

Dairy Food Safety Victoria Annual Report 2023-24



Dairy Food Safety
VICTORIA

Dairy Food Safety Victoria

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Disclosure statement

In accordance with the *Financial Management Act 1994*, I am pleased to present Dairy Food Safety Victoria's Annual Report for the year ending 30 June 2024.



Dr Anne Astin AM PSM

Chair
26 August 2024

About Dairy Food Safety Victoria

Dairy Food Safety Victoria (DFSV) is the statutory authority responsible for regulating the Victorian dairy industry to safeguard public health. It implements a robust regulatory framework that underpins market access and the growth of the dairy industry.

As a statutory authority, DFSV is accountable to the Victorian Government, through the Minister for Agriculture, for fulfilling its statutory responsibilities in line with government policy, and within an appropriate governance framework. It licenses all dairy businesses operating in Victoria, approving and auditing compliance with food safety programs to ensure state legislation, and nationally agreed standards, are maintained.

Vision



Local and global confidence in the safety of Victoria's dairy food

Mission



To lead and deliver a regulatory assurance system for safe dairy food

Values



Respect

Showing consideration in the way we treat others.

Collaboration

Working together for the same common purpose to achieve the best outcome.

Openness

Being transparent and open in the way we operate.

Responsibility and accountability

Owning our behaviours and actions.

Charter and purpose

DFSV is a statutory authority (the Authority) established by the Victorian Parliament under the *Dairy Act 2000* (the Act). DFSV reports through its board to the Victorian Minister for Agriculture (the Minister).

The Minister for Agriculture, Hon Ros Spence MP was the responsible Minister from 2 October 2023 to 30 June 2024. The Hon Gayle Tierney was the responsible Minister from 1 July 2023 to 1 October 2023.

The objectives, functions and powers of DFSV are prescribed under Part 2, Sections 5–7 of the Act.

Objectives of the Authority

The objectives of the Authority 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 the Authority are to:

- a. establish, maintain and improve
 - i. the food safety standards of dairy food
 - ii. the standards of construction and hygiene of plant and equipment in dairy manufacturing premises
 - iii. the standards of maintenance, cleanliness and hygiene of dairy transport vehicles

- b. monitor and review the standards specified in paragraph (a)
- c. approve and monitor the implementation of food safety programs
- d. administer the licensing system under Part 3
- e. ensure that appropriately qualified persons are appointed as authorised officers
- f. fix and charge fees in respect of the carrying out of its functions or the exercise of its power
- g. in consultation with the Secretary to the Department of Health or a municipal council, protect public health
- h. advise the Minister on matters relating to the administration of this Act
- i. carry out any other function that is conferred on the Authority by this or any other Act.

Powers of the Authority

1. Subject to this Act, the Authority has all the powers necessary to enable it to perform its functions.
2. Without limiting its other powers, the Authority may
 - a. enter into agreements or arrangements with third parties for the provision of services to the Authority or for the provision of services by the Authority
 - b. fix and change fees for carrying out its functions, and for the provision of its services including the services of its authorised officers
 - c. expend its funds in carrying out its functions and powers or in paying remuneration and allowances to its members.

Snapshot

1. Dairy is Australia's **fourth largest rural industry** and Victoria's second largest export industry.
2. Victorian dairy farms produce more than **63% of Australia's milk**, underpinning supply for the majority of its dairy exports.
3. DFSV has more than **3,100 licensees**.
4. Each year, DFSV conducts **2 verification audits of each manufacturing business**, covering food safety requirements for both domestic and export markets. DFSV chairs the Australian Dairy Regulators' Forum.
5. Through arrangements with contract auditors, **1,601 farms** have been audited this reporting period.
6. DFSV's *Dairy RegTech* service delivery model for manufacturers was implemented in 2021. It has been adopted by **21 manufacturing sites**, of which **18 remain active** in using the service.
7. This is the **fourth year** of this voluntary program, run in collaboration with industry.

At a glance

Industry



2,812[^]

Number of farms



202

Number of manufacturers



3,151

Total number of licences



63%

Australian milk produced in Victoria*



5.3b litres

Total volume of milk produced in Victoria*



3%

Annual milk volume change in Victoria — up*



71%

Victorian contribution to Australia's total dairy exports*

[^] Includes bovine and non-bovine farms

* Figures supplied by Dairy Australia, as at 30 June 2024

Performance



Number of manufacturer audits
511
audits conducted at
233
manufacturer sites



23%
Percentage of Victorian milk produced by Dairy RegTech participants



Number of new licensees by type

31

farm

21

manufacturer

6

distributors

2

carriers



93%
Industry's confidence in DFSV to deliver on its regulatory obligations



1,601

Number of farm audits



62

Number of responses to technical requests

Chair's report

I am pleased to present Dairy Food Safety Victoria's 2023–24 Annual Report. The past year has been one of dynamic change for Dairy Food Safety Victoria (DFSV).



As we conclude the final year of our current corporate plan, it is with great pride that I reflect on delivering it effectively in an ever-changing environment.

This successful execution has been instrumental in paving the way for our next corporate plan, which we are well advanced in developing and look forward to presenting to the Minister for Agriculture in April 2025.

This year also marks the final term of our current Board. In October 2024, we will welcome a new Board, who I am confident will continue to drive DFSV towards achieving its strategic goals. I extend my heartfelt thanks to the current Board. Your appetite for regulatory innovation and continual improvement means that the Victorian industry remains contemporary in its investment in its dairy food safety systems.



This year, we appointed and welcomed Corrie Goodwin as our new CEO. Having worked in both dairy and regulation for many years, including her previous role as a General Manager with DFSV, Corrie brings not only experience but also the respect of the sector. She is therefore well positioned to lead our organisation as we enter our next chapter.

Throughout this period of transition, DFSV has maintained a high tolerance for innovation while preserving a conservative approach to risk management when required. This balanced and proportionate approach has allowed us to uphold a robust regulatory system recognised for its integrity. We have continuously engaged with licensees, stakeholders and other regulators to ensure we respond flexibly and dynamically to an evolving landscape, while focusing on our core business – ensuring safe dairy food for Australians and the world.

Although there have not been major incidents or recalls in the Victorian dairy industry during this reporting period, at DFSV, we are committed to remaining vigilant and preventing a sense of complacency in both licensees and the regulator. Our high-performing dairy sector is a testament to this dedication.

Having completed a pilot of *Dairy RegTech*, DFSV's focus will turn to the integration of this approach into our business-as-usual operations. The lessons learned from its development are set to now become part of our standard practices.

Regulation at DFSV is not just about safe and high-quality products. We have strengthened our relationships with interstate regulators, as well as our relationship with PrimeSafe. These connections pave the way for greater consistency in regulatory functions, reduced regulatory burdens, while identifying opportunities for greater knowledge sharing and regulatory efficiency.

Internally and externally, we have worked to foster a culture of dairy food safety. Within our organisation, we are adapting and building capacity and capability to align with the regulatory approach we advocate for our licensees. Recognising that not every licensee prefers a digital-first approach, we must also maintain the skills to accommodate traditional practices. Moving away from a “one-size-fits-all” model, supported by the Victorian government's policy and expectations, remains central to our strategy. This approach is designed to ensure that our licensees view our services as an investment in their businesses, rather than a cost impost of doing business.



As we reflect on the past year, there are several key individuals and groups that I need to thank. Andrew Wilson, who served as Acting CEO during the first half of the 2023–24 financial year, provided invaluable leadership. I also thank the entire DFSV team for their openness to embracing new ways of working. Finally, I express my gratitude for the support and confidence of the Minister and the department in our transformational work.

Together, we have navigated a year of change with resilience and foresight. I am confident that DFSV is well-positioned to continue delivering on its mission to drive excellence in food safety while supporting and uplifting the state's dairy sector.

Thank you for your continued support.

Dr Anne M Astin AM PSM
Chair, Dairy Food Safety Victoria

Chief Executive Officer's report



Stepping into the role of CEO this year, I have witnessed first-hand the professionalism and commitment to deliver best practice regulatory services for the dairy industry.

DFSV is at the centre of local and global confidence in the safety of Victoria's dairy food, and it is a business that is poised to do more through driving the improvement of services to licensees.

During 2023–24 DFSV saw significant change, with the first six months under an Acting CEO and many team members accepting higher responsibilities or acting positions which enabled the business to finalise my appointment and maintain continuity of services, such as driving key programs like Dairy Reg Tech. This support demonstrated both the resilience that is at the heart of the organisation and the depth of capability of our staff. Looking forward, DFSV is in a position of stability, and will continue to lead in dairy food safety.

As CEO of DFSV, I am committed to bringing my years of experience in both commercial and regulatory roles to lead DFSV as it delivers on the Minister's Statement of Expectations, as well as our mission, legislative and public health responsibilities in assuring consumers both domestic and international that our dairy products are safe. I look forward to continuing to work collaboratively with stakeholders, both in industry and Government, as we develop and move into our next Corporate Plan.

I would like to firstly thank the Board for appointing me to this role, and its support since my joining. Thanks also to Andrew Wilson, who was Acting CEO for the first half of this year and delivered a seamless transition while continuing to lead the organisation with an ambitious change agenda.

This Annual Report rounds out year 4 of the current Corporate Plan and I am pleased to report that the objectives set out in the Plan are on track.

Dairy RegTech has been a central focus in the 2020–25 Corporate Plan. *Dairy RegTech* reframes the traditional audit from a point-in-time, retrospective assessment, to an interaction that provides a licensee's business with valuable insights through enhanced data analysis and behavioural observations to improve day-to-day performance. Finalisation of a customised *Dairy RegTech* model for small businesses in September 2023 was a milestone in the program. Collaborating with industry and other sector regulators to align, adapt and extend the principles of *Dairy RegTech* to further develop contemporary, fit-for-purpose food safety assurance systems will remain a key focus.

DFSV is committed to reinvesting in the industry, and this is demonstrated through our digital strategy.

We will continue to invest in systems that improves the experience of licence holders. Data collection allows us to move beyond mere information gathering and take actionable steps to enhance profiling of licensees and use insights to drive best practice and national consistency in risk management and regulatory response programs.

Our June 2024 Satisfaction Survey of Licensees shows high confidence in DFSV, ensuring food safety standards are maintained (93%) and that 98% of Manufacturers had been surveyed in the last year with extremely high satisfaction of the experience. However, we will not become complacent, rather we will continue to review and adapt our processes in consultation with industry. Going forward, I am committed to strengthening DFSV's engagement with farm licensees, who currently remain our single largest licensee category.

It is through reflection on this positive work that I am excited to look to the future as we develop DFSV's Corporate Plan for the next 5 years.

Commencement of the Plan has begun through a range of stakeholder interviews to develop a thorough understanding of industry and government priorities, within which the 2025–30 Corporate Plan will be delivered. These have provided invaluable insights as we review processes and consider how we can collaborate more effectively. Interviews have also identified the ongoing rapid and dynamic change

in the sector. DFSV is committed to supporting the dairy industry to respond to new challenges and emerging opportunities while continuing to assure the integrity and safety of Victoria's dairy foods.

Through the new 5-year Corporate Plan, we will be building on the productive actions of the past while looking for new ways to continually enhance our service offerings and system wide advancement. Our Plan will drive business improvement, not only within our licensees, but within our own regulatory culture to ensure we have the capability to develop and adapt as the needs of our stakeholders change.

In April, DFSV's Dairy Industry Consultative Forum reaffirmed the industry's commitment to collaboration with an update of the terms that will strengthen collaboration with DFSV, both in development of the next Corporate Plan and the Annual Plans, ensuring our work programs and services remain current, and meet our many and diverse stakeholder expectations.

In rounding out, I would like to welcome Andrew Chen, GM Operations and Allison McNamara, GM Operational Policy & Innovation to the executive leadership team. They will both further deepen our skill and knowledge with their experience, strengthening DFSV's position for future delivery of our objectives.

Finally, I would like to say thank-you: To the staff at DFSV, for their dedication to the job and for supporting me in delivering our role. To our dedicated Board, for their expertise and guidance. To the Minister for Agriculture, and department, for their ongoing collaboration and support. Together, we are building a resilient, innovative, and effective regulatory environment.



Corrie Goodwin
Chief Executive Officer, Dairy Food Safety Victoria

Performance report

This is DFSV's fourth year of reporting our performance under our 2020–25 corporate plan. The corporate plan describes strategies to deliver DFSV's objectives, and performance indicators to measure our progress against these.

We continued our core business as the Victorian dairy regulator, while shaping our future as an emerging leader in the use of digital technology in food safety regulation, by continuing to implement *Dairy RegTech*.

DFSV's strategic direction and performance also reflects the Minister for Agriculture's expectation that the Authority will operate within a cohesive and contemporary regulatory framework, while meeting its primary objective of safeguarding public health and safety.

This report describes DFSV's activities during 2023–24.

DFSV's objectives



Objective 1.
A regulatory system that expects and acknowledges food safety culture



Objective 2.
A responsive regulator



Objective 3.
Capabilities and capacity for performance



Objective 1. A regulatory system that expects and acknowledges food safety culture



License dairy businesses and monitor their production of safe dairy food

Under the Act, DFSV is responsible for ensuring the regulatory standards that safeguard public health are maintained in the Victorian dairy industry. DFSV achieves this through administering a licensing system, monitoring compliance with regulatory requirements through compliance audits, and taking appropriate enforcement actions to respond to non-compliance where required. DFSV supports the dairy industry through education and guidance materials such as webinars and face-to-face learning network forums where information and emerging trends are shared.

The regulatory framework and supporting policies are aligned with national regulatory food safety policy, endorsed by the Food Ministers' Meeting, with additional guidance from the Office of the Commissioner for Better Regulation (Victoria).

Licensing

DFSV licenses persons undertaking activities in Victoria prescribed by the Act. Specifically, licences are issued in the categories of dairy farmer, carrier, manufacturer and distributor. To be issued a licence, an applicant must possess a food safety program (as required), suitable premises or vehicles, and staff with the skills and knowledge to produce safe dairy food.

DFSV aims to process licence applications within 30 business days for farms and carriers, 60 business days for distributors, and 90 business days for manufacturers. DFSV is committed to meeting these targets and works closely with applicants to achieve this.

For 2023–24 the average number of business days to process an application was:

- For farms, 11 days (2022–23: 14 days)
- For carriers, 34 days (2022–23: 26 days)
- For distributors, 14 days (2022–23: 19 days)
- For manufacturers, 30 days (2022–23: 48 days)

The decreases in processing times reflect DFSV's investment in the use of digital systems for greater efficiency.

Additionally, DFSV processed all new licence applications within the relevant timeframes.

TABLE 1. Total licences by type

Licence	2020–21	2021–22	2022–23	2023–24
Manufacturer	205	195	200	202
Farmer	3,113	3,051	2,796	2,812
Distributor	105	102	90	87
Carrier	33	30	31	21
Integrated*	19	24	23	29
Total	3,475	3,402	3,140	3,151

* Integrated relates to a licensee that undertakes more than one licensable activity.

The carrier category saw the biggest contraction in licence numbers with a reduction of 29% on the previous year. The main reason for this was the consolidation of multiple licensing activities into the one site where both manufacturing and carrier activities were undertaken, and this was consolidated into one integrated licence. Other factors included the cessation of carrying and moving business interstate.

In 2023–24 DFSV received applications for, and subsequently issued, 57 new licences across all licence categories, an increase in applications of 7.5% over the previous year.



Objective 1. A regulatory system that expects and acknowledges food safety culture (cont.)

Compliance monitoring

DFSV undertakes regular verification activities through regulatory audits, to monitor compliance with the requirements of the Act, the *Food Act 1984*, and the Australia New Zealand Food Standards Code (Food Standards Code). Where a site is export registered, these compliance monitoring activities also include auditing against the relevant requirements of the *Export Control Act 2020*, including the *Export Control (Milk and Milk Products) Rules 2021*, on behalf of the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF).

Compliance monitoring generally involves twice-yearly audits of licensed dairy manufacturing businesses by authorised auditors, or Food Safety Managers (FSMs). These audits verify businesses' compliance with regulatory requirements (as reflected in the site's approved food safety program), and its operational effectiveness in producing safe dairy food.

When a manufacturing business is first issued a dairy industry licence, it is audited within 30 days of starting operations. Subsequently, as a condition of licence, compliance audits are undertaken twice a year — the first between January and June, and the second between July and December. Non-conformance with legislative requirements identified during these audits are addressed through the issuance of a corrective action request (CAR). A CAR directs a business to review relevant elements of its operational food safety system to address the recognised failures.

DFSV utilises CARs as a risk-based, preliminary tool to address non-compliance. CARs are classified as minor, major or critical according to risk, and timeframes to respond are adjusted accordingly. A minor CAR is generally raised when the non-conformance poses no immediate risk to food safety, and its potential impact is not likely to lead to production of unsafe food, while a major CAR is raised when the impact of the non-conformance may lead to production of unsafe food unless remedial action is taken within a specified period. A critical CAR is raised when an imminent and serious risk to food safety is detected.

During this annual reporting period, DFSV FSMs completed 511 compliance audits at 233 manufacturer sites. They raised a total of 655 CARs, of which 605 were minor, and 50 were major. No critical CARs were issued to manufacturers during the year.

DFSV also approves second or third-party auditors (approved auditors) to audit dairy farm licensees on its behalf. A dairy farm licensee is first audited 3 to 6 months after operations begin, and then at least once every licensing period (i.e. 2 years). During the 2023–24 financial year, 1,601 farm audits were completed.

Approved auditor verification

All DFSV approved auditors are required to adhere to the National Food Safety Audit Policy. To oversee this, DFSV undertakes a verification program of FSMs and a sample of approved auditors annually. In 2023–24, all auditors were verified as competent against these requirements, and three new auditors were verified and approved.

Enforcement

DFSV applies a graduated, risk-based approach to enforcement action, aligned with national food regulatory policy. This approach provides a response that is proportionate to the seriousness of any non-compliance and food safety risk.

If enforcement action is required, a range of tools are available to DFSV. These include placing a licensee under increased oversight, providing education, issuing formal warnings or putting in place specific orders under the Act. Depending on the seriousness of the matter, further significant enforcement action (such as prosecution under the Act or the *Food Act 1984*) may be undertaken.

No enforcement action was undertaken during the 2023–24 financial year.

Dairy export

DFSV undertakes compliance auditing of Victorian export-registered dairy manufacturers on behalf of DAFF, under a memorandum of understanding (MoU). To ensure a transparent and nationally consistent approach to export auditing activities, DAFF undertakes an annual review of DFSV against the requirements of the MoU. DFSV and DAFF work together to support a streamlined export certification system and aim to contribute to reducing regulatory burden on industry.

DFSV works closely with DAFF on matters relating to dairy export and dairy food safety, supporting DAFF during importing country reviews of Victorian dairy manufacturers. Two such successful reviews were undertaken during the year — by the Taiwan Food and Drug Administration and by the United States of America Food and Drug Administration.

DFSV coordinates the Australian Milk Residue Analysis (AMRA) Survey on behalf of DAFF. The AMRA Survey provides a national, independent monitoring program that verifies the effectiveness of residue controls. It monitors the presence of agricultural and veterinary chemicals and environmental contaminants in raw milk. At the time of publication, all results for the year were below the acceptable maximum residue limits under the Australia New Zealand Food Standards Code.

Design and deliver a forward-looking dairy regulatory assurance system in collaboration with our stakeholders

Dairy RegTech

Dairy RegTech is a program that brings together data, food safety culture and a shift in regulatory audit focus. It acknowledges businesses that have a strong food safety culture and facilitates a risk-based audit approach.

In the 3 years that *Dairy RegTech* has been operating, 21 sites have volunteered to participate, accounting for 23% of Victorian milk production. Now 18 sites are active in the program, as three have ceased manufacturing in the past year. The traditional compliance monitoring approach is available to licensees who choose not to participate in *Dairy RegTech*.

Dairy RegTech helps licensees better understand how data is used to assess food safety performance and identify and respond to emerging issues. Participants are actively improving food safety culture within their business and are committed to sharing data to inform their regulatory audits. Consequently, audits are more tailored, focused and efficient.

Community of Practice meetings twice a year allow industry participants to share ideas and support each other to strengthen food safety culture in their businesses. These events also provide an opportunity for DFSV to share *Dairy RegTech* developments and insights about global contemporary food safety culture. Thirteen active sites participated in each Community of Practice meeting throughout 2023–24.

DFSV further supports participants by conducting food safety culture assessments, assisting with action plan development, and providing resources including publishing a newsletter every 2 months.

In September 2023, DFSV finalised a *Dairy RegTech* model that has been customised for small businesses that better suits the nature of small businesses.

During 2023–24, DFSV redeveloped the digital platform underpinning the data entry portal and dashboard visualisations for *Dairy RegTech*. The new platform offers enhanced reporting capabilities and is easier to use. It was launched at the Community of Practice meeting in February 2024, and all current participants are now using it. Migrating existing data facilitated the transition.



DFSV's Food Safety Manager, Mette Botheras (above), conducting a licensee audit.

Further to the work completed in 2022–23 delivering recommendations for using Export *Dairy RegTech* to assess export readiness, and to inform a Risk Assurance Diagnostic tool and training package (including assessment tools) for other regulators, Tasmanian Dairy Industry Authority will pilot the *Dairy RegTech* program in the second half of 2024, with support from DFSV.

The learnings from *Dairy RegTech* have enhanced our audit approach and informed development of a tool designed to generate metrics from audit outcomes, which DFSV will pilot in the 2024–25 financial year.



Objective 2. A responsive regulator



Engage and consult early with our stakeholders for effective decision-making and problem-solving

Stakeholder engagement is integral to DFSV's work in developing, designing and implementing services. DFSV is committed to ensuring any engagement with stakeholders aligns with the organisational values — respect, collaboration, openness, responsibility and accountability.

Collaboration with food regulatory partners and industry

Victorian Food Regulators Forum

DFSV operates as part of a bi-national (Australia and New Zealand) food safety regulatory framework. In Victoria, the implementation of Australian food standards is overseen by multiple state and local government food regulators. To support the consistent implementation of national food standards and a coordinated, efficient and risk-based approach to food safety, Victorian food regulators operate under a Memorandum of Understanding, and collaborate via the Victorian Food Regulators Forum.

Better Regulation Victoria

DFSV enjoys a collaborative relationship with the broader Victorian government regulatory community through the Regulators' Forum, convened by Better Regulation Victoria — a government organisation that brings regulators together to better support the analysis, design and implementation of best-practice regulation.

DFSV's interactions on both forums play an integral role in sharing intelligence, building relationships and facilitating cooperation on emerging risks and regulatory issues, new technologies and food incidents. This collaboration has helped DFSV's regulatory initiatives, particularly *Dairy RegTech*, and other work enhancing intelligence-led approaches to regulation and service delivery.

Collaboration with Better Regulation Victoria (BRV) has also provided DFSV with opportunities to contribute to and learn from the broader collective of Victorian government regulators who are undertaking digital transition programs. DFSV worked with BRV and the Nous Group under the Better Approvals for Regulators program to develop the digital roadmap that underpins the DFSV digital strategy. DFSV is also part of the regulator reference group for BRV's Digitally Ready Regulators project.

Australian Dairy Regulators' Forum

DFSV chairs the Australian Dairy Regulators' Forum, which meets twice a year. It allows state regulators and DAFF to share information and resources, and to discuss issues impacting the industry nationally. This forum enables us to work with other state regulatory authorities to drive consistency in regulatory frameworks and approaches across Australia's dairy industry.



Objective 2. A responsive regulator (cont.)

Dairy Industry Consultative Forum

The Dairy Industry Consultative Forum (DICF) is one of DFSV's primary industry engagement channels for feedback and consultation. Chaired by industry, the forum is comprised of senior representatives from dairy businesses and peak bodies, including Australian Dairy Products Federation, United Dairy Farmers/Victorian Farmers Federation, Dairy Farmers Victoria and Dairy Australia. The forum's continued support of *Dairy RegTech* has been integral to its success. Ongoing engagement with the forum informs DFSV's future strategic direction and guides the nature and scope of information provided to the dairy industry.

Exotic Animal Disease (Foot-and-Mouth) Preparedness

During the year, DFSV participated in a government-industry exotic animal disease preparedness exercise, collaborating with representatives from DAFF, Agriculture Victoria, Dairy Australia, Biosecurity Queensland, NSW Farmers' Association and the dairy manufacturing and

farming industry more broadly. The exercise was facilitated by Animal Health Australia, the independent national animal health body whose focus is animal health and biosecurity. It reviewed the latest version of the AUSVETPLAN *Response strategy: Foot-and-mouth disease* to ensure its fitness for purpose. Animal Health Australia is currently finalising the key findings from the exercise.

Contemporary legislation and regulations

DFSV continues to work closely with Agriculture Victoria (a division of the Department of Energy, Environment and Climate Action) to ensure that the *Dairy Act 2000* is fit for purpose, including consulting with the dairy industry through the Dairy Industry Consultative Forum.

Infant formula standards

Work continued this year on the largest single change to the Australia New Zealand Food Standards Code relating to the regulation of infant formula. DFSV has worked closely with Food Standards Australia and New Zealand



over the past 12 years as proposal P1028 — Infant Formula, has been developed. We have collaborated with the Victorian Department of Health and consulted with industry through the Dairy Industry Consultative Forum. The proposal aims to continue protecting the health and safety of Australian and New Zealand infants by ensuring infant formula products remain safe and suitable substitutes for breast milk, and also enable greater market access by providing regulatory clarity and incorporation of changes in the latest scientific evidence, market developments, international regulations and updated Australian and New Zealand policy guidance. Food Ministers' voted to accept the new Standard on 25 July 2024. There will be a 5-year transition period to support industry in making the necessary changes.

Effectiveness of communication with licensees

DFSV is using digital technology to engage with licensees and provide easier access to information about DFSV's role and services. DFSV conducted its annual licensee engagement survey in May 2024 to gauge licensees' perceptions of DFSV. A total of 216 licensees were surveyed (excluding farm licence holders) with 97 responses received for a 45% response rate (compared to 34% in 2023). This represented a response rate of 84% for manufacturers (2023: 50%), 24% for carriers, (2023: 22%), 3% for distributors (2023: 9%) and 12% for licensees with integrated licences (2023: 6%).

Perceptions of DFSV remained positive, along with high satisfaction with interactions and audits. Confidence in DFSV remained high with 93% of manufacturers and integrated licensees feeling very or totally confident that DFSV ensures food safety standards are maintained (on par with 94% last year).

Almost all (98%) of manufacturers and integrated licensees surveyed reported having been audited by DFSV in the last year, and satisfaction with the experience was extremely high (94% felt satisfied). All aspects of the audit report were rated extremely highly, but turnaround times stood out as an aspect of excellence, with all licensees agreeing the report was provided in an acceptable timeframe. Similarly, no licensees disagreed that the report clearly identified any observed non-compliances.

DFSV also worked closely with its dairy farm licensees to confirm eligibility for licence renewals for the 2024–25 licensing period.

Environmental Health Professionals Australia

DFSV deepened its relationship with Environmental Health Professionals Australia (EHPA) for the fifth year in 2023–24. EHPA is one of Australia's peak environmental health bodies run by and for its members — predominantly local and state government Environmental Health Officers (EHOs). EHPA hosts several communities of practice for EHOs around Victoria, based on geographical location; as well as Special Interest Groups (SIGs), including the Food Safety and Security SIG.

DFSV is an active member of this SIG, participating in meetings every 2 months where relationship-building and shared learning experiences result in a more streamlined, collaborative method of operating.



DFSV's Acting Manager of Science, Surveillance and Technical Services, Katrina Chatterton (top) and DFSV's Regulatory Scientist, Emma Coulton (above) presenting at the EHPA Symposium in October 2023.



Objective 2. A responsive regulator (cont.)

Manage food issues and incidents effectively with industry, government and regulatory partners

Food incidents, such as microbiological contamination of food, can result in public health and safety risks including outbreaks of illness, widespread consumer concern, and significant disruption to domestic and international trade.

While the Victorian Department of Health coordinates the Victorian government response to outbreaks of foodborne illness, DFSV oversees the response of Victorian dairy food manufacturers to such an food incident, where required. DFSV monitors the site's root cause analysis, employment of corrective actions and verification activities, providing guidance as necessary.

Food Recalls

A food recall is the action taken by a food business to remove potentially unsafe food from the marketplace and the distribution chain. It is a requirement under Australian food law that all food businesses have robust traceability processes in place to enable the site to undertake an effective and efficient food recall if and when the need arises.

During 2023–24, 2 food recalls were initiated by DFSV-licensed manufacturers. One was a surface mould-ripened soft cheese which was recalled due to potential microbial (*E.coli*) contamination; the other was a plant-based ice cream, recalled due to the potential for allergen contamination (milk).

Pathogen investigations

During 2023–24, 61 microbiological contamination detections were reported to DFSV from 34 manufacturing sites. All were investigated and managed by manufacturers with DFSV oversight. A breakdown of detections by type is presented in Table 2.

TABLE 2. 2023–24 microbiological detections in dairy products notified by type

Detections (species tested)	Number	Percentage
<i>Escherichia coli</i>	38 ¹	62%
<i>Listeria monocytogenes</i>	9	15%
Other <i>Listeria</i> species	7	11%
<i>Cronobacter</i> species	3	5%
<i>Bacillus cereus</i>	2	3%
<i>Salmonella</i> species	1	2%
Yeasts and moulds	1	2%
Total	61	

Surveillance and testing

In 2023–24, DFSV developed and delivered a video training package about best practice *Listeria* management, based on the outcomes of surveillance work conducted in 2021–23. The findings were shared with state and territory food regulators through the Australian Dairy Regulators Forum and industry through DFSV Learning Network Forums. The training package includes seven modules that each run for five minutes, which aim to assist manufacturers to identify risk factors for *Listeria* contamination and increase awareness of best practices for managing the risk. The training package is available as a link on the DFSV website.

DFSV has commenced a new surveillance project to examine the outcomes of root cause analysis conducted by licensees after food safety incidents. The project will focus on assessing the effectiveness of root cause analysis in identifying the underlying reasons for incidents and preventing recurrence. The findings will be used to develop training and guidance materials to assist licensees.

¹ 28 of which were in Victorian-made dairy products. These have been discussed with industry at DFSV Learning Network Forums throughout the year.



Consumer complaints

In 2023–24 DFSV received a total of 53 consumer complaints relating to the production or sale of dairy food (see Table 3). Follow-up action undertaken by licensees was overseen by DFSV to ensure any potential public health risks were managed appropriately.

TABLE 3. 2023–24 complaints received by type

Complaint Type	Number	Percentage
Physical (Foreign object)	18	34%
Operational	15	28%
Labelling	7	13%
Quality	6	11%
Microbiological	4	8%
Allergen related	3	6%
Total	53	

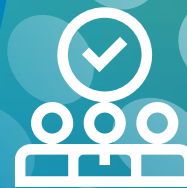
Emerging issues

Emerging local and global food safety issues, regulatory updates, and dairy industry news are monitored daily by the Science, Surveillance and Technical Services team, with fortnightly updates provided to DFSV management, staff and the board. DFSV continues to monitor literature and other information to understand the potential impacts of new technology and emerging issues such as antimicrobial resistance and cell-based foods.

DFSV has continued to work with both state and national food safety regulators to address the risks associated with novel food production systems, such as cell-based or cultured primary produce. DFSV continues to engage with Agriculture Victoria, the Victorian Department of Health, other state food safety regulatory authorities, and Food Standards Australia New Zealand through both formal and informal channels to ensure regulatory frameworks remain contemporary and fit-for-purpose in addressing the challenges these novel foods present.



Objective 3. Capabilities and capacity for performance



Resourced, trained and engaged team

DFS's people, and a positive, engaged organisational culture that reflects our values, are key to achieving the delivery of our strategic objectives.

Staff engagement

A resourced and engaged trained team remains crucial in implementing DFS's objectives and strategies.

In May 2024, the annual staff engagement Pulse Survey was conducted to assess levels of engagement and alignment with DFS's strategic direction. This year, DFS sought specific feedback from staff in the areas of work recognition received and receipt of constructive feedback on job performance. The results from these were favourable. The survey included follow up of questions asked in 2023 related to understanding of risk and data use in the organisation, as DFS continues to mature its risk and data culture. Overall, staff engagement (i.e. level of motivation and connection with DFS) showed a high level of engagement consistent with prior years. DFS's engagement scores are shown in **Figure 1**.

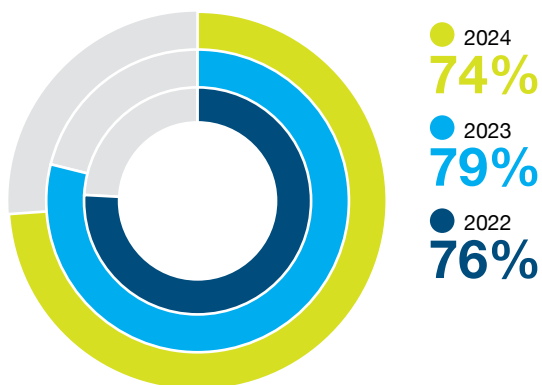


FIGURE 1. Staff engagement survey result.

Agency-wide learning and development plan

DFS continues to run a program of learning and development for staff. This builds employees' skills via:

- formal training
- conferences and specialist forums
- external government technical working groups
- continuous 'on-the-job' professional development
- organisational approach to succession planning and talent identification.

During the year staff participated face-to-face and/or virtually in engagement opportunities including:

- National Regulators Community of Practice Conference
- International Association for Food Protection Annual Conference
- Science team members took Lead Food Safety Audit training to build surge capacity
- Dairy Industry Association of Australia Conference
- Human Resources Practitioner Certification
- Specialist IT training including Cybersecurity
- Internal education sessions on Occupational Health and Safety
- Victorian Public Sector Commission.



Objective 3. Capabilities and capacity for performance *(cont.)*



Enhance scientific capabilities

DFSV undertakes a wide range of industry support activities to enhance industry licensees and internal stakeholders' understanding of and competency in food safety. Activities include providing advice to manufacturing licensees, developing guidance materials, assisting with incident investigations, conducting site visits, and hosting learning network forums.

DFSV conducted a Learning Network Forum in October 2023, hosting sessions in 5 locations across the state. The forum was attended by 60 people representing 36 different manufacturing sites. Feedback from attendees was positive, with the vast majority rating the sessions as 'very good' or 'excellent'.

DFSV fields a wide range of technical requests from licensees, prospective licensees and other parties. During the reporting period DFSV responded to a total of 61 industry technical requests. Most enquiries related to operational issues including microbiological testing, premises, and pasteurisation and alternatives (54%). Other subjects of enquiries included microbiology and pathogens (21%) and labelling (16%).

Continuously improve business processes and services

IT infrastructure

Victorian Protective Data Security Framework (VPDSF)

DFSV completed planned activities in its 2023–24 Protective Data Security Plan, as submitted to the Office of the Victorian Information Commissioner.

Strategic plan implementation

DFSV implemented actions from the independent strategic review of its information technology function and capability including:

- migrating on-premise business and ICT systems to cloud hosted environments
- enabling licensees to submit audit reports and milk volume reports online
- improving DFSV's cyber security controls.

Digital Strategy

We are continuing to deliver under our Digital Strategy 2023–27 plan. In this reporting period, the following work was carried out:

Performance monitoring through lead and lag indicators:

Refined dashboard reporting to monitor projects against the annual operating plan for the board. This project will lead to dashboard reporting capability to monitor performance at management (operational) as part of the Corporate Planning process.

Implementation of SharePoint records management system:

Further development of SharePoint to replace DFSV's legacy records management system. It is anticipated that decommissioning of the legacy system can be completed by the end of 2024–25.

Delivery of a self-service licensing portal for licensees:

Continued development and roll out of the *Dairy RegTech* portal for licensees to access information and reports on *Dairy RegTech*. This project includes further development of the licence management system portal so manufacturers can lodge milk volume reports and farmers can lodge their audit reports. Further development will occur throughout 2024–25 for access to reports and information for licensees.

Risk management framework

DFSV has procedures to identify, analyse and manage organisational risks. To ensure risk continues to be managed effectively, DFSV regularly reviews its risk management framework and processes. In 2023–24, DFSV again participated in a Victorian Managed Insurance Authority risk maturity survey (self-assessment). The survey results assist DFSV to review, understand and improve internal risk management practices. In 2023–24, the board reviewed and approved revisions to DFSV's risk management policy, framework and risk appetite. Minor amendments to these documents updated information, provided further clarity and incorporated improvement opportunities.

Legislative compliance

DFSV has compliance monitoring, management and reporting processes to meet its legislative obligations and responsibilities, manage related compliance risks, and conduct its activities and business lawfully and responsibly. DFSV maintains a suite of internal policies and procedures covering finance, governance, human resources, corporate, regulatory operations and science to ensure business practices reflect legislative requirements.

Internal audit program

DFSV's internal audit program contributes to evaluating and improving the effectiveness of risk management, internal controls, governance and operational efficiency. Through the program, DFSV also confirms compliance with applicable laws and regulations, as well as with government and DFSV policies and procedures. Internal audits can also identify opportunities for continuous improvement. The internal audit plan spans a 3-year rolling period, and was developed through adopting a risk-based, pragmatic and forward-looking approach towards potential risks areas across governance, financial controls and information technology. During 2023–24, internal audit reviews were conducted against DFSV's compliance and processes on financial controls and DFSV's risk management framework. No high-risk issues were identified.

Complaints management

DFSV is committed to responding to and addressing any complaints received about its services or decisions within 20 business days. In 2023–24, DFSV received one complaint, which was investigated, responded to and closed within the 20 business day timeframe.



Objective 3. Capabilities and capacity for performance (cont.)

Financial management

As a Victorian public sector agency, DFSV operates within the Department of Energy, Environment and Climate Action's Portfolio Financial Management Compliance Framework to provide effective, efficient and responsible financial management of public resources.

DFSV maintains appropriate financial systems, and regularly reviews its accounting policies and procedures, to ensure ongoing compliance with the framework.

DFSV maintained a financially stable position, with expenditure for the year remaining within acceptable limits of the budget. This was achieved while continuing to meet regulatory service delivery requirements, ongoing stakeholder engagement and technical support.

The decrease in income for the 2023–24, compared to the year prior is mostly due to no Government Grants received in the 2023–24. Licence fee revenue decreased due to lower production declared by licensees impacting licence renewal fees received, but this decrease was offset by an increase in interest on funds held.

Reduced expenditure was mostly due to a decrease in information technology expenditure relating to the conclusion of the Licence Management Database replacement project.

Total liabilities in 2023–24 were down on the previous year, due to payments made on lease liabilities. There were no extraordinary transactions contributing to changes in total assets in 2023–24 compared to 2022–23.

The effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the operating statement, are outside of DFSV's control.

TABLE 4. Five-year financial summary

	2023-24 \$	2022-23 \$	2021-22 \$	2020-21 \$	2019-20 \$
Total income from transactions	6,221,651	6,527,853	6,504,712	6,207,078	6,041,536
Total expenses from transactions	6,147,257	6,255,288	(6,733,871)	(6,343,413)	(5,891,055)
Net result from transactions	74,394	272,565	(229,159)	(136,335)	150,481
Other economic flows	(27,888)	10,769	47,846	4,824	(6,338)
Comprehensive result	46,506	283,334	(181,313)	(131,511)	144,143
Net cashflow from operating activities	500,940	411,026	93,503	316,388	605,257
Total assets	8,472,680	8,547,938	8,665,850	8,265,009	8,394,557
Total liabilities	1,627,294	1,749,058	2,150,304	1,568,150	1,566,187

Governance and organisational structure

DFSV Board

The DFSV Board has 7 members appointed to ensure a balance of skills and expertise. The Minister appoints the Chairperson and may also appoint one member nominated by the Secretary of the Department of Energy, Environment and Climate Action. The Minister appoints the remaining 5 members, acting on recommendations of an industry selection committee.

Under Section 9 of the Act, board members are appointed because of their expertise in one or more of the following areas:

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

Each member holds office for a term not exceeding 3 years, and is eligible for re-appointment. The current board members' terms commenced in October 2021. In April 2022, the Chair was reappointed for a further term until April 2025.

The DFSV Board is empowered to set strategic direction and oversee the organisation's management and performance, within the framework set by the Act. It is accountable to the Victorian Parliament through the Minister.

DFSV Board members, L-R Dr Tracey Marsden, Nick Renyard, Dr Michele Allan, Dr Anne Astin, Peta Slack-Smith, Tania Luckin, Dr Joanna Wriedt.



Board members

(as at 30 June 2024)

Dr Anne Astin AM, PSM (Chair)

Anne is Chair of the Food Agility Co-operative Research Centre, the William Angliss Institute of TAFE, Agriculture Innovation Australia Limited and Good Shepherd Australia New Zealand. She is also Deputy Chair of the New Zealand Food Safety Science & Research Centre's Advisory Board and the Victorian Fisheries Management Authority.

She previously worked in senior executive positions in the Victorian public sector in food policy and regulation, public health, agriculture, minerals and petroleum, natural resources and environment, land administration and forensic science.

She was previously a Director of the Australian Packaging Covenant Organisation, Sheep Producers Australia Limited and a past Chair of the Australian Institute of Food Science and Technology, the Australia and New Zealand Implementation Subcommittee for Food Regulation, and the Australian Industry Skills Council's Food, Beverage and Pharmaceutical Industry Reference Committee.

Dr Michele Allan AO (Deputy Chair)

Michele has an academic background in biomedical science, technology, business management and law. She has held senior positions and directorships in food and agribusiness, and as an advisor to government on a range of issues related to horticulture, food manufacturing and export. She is currently Chair of the Boards of SmartSat CRC, Trusted Autonomous Systems CRC and Wine Australia. She is also Chancellor of the Board of Charles Sturt University, and a non-executive director of Food Agility CRC, MJ Chicken and CSIRO.

Tania Luckin

Tania operates a dairy farming business milking 600 cows in South West Victoria. She has more than 25 years' experience in successfully operating small, medium and large-scale dairy farms in Victoria and South Australia. Tania has been involved in various industry organisations at regional and national levels, and has held a range of governance roles including a director of WestVic Dairy, Bonlac Supply Company, and Deputy Chair at Dairy Australia. Tania is a graduate of the Australian Institute of Company Directors

Dr Tracey Marsden

Tracey has qualifications in veterinary science, business and public administration and adult education. She has worked in the Victorian public sector since 2014. During this time, she has led a number of significant legislative reforms relating to animal welfare and domestic animals. She previously worked in dairy, biosecurity and food policy. Tracey is currently Acting Director Strategic Policy and Cabinet, managing cabinet processes, strategic policy development and coordination across the Department of Energy, Environment and Climate Action.

Nick Renyard

Nick operates a 400 hectare, 600 cow dairy farm with his family near Timboon. He has served on various boards, including three years with DemoDairy Co-operative, and five years with Australian Dairy Farmers Ltd and ten years with Corangamite Catchment Management Authority. Nicholas has also served on the Policy Council of both United Dairy Farmers of Victoria, and Australian Dairy Farmers. Throughout that time, he was involved with many committees relating to animal health, welfare, technical issues and trade.

Peta Slack-Smith

Peta's has experience in the public sector at state and federal levels, in ministerial offices and with statutory authorities. She has also worked in the private sector at ASX-100 companies and start-ups. She has worked in numerous industries (cotton, grains, dairy, wool and livestock), with responsibility for corporate affairs, government relations and statutory reporting, corporate communications, policy development, issues and crisis management, risk and reputation management, trade policy and market access, CSR and stakeholder management. Peta has advised CEOs, boards, ministers, companies and industries through threats to reputation, new operating environments, and changes to consumer and stakeholder expectations. She is a graduate of the Mt Eliza Business School and Harvard Business School, and recipient of the prestigious Churchill Fellowship and Fairfax Fellowship in Ethical Leadership. Peta has strong knowledge of the dairy industry, including as Executive Manager of United Dairy Farmers of Victoria.

Dr Joanna Wriedt

Joanna's professional experience spans commercial law, government and medical research. She holds a Juris Doctor in law and a PhD in medical research, and is experienced in corporate governance. She previously worked as a commercial lawyer in the transport and shipping sector, dealing with transport incidents and regulatory matters. Joanna's work in the public sector includes as policy adviser to the Federal Minister of Health from 1998 to 2001, and committee and board appointments. She is chair of the Victorian Government's Radiation Advisory Committee, state director of the Biosciences Research Centre Joint Venture (AgriBio), and was chair of its risk committee. At the federal level she sits on the Australian Radiation Protection and Nuclear Safety Agency's Radiation Health Committee, and the Nuclear Safety Committee. She is an independent director and chair of the National Asthma Council. Joanna has sat on a number of not-for-profit boards, and has over 30 years' experience in commercial-scale farming in Victoria and Queensland.

Governance and organisational structure (cont.)

TABLE 5. Membership of DFSV committees at 30 June 2024 (all members independent, non-executive)

Risk Management and Audit (RMA)	Assists the board to fulfil its corporate governance and statutory responsibilities in relation to financial reporting, internal control, risk management systems and internal and external audit functions.	<ul style="list-style-type: none"> • Michele Allan, Committee Chair • Nick Renyard • Peta Slack-Smith
People and Culture	Assists the board in fulfilling its statutory responsibilities in relation to people and culture, including occupational health and safety.	<ul style="list-style-type: none"> • Joanna Wriedt, Committee Chair • Tania Luckin • Tracey Marsden

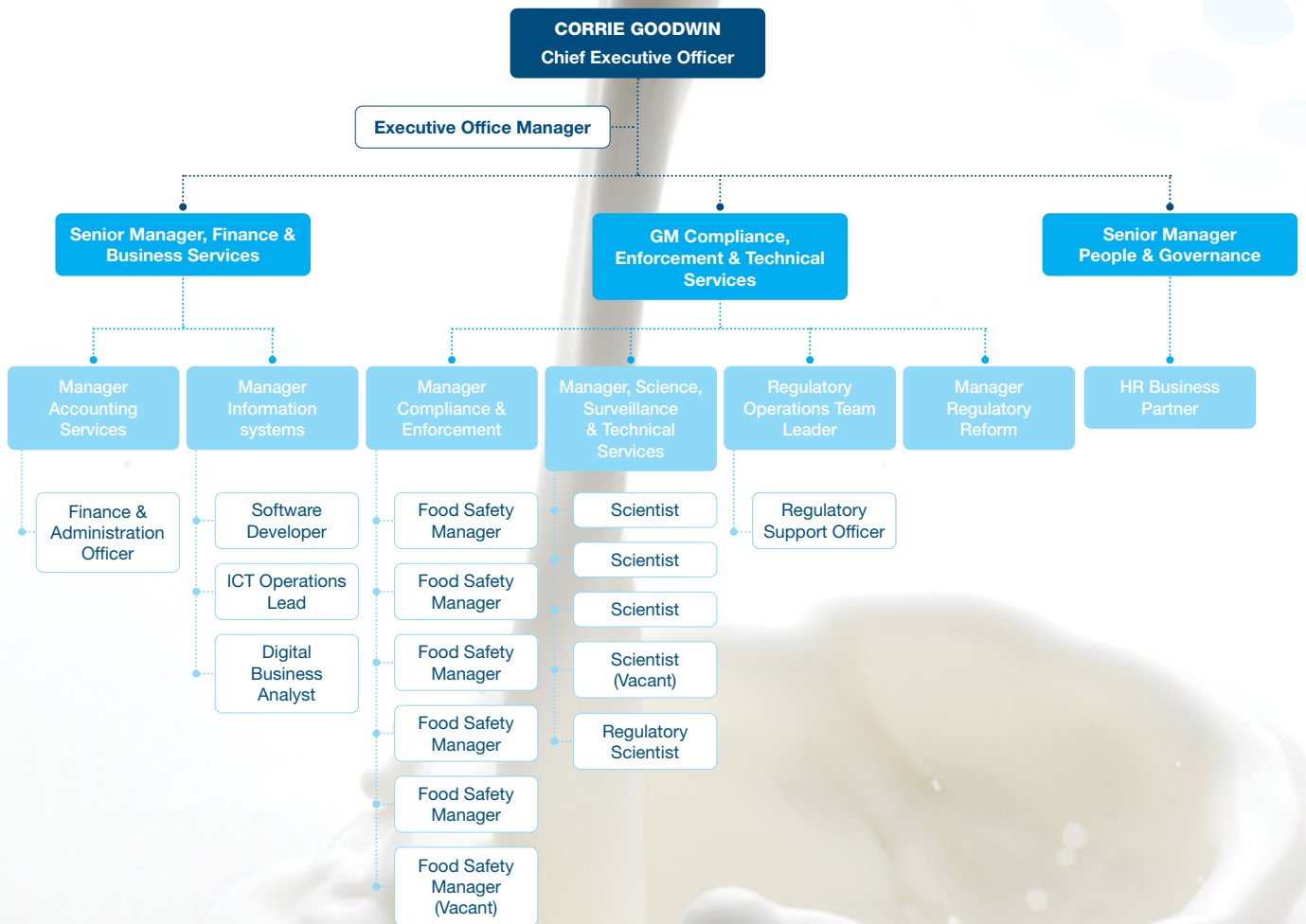
During the year, 5 board meetings and 6 board committee meetings were held.

TABLE 6. Attendance at board and board committee meetings in 2023–24

Board member	Board	RMA Committee	People and Culture Committee
	Number of meetings attended/(number of meetings eligible to attend)		
Anne Astin (Chair)	5/5	N/A	N/A
Michele Allan (Deputy Chair)	4/5	3/3	N/A
Tania Luckin	4/5	N/A	3/3
Tracey Marsden	4/5	N/A	3/3
Nick Renyard	5/5	3/3	N/A
Peta Slack-Smith	5/5	3/3	N/A
Joanna Wriedt	3/5	N/A	3/3

Organisational structure

(as at 30 June 2024)



Occupational health and safety

DFSV continues to implement its occupational health and safety (OHS) framework. The framework identifies, mitigates and manages workplace risk to staff, ensuring the workplace remains as safe and healthy as possible.

The OHS framework includes:

- Maintaining OHS policies and procedures
- Reviewing and monitoring a hazard risk register
- Utilising incident and near-miss reporting processes
- Inspecting workplaces
- Meeting of A Health and Wellbeing Committee twice a year
- OHS training
- Communicating regularly with staff and the board on health and safety matters.

DFSV has 2 trained contact officers (one male and one female) available to staff who can advise on issues relating to workplace behaviour and conduct such as discrimination, harassment and bullying.

In 2023–24, the focus on changes to the *Occupational Health and Safety Act 2004 (Vic)* regarding monitoring and reporting psychosocial hazards continued. The OHS policy was updated to include specific mention of psychosocial hazards as well as DFSV's commitment to establishing a culture of psychological safety at the organisation. The Senior Management Group and some managers have commenced a pilot of the Instinctive drives methodology which assists participants to ascertain their preferred operating style and how this influences the way they work with each other and their team. This will assist in increasing trust and collaboration in the organisation, which are both cornerstones in the development of regulatory culture.

DFSV offered various OHS-related activities to employees this year, which aimed to mitigate the risks associated with health, safety and wellbeing. These included:

- an influenza vaccination program
- personal protective equipment and car safety equipment for field staff
- defensive driving training for field staff
- an employee assistance program
- health and wellness products or services for employees
- new or refresher training for applicable first aid and contact officers
- a focus on monitoring ongoing staff health and wellbeing.

Workforce data

Employment and conduct principles

DFSV administers its industrial relations framework by aligning relevant policies, procedures and organisational values with the Victorian public sector employment and conduct principles. DFSV makes employment decisions based on employee merit including at recruitment, at completion of the probationary period, and during performance assessment.

Comparative workforce data

TABLE 7. Summary of employment levels

	Ongoing employees			Fixed term and casual	
	Total employee headcount (HC)	Full time (HC)	Part time (HC)	FTE (full-time equivalent)	FTE
June 2024	23	17	6	21.6	2.8
June 2023	23	17	6	21.6	3.4

TABLE 8. Detail of employment levels at 30 June 2024

	June 2024			June 2023		
	Ongoing		Fixed-term and casual	Ongoing		Fixed-term and casual
	Full and part-time (HC)	FTE	FTE	Full and part-time (HC)	FTE	FTE
Gender						
Male	3	3	2	5	4.8	-
Female	20	18.6	0.8	18	16.8	3.4
Self-described						
Total	23	21.6	2.8	23	21.6	3.4
Age						
Under 25	-	-	-	-	-	-
25–34	5	5	1	4	4	2
35–44	3	2.8	-	4	3.8	-
45–54	11	10.2	1	10	9.4	0.8
55–64	4	3.6	0.8	4	3.6	-
Over 64	-	-	-	1	0.8	0.6
Total	23	21.6	2.8	23	21.6	3.4
Position						
Executive	1	1	-	1	1	-
Corporate	10	8.9	1.8	10	9.2	1.4
Technical	12	11.7	1	12	11.4	2
Total	23	21.6	2.8	23	21.6	3.4

Other disclosures

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation policy and Major Project Skills Guarantee policy, which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in metropolitan Melbourne, or \$1 million or more in regional Victoria. DFSV has not undertaken any projects during the year to which the Local Jobs First policy relates.

Disclosure of consultancy expenditure

In 2023–24, there were consultancies engaged where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2023–24 in relation to these consultancies was \$40,891 (excluding GST).

In 2023–24, there were consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2023–24 in relation to these consultancies was \$40,475 (excluding GST). Details of individual consultancies are outlined in **Table 9**.

TABLE 9. Consultancy expenditure

Consultant	Purpose of consultancy	Total approved project fee (\$)	Expenditure 2023–24 (\$)	Future expenditure (\$)
HLB Mann Judd	Internal audit services	93,000	16,250	44,000
Quantum Market Research (Aust) Pty Ltd	Stakeholder engagement survey	25,000	24,225	-
Totals		118,000	40,475	44,000

TABLE 10. Reviews and studies expenditure

Name of review	Reason for review	Scope	Outcomes	Expenditure (\$)	Publicly available
Review of Financial Controls	Formed part of the 2023–24 internal audit program	Review of financial controls for Accounts Payable, Credit Cards and Payroll	Provide any audit findings, recommendations and continued improvement opportunities	15,000	N

TABLE 11. ICT expenditure

ICT expenditure	(\$)
Business as usual (BAU)	
Operational	
Total	446,000
Non-business as usual (non-BAU)	
Operational	90,000
Capital	-
Total	90,000

Reviews and studies expenditure

During 2023–24 there was one internal audit review undertaken with a total cost of \$15,000. Details of the review are outlined in **Table 10**.

Information and communications technology (ICT) expenditure

Table 11 shows that in 2023–24 DFSV's total ICT expenditure was \$536,000.

ICT expenditure refers to costs in providing business-enabling ICT services. It comprises business as usual (BAU) ICT expenditure and non-business as usual (non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing DFSV's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure, which primarily relates to ongoing activities to operate and maintain current ICT capability.

Disclosure of major contracts

DFSV did not enter into any major contracts during 2023–24. A ‘major contract’ is a contract valued at \$10 million or more.

Government advertising expenditure

DFSV did not undertake a government advertising campaign in 2023–24.

Emergency procurement

In 2023–24, DFSV was not required to activate any emergency procurement, resulting in Nil spending on emergency procurements.

Disclosure of procurement complaints

Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), DFSV must disclose any formal complaints relating to procurement if goods and services received through its procurement complaints management system.

DFSV did not receive any formal complaints through its procurement complaints management system.

Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public right of access to documents held by DFSV, including documents created by DFSV or supplied to DFSV by external parties. The FOI Act allows DFSV to refuse access, either fully or partially, to certain documents or information.

Under the FOI Act, the FOI processing time for requests is 30 days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, processing time is 45 days. Processing times may also be extended by periods of 30 days in consultation with the applicant. However, obtaining an applicant’s agreement for an extension(s) cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by DFSV, under section 49A of the Act, the applicant has the right to seek a review by the Office of the Victorian Government Commissioner (OVIC) within 28 days of receiving a decision letter.

In 2023–24, DFSV received one freedom of information request. The decision to deny access in full in relation to this request was made within the statutory time period.

Making a request

FOI requests can be made in writing, identifying as clearly as possible the documents requested, and include payment of the \$32.70 application fee. The fee may be waived if payment is likely to cause hardship to the applicant. Applicants can get assistance with their requests to determine the type of documents they want. Access charges may also apply once documents are processed, and a decision on access is made (for example, photocopying or search and retrieval charges).

The address for document requests from the DFSV is:

- **Freedom of Information Officer**
Dairy Food Safety Victoria
PO Box 8221
Camberwell North, Victoria, 3124

For more information about FOI visit ovic.vic.gov.au

Compliance with the Building Act

DFSV does not own or control any buildings and is therefore exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

National Competition Policy

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership is removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

DFSV fulfils its requirements on competitive neutrality reporting as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

Other disclosures (cont.)

Compliance with the Public Interest Disclosures Act

The *Public Interest Disclosures Act 2012* (PID Act) encourages and supports people in making public interest disclosures of improper conduct or detrimental action by public officers and public bodies, including DFSV, its employees and board members. The PID Act protects people who make disclosures in accordance with the PID Act, and establishes a system for investigating any matters disclosed, and initiating any necessary rectifying action.

DFSV recognises the value of transparency and accountability in its administrative and management practices, and supports making disclosures that reveal improper conduct. It does not tolerate improper conduct by the organisation, its employees, officers or board members, or taking detrimental action in reprisal against those who come forward to disclose such conduct.

DFSV has established procedures to facilitate and encourage making disclosures under the PID Act, and how DFSV will manage the welfare of persons connected with public interest disclosures. For more information about DFSV's Public Interest Disclosure Procedures go to www.dairysafe.vic.gov.au.

DFSV is unable to receive public interest disclosures. A disclosure under the PID Act about improper conduct of, or detrimental action taken in reprisal for a public interest disclosure by, DFSV or its employees and board members, should be made in writing to:

- **Victorian Independent Broad-based Anti-corruption Commission (IBAC)**
Level 1, North Tower 459 Collins Street
Melbourne, Victoria 3000
GPO Box 24234
Melbourne, Victoria, 3001

IBAC offers online and downloadable forms which also provide for anonymous disclosures available at: www.ibac.vic.gov.au/reporting-corruption/report

For further information, please phone IBAC on 1300 735 135, or email info@ibac.vic.gov.au.

Environmental reporting

DFSV's environmental policy aims to maintain and, where possible improve, environmentally sustainable practices, and describes the agency's approach to responsible environmental management. DFSV has continued to promote environmental sustainability within its office and field-based operations, and has maintained the

following initiatives to help reduce the organisation's environmental footprint:

- **Recycling where possible:** including paper, plastic bottles, cans, organic green waste, toner cartridges, spent batteries and obsolete ICT and office equipment.
- **Energy-saving office-based practices:** encouraging turning off lights, and a switch-off policy for computers and appliances. DFSV's electricity consumption and greenhouse gas omissions decreased by 6% for the 2023–24 year compared to the 2022–23 year.
- **Minimising energy, water and paper use:** including using energy efficient lighting, using water efficient tap fittings and appliances, applying double-sided printing, and reducing paper use with progressive digitisation of records.
- **Transport:** reducing greenhouse gas emissions associated with DFSV's vehicle fleet by leasing hybrid fuel efficient cars, use of public transport by staff where possible, and providing cycle storage facilities for staff.
- **Purchasing:** making environmentally sound purchasing decisions for capital items and consumables, including carbon neutral paper, and appliances with high star energy efficiency ratings.

Social procurement

DFSV supports the Victorian Government's directions under the Social Procurement Framework, and recognise we have a part to play in advancing social and sustainable outcomes for Victorians.

In 2020, DFSV developed a Social Procurement Strategy which sets out how social and sustainable outcomes through procurement can be supported.

The strategy prioritises the following objectives, which best fit our identified procurement opportunities:

- **Supporting safe and fair workplaces:** by using suppliers that comply with industrial relations laws and promote secure employment.
- **Opportunities for disadvantaged Victorians:** by using suppliers that employ disadvantaged Victorians.
- **Sustainable Victorian regions:** by supporting local businesses in regional Victoria when travelling to licensee sites to conduct audits.
- **Environmentally sustainable outputs:** by using suppliers that adopt environmentally sustainable practices.

As part of a tender process, potential suppliers to DFSV are required to provide information on their social and sustainability activities for assessment against the above objectives. When travelling to licensee sites to conduct audits, DFSV supports local businesses in regional Victoria.

Asset Management Accountability Framework (AMAF) maturity assessment

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website at: www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework.

DFSV's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

DFSV's self-assessment overall falls in the competent descriptor range and no material 'non-compliances' were identified within the 41 requirements.

Availability of additional information on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below are kept by DFSV and available on request, subject to the provisions of the FOI Act.

1. A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
2. Details of shares held by a senior officer as nominee, or held beneficially in a statutory authority or subsidiary.
3. Details of publications produced by the entity about itself, and how these can be obtained.
4. Details of changes in prices, fees, charges, rates and levies charged by the entity.
5. Details of any major external reviews carried out on the entity.
6. Details of major research and development activities undertaken by the entity.
7. Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
8. Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.

9. Details of assessments and measures undertaken to improve the occupational health and safety of employees.
10. A general statement on industrial relations within the entity, and details of time lost through industrial accidents and disputes.
11. A list of the major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved.
12. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Attestation for financial management compliance

Dairy Food Safety Victoria's Financial Management Compliance Attestation Statement

I, Anne Astin, on behalf of the Responsible Body, certify that Dairy Food Safety Victoria has been granted a full exemption from the Standing Directions 2018 under the *Financial Management Act 1994*. This exemption has been granted by the Assistant Treasurer on the basis Dairy Food Safety Victoria complies with the Department of Energy, Environment and Climate Action's Portfolio Financial Management Compliance Framework.



Dr Anne Astin AM PSM
Chair

26 August 2024



Financial statements

How this report is structured

Dairy Food Safety Victoria (DFSV) has presented its audited general purpose financial statements for the financial year as at 30 June 2024 in the following structure to provide users with the information about DFSV's stewardship of resources entrusted to it.

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Declaration by the chair, chief executive officer and chief finance and accounting officer

for the financial year as at 30 June 2024

The attached financial statements for Dairy Food Safety Victoria have been prepared in accordance with applicable requirements of the *Financial Management Act 1994*, the Portfolio Financial Management Compliance Framework, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes to the financial statements, presents fairly the financial transactions during the year as at 30 June 2024 and financial position of Dairy Food Safety Victoria at 30 June 2024.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 26 August 2024.



Anne Astin

Chair

Melbourne

26 August 2024



Corrie Goodwin

Chief Executive Officer

Melbourne

26 August 2024



Kylie Lyon

Acting Chief Financial Officer

Melbourne

26 August 2024

Independent Auditor's Report



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Dairy Food Safety Victoria

Opinion I have audited the financial report of Dairy Food Safety Victoria (the entity) which comprises the:

- balance sheet as at 30 June 2024
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration by the Chair, Chief Executive Officer and Chief Finance and Accounting Officer.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Independent Auditor's Report (cont.)

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
13 September 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

for the financial year ended 30 June 2024

	Notes	2024 \$	2023 \$
Income and revenue from transactions			
Licence and service fees revenue	2.2	5,882,515	5,878,557
Grants and other government assistance	2.3	-	381,093
Interest income	2.4	338,896	225,647
Other income		240	42,556
Total income and revenue from transactions		6,221,651	6,527,853
Expenses from transactions			
Employee expenses	3.1.1	3,947,610	3,915,453
Depreciation and amortisation	4.1.1	319,787	330,226
Product testing and laboratory evaluation costs		477,803	413,947
Other operating expenses	3.2	1,402,057	1,595,662
Total expenses from transactions		6,147,257	6,255,288
Net result from transactions (net operating balance)		74,394	272,565
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets		(35,523)	2,335
Other gains from other economic flows		7,635	8,434
Total other economic flows included in net result		(27,888)	10,769
Comprehensive result		46,506	283,334

The accompanying notes form part of these financial statements.

Note:

a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Balance sheet

as at 30 June 2024

	Notes	2024 \$	2023 \$
Assets			
<i>Financial assets</i>			
Cash and deposits	6.1(a)	7,659,845	7,364,250
Receivables	5.1	69,018	126,505
Total financial assets		7,728,863	7,490,755
<i>Non-financial assets</i>			
Property, plant and equipment	4.1	658,359	855,211
Intangible assets	4.2	24,479	121,295
Prepayments		60,979	80,677
Total non-financial assets		743,817	1,057,183
Total assets		8,472,680	8,547,938
Liabilities			
Payables	5.3	283,693	299,391
Employee benefits	3.1.2	814,717	777,080
Lease liabilities	6.3	528,884	672,587
Total liabilities		1,627,294	1,749,058
Net assets		6,845,386	6,798,880
Equity			
Contributed capital		1,800,000	1,800,000
Accumulated surplus		5,045,386	4,998,880
Net worth		6,845,386	6,798,880

The accompanying notes form part of these financial statements.

Note:

a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Cash flow statement

for the financial year ended 30 June 2024

	Notes	2024 \$	2023 \$
Cashflow from operating activities			
<i>Receipts</i>			
Receipts received from customers		5,918,566	5,979,384
Receipts from Government		-	381,093
Interest received		336,183	199,853
Goods and services tax received from the ATO ^a		121,319	124,583
Total receipts		6,376,068	6,684,913
<i>Payments</i>			
Payments to suppliers and employees		(5,851,873)	(6,244,719)
Interest and other costs of finance paid	6.3	(23,255)	(29,168)
Total payments		(5,875,128)	(6,273,887)
Net cash flows from operating activities	6.1(b)	500,940	411,026
Cash flows from investing activities			
Proceeds from sale of non-financial assets		5,453	2,335
Net cash flows from investing activities		5,453	2,335
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	6.3	(210,798)	(195,567)
Net cash flows used in financing activities		(210,798)	(195,567)
Net increase in cash and cash equivalents		295,595	217,794
Cash and deposits at the beginning of the financial year		7,364,250	7,146,456
Cash and deposits at the end of the financial year	6.1(a)	7,659,845	7,364,250

The accompanying notes form part of these financial statements.

Notes:

a. GST received from the Australian Taxation Office is presented on a net basis.

b. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Statement of changes in equity

for the financial year ended 30 June 2024

	Contributed capital \$	Accumulated surplus \$	Total equity \$
Balance as at 1 July 2022	1,800,000	4,715,546	6,515,546
Net result for the 2022/23 year	-	283,334	283,334
Balance as at 30 June 2023	1,800,000	4,998,880	6,798,880
Net result for the 2023/24 year	-	46,506	46,506
Balance as at 30 June 2024	1,800,000	5,045,386	6,845,386

The accompanying notes form part of these financial statements.

Note:

a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Notes to financial statements

for the financial year ended 30 June 2024

1. About this report

Dairy Food Safety Victoria (DFSV) is a statutory authority of the State of Victoria, established pursuant to an order made by the Premier under the *Dairy Act 2000*. Its principal address is:

- **Dairy Food Safety Victoria**
Level 2, 969 Burke Road
Camberwell VIC 3124

A description of the nature of its operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

These annual financial statements represent the audited general-purpose financial statements for DFSV as an individual reporting entity for the financial year ended 30 June 2024.

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the note under the heading: 'Significant judgement'.

All amounts in the financial statements are presented in Australian dollars have been rounded to the nearest \$1 unless otherwise stated.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable AASs which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Notes to financial statements (cont.)

2. Funding delivery of our services

Objectives and funding

DFSV 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.

DFSV fixes and charges fees for its services, including annual licence fees, and audit and inspection fees. In addition, costs for the Australian Milk Residue Analysis (AMRA) survey are recovered from the Department of Agriculture, Fisheries and Forestry.

Significant judgement:

DFSV has made the judgement that amounts received in relation to Licence and Service fees revenue should be recognised under *AASB 15 Revenue from Contracts with Customers* (refer Note 2.2). And Grants revenue should be recognised under *AASB 1058 Income for Not-For-Profit* (refer Note 2.3).

2.1 Summary of revenue and income that funds the delivery of our services

	Notes	2024 \$	2023 \$
Licence and service fees revenue	2.2	5,882,515	5,878,557
Grants and other government assistance	2.3	-	381,093
Interest income	2.4	338,896	225,647
Other income		240	42,556
Total revenue and income from transactions		6,221,651	6,527,853

Revenue and income that fund delivery of DFSV's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

DFSV derives revenue and income from the following major sources, and recognises it under the following accounting standards:

2.2 Licence and service fees revenue

	2024 \$	2023 \$
Licence fees	4,856,075	4,878,111
Audit and inspection fees	442,976	469,455
Income relating to the AMRA survey	583,464	530,991
Total licence and service fees	5,882,515	5,878,557

Revenue from licences, audit and inspection fees, and the performance of the AMRA survey, arise from contracts with customers, and are accounted for in accordance with *AASB 15 Revenue from Contracts with Customers*.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. DFSV recognises revenue when it transfers control of a service to the customer — i.e. when, or as, the performance obligations for the services to the customer are satisfied. For the above sources of revenue:

- Licence fees are recognised, using the exemptions permitted under AASB 15, at the date the licence is issued. This has been determined to be the date of invoice. As a result, no contract assets or contract liabilities arise from this income stream.
- Audit and inspection fees, and AMRA survey revenue is recognised under AASB 15, at the point of completion of the service of conducting an audit or performing the survey. Any income arising from services performed, which has not been invoiced at the reporting date, is recognised as a contract asset; but invoiced income in respect of services performed is recognised as a receivable.

Licence fees

Statutory revenue is within scope of AASB 15 due to its enforceable nature. When an agreement is in scope of AASB 15, the transaction price is determined as the price to which DFSV is expected to be entitled to receive. For manufacturer licence fees, none of the revenue sources include variable consideration and DFSV has taken the exemption available under AASB 15 and elected to recognise its licences — which are short-term licences with no variable consideration — at the date of issue of the licences, which is deemed to be the date of invoice. However, farm licence fees are not considered short-term and revenues are recognised when received over the term of licence (two years).

Audit and inspection fees

Audit and inspection fees are receivable for specific activities performed by DFSV, under powers given to it under the Dairy and Food Acts, and therefore are accounted for under AASB 15. The transaction price in these agreements is the agreed fee per audit, inspection or survey, with no variable nor other complex component. DFSV recognises revenue from these sources once the related activity has been completed. It results in the raising of a Receivable and a Contract Liability when the non-refundable funding is invoiced in advance of performing the service, and the contract liability is released to the income statement upon completion of the activity.

Notes to financial statements (cont.)

2.3 Grants and other government assistance

	2024 \$	2023 \$
Government grants: specific purpose	-	350,000
COVID-19 relief funding	-	31,093
Total grants and other government assistance	-	381,093

Government grants presented in the table above for 2023 relates to funding from the Department of Energy, Environment and Climate Action (DEECA) under the Federation Funding Agreement (Environment), for the Dairy Sector Digital Export Risk Assurance Diagnostic Project and is recognised under AASB 1058 *Income for Not-For-Profit* entities, as it has been earned under arrangements which are not linked to sufficiently specific performance obligations.

Therefore, DFSV has determined that its grant income without sufficiently specific performance obligations must be recognised when it has the unconditional right to receive cash. On initial recognition, DFSV recognises the asset received, any related amounts, increases in liabilities, decreases in assets, and revenue in accordance with other Australian Accounting Standards.

The related amounts may take the form of:

- a. contributions by owners, in accordance with AASB 1004;
- b. revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- c. a lease liability in accordance with AASB 16;
- d. a financial instrument, in accordance with AASB 9; or
- e. a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

The COVID-19 relief funding was provided to assist entities with the pandemic and is recognised under AASB 1058 *Income for Not-For-Profit* entities.

2.4 Interest income

	2024 \$	2023 \$
Interest on bank deposits	338,896	225,647
Total interest income	338,896	225,647

Interest income includes interest received on bank accounts. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

3. The cost of delivering services

This section provides an account of the expenses incurred by DFSV in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

3.1 Expenses incurred in delivery of services

	Notes	2024 \$	2023 \$
Employee benefit expenses	3.1.1	3,947,610	3,915,453
Product testing and laboratory evaluation costs		477,803	413,947
Other operating expenses	3.2	1,402,057	1,595,662
Total expenses incurred in delivery of services		5,827,470	5,925,062

3.1.1 Employee benefits in the comprehensive operating statement

	2024 \$	2023 \$
Salaries and employee entitlements	3,369,368	3,335,884
Defined contribution superannuation expense	359,722	346,238
Defined benefits superannuation expense	-	7,447
Other employee-related costs (FBT, payroll tax and WorkCover)	218,520	213,471
Termination payments	-	12,413
Total employee and board member expenses	3,947,610	3,915,453

Employee expenses include all costs related to employment including wages and salaries, board and committee fees, payroll and fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. Further information is provided at Note 3.1.3 Superannuation.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when DFSV is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Notes to financial statements (cont.)

3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2024 \$	2023 \$
Current provisions		
<i>Annual leave:</i>		
Unconditional and expected to settle within 12 months	134,559	151,016
Unconditional and expected to settle after 12 months	32,543	41,336
<i>Long service leave:</i>		
Unconditional and expected to settle within 12 months	59,897	56,617
Unconditional and expected to settle after 12 months	342,154	290,279
<i>Provisions for on-costs:</i>		
Unconditional and expected to settle within 12 months	33,503	33,532
Unconditional and expected to settle after 12 months	65,879	54,655
Total current provisions	668,535	627,435
Non-current provisions		
Employee benefits — long service leave	124,270	128,395
On-costs	21,912	21,250
Total non-current provisions	146,182	149,645
Total provisions for employee benefits	814,717	777,080

Reconciliation of movement in on-cost provisions

	2024 \$	2023 \$
Opening balance	109,437	125,245
Additional provisions recognised	64,358	50,438
Reductions arising from payments	(52,501)	(66,245)
Closing balance	121,294	109,438
Current	99,382	88,188
Non-current	21,912	21,250

Wages and salaries, annual leave and personal leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because DFSV does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As DFSV expects the liabilities to be wholly settled within 12 months of the reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as DFSV does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for personal leave as all personal leave is non-vesting and it is not considered probable that the average personal leave taken in the future will be greater than the benefits accrued in the future. As personal leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed as a current liability (refer current provisions table above); even where DFSV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value — if DFSV expects to wholly settle within 12 months or
- present value — if DFSV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability (refer non-current provisions table above). There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.1.3 Superannuation contributions

Employees of DFSV are entitled to receive superannuation benefits and DFSV contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

DFSV does not recognise any defined benefit liability in respect of defined benefit plans. In the event that the Vision Super defined benefits fund determines that there is a shortfall following an actuarial review of the fund, the fund's participating employers (including DFSV) are required to make an employer contribution to cover the shortfall. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of DFSV.

Fund	Paid contributions for the year \$		Contributions outstanding at year end \$	
	2024	2023	2024	2023
Defined benefit plans:				
Emergency Services Superannuation	-	7,447	-	-
Defined contribution plans:				
Aware Super	68,985	57,278	935	709
Australian Super	115,640	77,024	1,260	4,763
Other	171,243	195,337	1,660	11,127
Total	355,867	337,086	3,855	16,599

Notes to financial statements (cont.)

3.2 Other operating expenses

	2024 \$	2023 \$
General administration	60,027	113,143
General insurance (including motor vehicles insurance)	217,290	176,511
Information technology (refer to Note 3.3)	450,928	645,876
Interest and other costs of finance (refer to Note 6.3)	23,255	29,168
Occupancy (excluding operating rental lease)	73,178	63,824
Professional services (consultancies, contractors, legal, recruitment)	358,721	423,216
Staff related (non-labour)	94,642	46,870
Travel (excluding motor vehicle operating leases)	124,016	97,054
Total other operating expenses	1,402,057	1,595,662

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

Since 1 July 2019, the following lease payments have been recognised on a straight-line basis:

- Short-term leases — leases with a term less than 12 months;
- Low value leases — leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which has been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

3.3 Accounting for Software as a Service Arrangement (SaaS)

SaaS arrangements which give DFSV rights to access a software provider's platform over the term of a contract. Under SaaS arrangements, DFSV does not recognise an intangible asset in respect of the right to access the software, where the contract does not provide DFSV with the right to the future economic benefits derived from the underlying software.

In respect of SaaS arrangements, software licence fees, and any associated costs which are not distinct from the underlying licence fee and recognised within operating expenses over the term of the service contract. Other costs, such as data conversion and testing, user training, and any customisation and configuration costs which are distinct from the licence, are recognised as an operating expense when the services in question are received.

4. Key assets available to support output delivery

DFSV controls assets and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources purchased by DFSV to be utilised for delivery of those outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$
Leasehold improvements	275,579	348,477	(102,852)	(144,867)	172,727	203,610
Office equipment and furniture	308,502	409,419	(219,003)	(270,513)	89,499	138,906
Total plant and equipment	584,081	757,896	(321,855)	(415,380)	262,226	342,516
Right-of-Use assets						
Property	618,491	618,491	(278,321)	(154,623)	340,170	463,868
Vehicles	254,688	187,595	(198,725)	(138,768)	55,963	48,827
Total Right-of-Use assets	873,179	806,086	(477,046)	(293,391)	396,133	512,695
Total Property, plant and equipment	1,457,260	1,563,982	(798,901)	(708,771)	658,359	855,211

Recognition and measurement

Items of plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The asset capitalisation threshold for recording assets is \$2,000.

Refer to Note 7.3 for additional information on fair value determination of plant and equipment.

Right-of-Use assets – initial measurement

DFSV recognises a Right-of-Use asset and a lease liability at the lease commencement date. The Right-of-Use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-Use assets – subsequent measurement

DFSV depreciates the Right-of-Use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the Right-of-Use asset or the end of the lease term. In addition, the Right-of-Use asset is assessed for fair value annually and reduced for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Refer to Note 6.3 for additional information on the recognition of Right-of-Use assets.

Notes to financial statements (cont.)

4.1.1 Depreciation and amortisation

	2024 \$	2023 \$
Leasehold improvements	30,883	30,862
Office equipment and furniture	46,893	57,757
Amortisation of software	58,355	61,068
Right-of-Use assets — Property	123,698	123,698
Right-of-Use assets — Vehicles	59,958	56,841
Total depreciation and amortisation	319,787	330,226

All property, plant and equipment assets that have finite useful lives are depreciated.

Depreciation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Class of asset	Useful life of asset
Leasehold improvements	Life of lease term (5 years)
Furniture	5 to 10 years
Office equipment	3 to 10 years
Software	3 to 10 years

Right-of-Use assets are depreciated on a straight-line basis over their lease term; 3 years for vehicles, and 5 years for property.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. At least annually management undertake an assessment for impairment indicators.

4.1.2 Reconciliation of movement in carrying amounts

	Leasehold improvements \$	Office equipment & furniture \$	Right-of-Use Property \$	Right-of-Use Vehicles \$	Total \$
Opening balance 1 July 2023	203,610	138,906	463,868	48,827	855,211
Additions	-	-	-	67,094	67,094
Disposals	-	(2,514)	-	-	(2,514)
Depreciation	(30,883)	(46,893)	(123,698)	(59,958)	(261,432)
Closing balance 30 June 2024	172,727	89,499	340,170	55,963	658,359
Opening balance 1 July 2022	234,472	196,663	587,566	96,498	1,115,199
Additions	-	-	-	9,170	9,170
Depreciation	(30,862)	(57,757)	(123,698)	(56,841)	(269,158)
Closing balance 30 June 2023	203,610	138,906	463,868	48,827	855,211

4.2 Intangible assets

	2024 \$	2023 \$
Gross carrying amount		
Opening balance	1,227,822	1,227,822
Disposals/write-back of assets no longer in use ^a	(824,843)	-
Closing balance of gross carrying amount	402,979	1,227,822
Accumulated depreciation		
Opening balance	(1,106,527)	(1,045,459)
Amortisation expense	(58,355)	(61,068)
Disposals/write-back of assets no longer in use ^a	786,382	-
Closing balance of accumulated depreciation	(378,500)	(1,106,527)
Net book value at end of financial year	24,479	121,295

Note:

a. Represents obsolete software pertaining to a legacy licensing database, portal, financial and accounting software.

Initial recognition

DFSV's purchased intangible assets are software and are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The asset capitalisation threshold for recording assets is \$5,000. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- a. the technical feasibility of completing the intangible asset so that it will be available for use or sale
- b. an intention and ability to complete the intangible asset and use or sell it
- c. the intangible asset will generate probable future economic benefits
- d. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- e. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Intangible assets have useful lives of between three and five years.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. The impaired amount is written off as an 'other economic flow'.

Intangible assets subject to annual amortisation are assessed for impairment indicators at least on an annual basis.

4.3 Investments and other financial assets

DFSV did not hold any current or non-current term deposits at 30 June 2024 (\$nil 2023).

DFSV does hold cash investments with the Victorian Governments Centralised Banking System (CBS), complying with the Standing Directions 2018 under the *Financial Management Act 1994*. Funds held in the CBS are available at call, so are categorised as cash at bank (refer Note 6.1 (a)).

Notes to financial statements (cont.)

5. Other assets and liabilities

This section sets out other assets and liabilities that arose from DFSV's operations.

5.1 Receivables

	2024 \$	2023 \$
Current receivables		
<i>Contractual</i>		
Trade debtors ^a	39,066	60,616
Accrued interest	28,960	26,247
Other receivables	200	14,461
Total contractual receivables	68,226	101,324
<i>Statutory</i>		
GST input tax credits recoverable ^b	792	25,181
Total current receivables	69,018	126,505

Notes:

a. The average credit period for receivables is 30 days. No interest is charged on receivables.

b. GST input tax credits recoverable is the net amount of GST receivable on expenses, asset purchases and income raised.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts, though they are recognised and measured similarly to contractual receivables (except for impairment); but are not classified as financial instruments for disclosure purposes. DFSV applies AASB 9 for initial measurement of the statutory receivables, so they are initially recognised at fair value plus any directly attributable transaction costs.

Details about DFSV's impairment policies, exposure to credit risk, and the calculation of the loss allowance are set out in Note 7.1.

5.1.1 Assets and liabilities related to contracts with customers

Other than trade receivables shown in Note 5.1 DFSV had no assets or liability relating to contracts with customers as at the reporting date.

There was no contract liability balance at the beginning of the reporting period, and so no revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period.

5.2 Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that financial accounting period.

5.3 Payables

	2024 \$	2023 \$
Current payables		
<i>Contractual</i>		
Supplies and services ^a	167,249	128,322
Employee benefit accruals and on-costs	39,055	52,900
Total contractual payables	206,304	181,222
<i>Statutory</i>		
Taxes payable (FBT, PAYG, Payroll Tax)	77,389	118,169
Total current payables	283,693	299,391

Note:

a. The average credit period for payables is 30 days.

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. They represent accounts payable and accrued liabilities for goods and services provided to DFSV prior to the end of the financial year that are unpaid, and arise when DFSV becomes obliged to make future payments in respect of the purchase of those goods and services; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Due to the short-term nature of current payables, their carrying value is assumed to approximate their fair value and maturity dates are one month or less.

Notes to financial statements (cont.)

6. Financing our operations

This section provides information on the sources of finance utilised by DFSV during its operations, along with other information related to financing activities of DFSV.

This section includes disclosures of balances that are financial instruments. Notes 7.1 and 7.3 provide additional, specific financial instruments disclosures.

6.1 Cashflow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2024 \$	2023 \$
a) Cash and cash equivalents		
Cash on hand	300	300
Cash at bank	7,659,545	7,363,950
Total cash and deposits disclosed in the balance sheet	7,659,845	7,364,250
b) Reconciliation of net result for the financial year to net cashflows from operating activities		
Net result for the financial year	46,506	283,334
<i>Non-cash movements:</i>		
Depreciation and amortisation of non-current assets	319,787	330,226
<i>Movements included in investing activities:</i>		
Net loss/(gain) on disposal of non-financial assets	35,523	(2,335)
<i>Movements in assets and liabilities:</i>		
Decrease in receivables	57,487	42,116
Decrease/(Increase) in prepayments	19,698	(27,465)
Decrease in payables	(15,698)	(73,905)
Increase/(Decrease) in provisions	37,637	(140,945)
Net cash flow from operating activities	500,940	411,026

6.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet. DFSV did not have commitments at the reporting date.

6.3 Leases

DFS's leasing activities

DFS leases a property, IT equipment, and various motor vehicles. The lease contracts are typically made for fixed periods of 1–5 years with the exception of the property lease which has an option to renew for a further 5 years.

- Leases of IT equipment with contract terms of 1–3 years are leases of low-value items. DFS has elected not to recognise right-of-use assets and lease liabilities for these leases.
- Vehicle and property leases are recognised on balance sheet: a right-of-use asset, representing DFS's right to use the leased assets, and an associated lease liability, representing its obligation to pay the contractual payables.

Property leases

DFS holds one lease for premises at Camberwell for a five-year term from 1 April 2022 to 31 March 2027, with fixed rate annual rental increases of 3 per cent. The incremental borrowing rate applicable to this lease, used to discount the future lease payments to present value, was determined as 4%.

Vehicle leases

DFS leases vehicles for use by staff primarily on 3-year contracts. Vehicles vary in exact specifications but represent similar assets over a similar period. The agreements include fixed and variable payments, where the variable payments depend on kilometres driven in excess of a contractual maximum. Only fixed rental payments have been included in the valuation of the lease liability and right-of-use asset recognised per vehicle.

	2024 \$	2023 \$
Amounts recognised in the comprehensive operating statement		
Interest on lease liabilities	23,255	29,168
Expenses relating to leases of low-value assets	7,424	7,424
	30,679	36,592
Maturity analysis – undiscounted contractual cash flows		
Less than one year	221,030	219,204
One to five years	344,273	517,951
Total undiscounted contractual cash flows	565,303	737,155
Lease liabilities recognised in the balance sheet		
Current	196,647	189,306
Non-current	332,237	483,281
Total	528,884	672,587
	2024 \$	2023 \$
Amounts recognised in cashflow statement		
Payments of interest on lease payments [operating cashflows]	23,255	29,168
Payments of principal on lease payments [financing cashflows]	210,798	195,567
Total cash outflow for leases	234,053	224,735

Notes to financial statements (cont.)

Lease liability: initial measurement

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used.

Lease payments included in the measurement of lease liabilities comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI); and
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if DFSV is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

For a contract that contains a lease component and one or more additional lease or non-lease components, DFSV allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease liability: subsequent measurement

Subsequent to initial measurement, the lease liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

Right-of-use assets are presented within property, plant and equipment in Note 4.1 and lease liabilities are presented as borrowings above.

Short-term leases and leases of low-value assets

DFSV has elected to account for short-term leases (i.e. of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

7. Risks, contingencies and valuation judgements

DFSV is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of DFSV's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such assets and liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met, and the assets are not designated as fair value through net result:

- the assets are held by DFSV to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

DFSV recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)
- term deposits.

Notes to financial statements (cont.)

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. DFSV recognises payables and lease liabilities (excluding statutory payables) as liabilities in this category and subsequently measured at amortised cost using the effective interest method less any impairment.

The carrying amounts of DFSV's contractual financial assets and financial liabilities by category are disclosed in the table below (excluding statutory amounts i.e. GST recoverable and taxes payable).

Financial instruments: Categorisation	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
2024			
<i>Contractual financial assets:</i>			
Cash and deposits	7,659,845	-	7,659,845
Trade receivables	39,066	-	39,066
Accrued interest	28,960	-	28,960
Other debtors	200	-	200
Total contractual financial assets	7,728,071	-	7,728,071
<i>Contractual financial liabilities:</i>			
Supplies and services	-	167,249	167,249
Borrowings: lease liabilities	-	528,884	528,884
Total contractual financial liabilities	-	696,133	696,133
Financial instruments: Categorisation	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
2023			
<i>Contractual financial assets:</i>			
Cash and deposits	7,364,250	-	7,364,250
Trade receivables	60,616	-	60,616
Accrued interest	26,247	-	26,247
Other debtors	14,461	-	14,461
Total contractual financial assets	7,465,574	-	7,465,574
<i>Contractual financial liabilities:</i>			
Supplies and services	-	128,322	128,322
Borrowings: lease liabilities	-	672,587	672,587
Total contractual financial liabilities	-	800,909	800,909

Financial risk management objectives and policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 Fair value determination.

DFSV's main financial risks include credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk refers to the possibility that a borrower or debtor will default on its financial obligations as and when they fall due. DFSV's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to DFSV. Credit risk is measured at fair value and is monitored on a regular basis.

DFSV does not have any material credit risk exposure to any single debtor, creditor or group of debtors or creditors under receivables and payables.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that DFSV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 90 days overdue, and changes in debtor credit ratings.

	Financial institution (AA credit rating) \$	Other \$	Total \$
Credit quality of financial assets: 2024			
Cash on hand (not subject to impairment losses)	-	300	300
Financial assets with loss allowance measured at 12 month expected credit loss:			
Cash and deposits (with no impairment loss recognised)	7,659,545	-	7,659,545
Statutory receivables (with no impairment loss recognised)	792	-	792
Financial assets with loss allowance measured at lifetime expected credit loss:			
Contractual receivables applying the simplified approach for impairment	28,960	39,266	68,226
Total	7,689,297	39,566	7,728,863

	Financial institution (AA credit rating) \$	Other \$	Total \$
Credit quality of financial assets: 2023			
Cash on hand (not subject to impairment losses)	-	300	300
Financial assets with loss allowance measured at 12 month expected credit loss:			
Cash and deposits (with no impairment loss recognised)	7,363,950	-	7,363,950
Statutory receivables (with no impairment loss recognised)	25,181	-	25,181
Financial assets with loss allowance measured at lifetime expected credit loss:			
Contractual receivables applying the simplified approach for impairment	26,247	75,077	101,324
Total	7,415,378	75,377	7,490,755

Notes to financial statements (cont.)

Impairment of financial assets under AASB 9

DFSV records allowances for expected credit losses on its contractual receivables, statutory receivables, and its investments in debt instruments following the requirements of AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, no impairment loss provision has been recognised.

Contractual receivables at amortised cost

DFSV applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

DFSV has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on DFSV's past history, existing market conditions, as well as forwardlooking estimates at the end of the financial year.

The credit loss allowance for any contractual receivables written off when there is no reasonable expectation of recovery, and impairment loss allowances, are classified as a 'other economic flows in the net result'. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

DFSV's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

They are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term.

As a result, the loss allowance recognised for these financial assets during the period was limited to their 12-month expected losses. No loss allowance has been recognised in 2023–24 (2022–23 nil).

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. DFSV operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

DFSV is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. DFSV manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

DFSV's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Market risk

DFSV's exposure to market risk is through interest rate risk. Taking into account past performance, DFSV considers that a shift of +/- 1.0 per cent in market interest rates (AUD) is 'reasonably possible' over the next 12 months. Management has assessed the impact that such shift in the interest rate would have on net operating result and equity on DFSV as immaterial if the above movements were to occur.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. DFSV does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. DFSV has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts.

DFSV has minimal exposure to interest rate risk through its cash and deposits that are variable rate.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and DFSV's sensitivity to interest rate risk are set out in the table that follows.

Interest rate exposure of financial instruments	Note	Weighted average interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2024						
<i>Financial assets:</i>						
Cash at bank	6.1	4.4%	7,659,845	-	7,659,545	300
Receivables ^a	5.1		68,226	-	-	68,226
Total financial assets			7,728,071	-	7,659,545	68,526
<i>Financial liabilities:</i>						
Payables ^a	5.3		167,249	-	-	167,249
Lease liabilities	6.3	3.7%	528,884	528,884	-	-
Total financial liabilities			696,133	528,844	-	167,249
2023						
<i>Financial assets:</i>						
Cash at bank	6.1	3.08%	7,364,250	-	7,363,950	300
Receivables ^a	5.1	-	101,324	-	-	101,324
Total financial assets			7,465,574	-	7,363,950	101,624
<i>Financial liabilities:</i>						
Payables ^a	5.3	-	128,322	-	-	128,322
Lease liabilities	6.3	3.80%	672,587	672,587	-	-
Total financial liabilities			800,909	672,587	-	128,322

a. Amounts shown exclude statutory amounts.

Foreign currency risk

DFSV is not exposed to foreign exchange risk.

Notes to financial statements (cont.)

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at their nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

DFSV currently has a Bank Guarantee facility with Commonwealth Bank of Australia for \$77,400 (2023: \$77,400) relating to the leased premises which expires 31 March 2027. Guarantees issued on behalf of DFSV are financial instruments because, although authorised under statutes terms and conditions for each financial guarantee, may vary and are subject to an agreement.

There are no legal or any other claims that creates a contingency for DFSV at the end of this reporting period (2023:Nil).

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of DFSV.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — fair value is determined by using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Consistent with *AASB 13 Fair Value Measurement*, DFSV determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

DFSV considers that the carrying amount of financial instrument assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full. These include:

Financial assets

Cash and deposits

Receivables:

- Sale of goods and services
- Accrued investment income
- Other receivables

Financial liabilities

Payables:

- For supplies and services
- Amounts payable to government and agencies

Property, plant and equipment (excluding right-of-use leases)

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2024.

For all assets measured at fair value, the current use is considered the highest and best use.

Fair value measurement hierarchy	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
As at 30 June 2024				
Leasehold improvements	172,727	-	-	172,727
Office equipment and furniture	89,499	-	-	89,499
Total plant and equipment at fair value	262,226	-	-	262,226
As at 30 June 2023				
Leasehold improvements	203,610	-	-	203,610
Office equipment and furniture	138,906	-	-	138,906
Total plant and equipment at fair value	342,516	-	-	342,516

Note: There have been no transfers between levels during the financial year.

Reconciliation of level 3 fair values as at 30 June 2024	Leasehold improvements \$	Office equipment & furniture \$	Total \$
Opening balance	203,610	138,906	342,516
Disposals	-	(2,514)	(2,514)
Depreciation	(30,883)	(46,893)	(77,776)
Closing balance	172,727	89,499	262,226

Reconciliation of level 3 fair values as at 30 June 2023	Leasehold improvements \$	Office equipment & furniture \$	Total \$
Opening balance	234,472	196,663	431,135
Depreciation	(30,862)	(\$57,757)	(88,619)
Closing balance	203,610	138,906	342,516

Notes to financial statements (cont.)

8. Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this report.

8.1 Ex-gratia expenses

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

There were no ex-gratia expenses incurred during the financial year ended 30 June 2024 (2023:nil).

8.2 Other economic flows included in the net result

Other economic flows are changes in the value of an asset or liability that do not result from transactions.

Net gains/(losses) on non-financial assets include the net value of impairment losses, and any gains or losses on disposal at the date of disposal, determined after deducting any proceeds from the carrying value of the asset.

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Responsible Ministers:

Minister for Agriculture, the Hon. Gayle Tierney was the responsible Minister from 1 July 2023 to 1 October 2023. The Hon. Ros Spence was the responsible Minister for Agriculture from 2 October 2023 to 30 June 2024.

Board members

The name of persons who were Board members of DFSV during the full year are as follows:

Anne Astin (Chair)	1 July 2023 – 30 June 2024
Michele Allan	1 July 2023 – 30 June 2024
Tania Luckin	1 July 2023 – 30 June 2024
Tracey Marsden	1 July 2023 – 30 June 2024
Nicholas Renyard	1 July 2023 – 30 June 2024
Peta Slack-Smith	1 July 2023 – 30 June 2024
Joanna Wriedt	1 July 2023 – 30 June 2024

Accountable officers

The name of persons who held the position of Accountable Officer during the year are as follows:

Andrew Wilson	1 July 2023 – 7 January 2024
Corrie Goodwin	8 January 2024 – 30 June 2024

Total remuneration of the Accountable Officers in connection with the management of DFSV during the reporting period was in the range: \$290,000 – \$299,999 (2023: \$360,000 – \$369,999).

Insurance premiums

During the financial year, DFSV paid an insurance premium inclusive of GST of \$47,031 (2023: \$41,805) insuring the Board members and executive officers against a liability arising as a result of work performed in their capacity as Board members or executive officers.

Remuneration of responsible persons

Remuneration received or receivable by the accountable officer and other responsible persons in connection with the management of DFSV during the year was in the following ranges:

	2024 No.	2023 No.
Income band		
\$10,000 – \$19,999	5	5
\$40,000 – \$49,999	1	1
\$290,000 – \$299,999	1	–
\$360,000 – \$369,999	–	1
Total numbers	7	7
Total remuneration	\$419,736	\$491,389

Note: The above table excludes Board member Tracey Marsden who is remunerated by the Department of Energy, Environment and Climate Action.

8.4 Remuneration of executives

The number of executive officers and their total remuneration during the reporting period are shown in the following table. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by DFSV in exchange for services rendered and is disclosed in the following categories.

- **Short-term employee benefits:** include wages, salaries, paid annual leave, paid personal leave and allowances that are usually paid or payable on a regular basis.
- **Post-employment benefits:** superannuation entitlements.
- **Other long-term benefits:** long service leave entitled during the reporting period.
- **Termination benefits:** termination of employment payments such as severance packages.

Remuneration of executives (including key management personnel disclosed in Note 8.5)	2024 \$	2023 \$
Short-term benefits	81,894	157,593
Post-employment benefits	7,355	16,352
Other long-term benefits	–	4,884
Termination benefits	–	–
Total remuneration^a	89,249	178,829
Total number of executives	1	1
Total annualised employee equivalents^b	0.3	0.8

Notes:

a. The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.5).

b. Annualised employee equivalent is based on the time fraction worked over the reporting period.

Notes to financial statements (cont.)

8.5 Related parties

Related parties of DFSV include all key management personnel and their close family members and personal business interests, the Department of Energy, Environment and Climate Action (DEECA) and Treasury Corporation Victoria (TCV).

Key management personnel of DFSV includes the Portfolio Ministers, board members, the accountable officer (ref Note 8.3 Responsible persons), and a member of the executive team as follows:

- General Manager, Compliance, Enforcement and Technical Services — Andrew Wilson (8 January 2024 – 30 April 2024).

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

Outside of normal citizen type transactions mentioned above, there were no related party transactions that involved key management personnel, their close family members and their personal business interests, other than that listed below. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Board member Tracey Marsden is employed by the DEECA as Director, Pets and Animal Welfare. As a representative of DEECA, Tracey Marsden can support the Board with knowledge of the Department's priorities and activities where appropriate. Tracey Marsden is not remunerated by DFSV but the dollar value of attending DFSV board meetings would be equivalent to the standard remuneration amount that a Board member receives set by the Department of Premier and Cabinet.

Key Management Personnel of DFSV includes an executive officer, board members and the accountable officer (other than ministers). The total remuneration during the reporting period is shown in the following table. Total annualised employee equivalents provide a measure of full-time equivalent executive officers over the reporting period.

The compensation detailed excludes the salaries and benefits the Portfolio Minister received. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the States Annual Financial Report.

	2024 \$	2023 \$
Total compensation of key management personnel		
Short-term employee benefits	460,975	595,717
Post-employment benefits	47,033	55,739
Other long-term benefits	977	6,349
Termination benefits	-	12,413
Total	508,985	670,218

Note: KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

8.6 Remuneration of auditors

	2024 \$	2023 \$
External audit fees (Victorian Auditor General's Office)	29,000	28,000
Total remuneration of auditors	29,000	28,000

8.7 Subsequent events

The policy in connection with recognising subsequent events, that are, for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

There were no material events subsequent to balance date that have significantly affected the operation, results or the state of affairs of DFSV.

8.8 Australian accounting standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published which are not effective for the 30 June 2024 reporting period. DFSV's management assess the impact of these new standards, their applicability to the entity and early adoption where applicable.

AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector.

AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on DFSV's reporting.

8.9 Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding.

The financial statements and notes are presented based on the illustration in the 2023–24 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier published DFSV annual reports.



Appendix 1: Disclosure index

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

Legislation	Requirement	Page reference
Ministerial Directions & Financial Reporting Directions		
Report of operations		
<i>Charter and purpose</i>		
FRD 8	Objectives, indicators and outputs	10–24
FRD 22	Manner of establishment and the relevant Ministers	3
FRD 22	Purpose, functions, powers and duties	3
FRD 22	Key initiatives and projects	11–24
FRD 22	Nature and range of services provided	11–24
<i>Management and structure</i>		
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FRD 17	Wage inflation and discount rates for employee benefits	50
FRD 22	Summary of the financial results for the year	24
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FRD 22	Details of consultancies under \$10,000	32
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FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	33
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FRD 22	Application and operation of the <i>Public Interest Disclosure Act 2012</i>	34
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SD 5.1.3	Attestation for compliance with DEECA's Portfolio Financial Management Compliance	35
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Financial statements

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SD 5.2.1(a)	Compliance with <i>Financial Management Act 1994</i>	45
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Other disclosures as required by FRDs in notes to the financial statements

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FRD 21	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	68
FRD 110	Cash Flow Statements	43
FRD 112	Defined Benefit Superannuation Obligations	51
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