the entity intends to hold these assets to maturity. No financial assets and financial liabilities are readily traded on organised markets. For assets and liabilities the net fair value approximates their carrying value.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

### (d) Reconciliation of Net Financial Assets to Net Assets

	2002 \$	2001 \$
Net financial assets per above	1,783,495	1,979,074
Add: non financial assets	240,271	188,287
Less: non financial liabilities	(473,014)	(447,120)
Net assets per Statement of Financial Position	1,550,752	1,720,241
<b>12. AUDITORS' REMUNERATION</b>		
Amount paid and due and payable for audit services:		
Amounts paid and due and payable to the Auditor General for auditing the accounts of DFSV	24,955	20,000
Other Services	-	-
Amount paid and due and payable for audit services	24,955	20,000

# Notes to the Financial Statements for the year ended 30 June 2002

## 13. RESPONSIBLE PERSONS, REMUNERATION AND RETIREMENT BENEFITS

### a) Board Members

The names of responsible persons who have held office at any time during the financial year are:

DR D E HORE	Chairman	MRS W A ADAMS	Deputy Chairperson
DR R L WELTON	Member	MR P FORD	Member
MR C NIXON	Member	MS M DARTON	Member
PROFESSOR V LIN	Member		

### REMUNERATION

The number of responsible persons of the Authority in each of their relevant remuneration bands is shown hereunder with the exception of the Chief Executive Officer whose remuneration is included in the remuneration for Executive Officers:

	2002	Oct '00 – Jun '01
\$0 - \$9,999	5	6
\$10,000 - \$19,000	1	
\$20,000 - \$29,999	1	1

The total remuneration of the responsible persons referred to above during their term of office for the financial year is:

Remuneration excluding superannuation	\$57,820	\$63,520
Superannuation contributions	\$4,625	\$4,979

The relevant remuneration relating to the Minister is reported separately in the Financial Statements of the Department of Premier and Cabinet.

No loans have been made, guaranteed or secured by DFSV to or for any responsible person or related party of a responsible person of DFSV.

There have been no transactions with any responsible persons other than those related to employee relationships in carrying out the duties of responsible persons (other than Licence Fees).

There have been no transactions between related parties and responsible persons.

### b) Executive Officer and Business Manager

The number of executive officers of DFSV in each of their relevant annual remuneration bands who have served at any time during the financial year is shown hereunder:

Total Remuneration Package	2002	Oct '00 – Jun '01
\$150,000 - \$159,999	1	1
\$100,000 - \$110,000	1	-

Remuneration includes total remuneration paid for the financial year together with any other benefits derived.

### c) Other Responsible Persons

Responsible Minister: Hon K. Hamilton MP

# Notes to the Financial Statements for the year ended 30 June 2002

## 13. RESPONSIBLE PERSONS, REMUNERATION AND RETIREMENT BENEFITS (continued)

### d) Insurance Premiums

During the financial year, DFSV paid an insurance premium of \$5,999 in respect of a contract insuring the members and executive officers of DFSV against a liability arising as a result of work performed in their capacity as members or executive officers.

## 14. RELATED PARTY DISCLOSURES

The members and directors of the economic entity are reimbursed for expenses incurred in attending board meetings and for other incidental costs on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the members and directors at arm's length in similar circumstances.

During or since the financial period no member or director of the economic entity has received or become entitled to receive a benefit other than a benefit included in the aggregate amount of members' remuneration by reason of a transaction between the DFSV or a related body corporate with a member or director or with a member or director related party.

## 15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

### (i) Capital Expenditure

As at 30 June 2002, there were no outstanding commitments for capital expenditure.

### (ii) Contingent Liabilities

There were no contingent liabilities at 30 June 2002

### (iii) Operating Lease Commitments

Non – cancellable operating leases contracted for but not capitalised in the financial statements.

Lease rental expense commitments at 30 June 2002 are in respect of premises (at Melbourne, Warragul, Shepparton, Colac and Warrnambool), office equipment, computers and motor vehicles.

	2002 \$	2001 \$
Not later than 1 year	233,018	190,400
Later than 1 year, but not later than 5 years	92,942	235,668
Total operating lease commitments	325,960	426,068
Operating leases include motor vehicle lease commitments	102,956	149,372

# Notes to the Financial Statements for the year ended 30 June 2002

	2002 \$	9 months to 30 June 2001 \$
<b>16. SUPERANNUATION</b>		
(i) Employer superannuation contributions paid:		
The Local Authorities Superannuation Fund	5,845	12,364
State Superannuation Fund – New and Revised	85,261	81,052
Victorian Superannuation Fund – VicSuper	26,659	18,291

(ii) Basis of Calculation

*Local Authorities Super Pty Ltd*

Under the provisions of the Local Authorities Superannuation Act 1988, DFSV and some of its employees are required to make contributions to a superannuation fund administered by Local Authorities Pty Ltd ("LAS"). The current employer contribution to LAS is 9.25% of salaries. The fund is a Defined Benefits Fund. The LAS confirmed that there is no unfunded liability for DFSV as at 30 June 2001. DFSV has an ongoing obligation to share in the future experience of the fund. Favourable or unfavourable variations may arise should the experience of the fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

*State Superannuation Fund - New Scheme*

The DFSV pays employer superannuation contributions of between 7.3% to 9.8% of salaries in respect of its members who are in the New Scheme. The Consolidated Fund of the Victorian State Government is responsible for the unfunded liability related to employees of DFSV. This scheme is closed to new members. The fund is a Defined Benefits Fund.

*State Superannuation Fund - Revised Scheme*

DFSV pays employer superannuation contributions of 14% of salaries in respect of its members who are in the Revised Scheme. The Consolidated Fund of the Victorian State Government is responsible for the unfunded liability related to employees of DFSV. This scheme is closed to new members. The fund is a Defined Benefits Fund.

*Victorian Superannuation Fund - VicSuper*

New employees of DFSV including casuals and board members are covered by VicSuper which is an accumulation scheme. In accordance with the Superannuation Guarantee Charge Act 1992, DFSV paid a 8% superannuation guarantee for employees and members to VicSuper for the financial period. There is no unfunded liability in respect of this scheme. The fund is an Accumulation Fund. Employer superannuation contributions payable by DFSV to all schemes were calculated as a percentage of base salary.

(iii) DFSV has no loans with any of the superannuation funds.

(iv) DFSV has no outstanding contributions to be paid to any of the superannuation funds.

# Notes to the Financial Statements for the year ended 30 June 2002

	Note	2002 \$	9 months to 30 June 2001 \$
<b>17. CASH FLOW INFORMATION</b>			
(i) Reconciliation of cash			
Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related Statement of Financial Position items as follows:			
Cash assets	3	295,955	41,703
Short term interest bearing investments	5	1,600,000	1,900,000
Total		1,895,955	1,941,703
(ii) Reconciliation of cash flow from Operations with Deficit from Ordinary Activities			
Deficit from ordinary activities		(169,489)	(79,759)
Adjustments for non-cash income and expense items:			
Depreciation and amortisation	2	71,168	38,381
Doubtful Debts provided	2	(1,098)	10,253
Bad debts written off	2	-	240
Loss on sale of fixed assets (net)	2	4,597	18,984
Change in assets and liabilities:			
Decrease/(Increase) in receivables		(57,408)	(153,968)
Decrease/(Increase) in other assets		(14,686)	(9,311)
Increase/(Decrease) in payables		208,337	(57,928)
Increase/(Decrease) in provisions		25,894	3,411
Net Cash Flows provided by operating activities		67,315	(229,697)

## 18. SEGMENT INFORMATION

The entity operates predominantly in one business and geographical segment. DFSV is responsible for ensuring standards which safeguard public health are maintained in the Victorian dairy industry.

## 19. CHARGE OVER ASSETS

There are no liabilities secured by a charge over the assets of Dairy Food Safety Victoria.

# Notes to the Financial Statements for the year ended 30 June 2002

## 20. TRANSACTIONS WITH OTHER VICTORIAN GOVERNMENT CONTROLLED ENTITIES

During the financial period, transactions were undertaken with other Victorian Government controlled entities. These transactions are summarised as follows:

	2002		9 months to 30 June 2001	
	Intra \$	Inter \$	Intra \$	Inter \$
Assets	-	1,600,000	2,448,677	1,900,000
Liabilities	-	1,197	(620,536)	(20,602)
Revenues	-	75,102	(28,141)	(85,641)
Expenses	-	70,091	-	37,927

"Intra" transactions are between entities within the Department of Natural Resources and Energy (DNRE) portfolio.

"Inter" transactions are with entities outside the DNRE portfolio but controlled by the Victorian Government.

## 21. ENTITY'S DETAILS

The registered office and principal place of business of the entity is:

Dairy Food Safety Victoria  
651 Victoria Street  
Abbotsford Victoria 3146

Web Site: [www.dairysafe.vic.gov.au](http://www.dairysafe.vic.gov.au)

Dairy Food Safety Victoria commenced operations on 30 September 2000 as the successor-in-law of the Victorian Dairy Industry Authority

The Parliament of Victoria enacted the Dairy Act 2000 – Act No. 37/2000 to establish Dairy Food Safety Victoria.

# Compliance Index

Clause	Disclosure Requirement	Note Number
<b>Charter &amp; Purpose</b>		
9.1.3(i)(a)	Manner of establishment and relevant Minister	Stat Info
9.1.3(i)(b)	Objectives, functions, powers and duties	Stat Info
9.1.3(i)(c)	Services provided and persons or sections of community served	Main
<b>Management and Structure</b>		
9.1.3(i)(d)(i)	Names of governing Board Members and Chief Executive Officer	Main
9.1.3(i)(d)(ii)	Names of senior office holders and brief description of each office	Main
9.1.3(i)(d)(iii)	Chart setting out organisational structure	Main
9.1.3(i)(e)	Workforce data and application of merit and equity principles for current and previous year	Main
9.1.3(i)(f)	Application and operation of Freedom of Information Act 1982	Stat Info
<b>Financial and other Information</b>		
9.1.3(ii)(a)	Summary of financial results with previous four year comparatives	Main
9.1.3(ii)(b)	Summary of significant changes in financial position during the year	Main
9.1.3(ii)(c)	Operational & budgetary objectives for the financial period and performance against those objectives including significant activities and achievements	Main
9.1.3(ii)(d)	Major changes or factors affecting achievement of operational objectives	Main
9.1.3(ii)(e)	Events subsequent to balance date effecting subsequent year	n/a
9.1.3(ii)(f)	Consultancies > \$100,000 - Full details of each consultancy	Stat Info
9.1.3(ii)(g)	Consultancies < \$100,000 - Number and total cost of consulting engagements	Stat Info
9.1.3(ii)(h)	Extent of compliance with Building Act 1993	Stat Info
9.1.3(ii)(i)	Statement that information listed in Part 9.1.3(iv) is available on request	Stat Info
9.1.3(ii)(j)	Compliance index identifying extent of compliance with statutory disclosures and other requirements	
9.1.3(ii)(k)	Statement on implementation and compliance with National Competition Policy	Stat Info
9.8.2(i)	Statement of Occupational Health and Safety (OHS) matters	Main
9.8.2(ii)	OHS performance measures	Main
<b>Financial Statements Preparation</b>		
9.2.2(ii)(a)	Financial statements of prepared on an accrual basis	Note 1
9.2.2(ii)(b)	Statement of compliance with Australian Accounting Standards and associated pronouncements	Note 1
9.2.2(ii)(c)	Statement of compliance with accounting policies issued by the Minister for Finance	Note 1
<b>Statement of Financial Operations</b>		
9.2.2(i)(a)	A statement of financial operations for the year	Main
9.2.3(ii)(a)	Operating revenue by class	Note 2
9.2.3(ii)(b)	Investment income by class	Note 2
9.2.3(ii)(c)	Other material revenue by class including sale of non – goods and contribution of assets	Note 2
9.2.3(ii)(d)	Material revenues arising from exchanges of goods and services	Note 2
9.2.3(ii)(e)	Depreciation, amortisation or diminution in value for each class of asset	Note 2
9.2.3(ii)(f)	Bad and doubtful debts	Note 2
9.2.3(ii)(g)	Financing costs	n/a
9.2.3(ii)(h)	Net increment or decrement on the revaluation of each category of assets	n/a
9.2.3(ii)(i)	Auditor-General's fees	12
<b>Statement of Financial Position</b>		
9.2.2 (i)(b)	A statement of financial position for the financial period	Main Assets
9.2.3(iii)(a)(i)	Cash at bank or in hand	Note 3
9.2.3(iii)(a)(ii)	Inventories by class	n/a
9.2.3(iii)(a)(iii)	Receivables, including trade debtors, loans and other debtors	Note 4
9.2.3(iii)(a)(iv)	Other assets, including prepayments	Note 5
9.2.3(iii)(a)(v)	Investments by class	Note 5
9.2.3(iii)(a)(vi)	Property, plant and equipment	Note 6
9.2.3(iii)(a)(vii)	Intangible assets	n/a

Clause	Disclosure Requirement	Note Number
<b>Liabilities</b>		
9.2.3(iii)(b)(i)	Overdrafts	n/a
9.2.3(iii)(b)(ii)	Bank loans, bills payable, promissory notes, debentures and other loans	n/a
9.2.3(iii)(b)(iii)	Trade and other creditors	Note 7
9.2.3(iii)(b)(iv)	Finance lease liabilities	n/a
9.2.3(iii)(b)(v)	Provisions, including employee entitlements	Note 8
<b>Equity</b>		
9.2.3(iii)(c)(i)	Authorised capital	n/a
9.2.3(iii)(c)(ii)	Issued capital	n/a
9.2.3(iii)(d)	Reserves and transfers to and from reserves (shown separately)	Note 10
<b>Statement of Cash Flows</b>		
9.2.2(i)(c)	A statement of cash flows for the year	Main
<b>Notes to the Financial Statements</b>		
9.2.2(i)(d)	Notes to the Financial Statements by nature and amount on ex – gratia payments	n/a
9.2.2(i)(d)	Notes on amounts written off	Note 2
9.2.3(iv)(a)	Charges against assets	Note 19
9.2.3(iv)(b)	Material contingent liabilities and the extent to which they are secured over assets	Note 15
9.2.3(iv)(c)	Commitments for expenditure payable	Note 15
9.2.3(iv)(d)	Government grants received or receivable and source	n/a
9.2.3(iv)(e)	Employee superannuation funds	Note 16
9.2.3(iv)(f)	Assets received without adequate consideration	n/a
9.4.2	Transactions with responsible persons and their related parties	Note 13
9.7.2	Motor lease commitments	Note 15

NOTE: Main refers to the Financial Statements and Annual Report

Stat Info refers to the attached supplementary Statutory Information

# Statement by the Chairman

Statement by the Chairman on behalf of the Board, the Chief Executive Officer and the Business Services Manager.

We certify that:

In accordance with Section 49 of the Financial Management Act 1994 we the undersigned,

- a) State that in our opinion the financial statements present fairly the financial transactions of Dairy Food Safety Victoria (DFSV) during the period ended 30 June 2002.
- b) State that in our opinion the financial statements of DFSV have been prepared in accordance with the directions of the Minister of Finance under the Financial Management Act 1994.
- c) State that at the date of signing the financial statements we are not aware of any circumstances which would render any particulars included in these statements be misleading or inaccurate.

Signed at Melbourne on 25 September 2002.



**Dr Desmond E. Hore**  
CHAIRMAN



**Dr Anne M. Astin**  
CHIEF EXECUTIVE OFFICER



**Calvin Robinson**  
BUSINESS MANAGER



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