



**Dairy Food  
Safety Victoria**  
Annual Report  
2004/05



12 September 2005

The Honourable Bob Cameron  
Minister for Agriculture  
P.O. Box 4440  
Melbourne Vic 3001

Dear Minister,

In accordance with the *Financial Management Act 1994*, I have pleasure in submitting to you the Annual Report and Financial Statements for Dairy Food Safety Victoria for the period 1 July, 2004 to 30 June, 2005.

Yours sincerely,



Dr Desmond E. Hore  
Chairman

## Contents

This Year's Highlights	01
Vision, Mission and Values	01
From the Chairman	03
Chief Executive Officer's Report	05
Dairy Food Safety Victoria Board	08
Organisational Structure	09
Operations Report 2004/05	11
Corporate Governance Statements	20
Representation and Consultation	22
Financial Statements	23
Auditor General's Report	44
Dairy Food Safety Victoria Contacts	45

## The Year's Highlights

- > Successful implementation of new farm licence renewal process
- > Successful review by EU
- > Strategic Review of DFSV's services
- > Starting the development of the National Dairy Primary Production and Processing Standard
- > Co-organisers of the inaugural national Food Safety Conference 2004
- > Co-organiser Food Safety Session, International Dairy Federation conference, Melbourne 2004
- > Hosted overseas delegations from Japan, China, Korea, Thailand, Dubai and the EU Commission
- > Staff leadership and team development
- > Successful first check of the farm audit system operations
- > Improved reporting and analysis for customer and consumer complaints
- > Establishment of the industry Quality Managers' forum
- > Initiated an industry simulation exercise to improve emergency management protocol

### Vision

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

### Mission

The independent Authority to regulate dairy food safety.

### Values

Transparency, independence and integrity in our partnerships with stakeholders.

Continuous improvement of our performance in all that we do.

Being creative and innovative in developing and delivering services.

Treating people fairly and giving them the opportunity to grow.



Calvin Robinson

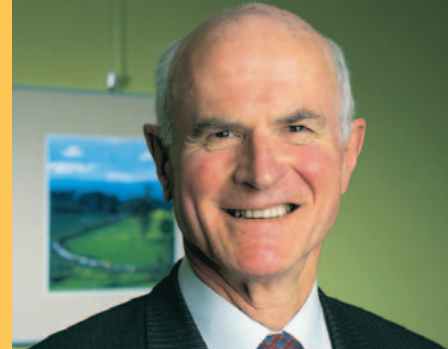
Marie Lockwood

Kevin Moze



“In the second year of its term, the Board of DFSV has continued on its path to set strategy and encourage review. It is a balance which, we feel, will continue to provide a solid foundation for both organisational evolution and operational growth.”

Desmond Hore



I am pleased to be able to present you with the Annual Report of Dairy Food Safety Victoria (DFSV) for the 2004/05 financial year.

The period under review proved to be challenging and stimulating. While milk production levels stabilised somewhat on the previous year, our industry continued to face the effects of the drought, the vagaries of international exchange rates and increasing consumer demand for reliable, quality product. Within this environment, I am pleased to report, DFSV continues to operate effectively.

#### Industry Support

The cornerstone of our work is the support of our industry stakeholders. Since we were formed in 2000, industry has been consistent in its recognition that food safety is non-negotiable. So whilst the only certainty in our industry is change, DFSV continues to be accountable for the integrity of our food safety systems across the whole production and processing chain.

In this context, I am pleased to say that, with support from an overwhelming majority of dairy farmers and manufacturers, our farm licensing renewal process was handled successfully during the period under review. The results will be seen by all of the industry in terms of precise, up to date data and analysis of farm information and milk volume.

#### Licensing System Update

The licensing system remains at the core of product safety, market access and risk management for farms and factories. At the request of farmers, during 2004/05 we changed the licensing year to coincide with the financial year whilst not increasing the actual fee. This transition was managed smoothly.

As far as the business of DFSV is concerned, the effectiveness of a strategic approach to food safety management, particularly on-farm audits, has led us to consider broadening our scope. Within the next three years, it is our goal to extend this system across all of the industry. The DFSV Board has assessed this project

and believes that this is an achievable objective. I look forward to updating you as it is further planned and developed.

#### An Emerging Contingent Liability

During the year, DFSV was required to satisfy an obligation that was not transferred to the "independent entity" under section 65 of the *Dairy Act 2000* at the time of the closure of the Victorian Dairy Industry Authority (VDIA). The liability which remains with DFSV relates to past employees of the VDIA who did not transfer to DFSV. There is a contingent liability into the future for unfunded contributions to Vision Super for these past employees. This will continue until obligations for all Fund members have been fully satisfied. In the current year, this has had a significant impact on DFSV's contingency funds. However, I am pleased to say that we have been able to manage this, and have held licence fees at the same rate.

#### Strategic Alliances

As I wrote earlier, DFSV operates within a complex and dynamic environment. It is through the development of strategic alliances and by using a risk-based approach predicated on sound science, that we can do our job better. To that end, we have undertaken a project with the Australian Food Safety Centre of Excellence and Monash University which will develop a Risk Modelling and Forecasting process. This work will enable us to identify, analyse, rank and prioritise emerging issues which may affect the safety of Victorian dairy products. I would like to acknowledge the support of National Food Industry Strategy Limited (NFIS) on this project.

The DFSV Board also wants to be more effective in risk communication. During 2004/05, we commenced work on developing new communication products with the University of Melbourne in collaboration with funding from the Geoffrey Gardiner Dairy Foundation (GGDF) which should bring benefits across the entire industry.

#### Focus on the Future

One of the key emerging issues in our industry is training and competency

of the people. DFSV has taken an active decision to work with the industry to raise its performance, where necessary, through a more competent and skilled workforce.

We will continue to engage in development of the national Dairy Primary Production and Processing Standard, and to make our contribution to food safety auditor competency and the auditor management frameworks.

We are also involved with the new Export Control (Milk and Milk Products) Orders and will continue to focus on harmonisation while implementing these new arrangements.

#### My Appreciation

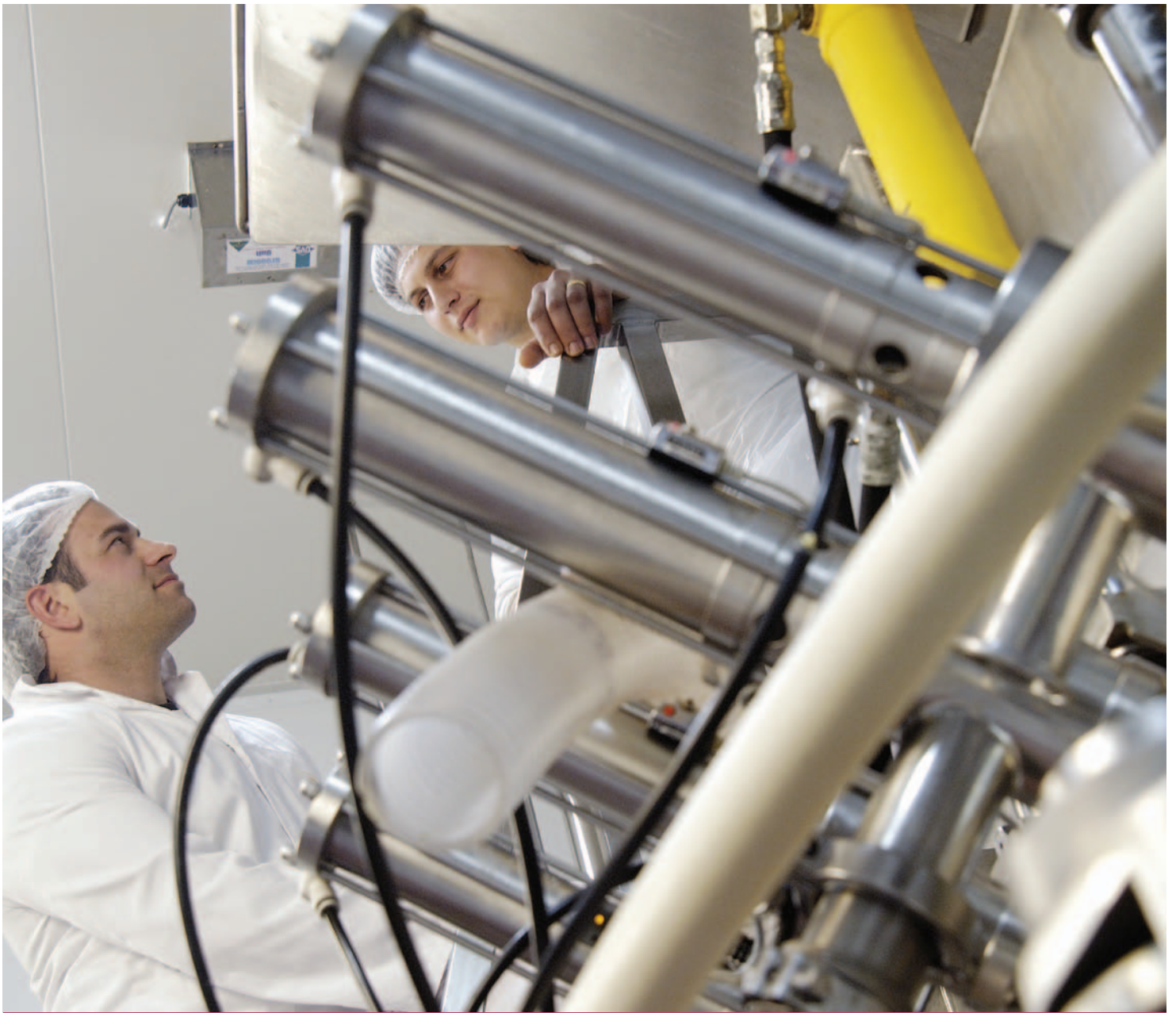
The DFSV Board continues to operate well, setting strategic vision and reviewing both its performance and the performance of DFSV at key milestones. I am very appreciative of Board dedication and hard work throughout the year.

Our peak industry bodies have been instrumental in assisting DFSV in a manner of ways. Support from the Minister, United Dairy Farmers of Victoria and Dairy Australia has been appreciated, as have the relationships with our interstate counterparts – the Tasmanian Dairy Industry Authority, SafeFood Queensland, NSW Food Authority, WA Health, and the South Australia Dairy Authority. We have also worked cooperatively with the Commonwealth agencies the Australian Quarantine Inspection Service (AQIS) and Food Safety Australia New Zealand (FSANZ).

Finally, to Dr Anne Astin and her team, might I say that the Board and I are most grateful for the professionalism and assistance provided over the year.

I look forward to sharing further achievements with you all into the future.

Dr Desmond E. Hore  
Chairman



“The DFSV team continues to meet the challenges of a changing dairy industry, adding value up and down the production and processing chain.”

Anne Astin



Might I report at the outset that I am very proud of what my team has achieved in the 2004/05 financial year. Within a dynamic, sometimes turbulent environment, we have made remarkable progress in our core areas of business and embraced several major new initiatives. Our new Corporate Plan has been operating for some 12 months and is proving an invaluable strategy to guide our development.

In the period under review, amendments to the *Dairy Act 2000* commenced on the 1st December 2004 which affected DFSV in a number of ways. Two substantive changes to licensing under the *Dairy Act 2000* were made:

- > DFSV is to determine, in consultation with industry, the method and timing for collecting licence fees; and
- > Businesses are exempt from holding a licence under the *Dairy Act 2000* if they are licensed under a comparable food safety regime in Victoria, and the quality assurance program adequately covers dairy food safety.

### A Seat at the Table

Representation and consultation remain important parts of our business. To this end, DFSV was involved in a working group for the inaugural food safety conference, *Food Safety Conference 2004 – Future Directions*, which was held successfully in October. I was very pleased to be able to present a paper entitled "Australia's Systems that Deliver Food Safety" to the IDF World Dairy Summit in November. And, representing DFSV and our stakeholders, I have continued involvement in the Australia and New Zealand Dairy Authorities' Standards Committee (ADASC) as Chair.

Alliances and partnerships continue to deliver benefits to our stakeholders. As an example, a Memorandum of Understanding (MOU) was developed to agree on the principles for working together to ensure efficient and effective administration of food safety in Victoria. The parties to the MOU are DFSV, the Department of Human Services, PrimeSafe, the Australian Institute of Environmental Health and the Municipal Association of Victoria.

There will be clear boundaries of administration between DFSV and local councils. It will ensure a much closer working relationship with local government, further ensuring the integrity of production, processing and retail sectors of the dairy food safety chain.

### Leadership Role

The peak industry food agency in the Asia Pacific region, Food Standards Australia and New Zealand (FSANZ), has prepared an Initial Assessment Report for Proposal P296, the Primary Production and Processing Standard for Dairy. I am pleased to say that DFSV has had a key leadership role as a focal point for draft submissions to FSANZ.

Each year, DFSV extends its industry consultation role. This year, DFSV organised four forums for 80 personnel, Quality Managers and consultants in the dairy industry which were aimed at increasing awareness of Victoria's Dairy Food Safety Scheme, Pathogen Prevention Programs, Antibiotic Management Strategies and Training and Competency skills in the dairy industry. These were very positively received by participants and, where appropriate, feedback has been incorporated into our programs.

A network of targeted information sessions to farmers has also been developed through Senior Field Services Officers meetings and Farmer Supplier meetings.

Informally, ten meetings were held with field staff at individual company sites. On a more formal basis, four Senior Field Services Officer meetings have been hosted at DFSV's Hawthorn offices with all major dairy companies now participating.

Two key achievements have been: agreement on the inclusion of the "three point plan" in company farm quality assurance programs to assist with the management of Bovine Johne's Disease in herds, and a more consistent approach to the auditing of on-farm food safety programs.

DFSV staff also attended 11 farmer supplier meetings where approximately 380 farmers received information on the principles and objectives of dairy food safety management and its impact on farmers.

The success of the new licence fee collection system is another example of our effective consultation with industry and we are pleased to report on its successful uptake. These successes have been clearly reflected by the effectiveness of a bulk renewal process, the alignment of the farm licensing period with the financial year, and increased efficiency through direct savings of \$20,000 in contract remuneration.

### A Watching Brief

DFSV also has a key monitoring role with the dairy industry, keeping a weather eye on issues as they affect, or potentially affect, food safety. During 2004/05, we continued to closely monitor issues such as Bovine Johne's Disease (BJD), anthrax, bio-terrorism, contaminants, complaints of chemical spray drift over dairy pastures, and the summer locust plague to ensure that chemical spraying did not affect milk quality and safety.

The European Union (EU) audit to maintain market access for Australian dairy products was conducted in March 2005. Pleasingly, the overall conclusion was that our on-farm and processing establishment practices meet EU importing country requirements. EU audit results are published on the internet and are accessed by other importing countries. Our performance to these requirements is critical in promoting the 'clean, green' reputation of Victorian milk and dairy products.

### Looking Ahead

We anticipate that the future of DFSV will be just as busy and productive as the twelve months under review. While we are making progress on the harmonisation of technical standards, we also have a series of new programs in place which will come to fruition in the short to medium term.

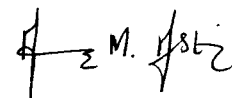
Project LEADS (Leading, Enhancing & Advancing Dairy Safety) is an exciting new initiative that will deliver the next generation of regulatory services in the dairy production and processing sector. In the next twelve months we will undertake consultation with industry and other key stakeholders, and will develop a range of technical and information products to enhance and advance dairy safety.

We will continue to play an active role to make sure that the National Dairy Standard is delivered.

Two further MOUs will be signed – one between DFSV, South Australian Dairy Authority and Tasmanian Dairy Industry Authority for the consistent delivery of food safety services and the sharing of knowledge and information. We will also participate with our interstate counterparts in negotiating a single MOU with AQIS for the delivery of dairy export requirements.

In closing, I would like to thank the Chairman and Directors of the Board for their guidance and expertise over the course of the year. Likewise, my team of staff has shown nothing but commitment and energy for the work of DFSV.

I feel very fortunate to have the support of both groups as we face the challenges ahead of us.



Dr Anne Astin  
Chief Executive Officer



## Feedback

STAKEHOLDERS FEEDBACK

During 2004/05, DFSV conducted a Stakeholder Survey<sup>1</sup> to determine performance and priority areas requiring program development. These are some of the comments:

The on-farm model now minimises cost to the user, while still providing food safety/quality. DFSV has done an excellent job in managing that process.

DFSV regulations are like speed limits – they drive us crazy, but we know we really need to have them.

DFSV adds a lot of value to industry by providing support for the micro-businesses.

DFSV is leading the way in standardising the Codes of Practice across the States.

Their technical advice is the most valuable service provided by DFSV.

DFSV has been very positive. We have seen standardisation, the outcome-based model, and cost reductions/efficiency improvements.

We [the industry] all wanted DFSV. It helps with customers when you have an independent watchdog body.

<sup>1</sup> A Representative selection of stakeholders was interviewed by Gen Group Consultants Pty Ltd to put together a Strategic Review. This was completed in October 2004.



**Desmond Hore**

PhD, BVSc  
CHAIRMAN

Dr Hore has previously held positions as Chairman, Member or CEO of a wide range of Commonwealth, State, industry and academic bodies and councils. He has worked professionally as a field veterinarian and researcher for more than two decades.

**Margaret Darton**

BAppSc, DipAppCh, GradDipLib, GAICD  
MANAGER FOOD POLICY, DEPARTMENT OF PRIMARY INDUSTRIES VICTORIA.

Ms Darton is a member of the Dairy Food Safety Working Group which established Dairy Food Safety Victoria. She has responsibility for the implementation of the Victorian Government's food safety policy for primary industries and coordination of the Department's involvement as joint venture party of Food Science Australia. Ms Darton is a Member of the National Working Group for development of Primary Production and Processing Standards, OzFoodNet Management Committee, and sits on the Advisory Board of the Australian Food Safety Centre of Excellence.

**Jennifer Robertson**

B.Sci (Hons.), Ph.D

Dr Robertson was a former President of the Australian Institute of Food Science and Technology Incorporated, Australia's premier professional society for food science and technology. She is also a Member of various University Faculty Advisory Boards and has previously held positions of General Manager, Technology and Innovation, National Foods; National Research & Development Manager for Pauls Limited and Scientific Director of Australia's National Food Authority.

**Paul Ford**

DipDairyTech, Fellow, A.R.L  
GENERAL MANAGER INNOVATION, NATIONAL FOOD INDUSTRY STRATEGY LIMITED.

Mr Ford has thirty years commercial experience in dairy processing. He was a Founder Director of the Australian Starter Culture Research Centre and a Past Director of the Dairy Research and Development Corporation. Mr Ford is also a Past Director of Murray Dairy and has previously held senior management positions with the Commonwealth Department of Primary Industries, Bonlac Foods and the Australian Ingredient Centre.

**Shirley Harlock**

Dairy Farmer, MAICD

The owner/operator of three, 400 cow dairy farms in Warrnambool, Ms Harlock has over 35 years experience in the dairy industry. She is currently Chair of Warrnambool Co-op, a major cooperative with turnover in excess of \$35 million, a Past Director of Australian Dairyfarmers Ltd, former UDV Central Councillor and Executive member, and a member of the Water for Growth Committee. Ms Harlock is currently Chair of the Dairy Australia Future Dairy project and member of the Manufacturing Co-Investment Strategy.

**Trevor Tappenden**

ACA, FAICD

Mr Tappenden previously held the position of Managing Partner of Ernst & Young in Victoria, as well as other key management roles in that firm. He has extensive experience in financial management, strategic planning, auditing and accounting. His current Directorships include RMIT University and RMIT Vietnam, VitsLanguagelink, CEDA, and Heide Museum of Modern Art. Mr Tappenden is an Associate of the Institute of Chartered Accountants in Australia, and a Fellow of the Australian Institute of Company Directors.



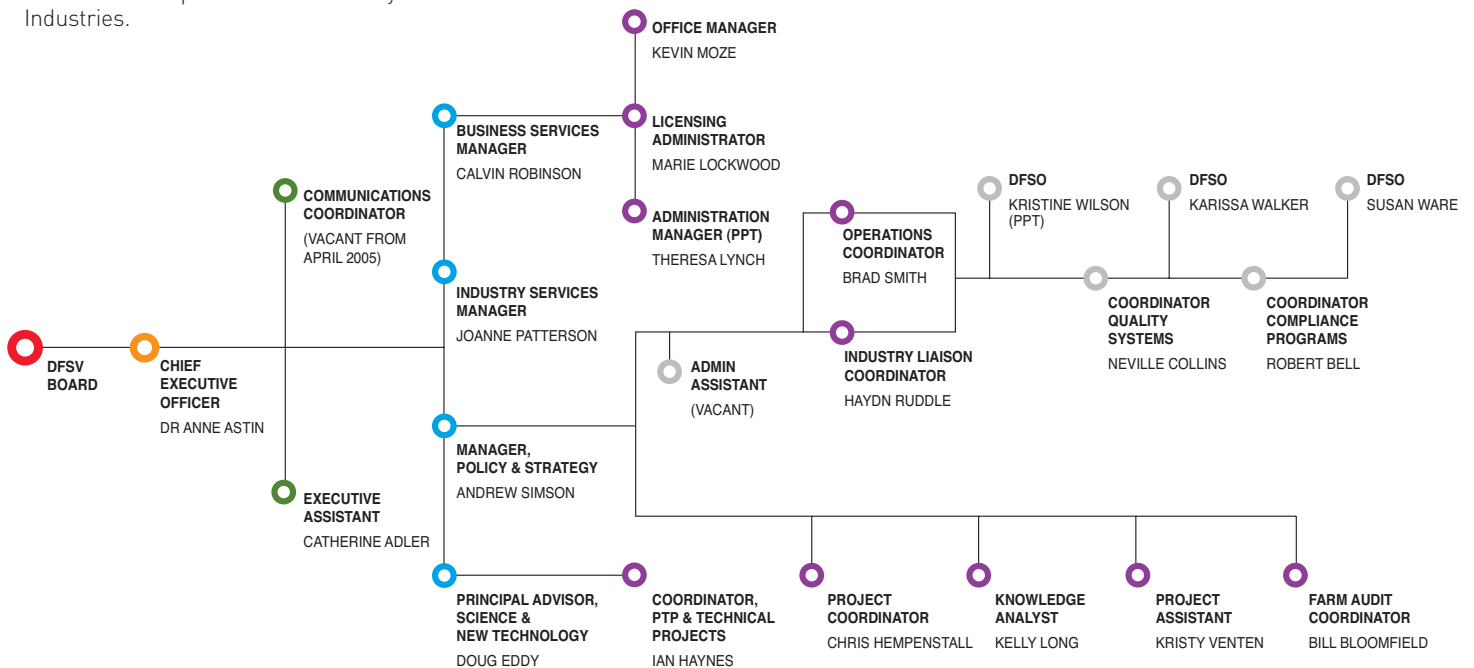
## The DFSV Board.

Standing L-R:  
 Desmond Hore  
 Margaret Darton  
 Jennifer Robertson  
 Paul Ford  
 Shirley Harlock  
 Trevor Tappenden  
 Joe Sullivan

### Joe Sullivan

B.Ag.Sci., Ph.D, MBA

Dr Sullivan is currently a consultant in the area of dairy and food industry innovation. He previously held the position of Acting Managing Director/CEO of the Dairy Research and Development Corporation, with responsibility for managing the transition to Dairy Australia. Dr Sullivan has held positions in a number of policy and operational areas within State and Commonwealth Government Departments of Primary Industries.





Dairy Food Safety Victoria is a major participant in the establishment of a National Dairy Food Safety Program - consultation and implementation will be vital all along the production/processing pipeline.

In the second year of its term, the Board of DFSV has continued on its path to set strategy and encourage review. It is a balance which, we feel, will continue to provide a solid foundation for both organisational evolution and operational growth.

**Risk Modelling and Emerging Food Safety Issues**

One of DFSV's key ongoing commitments is to partner with industry in order to develop leadership programs which protect the sustainability and reputation of Victorian dairy products. The Risk Modelling and Emerging Food Safety Issues Program is an example of this work.

Commencing in 2004/05, this project seeks to identify, analyse, rank and prioritise emerging issues which may affect the safety of Victorian dairy products.

During the year, the program engaged the assistance of an industry steering committee which established the terms of reference and met to provide scope and focus.

Monash University was commissioned to complete a knowledge management process, and an initial SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis was conducted to consider current safety identification, management capability and communication systems. Members of the steering committee came from the Australian Food Safety Centre of Excellence, Dairy Australia, the NSW Food Authority and the dairy industry, and undertook to assess ways that

would improve our ability to identify emerging risks.

DFSV's Principal Advisor, Science & New Technology, undertook training from the Joint Institute for Food Safety and Applied Nutrition (USA) on assessing, managing and communicating risks.

The initial project report has been released to the National Food Industry Strategy and a more detailed study is now being undertaken to assess how these findings can best be introduced to the industry.

The Risk Modelling and Emerging Food Safety issues process has involved ongoing consultation with both Food Science Australia and industry across a range of issues. In particular, the consultation process will consider funding options for a project which would develop a Knowledge Management system approach to identifying new or emerging hazards.

**National Dairy Food Safety Framework**

DFSV is a major player in the establishment of a framework for a National Dairy Food Safety program.

A Standards Development Committee has been established to oversee the process and initial consultation has sought input from DFSV, the Australia New Zealand Dairy Authorities' Standards Committee (ADASC) and Food Standards Australia New Zealand into development of a National Primary Production and Processing Standard for Dairy.

DFSV is an active participant in the committee and has had significant influence in the development of the Draft Initial Assessment Report.

It is anticipated that a draft National Dairy Food Safety Framework will be developed for industry consultation and potential implementation of the Primary Production and Processing Standard for Dairy will be achieved through current arrangements.

**Services + Resources = Results**

DFSV regularly reviews internal activities in order to ensure that it has the resources to develop and implement services which are aligned to overarching strategic direction.

During 2004/05, this function saw business consultants, Gen Group, engaged to help develop a way forward. A detailed analysis of the DFSV business model and financials was conducted, and a draft strategy and timetable was developed for Board consideration in March 2005.

In order to better understand our stakeholders and their expectations of DFSV, a comprehensive stakeholder survey was conducted during 2004/05. The results generally identified the greater value program offered by DFSV to its stakeholders. Key findings will be incorporated into future program development.



Catherine Adler

Ian Haynes



Risk Assessment and Contract Auditing are two DFSV programs which will result in one of the most professional dairy industries in the world.

### Risk Exposure for DFSS

As part of DFSV's objective to better understand the nature of risk and how that risk may be managed and mitigated within the Dairy Food Safety Scheme (DFSS), a risk assessment model was developed according to the relevant Australian Standard AS 4386 (1997) and subsequent resources determined to support that model.

Specifically, risk assessment activities included:

- > A revised audit strategy for manufacturers in line with the DFSS
- > A revised antibiotic management strategy in line with the DFSS
- > Projects planned for training and competency
- > Consultation with Government and industry stakeholders for establishment of emergency management protocols
- > Review of DFSV's audit and compliance services
- > Consolidation, by DFSV, of all relevant stakeholders and initiation of an industry simulation plan to establish robust emergency management protocols
- > Licensing policy and process development to obtain greater efficiency and effectiveness.

### Contract Auditing

During the year DFSV established a set of principles for contract auditing of manufacturers. The organisation is awaiting completion of a stakeholder consultation process to contextualise the contract auditing principles application. A widespread program of industry consultation and a stakeholder feasibility study will then be undertaken.



Susan Ware

Karissa Walker



DFSV has an important role in fostering professional development of its staff – developing skills and knowledge are the foundations of our industry's future.



**Develop People Skills**

As a responsible employer, DFSV has a role to foster its professional skills and knowledge base so that programs can be effectively delivered.

During the year under review, the organisation's Human Resources Plan was aligned with the current DFSV Operations Plan. More specifically, the revision of the DFSV staff Performance Management System provides a more transparent method of performance review. Strategically, the new system has aligned a work performance plan and a competency development system for all staff.

The Performance Management System is used to deliver outcomes required by DFSV. It has three components: objectives, core competencies, and key result areas.

Ongoing education and professional development is supported by DFSV to keep staff current with international issues and knowledge both within their professions and across dairy food safety issues more broadly. To this end, during 2004/05, DFSV's Operations Coordinator attended a US food safety conference, the Principal Advisor, Science and New Technology completed studies in Risk Analysis with JIFSAN (USA), the Industry Services Manager achieved Graduate Certificate in Business, the Policy & Strategy Manager achieved Masters of Business, and the Business Services Manager achieved Chartered Secretaries Accreditation.

An internal 'People Matter' survey was conducted by the Office of Public Employment as an anonymous staff study. Answers are collated and assessed across the Victorian Public Service to show levels of satisfaction with employment conditions, management workload and work/life balance issues. Results are measured against 'average' responses from across the Victorian Public Sector. DFSV subsequently developed an interim HR Strategy for 2004/05 to address the issues identified in the People Matter Survey.

**Staff Profile by Position as at 30 June 2005**

Position	Male 2005	Male 2004	Female 2005	Female 2004	Total 2005	Total 2004
CEO	-	-	1	1	1	1
Admin Staff	-	-	2.4	2.8	2.4	2.8
Technical	9	9	4.5	3.4	13.5	12.4
Accounting/ Finance	2	1	0.8	1	2.8	2
Casuals	-	-	-	0.2	0	0.2
<b>Totals</b>	<b>11</b>	<b>10</b>	<b>8.7</b>	<b>8.4</b>	<b>19.7</b>	<b>18.4</b>

Staffing Trends	2001	2002	2003	2004	2005
	17	17.6	18	18.4	19.7

	Head Count			Full Time Equivalent (FTE)		
	Females	Males	Total	Females	Males	Total
Staff Total	12	11	23	8.7	11	19.7

DFSV reported no industrial relations issues during the year under review.



Chris Hempenstall

Brad Smith



A strategic communications project during 2004/05 targeted producers and small to medium sized manufacturers on DFSV and its integral role.

# COMMUNICATION

## Campaign Targets Farmers and Manufacturers

During the year under review, DFSV undertook a strategic communication campaign to help encourage understanding and acceptance of the Dairy Food Safety Scheme (DFSS) by farmers and small/medium manufacturers.

## Communication Strategy

As well as this special communication project, an overarching strategy was developed in line with broader corporate objectives and is currently being implemented. Activities under the communication strategy include:

- > An annual report
- > Media liaison, media release writing and key media briefing activities
- > Upgrade and maintenance of the DFSV website
- > Publications including technical journals and industry magazines
- > Targeted communication produced for small, medium and large manufacturers, consultants, auditors and factory field staff and senior managers
- > A presentation program saw presentations delivered to the University of Melbourne, overseas visitors and a series of manufacturers' forums organised
- > Establishment of a publications committee

- > Regular invitations to supplier and factory field officer meetings to discuss DFSS
- > Presentation of DFSS to wider food industry at 11th Australian Hazard Analysis Critical Control Point Conference
- > Regional Board meetings and forums.

## Consultation and Representation

DFSV works with all manner of industry stakeholder and representative organisations in both domestic and international arenas.

Every staff member is actively and regularly involved in attending and speaking at conferences, forums and workshops. Many sit on industry committees and working groups, host national and international delegations and regularly visit farms, manufacturers and other stakeholders.



Kelly Long

Kristy Venten

Haydn Ruddle



Consolidated financial systems and processes have paved the way for a solid financial future.

**Funding Model**

After implementation of the new funding model for DFSV in the previous financial period, the year under review saw a consolidation of financial mechanisms and structure.

Significantly, DFSV did not increase licence fee rates during 2004/05 as the organisation continues to strive for greater equity in its funding model through increased reliance on fee for service.

Other key features of the funding model included:

- > The farm licensing period was changed to coincide with the financial year in order to streamline requirements of both licensees and DFSV
- > Collection of farm fees through the factories provided savings of \$20,000 in remuneration
- > A new bulk renewal process for dairy farm licences was established from 1 July 2005.

Further cost reductions are envisaged in the future through continuous planned process improvement.

**Dairy Licence Statistics**

Licence Types	No. of Licences 30 June 05	No. of Licences 30 June 04
Carriers	50	53
Dairy Manufacturers (Including goat/sheep and ice cream)	143	149
Dairy Farms (Including goat/sheep)	6108	6242
Distributor	139	138
<b>TOTAL</b>	<b>6440</b>	<b>6582</b>

**Secure Required Funds**

In order for DFSV to establish and secure the funds needed to deliver its mission and new strategies, DFSV undertook a range of activities which included:

- > Development of its Risk Management Plan
- > Updating an activity-based costing model
- > Completing a Risk Analysis
- > Establishing a scope for a five-year financial plan
- > Progressing with risk prioritisation, assigning responsibility and development of plans to mitigate risks.

**Quality Certification**

The DFSV quality management system was audited during the year and confirmed continuing compliance with ISO 9001:2000.

**Risk Management**

During 2004/05, DFSV developed a risk management plan which categorises risks, allows DFSV to focus on the management of high risk areas and develops strategies for minimising potential risks.

Other activities within the risk management process included:

- > A review of DFSV insurance policies
- > Review and update of Board and Committee Charters
- > Establishment of an annual work plan for Board Committees
- > Review and update of delegations from the Board to management
- > Review and update the *Dairy Act 2000*
- > A compliance review by Government to confirm DFSV's compliance with government guidelines.

**Financial**

The organisation received an unqualified audit of its balance sheet and statement of accounts.

The program of scheduled internal financial audits was completed and recommendations were implemented.

**Contingent Liabilities**

DFSV has an ongoing obligation to share in the future liabilities of Vision Super in respect of past Victorian Dairy Industry Authority employees who did not transfer to DFSV. During the year, DFSV was not able to secure funding from either the Government or the "independent entity" under section 65 of the *Dairy Act 2000* to meet this obligation. Depending on the claims experience of Vision Super, DFSV may be required to make further contribution in respect of unfunded liabilities of the Fund.

**Charter and Purpose**

Dairy Food Safety Victoria (DFSV) was established under the *Dairy Act 2000*. The organisation is a statutory authority that reports to the Minister for Agriculture.

**Objectives of the Authority**

The objectives of the Authority as outlined in Section 5 of the *Dairy Act 2000* are to:

- a. ensure that standards which safeguard public health are maintained in the Victorian dairy industry.
- 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 Section 6 of the *Dairy Act 2000* are to:

- 1. establish, maintain and improve:
  - the food safety standards of dairy food
  - the standards of construction and hygiene of plant and equipment in a dairy manufacturing premises
  - the standards of maintenance, cleanliness and hygiene of dairy transport vehicles.
- 2. monitor and review the standards specified in paragraph (1).
- 3. approve and monitor the implementation of food safety programs.
- 4. administer the licensing system under Part 3 of the *Dairy Act 2000*.
- 5. ensure that appropriately qualified persons are appointed as authorised officers.
- 6. fix and charge fees in respect of the carrying out of its functions or the exercise of its powers.
- 7. in consultation with the Secretary to the Department of Human Services or a municipal council, protect public health.
- 8. advise the Minister on matters relating to the administration of this Act.
- 9. carry out any other function that is conferred on the Authority by this Act or any other Act.

**Powers of the Authority**

DFSV, subject to the *Dairy Act 2000*, has all the powers necessary to enable it to perform its functions.

Also, DFSV may:

- a. enter into agreements or arrangements with third parties for the provision of services to or by DFSV;
- 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.

**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 Primary Industries. 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:

- > on-farm milk production, dairy food manufacturing or public health
- > food technology and safety
- > business management
- > consumer issues, or
- > 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. The new Board for 2003/06 was appointed in October 2003.

**Board Committees**

The Risk Management and Audit Committee was established to assist the Board to fulfil its Corporate Governance and statutory responsibilities in relation to financial reporting, internal control, structure and risk management systems and internal and external audit functions. Members of this Committee are Mr Trevor Tappenden (Chair) and Ms Shirley Harlock. This Committee has representation from the outsourced internal audit service provider, Ernst & Young.

The Food Safety and Policy Committee was established to assist the Board of DFSV in fulfilling its responsibilities relating to assuring the safety of dairy foods produced and processed in

Victoria for domestic and export markets. Members of this Committee are Mr Paul Ford (Chair), Ms Margaret Darton, Dr Jennifer Robertson and Dr Joe Sullivan.

The Remuneration and Human Resources Policy Committee was 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 Ms Shirley Harlock (Chair), Dr Jennifer Robertson and Mr Trevor Tappenden.

**Ethical Standards**

DFSV has established its own Financial Code of Conduct which provides guidance on addressing possible or perceived conflicts of interest.

DFSV also established its own Code of Conduct which guides staff in conduct of their working relationships and maintenance of professional standards.

**Occupational Health and Safety**

An OH&S Committee consisting of staff and management representatives undertakes the full range of health and safety obligations to ensure that human and financial costs of occupational injury and illness are minimised.

**Freedom of Information**

The *Freedom of Information Act 1982* gives the public a right to apply for access to documents held by Dairy Food Safety Victoria. DFSV is a prescribed authority for the purposes of the *Freedom of Information Act 1982*. During the 12 months ended 30 June 2005, there was one FOI request received by DFSV. This request was finalised, and full access was given.

Freedom of Information requests must be made in writing describing the documents requested and including payment of a \$21 application fee. The fee may be waived if the payment is likely to cause hardship to the applicant. Assistance can be provided to applicants to help determine the type of documents being requested. Further charges may be payable, for example searching for documents (at \$20 per hour) and photocopying (at 20 cents per page).

Requests for information should be sent to:

Freedom of Information Officer  
Dairy Food Safety Victoria  
P. O. Box 840  
(1/313 Burwood Road)  
Hawthorn Victoria 3122

### Whistle Blowers' Legislation

The *Whistleblowers' Protection Act 2001* is designed to protect people who disclose information about serious wrong doing within the Victorian Public Sector and to provide a framework for the investigation of these matters.

Disclosures made under <i>Whistleblowers Protection Act 2001</i>	Number
--	--------

Disclosures made to DFSV during the year	Nil
--	-----

Disclosures referred during the year by DFSV to the Ombudsman for determination as to whether they are public interest disclosures	Nil
--	-----

Disclosed matters referred to DFSV during the year by the Ombudsman	Nil
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Disclosed matters referred during the year by DFSV to the Ombudsman to investigate	Nil
--	-----

Investigations for disclosed matters taken over by the Ombudsman from DFSV during the year	Nil
--	-----

Requests made under section 74 during the year to the Ombudsman to investigate disclosed matters	Nil
--	-----

Disclosed matters that DFSV has declined to investigate during the year	Nil
---	-----

Disclosed matters that were substantiated on investigation and the action taken on completion of the investigation	Nil
--	-----

Any recommendations of the Ombudsman under this Act that relate to DFSV	Nil
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Disclosures under the *Whistleblowers' Protection Act 2001* can be made to any of the following:

The Protected Disclosure Coordinator:

**Calvin Robinson**  
Business Services Manager  
P.O. Box 840  
(1/313 Burwood Road)  
Hawthorn Victoria 3122  
Email: crobenson@dairysafe.vic.gov.au  
Ph: 03 9810 5907  
Fax: 03 9819 4299

The Protected Disclosure Officers:

**Brad Smith**  
Operations Coordinator  
P.O. Box 840  
(1/313 Burwood Road)  
Hawthorn Victoria 3122  
Email: bsmith@dairysafe.vic.gov.au  
Ph: 03 9810 5911  
Fax: 03 9819 4299

**Catherine Adler**  
Executive Assistant  
P.O. Box 840  
(1/313 Burwood Road)  
Hawthorn Victoria 3122  
Email: cadler@dairysafe.vic.gov.au  
Ph: 03 9810 5906  
Fax: 03 9819 4299

The Ombudsman Victoria  
Level 3, 459 Collins Street  
Melbourne Victoria 3000  
Ph: 03 9613 6222  
Toll free: 1800 806 314

### Consultants

During the 12 months ended 30 June 2005, ten consultants were engaged at a total cost of \$85,775. For the year ended 30 June 2004, eight consultants were engaged at a total cost of \$20,611. This increase was due to the engagement of contractors to ensure the organisation was meeting its financial obligations in adopting the new International Financial Reporting Standards (IFRS); developing a risk management plan; work to develop a future IT strategy; and developing an initiative on DFSV's future service delivery functions.

### Building Act 1993

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

### Declaration

In compliance with the requirements of the Ministerial directions of the Minister for Finance, details in respect of the information items below have been retained by the entity and are available to the relevant Ministers, Members of Parliament and the public (subject to the Freedom of Information requirements, if applicable).

However, in adopting best practice disclosure policies and to ensure the entity discharges its accountability obligations, where relevant, details about some of the following matters have been disclosed within this report:

- > 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 changes in prices, fees, charges, rates and levies charged by the entity for its services — in the Report of Operations
- > Details of any major external reviews carried out on 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, not otherwise detailed in the Report of Operations
- > A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations
- > Details of any other research and development activities undertaken by the entity that are not otherwise covered either in the Report of Operations or in a document which contains the financial report and Report of Operations and
- > 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 1 July 2004 to 30 June 2005.

### National Competition Policy

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

in the Australian Journal of Dairy Technology (August 2004),

### Committees

In the year ending 30 June 2005, Dairy Food Safety Victoria was represented on:

- > Dairy Australia's Technical Issues Group
- > Dairy Export Industry Consultative Committee (DEICC), and also joined the Market Priority Sub-Committee of DEICC
- > Steering Committee – Review of the Dairy Export Certification and Inspection System
- > National Food Safety Auditor Scheme Committee
- > Food Regulation Standing Committee Implementation Sub-Committee (Victorian representative for Primary Industries)
- > Dairy Industry Association of Australia's Publications Committee
- > Victorian Regulators' Forum.

DFSV also:

- > was a member of the organising committee for the Food Safety Conference 2004
- > held the Chair of ADASC (Australia New Zealand Dairy Authorities' Standards Committee).

### Sponsorship

DFSV proudly sponsored the following:

- > the Australian Dairy Conference 2005
- > the Australian Specialist Cheesemakers' Association annual cheese exposition.
- > the UDV conference 2005
- > the 2004 Annual "Women on Farms" gathering.

### Conferences, Presentations and Meetings

- > The CEO was invited to speak at the AGM of the United Dairyfarmers of Victoria (UDV) Warrnambool District and at several UDV District Council meetings
- > The CEO chaired the food safety session on traceability, and made a presentation on "Australia's Food Safety system: A Model for Meeting Customer and Market Expectations" to delegates at IDF 2004
- > DFSV also provided a representative to the organising committee for IDF 2004.

Presentations were given to:

- > Visitors from Japan, China, United Arab Emirates, Thailand and Uruguay
- > The HACCP Conference 2004
- > DIAA World Series Conference.

### Articles

- > A summary of the CEO's IDF presentation was published in the March 2005 edition – Food Australia, vol 57 number 3, March 2005 "Australia's dairy food safety system: a model to meet market and consumer expectations"
- > Principal Advisor, New Science & Technology, Doug Eddy, had three articles published:
  - "Economic Impact of Monitoring the Dairy Factory Environment" (August 2004) in the Australian Journal of Dairy Technology
  - "Accentuating the positives in dairy factory environmental monitoring" (October 2004) in Australian Dairy Foods
  - "The use of risk management in dairy food safety regulation" (October 2004) Food Australia
- > Article in 04/05 edition of VFF Information and Buying Guide "Safety – the key to food quality".



# FINANCIAL

**Financial  
Statements**  
for the Year Ended  
30 June 2005

## of financial performance for the year ended 30 June 2005

	NOTE	2005 \$	2004 \$
<b>Revenue from Ordinary Activities</b>			
Revenue	2(a)	3,820,799	3,271,432
<b>Expenses from Ordinary Activities</b>			
Marketing expenses		22,046	27,475
Occupancy expenses		281,929	299,878
Administration expenses		3,310,856	2,963,754
<b>Total Expenses</b>	2(b)	<b>3,614,831</b>	<b>3,291,107</b>
Net surplus (deficit) from ordinary activities		205,968	(19,675)
Total revenues, expenses and revaluation adjustments recognised directly in equity		-	-
<b>Total Changes in Equity Other than those Resulting from Transactions with the Victorian State Government in its Capacity as Owner on Behalf of the Crown</b>	11	<b>205,968</b>	<b>(19,675)</b>

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

## of financial performance for the year ended 30 June 2005

	NOTE	2005 \$	2004 \$
<b>Current Assets</b>			
Cash assets	3	89,588	73,893
Receivables	4	501,783	490,033
Other assets	5	8,580	6,443
Other financial assets	6	1,713,660	1,513,660
<b>Total Current Assets</b>		<b>2,313,611</b>	<b>2,084,029</b>
<b>Non - Current Assets</b>			
Plant and equipment	7	275,215	271,826
<b>Total Non - Current Assets</b>		<b>275,215</b>	<b>271,826</b>
<b>Total Assets</b>		<b>2,588,826</b>	<b>2,355,855</b>
<b>Current Liabilities</b>			
Payables	8	447,419	404,739
Provisions	9	150,179	174,327
<b>Total Current Liabilities</b>		<b>597,598</b>	<b>579,066</b>
<b>Non - Current Liabilities</b>			
Provisions	9	233,269	224,798
<b>Total Non - Current Liabilities</b>		<b>233,269</b>	<b>224,798</b>
<b>Total Liabilities</b>		<b>830,867</b>	<b>803,864</b>
<b>Total Net Assets</b>		<b>1,757,959</b>	<b>1,551,991</b>
<b>Equity</b>			
Contributed equity	10	1,800,000	1,800,000
Accumulated deficit	11	(42,041)	(248,009)
<b>Total Equity</b>		<b>1,757,959</b>	<b>1,551,991</b>
Contingent liabilities, capital and other commitments	16		

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

## of financial cash flows for the year ended 30 June 2005

	NOTE	2005 \$	2004 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers including GST		3,787,705	3,020,708
Payment to suppliers and employees including GST		(3,640,935)	(3,325,298)
Interest received		82,981	72,786
Goods and Services Tax recovered from ATO		159,324	187,896
Goods and Services Tax paid to the ATO		(53,910)	(46,825)
<b>Net Cash Provided by (Used in) Operating Activities</b>	18 (b)	<b>335,165</b>	<b>(90,733)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of fixed assets		273	6,256
Fixed asset purchases		(119,743)	(195,773)
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>(119,470)</b>	<b>(189,517)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>215,695</b>	<b>(280,250)</b>
Cash at the beginning of the financial year		1,587,553	1,867,803
<b>Cash at the End of the Financial Year</b>	18 (a)	<b>1,803,248</b>	<b>1,587,553</b>

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

## 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This general-purpose financial report has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views.

The following is a summary of the material accounting policies adopted by Dairy Food Safety Victoria (DFSV) in the preparation of the financial report.

### (a) Basis of Accounting

The accompanying financial statements have been prepared in accordance with the historical cost convention. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian accounting standard or Urgent Issues Group Consensus View, or an alternative accounting policy permitted by an Australian accounting standard is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

### (b) Objectives and Funding

The entity's objectives are to ensure that standards which safeguard public health are maintained in the Victorian dairy industry and to ensure that it performs its functions and exercises its powers efficiently and effectively.

The entity fixes and charges fees for its services which covers annual licence fees payable by dairy farmers and manufacturers, and audit and inspection fees.

### (c) Revenue Recognition

Monthly licence fees payable by dairy farmers are generally based on monthly milk production. 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.

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

### (d) Other Financial Assets - Investments

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

### (e) Cash

For the purpose of the statement of cash flows, cash includes cash at bank, cash on hand and short term investments that are readily convertible to cash on hand and are subject to insignificant risk of changes in value, net of outstanding cheques yet to be presented by the entity's suppliers and creditors.

### (f) Receivables

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

### (g) 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.

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liability undertaken at the date of acquisition plus incidental costs directly attributed to the acquisition.

### (h) Depreciation and Amortisation of Plant and Equipment

Depreciation is calculated on a straight line basis so as to write off the net cost of property over its expected useful life to the entity. Estimates of the remaining useful lives for all assets are reviewed at least annually.

The expected useful lives and depreciation rates for plant and equipment have remained unchanged from the previous year. For the financial years ending 30 June 2005 and 30 June 2004, the expected useful lives for the following assets are:

<b>Class of Asset</b>	<b>Useful Life of Asset</b>
Furniture and fittings	10 years
Motor vehicles	6.7 years
Plant and equipment	Varies from 3 to 10 years

**(i) Leasehold Improvements**

The cost of improvements to or on leasehold properties are amortised over the unexpired period of the lease or the estimated useful life of the improvement to the entity, whichever is the shorter. Leasehold improvements held at reporting date are being amortised over 6 years.

**(j) Payables**

Liabilities are recognised for amounts to be paid in the future for goods and services received prior to 30 June, whether or not billed to the entity. The amounts are unsecured and are usually paid within the terms set by the provider of the goods or service.

**(k) Employee Benefits**

**(i) Wages, Salaries and Annual Leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured as the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

**(ii) Long Service Leave**

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**(iii) Superannuation**

The amount charged to the statement of financial performance in respect of superannuation represents the contributions made by the entity to the respective superannuation funds.

**(iv) Employee Benefits On-Costs**

Employee benefits on-costs, including payroll tax and workcover, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

**(l) Leases**

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

The entity only utilises operating leases and does not have any finance leases. Operating lease payments are not capitalised and rental payments are expensed in the period in which they are incurred.

**(m) 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*.

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net 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. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with *Accounting Standard AAS 28 Statement of Cash Flows*.

	NOTE	2005 \$	2004 \$
<b>2 RESULT FROM ORDINARY ACTIVITIES INCLUDING NET GAINS, EXPENSES AND OTHER ITEMS:</b>			
<b>(a) Net Gains</b>			
<u>Revenues from operating activities</u>			
Licence fees		3,172,653	2,663,200
Audit and inspection fees		228,846	186,395
Australian Milk Residue Analysis (AMRA) survey		299,632	292,795
		<b>3,701,131</b>	<b>3,142,390</b>
<u>Revenues from non operating activities</u>			
Interest received and receivable from investments		82,981	72,786
Proceeds on sale of plant and equipment		273	6,256
Other income		36,414	50,000
		<b>119,668</b>	<b>129,042</b>
<b>Total Revenue</b>		<b>3,820,799</b>	<b>3,271,432</b>
<b>(b) Expenses:</b>			
<u>Expenses from operating activities</u>			
Audit fees	13	12,800	13,680
Bad and doubtful debts		(8,000)	–
Depreciation and amortisation	7	112,062	102,538
Operating lease rentals		285,530	285,916
Written down value of assets scrapped	7	4,292	–
Salary costs and related expenses		1,697,781	1,570,991
Other administrative expenses	2(d)	1,510,366	1,317,982
<b>Total Expenses</b>		<b>3,614,831</b>	<b>3,291,107</b>
<b>(c) Other Items:</b>			
Net gain (loss) on disposal of plant and equipment		273	6,256
<b>(d) Significant Items</b>			
The following significant items were included in the results from ordinary activities: Dairy Food Safety Victoria was required to cover unfunded superannuation liabilities relating to employees of Victorian Dairy Industry Authority who did not transfer to Dairy Food Safety Victoria.			
- amount paid to Vision Super Pty Ltd during year		150,110	–
- amount recognised in the financial statements at year end as interest payable to Vision Super Pty Ltd		46,000	–
		<b>196,110</b>	<b>–</b>
<b>3 CASH ASSETS</b>			
Cash on hand		2,060	1,002
Cash at Bank		87,528	72,891
<b>Total Cash Assets</b>		<b>89,588</b>	<b>73,893</b>

	2005 \$	2004 \$
<b>4 RECEIVABLES</b>		
Trade debtors	36,291	101,448
Provision for doubtful debts	–	(4,000)
	<b>36,291</b>	<b>97,448</b>
<b>Other Debtors</b>		
Dairy industry licence fees	433,022	278,646
Other debtors	32,470	117,939
Provision for doubtful debts	–	(4,000)
	<b>465,492</b>	<b>392,585</b>
<b>Total Receivables (net)</b>	<b>501,783</b>	<b>490,033</b>
<b>5 OTHER ASSETS</b>		
Prepayments	8,580	6,443
<b>6 OTHER FINANCIAL ASSETS</b>		
Interest bearing deposits	1,713,660	1,513,660
<b>7 PLANT AND EQUIPMENT</b>		
Leasehold improvements		
At cost	128,910	127,980
Accumulated amortisation	(108,186)	(102,258)
	<b>20,724</b>	<b>25,722</b>
Furniture and fittings		
At cost	77,894	78,384
Accumulated depreciation	(18,960)	(13,526)
	<b>58,934</b>	<b>64,858</b>
Motor vehicles		
At cost	87,233	0
Accumulated depreciation	(8,571)	0
	<b>78,662</b>	<b>0</b>
Plant and equipment		
At cost	384,031	374,533
Accumulated depreciation	(267,136)	(193,287)
	<b>116,895</b>	<b>181,246</b>
<b>Summary of Plant and Equipment</b>		
At cost	678,068	580,897
Accumulated depreciation	(402,853)	(309,071)
<b>Total Plant and Equipment</b>	<b>275,215</b>	<b>271,826</b>



Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below:

	Carrying Amount at Start of Year \$	Additions \$	Assets Scrapped at Written Down Value \$	Depreciation \$	Carrying Amount at End of Year \$
<b>Class of Asset</b>					
Leasehold improvements	25,722	930	0	5,928	20,724
Furniture and fittings	64,858	1,800	0	7,724	58,934
Motor vehicles	0	87,232	0	8,570	78,662
Plant and equipment	181,246	29,781	4,292	89,840	116,895
	<b>271,826</b>	<b>119,743</b>	<b>4,292</b>	<b>112,062</b>	<b>275,215</b>
				<b>2005</b>	<b>2004</b>
				\$	\$
<b>8 PAYABLES</b>					
Trade creditors				43,572	177,023
Other creditors				403,847	227,716
<b>Total Payables</b>				<b>447,419</b>	<b>404,739</b>
<b>9 PROVISIONS</b>					
Current					
Provision for annual leave				124,260	149,349
Provision for long service leave				25,919	24,978
				<b>150,179</b>	<b>174,327</b>
<b>Non - Current</b>					
Provision for long service leave				233,269	224,798
Aggregate carrying amount of provisions					
Current				150,179	174,327
Non current				233,269	224,798
				<b>383,448</b>	<b>399,125</b>
Average number of employees during the year				19	18
<b>10 CONTRIBUTED EQUITY</b>					
Establishment grant received from the Government of Victoria upon incorporation of Dairy Food Safety Victoria during the year 2000.				1,800,000	1,800,000
<b>11 ACCUMULATED DEFICIT</b>					
Accumulated Deficit at beginning of financial year				(248,009)	(228,334)
Net Surplus (deficit) from ordinary activities				205,968	(19,675)
<b>Accumulated Deficit at End of Financial Year</b>				<b>(42,041)</b>	<b>(248,009)</b>

**12 FINANCIAL INSTRUMENTS**

**(a) Credit Risk Exposures**

The credit risk on financial assets of the entity which have been recognised on the statement of financial position, is generally the carrying amount, net of any provisions for doubtful debts.

The entity does not have any off-balance sheet derivative financial instruments. Credit risk also arises from the potential failure of counter-parties to meet their obligations under respective contracts at maturity.

**(b) Interest Rate Risk Exposures**

The entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the entity intends to hold fixed assets and liabilities to maturity.

2005	NOTE	Floating Interest Rate \$	Fixed Interest Maturing Within 1 Year \$	Fixed Interest Maturing 1 to 5 Years \$	Non-Interest Bearing \$	Total 2005 \$	Weighted Average Effective Interest Rate %
<b>Financial Assets</b>							
	3	–	–	–	89,588	89,588	–
	4	–	–	–	501,783	501,783	–
	6	1,713,660	–	–	–	1,713,660	5.3%
		<b>1,713,660</b>	<b>–</b>	<b>–</b>	<b>591,371</b>	<b>2,305,031</b>	<b>–</b>
<b>Financial Liabilities</b>							
	8	–	–	–	447,419	447,419	–
		1,713,660	–	–	143,952	1,857,612	–
<b>2004</b>							
2004	NOTE	Floating Interest Rate \$	Fixed Interest Maturing Within 1 Year \$	Fixed Interest Maturing 1 to 5 Years \$	Non-interest Bearing \$	Total 2004 \$	Weighted Average Effective Interest Rate %
<b>Financial Assets</b>							
	3	–	–	–	73,893	73,893	–
	4	–	–	–	490,033	490,033	–
	6	1,513,660	–	–	–	1,513,660	5.2%
		<b>1,513,660</b>	<b>–</b>	<b>–</b>	<b>563,926</b>	<b>2,077,586</b>	<b>–</b>
<b>Financial Liabilities</b>							
	8	–	–	–	404,739	404,739	–
		1,513,660	–	–	159,187	1,672,847	–

**(c) Net Fair Value of Financial Assets and Liabilities****(i) On-Balance Sheet**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

**(ii) Off-Balance Sheet**

The entity has a potential financial liability which may arise from a contingency disclosed in note 16 (b). No material losses are anticipated in respect of that contingency.

**(iii) The Carrying Amounts and Net Fair Values of Financial Assets and Liabilities at Reporting Date are:**

	NOTE	Carrying Amount \$	2005 Net Fair Value \$	Carrying Amount \$	2004 Net Fair Value \$
<b>On-Balance Sheet Financial Instruments</b>					
<b>Financial Assets</b>					
Cash assets	3	89,588	89,588	73,893	73,893
Receivables	4	501,783	501,783	490,033	490,033
Other financial assets - interest bearing deposits	6	1,713,660	1,713,660	1,513,660	1,513,660
		<b>2,305,031</b>	<b>2,305,031</b>	<b>2,077,586</b>	<b>2,077,586</b>
<b>Financial Liabilities</b>					
Payables	8	447,419	447,419	404,739	404,739
<b>Off-Balance Sheet Financial Instruments</b>					
		-	-	-	-
<b>Financial Liabilities</b>					
Contingent liability		-	-	-	<b>167,913</b>

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form. Net fair value is exclusive of costs which would be incurred on realisation of an asset, and inclusive of costs which would be incurred on settlement of a liability.

2005	2004
\$	\$

**13 AUDITOR'S REMUNERATION**

Audit fees paid or payable to the Victorian Auditor - General's Office for audit of the Entity's financial report

Paid as at 30 June - re prior year's audit	8,244	12,100
Paid as at 30 June - re current year's audit	2,560	5,436
Payable as at 30 June	10,240	8,244
	<b>12,800</b>	<b>13,680</b>
<b>Amount Paid and Due and Payable for Audit Services</b>	<b>21,044</b>	<b>25,780</b>

**14 RESPONSIBLE PERSONS, REMUNERATION AND RETIREMENT BENEFITS**

**(a) Board Members**

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

Dr D E Hore	Chairman
Ms S Harlock	Deputy Chair
Ms M Darton	
Mr P Ford	
Dr J Robertson	
Mr J Sullivan	
Mr T Tappenden	

**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:

	2005	2004
\$0 - \$9,999	4	10
\$10,000 - \$19,999	2	–
\$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	\$66,930	\$60,000
Superannuation contributions	\$5,381	\$5,400

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) Remuneration of Executives**

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		Base Remuneration	
	2005	2004	2005	2004
\$160,000 - \$169,999	1	1	–	–
\$150,000 - \$159,999	–	–	–	–
\$140,000 - \$149,999	–	–	–	–
\$130,000 - \$139,999	–	–	1	1
\$120,000 - \$129,999	1	1	–	–
\$110,000 - \$119,999	1	–	–	–
\$100,000 - \$109,999	1	1	1	1

The base remuneration of executive officers is exclusive of bonus payments, superannuation, long-service leave, redundancy payments and retirements benefits.

**(c) Other Responsible Persons**

Responsible Minister: Hon B. Cameron MP

**(d) Insurance Premiums**

During the financial year, DFSV paid an insurance premium of \$36,642 (2004-\$32,190) 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.

**15 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.

**16 CONTINGENT LIABILITIES, CAPITAL AND OTHER COMMITMENTS****(a) Capital Commitments**

	2005	2004
	\$	\$
	-	-

**(b) Contingent Liabilities**

Dairy Food Safety Victoria has an ongoing obligation to share in the future liabilities of the Vision Super Pty Ltd Superannuation Fund. Favourable or unfavourable variations may arise should the claims experience of the fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

**(c) Operating Lease Commitments**

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

Lease rental expense commitments at 30 June 2005 are in respect of premises (at Melbourne, Shepparton and Warrnambool), office equipment and motor vehicles. Operating leases generally provide the entity with a right of renewal at which time all terms are renegotiated.

Dairy Food Safety Victoria entered into a Heads of Agreement to lease premises at 313 Burwood Road, Hawthorn from 1 July 2003 for a period of three years. The operating lease commitment is \$164,520 per annum (plus yearly CPI increases).

	2005	2004
	\$	\$
Within one year	250,614	251,218
Later than one year, but not later than five years	34,656	338,112
<b>Total Operating Lease Commitments</b>	<b>285,270</b>	<b>589,330</b>

	2005	2004
	\$	\$
<b>(d) Remuneration Commitments</b>		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities and are payable:		
Within one year	855,080	595,556
Later than one year, but not later than five years	785,426	379,696
<b>Total Remuneration Commitments</b>	<b>1,640,506</b>	<b>975,252</b>

<b>(e) Outsourcing Commitments</b>		
Commitments under outsourcing contracts for Information Technology services in existence at the reporting date but not recognised as liabilities and are payable:		
Within one year	54,000	54,000
Later than one year, but not later than five years	-	54,000
<b>Total Outsourcing Commitments</b>	<b>54,000</b>	<b>108,000</b>

## 17 SUPERANNUATION

### (a) Contributions

The name and details of the major employee superannuation funds and contributions made by the entity are as follows:

	Contribution for the year 2005	Contribution for the year 2004	Contribution outstanding at year end 2005	Contribution outstanding at year end 2004
	\$	\$	\$	\$
Vision Super (formerly LASB Super)	4,214	5,200	-	-
Government Superannuation Office	52,656	55,322	-	6,162
Victorian Superannuation Fund - VicSuper	46,145	41,613	-	5,185
Care Super	4,173	-	-	-
Unisuper	1,465	2,599	-	205
AXA Life Ltd	1,825	4,836	-	478
AMP Life Ltd	8,396	8,185	-	883
CAAR Super	9,718	9,071	-	1,747
Westpac Life	5,400	623	-	623
REST Super	2,995	1,243	-	1,091
MLC Super	5,447	3,100	-	620
Health Super	443	367	-	31
Portfolio Service Retirement Fund	624	-	-	-
Macquarie	729	184	128	31
<b>Total</b>	<b>144,230</b>	<b>132,343</b>	<b>128</b>	<b>17,056</b>

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the statement of financial performance of the entity. No liability is recognised in the statement of financial position for the entity's share of the State's unfunded superannuation liability. The State's unfunded superannuation liability has been reflected in the financial statements of the Department of Treasury and Finance.

The basis for contributions are determined by the various schemes.

The above amounts were measured as at 30 June of each year, or in the case of employer contributions, they relate to the years ended 30 June.

**(b) Information on Superannuation Funds:**

Vision Super (formerly LASB Super)

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 Vision Super Pty Ltd. The current employer contribution to Vision Super Pty Ltd is 9.25% of salaries. The fund is a Defined Benefits Fund. DFSV has an ongoing obligation to share in the future experience of the fund. Favourable or unfavourable variations may arise should the claims experience of the fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

Government Superannuation Fund - New Scheme

DFSV pays employer superannuation contributions of between 9.0% to 9.5% 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.

Government Superannuation Fund - Revised Scheme

DFSV pays employer superannuation contributions of 15.5% 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 9% superannuation guarantee levy 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.

Other Superannuation Funds

All other funds are accumulation funds. DFSV paid a 9% superannuation guarantee levy for employees and members of these funds for the financial period.

**(c) Loans**

DFSV has no loans with any of the superannuation funds.

**(d) Outstanding Contributions**

DFSV has no outstanding contributions to any of the employee superannuation funds, other than normal accruals recognised at the reporting date.

**18 CASH FLOW INFORMATION**

	NOTE	2005 \$	2004 \$
<b>(a) Reconciliation of Cash</b>			
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	89,588	73,893
Short term interest bearing investments	6	1,713,660	1,513,660
<b>Total</b>		<b>1,803,248</b>	<b>1,587,553</b>

**(b) Reconciliation of Result from Ordinary Activities to Net Cash Inflow from Operating Activities**

Net surplus/(deficit) for the reporting period		205,968	(19,675)
Adjustments for non-cash income and expense items:			
Depreciation and amortisation	7	112,062	102,538
Plant and equipment written off	7	4,292	
Annual leave and long service leave		(15,677)	(31,084)
Doubtful Debts provided (reduced)		(8,000)	-
(Profit)/Loss on sale of fixed assets (net)		(273)	(6,256)
Change in operating assets and liabilities:			
Decrease/(Increase) in receivables		(3,750)	(218,506)
Decrease/(Increase) in prepayments		(2,137)	(628)
Increase/(Decrease) in payables		42,680	82,878
<b>Net Cash Flows Provided by (or Used in) Operating Activities</b>		<b>335,165</b>	<b>(90,733)</b>

**19 SEGMENT INFORMATION**

The entity operates predominantly in one business and geographical segment. DFSV is responsible for regulating the safety of all dairy foods produced in Victoria for domestic and export markets.

**20 CHARGE OVER ASSETS**

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

**21 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:

	2005 Intra \$	2005 Inter \$	2004 Intra \$	2004 Inter \$
Assets	-	-	-	-
Liabilities	-	-	-	-
Revenues	-	82,981	-	72,786
Expenses	-	76,436	-	62,215

"Intra" transactions are between entities within the Department of Primary Industries (DPI) portfolio.  
"Inter" transactions are with entities outside the DNRE portfolio but controlled by the Victorian Government.



## 22 IMPACTS OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Following the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), Dairy Food Safety Victoria will report for the first time in compliance with A-IFRS when results for the financial year ended 30 June 2006 are released.

An A-IFRS compliant financial report will comprise a new statement of changes in equity in addition to the three existing financial statements, which will all be renamed. The Statement of Financial Performance will be renamed as the Operating Statement, the Statement of Financial Position will revert to its previous title as the Balance Sheet and the Statement of Cash Flows will be the Cash Flow Statement. However, for the purpose of disclosing the impact of adopting A-IFRS in the 2004/05 financial report, which is prepared under existing accounting standards, existing titles and terminologies will be retained.

With certain exceptions, an entity that has adopted A-IFRS must record transactions that are reported in the financial report as though A-IFRS had always applied. This requirement also extends to any comparative information included within the financial report. Most accounting policy adjustments to apply A-IFRS retrospectively will be made against accumulated funds at the 1 July 2004 opening balance sheet date for the comparative period. The exceptions include deferral until 1 July 2005 of the application and adjustments for:

AASB 132 *Financial Instruments: Disclosure and Presentation*;

AASB 139 *Financial Instruments: Recognition and Measurement*;

The comparative information for transactions affected by these standards will be accounted for in accordance with existing accounting standards.

The entity has taken the following steps in managing the transition to Australian equivalents to IFRS:

- established a steering committee for the oversight of the transition to and implementation of the Australian equivalents to IFRS;
- reviewed the entities current accounting policies and the proposed new standards to identify key issues and the likely impacts resulting from the adoption of Australian equivalents to IFRS;

A number of differences between Australian GAAP and A-IFRS have been identified as having a possible impact on the financial position and financial performance following adoption of A-IFRS. The following table outlines the areas which may impact on the financial statements:

*Impairment of assets:* AASB Impairment of Assets requires assets to be assessed for indicators of impairment each year. This standard applies to all assets, other than inventories, financial assets and assets arising from construction contracts, regardless of whether they are measured on a cost or fair value basis. If indicators of impairment exist, the carrying value of an asset will need to be tested to ensure that the carrying value does not exceed its recoverable amount, which is the higher of its value-in-use and fair value less costs to sell. For not-for-profit entities, value-in-use of an asset is generally its depreciated replacement cost.

*Property, Plant and Equipment:* When an asset is initially recognised, *AASB 116 Property, Plant and Equipment* requires the capitalisation of cost of dismantling and removing an asset and restoring the site on which an asset was created, together with the recognition of a provision at present value in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. These costs (and the related provisions) are not recognised under Australian GAAP and DFSV currently expenses these costs as they are incurred. As a consequence of the implementation of A-IFRS, DFSV will calculate the cost of make good under its present lease and account for that in accordance with these requirements.

*Employee Benefits:* Under existing Australian accounting standards, employee benefits such as wages and salaries, annual leave and sick leave are required to be measured at their nominal amount regardless of whether they are expected to be settled within 12 months of the reporting date. On adoption of A-IFRS, a distinction is made between short-term and long-term employee benefits. *AASB 119 Employee Benefits* requires liabilities for short-term employee benefits to be measured at nominal amounts and liabilities for long-term employee benefits to be measured at present value. Therefore, liabilities for employee benefits such as wages and salaries, annual leave and sick leave are required to be measured at present value where they are not expected to be settled within twelve months of the reporting date.

This financial report has been prepared in accordance with current Australian accounting standards and other financial reporting requirements (Australian GAAP). Following the completion of its business impact analysis and evaluation of policy alternatives, the entity has concluded that there will not be a significant impact on Dairy Food Safety Victoria's financial position and financial performance following the adoption of A-IFRS. It should be noted that the actual effects of transition to A-IFRS may differ from that disclosed due to:

- a change in facts and circumstances;
- ongoing work being undertaken by the A-IFRS project team;
- potential amendments to A-IFRS and Interpretations; and
- emerging accepted practice in the interpretation and application of A-IFRS and Urgent Issues Group (UIG) Interpretations.

### **23 EVENTS OCCURRING AFTER REPORTING DATE**

There are no circumstances that have arisen, or information that has become available, after balance date that would alter the financial statements as presented.

### **24 ENTITY'S DETAILS**

The registered office and principal place of business of the entity is:  
Dairy Food Safety Victoria  
Level 1, 313 Burwood Road, Hawthorn VIC 3122  
Web Site: [www.dairysafe.vic.gov.au](http://www.dairysafe.vic.gov.au)

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

## Financial Review of Operations and Financial Conditions

	2005	2004	2003	2002	2001
	\$	\$	\$	\$	\$
<b>Financial Summary</b>					
Revenue from operating activities	3,701,131	3,142,390	2,951,336	2,675,826	1,759,866
Other revenue from non operating activities	119,668	129,042	95,182	162,950	187,846
<b>Total Revenue</b>	<b>3,820,799</b>	<b>3,271,432</b>	<b>3,046,518</b>	<b>2,838,776</b>	<b>1,947,712</b>
Net surplus (deficit) from operating activities	205,968	(19,675)	36,909	(169,489)	(79,759)
Net cash flow from operating activities	335,165	(90,733)	48,329	67,315	(229,697)
Total assets	2,588,826	2,355,855	2,323,736	2,455,277	2,390,535
Total liabilities	830,867	803,864	752,070	904,525	670,294
<b>Total Net Assets/Equity</b>	<b>1,757,959</b>	<b>1,551,991</b>	<b>1,571,666</b>	<b>1,550,752</b>	<b>1,720,241</b>

**FINANCIAL YEAR ENDED**

**2005** In general, delivery of services and expenses incurred were within defined budgetary objectives, except for the following matter.

Dairy Food Safety Victoria was required to cover unfunded superannuation liabilities relating to employees of Victorian Dairy Industry Authority who did not transfer to Dairy Food Safety Victoria. An amount of \$150,110 was paid to Victorian Dairy Industry Authority during the year, and a further amount of \$46,000 was recognised as a liability at 30 June 2005 to cover interest payments.

**2004** For the financial year ended June 2004, the entity's results from ordinary activities was affected by a change in accounting policy for revenue recognition. This change in accounting policy for revenue recognition resulted in seven months of income from farm licence fees being recognised to 30 June 2004. The impact of this change in accounting policy upon revenue recognition for the year ended 30 June 2004 was a shortfall in revenue of \$393,136 over the prior year.

**2001** Represents nine months of operations.

The annual report of Dairy Food Safety Victoria is prepared in accordance with all relevant Victorian legislations. This index has been prepared to facilitate identification of the entity's compliance with statutory disclosure requirements.

Legislation	Requirements	Reference
<b>MINISTERIAL DIRECTIONS</b>		
<b>Report of Operations</b>		
<i>Charter and Purpose</i>		
FRD 22	Manner of establishment and the relevant Minister	Annual report
FRD 22	Objectives, functions, powers and duties	Annual report
FRD 22	Nature and range of services provided	Annual report
<i>Management and Structure</i>		
FRD 22	Organisational structure	Annual report
<i>Financial and Other Information</i>		
FRD 22	Statement of workforce data and merit and equity	Annual report
FRD 22	Summary of financial results for the year	Financial report
FRD 22	Significant changes in financial position during the year	Financial report
FRD 22	Operational and budgetary objectives and perform against objectives	Annual report
FRD 22	Major changes or factors affecting performance	Annual report
FRD 22	Subsequent events	Financial report
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	Annual report
FRD 22	Compliance with building and maintenance provisions of the <i>Building Act 1993</i>	Annual report
FRD 22	Statement of National Competition Policy	Annual report
FRD 22	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	Annual report
FRD 22	Details of consultancies over \$100,000	N/A
FRD 22	Details of consultancies under \$100,000	Annual report
FRD 12	Disclosure of major contracts	N/A
FRD 22	Statement of availability of other information	Annual report
FRD 22	Occupational health and safety	Annual report
FRD 15	Executive officer disclosures	Annual report
FRD 10	Disclosure index	Financial report
FRD 24	Reporting of office-based environmental impacts	Annual report
FRD 25	Victorian Industry Participation Policy disclosures	Annual report
FRD 8	Budget portfolio outcomes	Annual report
<i>Financial Statements Preparation</i>		
<i>Financial statements required under part 7 of the FMA</i>		
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	Financial report
SD 4.2(c)	Compliance with Ministerial directions	Financial report
SD 4.2(d)	Rounding of amounts	N/A
SD 4.2(c)	Accountable officer's declaration	Financial report
SD 4.2(b)	Statement of financial performance	Financial report
SD 4.2(b)	Statement of financial position	Financial report
SD 4.2(b)	Statement of cash flows during the year	Financial report
<i>Other disclosures in notes to the financial statements</i>		
FRD 9	Entity's disclosure of administered assets and liabilities	N/A
FRD 11	Disclosure of ex-gratia payments	N/A
FRD 13	Disclosure of parliamentary appropriations	N/A
FRD 21	Responsible person and executive officer disclosure	Financial report
FRD 23	Superannuation liabilities and disclosure	Financial report

**LEGISLATION**

*Freedom of Information Act 1982*  
*Building Act 1983*  
*Whistleblowers Protection Act 2001*  
*Victorian Industry Participation Policy Act 2003*

**Accountable Officer's Declaration**

We certify that the attached financial statements for Dairy Food Safety Victoria have been prepared in accordance with *Standing Direction 4.2* of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards and other mandatory professional reporting requirements.

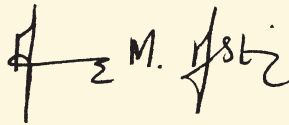
We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2005 and financial position of the entity as at 30 June 2005.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Signed at Melbourne, 24 August 2005



**Dr Desmond E. Hore**  
CHAIRMAN



**Dr Anne M Astin**  
CHIEF EXECUTIVE OFFICER



**Calvin Robinson**  
BUSINESS SERVICES MANAGER



AUDITOR GENERAL  
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, responsible Ministers  
and the Members of the Board of Dairy Food Safety Victoria

**Audit Scope**

The accompanying financial report of Dairy Food Safety Victoria for the financial year ended 30 June 2005, comprising the statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Members of the Board are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and the Members of the Board as required by the *Audit Act 1994*.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of Dairy Food Safety Victoria's financial position, financial performance and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of Dairy Food Safety Victoria as at 30 June 2005 and its financial performance and cash flows for the year then ended.

D J Nairn  
as delegate HLB Mann Judd  
Delegate of:  
J W CAMERON  
Auditor-General

Melbourne  
24 August 2005

## **Dairy Food Safety Victoria**

### **Head Office**

1/313 Burwood Road  
Hawthorn Vic 3122

P.O. Box 840  
Hawthorn Vic 3122

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Web address:  
<http://www.dairysafe.vic.gov.au>

### **Chief Executive Officer**

Dr Anne Astin  
Email: [aastin@dairysafe.vic.gov.au](mailto:aastin@dairysafe.vic.gov.au)

### **Manager, Policy & Strategy**

Mr Andrew Simson  
Email: [asimson@dairysafe.vic.gov.au](mailto:asimson@dairysafe.vic.gov.au)

### **Business Services Manager**

Mr Calvin Robinson  
Email: [crobinson@dairysafe.vic.gov.au](mailto:crobinson@dairysafe.vic.gov.au)

### **Principal Advisor, Science & New Technology**

Mr Doug Eddy  
Email: [deddy@dairysafe.vic.gov.au](mailto:deddy@dairysafe.vic.gov.au)

### **Industry Services Manager**

Ms Joanne Patterson  
Email: [jpatterson@dairysafe.vic.gov.au](mailto:jpatterson@dairysafe.vic.gov.au)<sup>1</sup>

### **Licensing Officer**

Ms Marie Lockwood  
Email: [mlockwood@dairysafe.vic.gov.au](mailto:mlockwood@dairysafe.vic.gov.au)

### **Warrnambool Regional Office**

222 Lava Street  
Warrnambool Vic 3280

Ph: 03 5561 3089  
Fax: 03 5562 6884

### **Shepparton Regional Office**

Suite 4B  
140-142 Welsford Street  
Shepparton Vic 3630

Ph: 03 5831 2302  
Fax: 03 5831 2307

<sup>1</sup> Joanne Patterson worked as Industry Services Manager until January 2005 when she undertook Parental Leave. Andrew Simson took over her role, additional to his own responsibilities, from that time.

