

annual report 2016-2017



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Letter of Compliance

The Honourable Bill Byrne MP
Minister for Agriculture and Fisheries and Minister for Rural and Economic Development
GPO Box 46
Brisbane Qld 4001

Dear Minister

I am pleased to present the Annual Report for 2016-2017 and financial statements for Safe Food Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be accessed at page 55 of this Annual Report or accessed at www.safefood.qld.gov.au.

Yours sincerely

Kathryn Adams
Chair
Safe Food Queensland Board



Public Availability

This Annual Report is available on our website at www.safefood.qld.gov.au and in hard copy on request using the contact details below.

Stakeholder feedback is important to us and contributes to improving the value of future Annual Reports for our readers. We welcome your comments on this Report. You can contact us at:

Email: info@safefood.qld.gov.au

Freecall: 1800 300 815

Phone: (07) 3253 9800

Fax: (07) 3253 9810

Post: Safe Food Queensland
PO Box 549
Stones Corner Qld 4120

Safe Food Queensland (Safe Food) is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the Annual Report, you can contact us on either (07) 3253 9800 or 1800 300 815 and we will arrange for an interpreter to effectively communicate the Report to you.



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Message from Safe Food Chair

Kathryn Adams

I am pleased to present the 2016-17 annual report as the Chair of Safe Food Production Queensland (Safe Food).

Safe Food is a statutory body within the portfolio of Agriculture and Fisheries with responsibility for risk based food safety outcomes in the primary production and processing sector in Queensland.

This sector is growing and makes a significant contribution to the economy in Queensland. Safe Food's role is to be proactive in prevention of food borne incidents that impact on public health and also to support market access and trade for a wide diversity of primary produce.

During the reporting year 2016-17 Safe Food continued its work to foster highly effective, sustainable food safety practices leading to better outcomes for the businesses accredited with Safe Food and for consumers.

This work occurs at a national level as well as with individual food businesses.

Results from our successful partnerships with other agencies in Queensland and the poultry and egg industries resulted in a strategy to reduce the impact of specific pathogens in food. This strategy will now be expanded nationally as the first initiative of its kind under the national regulatory framework.

Many food businesses, from large multi-nationals to small family operations have now been accredited under Food Safety Schemes for more than ten years.

The value of verification of food safety "credentials" under accreditation arrangements is now widely recognised. An indicator of this is the growing interest in the food safety standard of Queensland primary produce. This prompts more businesses to consider export markets for their products.

I am pleased to report that the expectations established in the current business plan are being delivered by a committed and capable workforce.

Services delivered by Safe Food are based on a simple philosophy of accountability through sharing of information and taking responsibility for outcomes. In addition, Safe Food is working with industry to ensure that a safe food culture becomes the normal way of doing business. This philosophy applies both within Safe Food and between Safe Food and all its stakeholders. The Board's role is to guide and support the development of this culture to sustain the current high level of performance. A strategic plan for 2018 and beyond has been developed; the Board will continue to work on the strategic leadership represented in this document.

I would like to thank my fellow Directors and the staff at Safe Food for their support, their ideas and their work to deliver this year's results.

I am anticipating further challenges as we develop the culture of collaboration and partnership that is already producing better outcomes for the people of Queensland. Not only are we ready to respond to these challenges but are leading the way with innovative approaches to improving Food Safety in Queensland and nationally.

Chair
Safe Food Queensland



Chief Executive Officer's Report

Dr Barbara Wilson

This Annual Report highlights our commitment to providing the best services and practical outcomes for our community of stakeholders.

During 2016-17 we focused on the roll out of improved assessment services for the 8,500 plus producers and processors that make up our register of businesses with a food safety accreditation. I am pleased to report that the new system worked very well in the field reducing the time needed to establish evidence of compliance. Information from these assessments helps us to propose and discuss changes with stakeholders with the aim of improving outcomes in the future.

Why is this important?

The effectiveness of our food safety controls at any level relies on timely and reliable information. The actions of both Safe Food and the businesses we accredit depend on decisions about risks and possible consequences. Better information means more effective decision-making and less impact from adverse events such as an outbreak of food-borne illness.

The capability to work on a mobile platform with web connection to our office in Brisbane supports our staff and accredited businesses with accurate, real time information and reporting. We use digital technology as an enabler in our collaboration with other agencies and with businesses. However, our operations are mainly face-to-face.

This year we developed our engagement model with specific sectors of the food supply chain. Quarterly workshops using resources to promote proactive culture and behaviour support our risk, science based approach. Supporting food safety with a willing and responsive behaviours/culture that induces compliance and yields a better outcome for everyone.

Safe Food is a regulator that is serious about engaging in smarter, innovative ways. We continue to explore both the challenges and opportunities in food safety management using a partnership approach. However, the integrity of our regulatory role remains paramount as emphasized by the verification activities that we have completed and reported this year.

Outcomes in this report are the result of the efforts of many people including the dedicated team we have at Safe Food, our Board of Directors, other regulators and our diverse client base.

Thank you all for your commitment, support and feedback.

Barbara Wilson
Chief Executive Officer
Safe Food Queensland



Snapshot of Our Performance

National Standards

- monitored for compliance with national standards for eggs, seafood, dairy, poultry meat, horticulture (seed sprouts) and meat
- compliance verified at greater than 96% across all accredited businesses
- ensured full compliance with national audit framework across all Food Safety Schemes
- undertook market access reforms in collaboration with Australian Department of Agriculture and Water Resources (DAWR) for meat, dairy, seafood and eggs (one regulator per business where possible)
- produced a draft framework to contribute to the National Pathogen Reduction Strategy in conjunction with Queensland Health, Department of Agriculture and Fisheries (DAF) and the poultry Industry

Promoting Food Safety Culture

- managed food production systems to support food safety within the mix of food business practices
- Safe Food's behaviour model was applied to over 1400 assessments conducted by Safe Food
- workshops for Small to Medium Enterprises (SME) in Dairy on building a culture that supports food safety within the industry
- applying risk assessment models for business using behaviours as indicators of compliance
- participation in national food forums to present on a culture that supports food safety

Accessible Agency

- a new Safe Food website was developed with an expected launch date of July 2017. This new website will work across multiple platforms
- provided a single point of contact for notifications and responses back to stakeholders about food safety incidents
- public register of accreditation holders and approved auditors (open and transparent information)
- continuous improvement strategies for information systems to reduce overheads and streamline reporting back to stakeholders
- social media forums such as Facebook and Twitter to encourage positive interactions with all stakeholders



Safe Food Queensland
HIGHLIGHTS
 2016 - 2017

1185 
 NEW APPLICATIONS
 WERE APPROVED THIS YEAR

QUARTERLY
INDUSTRY MEETINGS
 HELD TOGETHER WITH

EMPLOYEE
PROFILE
13



&



20



Red Meat Industry



Poultry Industry



Dairy Industry



Egg Industry



NEW **WEBSITE**
 FOR JULY 2017

NOTIFICATIONS
 Safe Food Queensland Received



366
 CONSUMERS



137
 FOOD BUSINESSES



38
 ANONYMOUS



40
 QUEENSLAND HEALTH (INCLUDING PUBLIC HEALTH UNITS)

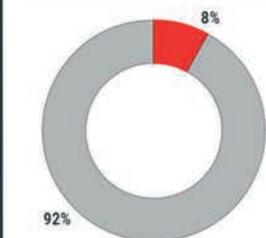


35
 ENVIRONMENTAL HEALTH OFFICERS



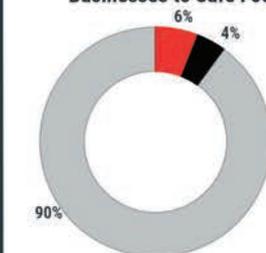
140
 AUSTRALIAN COMPETITION AND CONSUMER COMMISSION (ACCC)

Annual Fee Amounts Paid By
 Businesses for Accreditations



● Accreditation fee greater than \$500
 ● Accreditation fee less than \$500

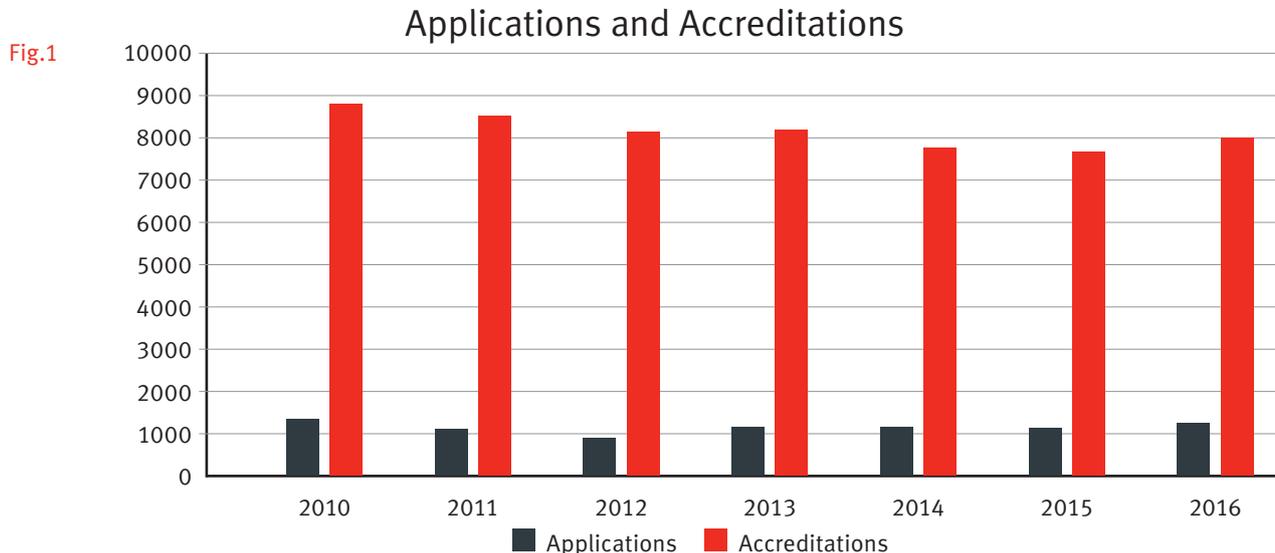
Total Annual Fees Paid By
 Businesses to Safe Food



● Accreditation and Audit fee greater than \$950
 ● Accreditation and Audit fee from \$800 to \$950
 ● Accreditation and Audit fee less than \$800

Applications and Accreditations

The number of accreditation applications and accreditations issued each calendar year from 2010 to 2016 are provided in Figure 1, below.



Assessments and Audits

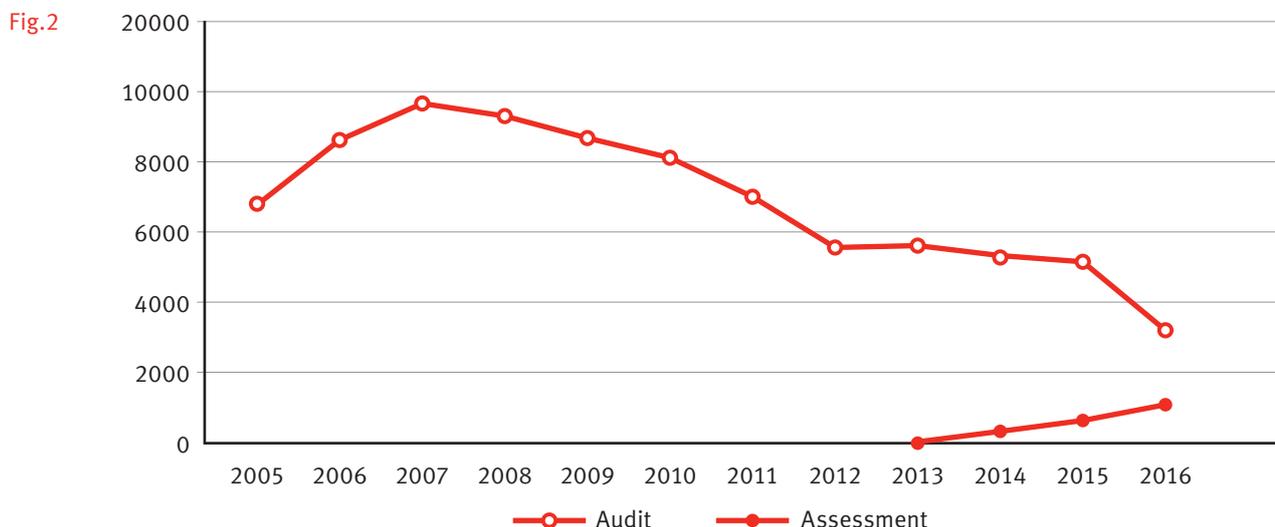
Food businesses are subject to a range of monitoring methods for compliance throughout the year, conducted to satisfy the regulatory requirements. Whilst audits will be maintained as a monitoring tool, they can be costly in terms of time and money, and have limitations as a method of indicating sustained compliance or in identifying poor behavior and culture. Therefore, other approaches to monitoring have been developed and introduced to providing Safe Food with a range of monitoring tools. The number of audits and assessments conducted each calendar year from 2005 to 2016 as provided in Figure 2.

Safe Food's Compliance Assessment System (CAS) is an electronic tool that incorporates technology for assessing food safety compliance. As opposed to an audit this system provides a snapshot of the behaviour/culture of a

food business and can be used to assess matters such as awareness of, provision for, and commitment to, food safety outcomes.

In addition to on-site monitoring, Safe Food has gradually introduced electronic data-based monitoring systems such as the Central Information Management System (CIMS). CIMS was designed to analyse data supplied by industry against agreed performance targets at key points in food production systems. Supplementing on-site monitoring with the remote information sharing provides more regular and timely provision of indicators regarding individual business production systems and promotes greater, proactive engagement between Safe Food and businesses.

Number of Audits and Assessments conducted Per Year (2005-2016)





About Us

Who we are and what we do

Safe Food was created through the *Food Production (Safety) Act 2000* (the FPS Act) and is responsible for regulating food safety in the food production and processing sectors in Queensland. Safe Food is a statutory body with 35 FTE's and is directly accountable to an expertise-based Board reporting to the Minister for Agriculture and Fisheries and the Minister for Rural Economic Development

Safe Food regulates under the FPS Act to:

- ensure the production and processing of primary produce is carried out in a way that makes produce fit for human or animal consumption and maintains food quality
- provide food safety measures for the production and processing of produce consistent with other State laws

Safe Food delivers efficiencies through our information systems making the benefits of regulation apparent and existing resources go further.

Through our work with industry consultative committees, Safe Food generates ideas to support food businesses, inform a more holistic approach to regulation and lead responsive national policy initiatives that achieve industry growth.

We work in collaboration with our regulatory partners Queensland Health and the Department of Agriculture and Fisheries industry and consumers, to monitor results of food safety controls.

Our vision

- food produced or consumed in Queensland is safe and suitable

- Safe Food is an influential agent for change promoting a culture supporting food safety
- Safe Food is widely recognised as a credible and respected food safety agency

Operating Principles

- diligence, professionalism and integrity in all areas of our work
- engaging with our clients and the community in a fair and equitable manner
- respect for the law and for other people
- avoidance of real or apparent conflicts of interest

Safe Food's Strategy 2015-2020

Safe Food's Strategy aligns with, and addresses, the challenges and opportunities encompassed in this vision.

It provides direction to Safe Food staff, informs businesses consumers and other stakeholders and demonstrates alignment of our deliverables with the Queensland Government's objectives.

The current Safe Food strategy strives to achieve a balance between responsible regulation to deliver consumer expectations and individual responsibility of businesses. This strategy was reviewed by the Board in 2017.

The Strategy is comprised of three Strategic Priorities: Ensure the Queensland Food Safety System is affordable, sustainable and continually improving; Work in partnership with all stakeholders in the food chain to facilitate compliance with food standards; and Ensure that Safe Food is responsive, efficient, effective and delivers value for money.

Strategic Priority 1

Ensure the Queensland Food Safety System is Affordable, Sustainable and Continually Improving

Strategic Priority 1 is to contribute to a food safety system which is affordable, sustainable and continually improving. Key to the success of this work will be the utilisation of scientific advice and risk assessment on which to base risk management and enforcement decisions. Safe Food will use an evidence based approach to underpin advice to our stakeholders on the development of food safety policy and food safety measures.

Key objectives

- to ensure that risk management decisions are based on sound evidence
- to employ regulatory processes supported by current science and best practice
- use developments within the technology sector and identify opportunities for developing business solutions
- to engage with other agencies and work in collaboration with industry in delivering food safety outcomes that meet and exceed expectation

To achieve this, we will

- use notification reporting processes to inform regulatory approaches and priorities
- conduct or obtain scientific risk assessments as the basis for risk management decisions
- seek cost effective compliance solutions for the food sector

Expected outcomes

- Safe Food is recognised nationally and internationally as a reliable source of food safety advice
- Safe Food has the scientific information available to underpin its risk assessment and risk management activities

Success indicators

- food safety regulation that is transparent, accountable and innovative
- scientific analysis informs risk management approaches aimed at improving food safety and health promotion
- rapid risk assessment capability to support improved food incident management activities

Strategic Priority 1 – Progress Snapshot

- Compliance verified at greater than 96% across all accredited businesses
- 90% of accredited businesses pay combined annual accreditation, assessment and/or audit fees of less than \$950
- Review of monitoring for businesses recognised as Tier 2 establishments, with a new system of monitoring scheduled for introduction in 2018



Strategic Priority 2

Work in Partnership with all Stakeholders in the Food Chain to Facilitate Compliance with Food Standards

Strategic Priority 2 places an onus on Safe Food to work in partnership with key stakeholders in the food business sector and to build confidence and trust in the Queensland regulatory system through effective risk communication and dialogue with all concerned.

Safe Food will engage with these sectors at many levels to reinforce the message of responsibility and to encourage improvement in standards for food safety.

Key objectives

- to actively engage with the food industry in constructive dialogue towards adoption of the highest standards of food safety and legislative compliance
- to provide useful resources for food businesses to assist in compliance with food regulation in a manner proportionate to their size, capability and development
- to support the work of national bodies engaged in the advancement of the Australian food regulatory system

To achieve this, we will

- maintain and develop industry pathways to underpin constructive dialogue with industry sectors
- embrace and contribute to the knowledge networks developed by other agencies engaged in food production and regulation
- support specialist, technical workshops and seminars
- assist small businesses in meeting their food safety training needs through advice, published guidance and contemporary initiatives

Expected outcomes

- industry-wide voluntary adoption of high food safety standards and hygiene practices that meet global benchmarks
- implementation of food legislation that protects consumers' health in a manner that engenders the development of the food industry
- Safe Food is recognised by the food industry as adding value to business

Success indicators

- effective engagement mechanisms in place between Safe Food and industry
- increasing numbers in relation to notifications involving food produced in Queensland, giving early warnings

Strategic Priority 2 – Progress Snapshot

- Ongoing implementation of Queensland Pathogen Risk Reduction Strategy in conjunction with Queensland Health and Department of Agriculture and Fisheries. The Queensland Strategy is currently being used to inform the development of a National Strategy
- Conducted 15 meetings with the egg, poultry meat, red meat, dairy and oyster industries
- Continued implementation of the Horticulture Standard for the Seed Sprout Industry, with all accredited seed sprout businesses assessed during the reporting period

Strategic Priority 3

Ensure that Safe Food is Responsive, Efficient, Effective and Delivers Value for Money

Strategic Priority 3 is about building a high performing organisation and recruiting, retaining and developing staff so that they have the depth and range of skills to deliver on Safe Food's vision. Against a backdrop of budget constraints, the challenge for Safe Food is not only to maintain the same level of standards and services, but to continue to improve them during the period of this Statement of Strategy. Safe Food will seek to improve productivity and implement cost effective strategies within the context of the regulatory framework.

Key objectives

- develop and maintain IT and communications systems to support and enhance service delivery
- develop and manage systems for the collection, analysis and dissemination of data in relation to monitoring compliance in accredited business
- create a strong performance culture with the capacity to continuously improve and maximise productivity

To achieve this, we will

- maintain and upgrade IT systems and infrastructure so that they provide the best value for money
- establish appropriate disaster recovery and business continuity facilities
- be open and transparent in all communications
- review and enhance existing performance management systems and continue to provide for the on-going training and continued professional development of staff

Expected outcomes

- Safe Food delivers its services in an effective and efficient manner whilst providing value for money
- conformance with corporate governance requirements
- consumers and industry kept informed of known and emerging risks associated with food or the supply chain

Success indicators

- deliver minimal, cost effective regulation that leaves a small imprint on day to day business operations

Strategic Priority 3 – Progress Snapshot

- Ongoing implementation of the Central Assessment System (CAS), which has streamlined reporting and invoicing, with all businesses being sent an assessment report and invoice within 24 hours of concluding their assessment
- Continued implementation of the Central Information Management System (CIMS), with the development of an App to enable the real time reporting against poultry meat industry agreed performance targets. A prototype App for the red meat industry is currently under development
- Redevelopment and launch of new mobile-enabled Safe Food website, designed to improve usability and accessibility



Safe Food Board

Safe Food Board of Directors

The Safe Food Board consists of a Chair and four other Directors and provides strategic direction to the agency.

The Board ensures the effectiveness of planning processes and governance practices and the integrity of reporting systems. It is also responsible for ensuring the organisation operates according to sound financial management principles and practices.

The Board maintains an overview of the administration and policies of the organisation, but has no direct management responsibility, nor does it play a regulatory role.

The Chief Executive Officer is responsible for the day-to-day management of the organisation. The Board members for the reporting period are:

- Kathryn Adams (Chair)
- Peter White
- Elizabeth Homer
- Malcolm Letts (representative of the Chief Executive of the Department of Agriculture and Fisheries)
- Sophie Dwyer (representative of the Chief Executive of Queensland Health)

The Chair and Directors are appointed by the Governor in Council upon the recommendation of the Minister. All Board Directors are independent, non-executive Directors, appointed on a part-time basis for up to three years. Directors are appointed on the basis of having each demonstrated substantial achievement in their chosen field.

Board meetings

The Board meets quarterly and requires a quorum of Directors eligible to vote (i.e. at least three members). In order to meet operational needs, the Board may convene special meetings or use electronic methods to agree or respond to specific issues. The Board met four times during 2016-2017.

Board Director	Board Meetings attended	Strategic Planning Workshop attended
Kathryn Adams (Chair)	4	1
Peter White	4	1
Elizabeth Homer	4	1
Malcolm Letts	4	1
Sophie Dwyer	4	1



Kathryn Adams, Chair

Kathryn Adams was appointed as Chair in 2016.

Kathryn has previously served on the Safe Food Board from 2007 to 2013. She has extensive experience in board services and is currently a non-executive director of several primary industry-related boards. Kathryn's qualifications include a Master of Business, Master of Environmental Studies, Bachelor of Science, Agriculture (Hons), Diploma of Law, Graduate Diploma of Legal Practice and a Graduate Diploma of Administration. She is a fellow of the Australian Institute of Company Directors and is a member of the Queensland and New South Wales Law Society and the Australian Institute of Agricultural Science and Technology. Kathryn's has extensive experience in the Agricultural industry within Queensland and New South Wales in addition to her experience in legal practice.

Peter White

Peter White was appointed as a Director in 2013.

Peter has extensive experience in meat business operations in both domestic and export markets. Peter was General Manager for Marketing for over 20 years at Australia Meat Holdings and was Joint Chief Executive Officer and Director from 1998. Prior to that Peter worked for over 15 years in senior management roles at Thomas Borthwick & Sons in both Australia and in London.

Elizabeth Homer, Director

Elizabeth Homer was appointed as Director in 2016.

Elizabeth has a strong background in primary production and manages the operations of a grazing property in Central Queensland. Her qualifications include a Bachelor of Science in Medical Microbiology from the University of Queensland. She is a member of the Australian Institute of Company Directors and has been named in the Top 100 Women in Agribusiness. She is a graduate of the Australia Institute of Company Directors.

Malcolm Letts

Malcolm Letts was appointed as a Director in 2016.

As Deputy Director-General, Agriculture, Malcolm leads the development of policies, research and interventions that deliver an efficient, innovative, productive and successful agricultural sector.

Malcolm has extensive experience in trade and investment, agricultural policy and industry development.

Malcolm has worked with the Queensland Government for 24 years. He has a particular interest in agricultural industry development, supply chain improvement, and in modernising extension and broader service delivery to better meet the needs of food and agribusiness companies. He has a Bachelor of Environmental Science and Masters in App. Sc. Rural Systems. He is a graduate of the Australia Institute of Company Directors.



Sophie Dwyer PSM

Sophie Dwyer was appointed as a Director in 2010.

Sophie Dwyer is the Executive Director of the Health Protection Branch in Queensland Health. The Branch is responsible for health risk assessment and regulation in environmental health (including food safety, poisons, radiation safety and water and general risks to public health). Her career has covered a wide range of public health responsibilities, including the management of local public health units and Queensland Health's health promotion programs and was awarded the Public Service Medal in 2008. She has a Bachelor of Environmental Science (Hons), a Bachelor of Social Work, a Graduate Diploma in Management and a Masters of Public Health. She is a graduate of the Australia Institute of Company Directors.

Safe Food Organisational Arrangements

Safe Food Staff

During 2016-2017, Safe Food had 35 FTE positions located in Brisbane. No redundancy, early retirement or retrenchment packages were paid during this period.

Safe Food has in place workforce planning arrangements and strategies to attract and retain skilled and capable workers, as well as a comprehensive employee management framework.

Safe Food actively promotes flexible working arrangements and recognises work/life balance. Safe Food has in place flexible working hours and leave arrangements, provision of parenting facilities, working from home and telecommuting and part time and job share opportunities.



Organisational Structure

Chief Executive Officer

The Chief Executive Officer, (CEO) reports to Safe Food's Board of Directors and the Minister for Agriculture and Fisheries and Minister for Rural and Economic Development. She is responsible for leading and managing the affairs of Safe Food including strategically positioning the agency to achieve organisational and financials goals and implementing Board policy.

The CEO is appointed by the Governor In Council on the recommendation of Safe Food's Board to the Minister.

Business Functions

- Business performance and planning
- Evaluation and reporting
- Interagency operations and coordination
- National food regulation standards, development and implementation
- Risk communication, emerging issues and education

Executive Management

The Safe Food Board delegates responsibility to the CEO for the day to day management of the organisation. The CEO is assisted in this process by Executive Management (EM).

EM is responsible for monitoring the performance of the business, ensuring statutory requirements are met and overseeing the development of risk management strategies for Safe Food.

Business Functions

- Monitor business performance in accordance with direction set by the Minister and Board and described in the Safe Food Business Plan
- Ensure Safe Food complies with statutory requirements
- Reduce unnecessary regulatory burden on business
- Develop and execute risk management strategies consistent with Safe Food's role
- Manage compliance with all areas of corporate governance as required by the Queensland Audit Office
- Ensure Safe Food achieves its objectives as outlined in Safe Food's strategic documents and policies

Compliance, Engagement, Service Delivery and Business Systems

The compliance, strategy and response area is responsible for all field operations including incident response, notifications, assessment and compliance. It is also responsible for contribution to the development and implementation of Standards and legislative reviews.

Business Functions

- Compliance and enforcement activities
- Field operations, audits, inspections
- Food incident response
- Legislative requirements
- Monitoring systems and reporting (Food Safety Schemes)
- National Standards development and implementation
- Notifications and assessments
- Systems development, recognising industry best practice and QA systems

The service delivery and business support area develops and manages Safe Food's systems, policies and processes in the areas of corporate governance, finance and human resources. It is also responsible for managing technical services for the organisation.

Business Functions

- Business information services
- Business solutions and technology
- Corporate governance and planning
- Finance and HR services
- Information management and IT systems
- Outsourcing, contract services

Resources are deployed in a flexible way that responds to demand for services and stakeholder needs



Our Performance

Safe Food is a mature regulatory agency with a sound record of achievement in food regulation across a number of food production and processing fields.

In 2016-17 Safe Food developed innovative, responsive and cost effective ways of achieving the results needed to maintain confidence in the safety of our food supply chain. Technology and innovation plays a big part in enabling Safe Food to verify food safety outcomes and there are a number of electronic data-based systems that have been developed in partnership with industry to monitor those outcomes.

Developing a behaviour based model for implementing and sustaining food safety controls in each food business continues to be a focus for joint work between Safe Food and Food Standards Australia and New Zealand (FSANZ).

Methods used by Safe Food to communicate with stakeholders and consumers about food safety risks already incorporate behaviour based indicators and conversations about food safety culture.

In this respect, Safe Food is ahead of the curve and is educating other food regulators about this form of measuring regulatory compliance.

Safe Food has met or exceeded its key priorities for the people of Queensland by ensuring the Queensland food safety system is affordable, sustainable and continually improving. Safe Food works in partnership with all stakeholders in the food supply chain to facilitate compliance with food standards and ensuring that the agency is responsive, efficient, effective and delivers value for money.

The results are a reflection of how Safe Food staff have effectively managed workloads, often under difficult circumstances.

Compliance across all food safety schemes has been verified at more than 96% with simplified risk categories and reduced compulsory auditing (all schemes).

Safe Food has also worked hard to improve processes for applications and deliver online capability to increase productivity.



Regulatory Approach

Safe Food is a leading practitioner in the implementation of outcomes based legislation. The bi-national framework supporting food regulation in Australia and New Zealand involves more than 90 agencies. Safe Food adopts best practice in the implementation of outcomes based regulation.

Safe Food's Approach to Best Practice Regulation

Elements of best practice regulation include the following:

- regulation should fit into a commercial framework but at the same time satisfy regulatory objectives
- risk management is linked to risk analysis and risk modelling
- regulation is outcomes oriented and achieves high levels of compliance
- regulation is easy to understand

Safe Food aligns minimum effective regulation with best practice. Adopting best practice drives ongoing process improvement within Safe Food.

Safe Food allows businesses to easily demonstrate that produce is safe and suitable, whilst enjoying significant flexibility in how this is achieved.

Safe Food has engagement and consultation mechanisms in place for a diverse range of production sectors. These include eggs, seafood, meat, dairy and horticulture.

Working on a regular basis with businesses in all of these sectors allows Safe Food to develop and adopt simple, practical ways of addressing all regulatory requirements.

Lessons learned in one area can be easily transferred across to other sectors.

An example is the industry meetings held during 2016-2017 with businesses in the dairy, egg, oyster and meat sectors, where topical safety issues for these sectors were explored.

Small regular workshops where topical safety issues in common for these sectors were explored in a collaborative environment.

National Regulatory Framework

Food regulation is aimed at achieving predetermined food safety outcomes. The alignment of these outcomes across jurisdictions is achieved through a national framework involving Australian state, territory and local government agencies.

National Standards, which are included in the Australia New Zealand Food Standards Code (the Code) are developed by Food Standards Australia New Zealand (FSANZ). Primary Production and Processing (PPP) Standards are included under Chapter 4 of the Code.

Safe Food participates in the national food regulatory framework through contributions to and membership on a range of committees and other groups, such as the Food Regulation Standing Committee (FRSC), which is the national forum and co-ordinating body for food regulatory matters. Safe Food is represented on both the FRSC and its subcommittee, the Implementation Subcommittee for Food Regulation (ISFR). Safe Food senior staff also participate in a range of other committees and working groups to promote better regulatory practices such as the Australian Meat Regulators Group.

Adoption of National Standards into State law requires action by each of the individual jurisdictions. In Queensland, the *Food Production (Safety) Act 2000* and *Food Act 2006* provides a framework to do this, as well as reflecting current government policy and addressing emerging issues that may impact on food safety.

State Regulatory Framework

Safe Food's key priorities are to promote outcomes for food safety and seek to prevent food-borne illness, and these priorities have been pursued during the 2016-2017 period. Translating the priorities into action is a process that needs to be carefully managed and Safe Food has a very good track record of achievement in this area.

As the State Regulator for food safety in the food production and processing sectors, Safe Food works in partnership with industry and other state and commonwealth regulatory agencies to secure outcomes for businesses along the food supply chain.

Each agency is committed to maintaining Queensland's reputation for providing safe and suitable food. In addition to monitoring the supply chain, the goals of this multi-agency approach are to explain in simple terms Queensland's food safety model. The model places emphasis upon practical reforms and reducing any potential overlap of agency efforts to improve the delivery of minimal, yet effective, regulation.

The Queensland Senior Officers' Working Group (SOWG) proactively promotes the smooth operation of existing regulatory controls across agencies to ensure public health and safety. SOWG is made up of senior representatives from Queensland Health, DAF and Safe Food. SOWG develops strategies and approaches to reduce potential agency overlap and introduce practical reforms to improve the delivery of best practice food regulation.



During the reporting period the SOWG met 11 times, with issues discussed including national regulatory developments, residue management, incident response and progress of the Queensland Risk Reduction Strategy.



Low Cost Compliance For Industry

Safe Food provides businesses with options for demonstrating compliance with national food safety requirements.

Businesses incur relatively small costs to meet and demonstrate their commitment to food safety regulation. Consumers pay a small amount to support this regulatory compliance within the cost of goods.

Safe Food operates an ongoing program of reducing compliance costs through pursuit of administrative efficiencies, in line with the 2015-2020 Strategy. The majority of food production businesses accredited by Safe Food are small to medium enterprises (SME's), with more than 90% of businesses paying less than \$500 in annual accreditation fees to Safe Food.

Further, more than 90% of accredited businesses pay combined annual accreditation, assessment and/or audit fees equal to or less than \$800.

Safe Food has a role in mitigating food safety risks across the supply chain by dealing directly with relevant businesses and stakeholders where there is an incident and by working with accredited businesses to ensure they adopt preventative measures around food safety risks.

Businesses accredited by Safe Food achieve consistently high rates of compliance. As such, audits of food businesses have been reduced and other compliance methods, such as assessments, are being employed. These assessments highlight the business's awareness of, provision for, and commitment to food safety. The application of these simple criteria as part of the assessment process enables the accreditation holder to showcase the practices used within the business to support food safety, including culture and behaviour.

Enforcement is used as a last resort, but is required in some instances to protect public health and address consumer concerns about food safety.

Figure 3 provides an overview of the number of Corrective Action Requests (CARs) issued each calendar year to accreditation holders. This indicates a significant decline in the combined annual number of CARs issued since 2010. CARs are issued when non-conformances are observed during food safety audits. These are separate from the notification register maintained by Safe Food Queensland, referenced in figures 4 and 5.

During this period different compliance assessment approaches have been employed in addition to traditional methodologies, such as auditing. Whilst the annual number of CARs has decreased, Safe Food has maintained the necessary focus on assessing food safety compliance across all accredited food businesses which indicates continually improving levels of compliance across all sectors.

The reduction is due, in part, to the change in regulatory philosophy of encouraging a business culture that supports food safety and acknowledgment of response from industry. The introduction of arrangements, such as the electronic Central Information Management System (CIMS), improves the efficiency and reliability of information that is shared between businesses and Safe Food.

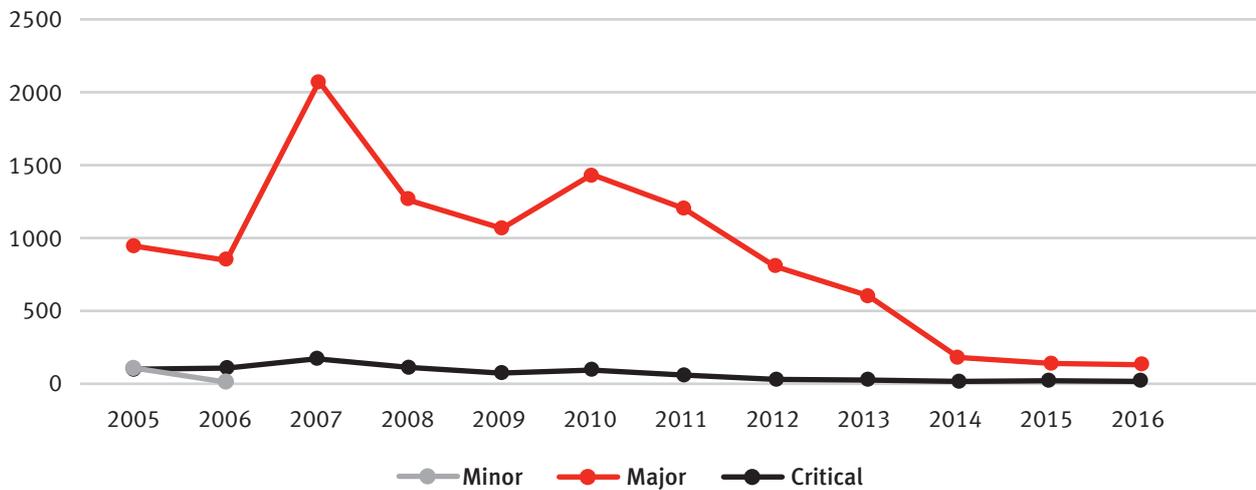
CIMS is a significant initiative that Safe Food has developed and implemented as a compliance monitoring tool. CIMS is designed to analyse data supplied by industry against agreed performance targets at key points in food production systems.

Collectively, this approach describes and monitors performance against a food safety baseline that represents a stable and consistent individual food production system. CIMS facilitates the through-chain monitoring of production systems and allows industry to demonstrate that it is meeting key targets in production systems. By utilising information that is already being collected, it also serves to minimise compliance costs, as much as, and wherever possible.

During 2016-17, Safe Food continued to allow industry to report against baseline studies and reporting against industry baselines, through systems such as CIMS and to encourage businesses to monitor and improve their reputation for product integrity and food safety.



Figure 3: Number of Corrective Action Requests Issued Per Year (2005-2016)



Food Safety Notifications and Incident Investigations

Safe Food investigates alleged food safety issues through notifications it receives and works closely with its regulatory partners at Queensland Health and Local Government where appropriate.

Food safety incidents involving more than one jurisdiction are managed according to the National Food Incident Response Protocol. Figures 4 and 5 provide a summary of food safety notifications (e.g. consumer complaints) received by Safe Food. Notifications do not form part of Safe Food's compliance monitoring system but inform enforcement activities, such as investigations.

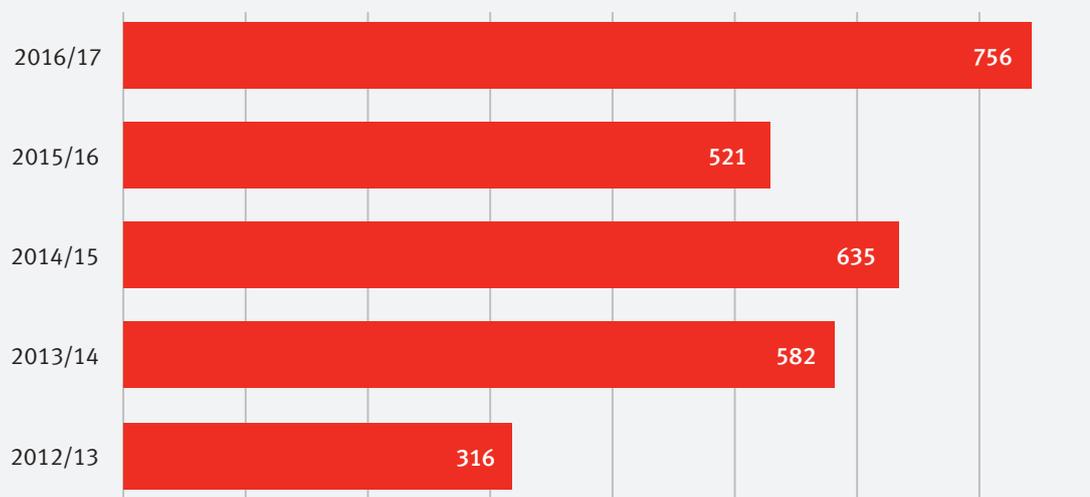
Safe Food's notification system is a general enquiry system whereby any complaint or notification is logged and managed in-confidence. Where matters arise that fall

outside of Safe Food jurisdiction these are referred to the appropriate agency both intrastate and interstate. For example, many of the notifications Safe Food receives are about the behavior of employees or management within food businesses. Notifications regarding food service businesses are referred to the relevant local government for investigation.

Safe Food also receives a variety of notifications from associated businesses and consumers, who notify Safe Food when circumstances arise during food production or processing that may compromise the acceptability of product for consumption and present a food safety concern. Through this proactive approach Safe Food ensures that any risks are managed and addressed by the relevant business.

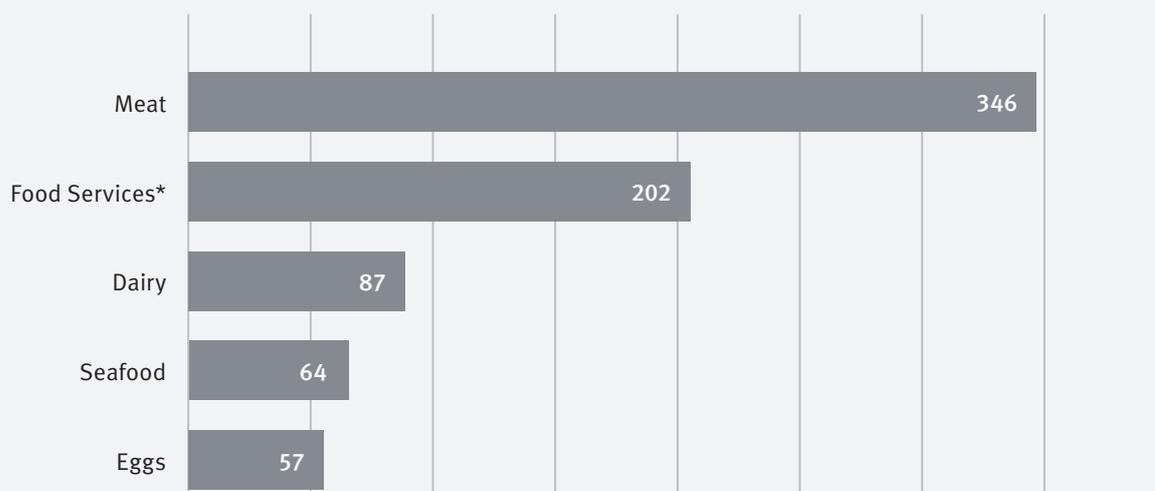
Total Food Notifications by Year

Fig.4



Food Notifications by Industry Sector 2016-2017

Fig.5



*Note that these matters are normally referred to Local Government for investigation



Corporate Governance Practices

Safe Food achieves its corporate objectives through strong corporate governance, risk management strategies, planning and continuous business improvement. Our corporate priorities are aligned with our corporate policies and processes. Effective corporate planning across the agency ensures all statutory obligations are met.

We continually review our operational plans to strengthen our corporate planning processes and to improve the way we monitor, evaluate and deliver our performance information.

Safe Food's ability to make quality decisions and act upon them relies on the provision of sound information, good judgement, ethical behaviour and effective relationships.

The application of effective compliance, performance and risk management processes and mechanisms develops robust corporate governance and underpins our approach.

Our framework is based on the ethics principles outlined in the *Public Service Ethics Act 1994* and the governance concepts in the *Financial and Performance Management Standard 2009*.

There are a number of internal accountability mechanisms that enable us to manage risk, seize opportunities, and monitor, evaluate and report on our performance.

Corporate Planning

Plan	Objectives	Outcome	Document
Statement of Strategy	Prioritises the strategic direction over the long term	Summary of performance against agreed targets and priorities	Annual Report
Business Plan	Identifies specific corporate priorities for the year	Provides information to the Safe Food Board and EM group against targets	Quarterly reports
Operational Plans	Supports the delivery of corporate priorities	Provides EM with information on progress towards targets	Monthly reports
Personal development plans	Supports staff in contributing to strategic priorities	Provides feedback to staff	Annual reviews

Internal audit charter

As part of the internal audit process, Safe Food engages an external provider to examine its systems. The provider also reviews preparation of the annual financial statements and follows up on the prior year's outstanding issues (if any), ensuring the recommendations of the prior audit reports are being implemented.

The Internal Audit Plan is prepared in conjunction with Executive Management and approved by the Safe Food Board annually. The internal audit function has due regard to Queensland Treasury's Audit Committee Guidelines.

Corporate planning and performance management

Safe Food seeks to improve the way in which we manage our corporate planning and performance management activities to ensure the integrity of the data and to be innovative and efficient in how we use the data.



Public Sector Ethics

Safe Food requires all employees to maintain high standards of ethical behaviour in the execution of their duties. We provide direction and guidance to our people in shaping an ethical workplace and helping staff to make better decisions while striving to achieve our objectives.

The principles set out in the *Public Sector Ethics Act 1994* form the basis of our Code of Conduct and our integrity framework. The Safe Food Code of Conduct requires staff to:

- act with integrity and impartiality, ensuring high standards of workplace behaviour and personal conduct
- promote the public good through excellence in customer service, community engagement and working with other agencies
- commit to the system of government through conscientious service to Safe Food and government
- act with accountability and transparency to support high standards of administration

All new officers participate in Code of Conduct training as part of their induction. Executive Management facilitates a culture of ethics within the organisation, primarily by developing and implementing policies, processes and procedural systems that are designed to raise ethical awareness and prevent misconduct.

Code of Conduct

Safe Food's Code of Conduct reflects the diversity and uniqueness of the organisation's business. It is a practical guide to ethical decision making and responsible behaviour that incorporates the principles outlined in the *Public Sector Ethics Act 1994*, namely:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency

Safe Food's Code of Conduct and all policies and procedures are promoted regularly and are available to staff on the Safe Food intranet. All employees must comply with the Code.

Workplace Health and Safety

Safe Food is committed to ensuring healthy and safe working conditions for employees, contract staff and visitors under a number of workplace health and safety policies, underpinned by a comprehensive program of audits, inspections, risk assessments and training.

All Safe Food employees are provided with training in how to perform their work safely and without risk to their own or others health and safety.

New employees are thoroughly briefed about workplace health and safety during their staff induction program and provided with appropriate training by Safe Food's workplace health and safety officers and first aid officers to ensure they carry out their duties in accordance with the *Work Health and Safety Act 2011* and associated Safe Food policy.



Additional Information

Right to Information and Information Privacy

Safe Food is committed to providing the community with open and transparent access to information about our services and activities while protecting the privacy of clients and staff.

Safe Food is committed to releasing as much information as possible and provides access to information in accordance with the legislation and its Open Data strategy. Our website also contains a wide range of information, most of which is also downloadable.

Although we provide the community with a significant amount of easily accessible information, interested parties are also able to make an application under the *Right to Information Act 2009* (RTI Act) should they seek to obtain access to information that is not their personal information.

The Information Privacy Act 2009 (IP Act) provides people with the means to access their personal information to ensure it is accurate, complete, up-to-date and not misleading.

The IP Act recognises the importance of protecting the personal information of individuals, gives individuals control over the use and disclosure of their personal information and creates the right for individuals to access and amend their own personal information and stipulates how agencies must handle personal information.

Concerns or queries relating to the collection, access, storage, use or disclosure of personal information, can be obtained by:

- calling Safe Food on (07) 3253 9800
- Free Call: 1800 300 815
- e-mail to privacy@safefood.qld.gov.au

Board Remuneration

For 2016–2017 data for Board Remuneration will be published through the Safe Food Queensland website (www.safefood.qld.gov.au).

Right to Information and Information Privacy Applications

Safe Food did not receive any Right to Information or Information Privacy applications in 2016–2017.

Making an application

An application for access to documents under either the RTI Act or IP Act may be made via:

- <https://www.smartservice.qld.gov.au/services/information-requests/home> action
- calling Safe Food on (07) 3253 9800
- Free Call: 1800 300 815
- e-mail to privacy@safefood.qld.gov.au

Applicants must provide proof of identity when applying for access to documents concerning their personal information.

If applying for access to information that is not your personal information, an initial application fee must be paid before the application will be processed. Processing and photocopying charges may apply.

If applying for access to information that is your personal information, an application fee is not payable, but access charges may apply.

Record keeping

Information systems and record keeping are an important part of Safe Food's management of the application and assessment processes for our accreditation holders.

We continue to develop strategies and activities supporting the implementation of the Queensland Information Standards IS31 and IS40 under the *Public Records Act 2002*.

Hard files are maintained for all accreditations with each one having a unique number that preserves the identity and privacy of the holder of accreditation.

Safe Food's accreditation and auditing management system (HENRI) provides live real-time record management that supports day-to-day activities and backs-up other systems.

The organisation's accounting database, Finance One, is used for payments, invoicing and revenue management.

Open Data

For 2016–2017, consultancies and overseas travel will be published through the Queensland Government Open Data website (qld.gov.au/data) where applicable.



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Our Financial Position



Safe Food Production Queensland

Statement of Comprehensive Income for the year ended 30 June 2017

	<i>Notes</i>	2017	2016
		\$	\$
Income			
Revenue			
User charges & fees	B1-1	4,745,815	4,781,757
Grants & Contributions	B1-2	1,900,000	1,900,000
Interest	B1-3	124,210	138,147
Other revenue	B1-4	6,587	40,129
Total income		6,776,612	6,860,033
Expenses			
Employee expenses	B2-1	3,698,290	3,654,858
Supplies and services	B2-2	1,835,473	1,536,624
Finance/ Borrowing Costs	B2-3	795	-
Depreciation and amortisation	B2-4	88,824	108,556
Other expenses	B2-5	726,202	586,108
Total expenses		6,349,584	5,886,145
Operating surplus/ (deficit)		427,028	973,888
Other comprehensive income for the year		-	-
Total comprehensive income for the year		427,028	973,888

The accompanying notes form part of these financial statements.



Safe Food Production Queensland

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	C1	6,779,460	6,391,021
Receivables	C2	359,408	347,264
Other assets	C3	251,384	156,625
Total current assets		7,390,252	6,894,910
Non-current assets			
Intangible assets	C5-1	428,701	102,527
Property, plant and equipment	C4-1	79,776	72,619
Total non-current assets		508,477	175,146
TOTAL ASSETS		7,898,729	7,070,056
LIABILITIES			
Current liabilities			
Payables	C6	535,989	337,902
Employee benefits provisions	C7	222,859	201,031
Provisions	C8	37,955	-
Other liabilities	C9	1,766,762	1,622,987
Total current liabilities		2,563,565	2,161,920
TOTAL LIABILITIES		2,563,565	2,161,920
NET ASSETS		5,335,164	4,908,136
EQUITY			
Accumulated surplus		5,335,164	4,908,136
TOTAL EQUITY		5,335,164	4,908,136

The accompanying notes form part of these financial statements.



Safe Food Production Queensland

Statement of Changes in Equity for the year ended 30 June 2017

	<i>2017</i>	<i>2016</i>
	\$	\$
Accumulated Surplus		
Balance 1 July	4,908,136	3,934,248
Total comprehensive income for the year	427,028	973,888
Balance 30 June	<u>5,335,164</u>	<u>4,908,136</u>

The accompanying notes form part of these financial statements.



Safe Food Production Queensland

Statement of Cash Flows for the year ended 30 June 2017

	<i>Notes</i>	2017	2016
		\$	\$
Cash Flows from Operating Activities			
Inflows			
User charges		4,934,110	4,672,739
Government contributions		1,900,000	1,900,000
GST input tax credits from ATO		260,154	226,184
GST collected from customers		113,137	135,839
Interest		124,215	138,147
Other		6,587	40,129
		<u>7,338,203</u>	<u>7,113,039</u>
Outflows			
Employee expenses		(3,624,785)	(3,679,380)
Supplies and services		(1,740,815)	(1,652,687)
GST paid to suppliers		(306,009)	(229,428)
GST remitted to the ATO		(129,002)	(110,497)
Other		(726,997)	(586,108)
		<u>(6,527,608)</u>	<u>(6,258,099)</u>
Net cash provided by operating activities	CF-1	<u>810,595</u>	<u>854,939</u>
Cash Flows from Investing Activities			
Outflows			
Payments for property, plant and equipment		(37,160)	(11,492)
Payments for intangibles		(384,995)	(42,269)
		<u>(422,155)</u>	<u>(53,761)</u>
Net cash used in investing activities		<u>(422,155)</u>	<u>(53,761)</u>
Net increase in cash and cash equivalents held		388,440	801,179
Cash at beginning of financial year		6,391,021	5,589,842
Cash and cash equivalents at end of financial year	C1	<u>6,779,460</u>	<u>6,391,021</u>

The accompanying notes form part of these financial statements.



Safe Food Production Queensland

Notes to Statement of Cash Flows for the year ended 30 June 2017

	2017	2016
	\$	\$
CF-1 Reconciliation of Operating Results to Net Cash Provided by Operating Activities		
Operating (loss) gain	427,028	973,888
<i>Non-Cash items included in operating result:</i>		
Depreciation and amortisation expense	88,824	108,556
<i>Change in assets and liabilities</i>		
(Increase) / decrease in receivables	(12,144)	(131,242)
(Increase) / decrease in prepayments and deposits	(94,759)	(7,920)
Increase / (decrease) in payables	236,043	(62,107)
Increase / (decrease) in provisions	21,828	(48,460)
Increase / (decrease) in other liabilities	143,775	22,224
Net cash from operating activities	810,595	854,939



for the year ended 30 June 2017

SECTION 1 ABOUT THE AGENCY AND THIS FINANCIAL REPORT

A1 BASIS OF FINANCIAL STATEMENT PREPARATION

A1-1 GENERAL INFORMATION

Safe Food Production Queensland was established as a Statutory Body under the *Food Production (Safety) Act 2000* (FPS Act).

The head office and principal place of business of Safe Food Production Queensland is 138 Juliette Street, Greenslopes, Queensland 4120.

A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS

Safe Food Production Queensland has prepared these financial statements in compliance with section 43 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2016.

Safe Food Production Queensland is a not-for-profit entity and these general purpose financial statements are prepared on an accrual basis (except for the Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

A1-3 PRESENTATION

Currency and Rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest dollar, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2015-16 financial statements except where restated where necessary to be consistent with disclosures in the current report period.

Current/ Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

A1-4 AUTHORISATION OF FINANCIAL STATEMENT FOR ISSUE

The financial statements are authorised for issue by the Chairman and Chief Executive Officer at the date of signing the Management Certificate.

A1-5 BASIS OF MEASUREMENT

Historical cost is used as the measurement basis in this financial report.

Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.



for the year ended 30 June 2017

Fair Value

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 under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

The *market approach* uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.

The *cost approach* reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology.

The *income approach* converts multiple future cash flow amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

Net Realisable Value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

A2 OBJECTIVES OF THE AGENCY

The objective of Safe Food Production Queensland is to work in partnership with industry and with its co-regulatory partners Queensland Health, the Department of Agriculture and Fisheries (DAF) and Food Standards Australia and New Zealand (FSANZ) to ensure Queensland's food production systems comply with national food safety standards and deliver safe and suitable food.

SECTION 2 NOTES ABOUT OUR FINANCIAL PERFORMANCE

B1 REVENUE

B1-1 USER CHARGES AND FEES

User charges and fees controlled by Safe Food Production Queensland are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. User charges and fees, except for accreditation fees, are recognised in full as revenues when invoices for the related services are issued. Accreditation fees are received in full once received, however recognised over the period of the accreditation.

	2017 \$	2016 \$
Accreditation fees	3,559,180	3,353,250
Application fees	158,926	144,205
Audit fees	1,007,897	1,254,050
Fee for service income	19,812	30,251
	<u>4,745,815</u>	<u>4,781,757</u>

B1-2 GRANTS AND CONTRIBUTIONS

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which Safe Food Production Queensland obtains control over them (control is generally obtained at the time of receipt). If grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned according to the term of the funding arrangements.

	2017 \$	2016 \$
Department of Agriculture and Fisheries (DAF)	<u>1,900,000</u>	<u>1,900,000</u>

B1-3 INTEREST REVENUE

	2017 \$	2016 \$
Interest earned on bank account	<u>124,210</u>	<u>138,147</u>

B1-4 OTHER REVENUE

	2017 \$	2016 \$
Other Revenue	<u>6,587</u>	<u>40,129</u>

B2 EXPENSES

B2-1 EMPLOYEE EXPENSES

Accounting Policy - Wages and Salaries

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates. As Safe Food Production Queensland expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Accounting Policy - Sick Leave

Prior history indicates that on average, sick leave taken in each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Accounting Policy - Annual Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date, having regard to future rates of pay and on-costs. Annual leave entitlements are provided for at their nominal value.

Accounting Policy - Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on Safe Food Production Queensland to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when the leave is taken (quarterly in arrears).

No provision for long service leave is recognised in the financial statements, the liability being held on a Whole of Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Accounting Policy - Superannuation

Employer superannuation contribution are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. Safe Food Production Queensland's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Accounting Policy - Worker's Compensation

Worker's compensation insurance is a consequence of employing staff but is not counted in an employee's total remuneration package. It is not employee benefits and is recognised separately as employee related expenses.

Key management personnel and remuneration disclosures are detailed in Note E1.

	2017	2016
	\$	\$
Employee Benefits		
Wages and salaries	3,077,300	3,017,474
Employer superannuation contributions	370,721	361,319
Other	238,516	265,203
Employee Related Expenses		
Workers' compensation	11,753	10,862
Total Employee Expenses	<u>3,698,290</u>	<u>3,654,858</u>

No employees of Safe Food Production Queensland are employed under the *Public Service Act 2008*.



for the year ended 30 June 2017

B2-2 SUPPLIES AND SERVICES

	2017	2016
	\$	\$
<i>Supplies and Services</i>		
Administration Expenses	166,339	165,236
Advertising and Conference Costs	74,862	64,922
Communication Costs	98,028	89,867
Computer Costs	221,429	184,640
Contracting, Professional Services and Legal Costs	916,390	685,341
Motor Vehicle Costs	3,266	25,238
Property, Plant and Equipment Costs	89,013	96,461
Travel Costs	97,974	114,422
Other	166,349	108,079
	1,823	2,417
	<u>1,835,473</u>	<u>1,536,624</u>

B2-3 FINANCE/ BORROWING COSTS

Accounting Policy - Finance/ Borrowing Costs

Finance costs are recognised as an expense in the period in which they are incurred. Finance costs include amortisation of discounts relating to provisions.

	2017	2016
	\$	\$
Finance costs - make good provision	<u>795</u>	<u>-</u>

B2-4 DEPRECIATION AND AMORTISATION

	2017	2016
	\$	\$
<i>Depreciation</i>		
Plant and equipment	30,003	41,221
<i>Amortisation</i>		
Computer Software	58,821	67,335
Total Depreciation and Amortisation	<u>88,824</u>	<u>108,556</u>

B2-5 OTHER EXPENSES

	2017	2016
	\$	\$
Operating Lease Rentals	695,627	544,943
Bad / Doubtful Debts Written off	4,605	6,765
<i>Auditors' remuneration</i>		
Queensland Audit Office - external audit services*	16,970	16,400
Barr Group Pty Ltd - internal audit services	9,000	18,000
Total Other Expenses	<u>726,202</u>	<u>586,108</u>

*Total audit fees paid to Queensland Audit Office relating to the 2016-2017 financial statements are estimated to be \$18,667 GST inclusive (2016: \$18,040).



for the year ended 30 June 2017

SECTION 3 NOTES ABOUT OUR FINANCIAL POSITION

C1 CASH AND CASH EQUIVALENTS

Accounting Policy - Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

	2017 \$	2016 \$
Cash on hand	500	500
Cash at bank	3,916,281	3,242,570
Deposits at call	<u>2,862,679</u>	<u>3,147,950</u>
	<u>6,779,460</u>	<u>6,391,022</u>

C2 RECEIVABLES

Accounting Policy - Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. Bad debts are written off in the period in which they are recognised. All known bad debts were written off as at 30 June 2017.

Disclosure - Credit Risk Exposure of Receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets inclusive of any provisions for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by Safe Food. Receivables fall into one of the following categories when assessing collectability:

- within terms and expected to be fully collectible
- within terms but impaired
- past due but not impaired
- past due and impaired

Note C2-1 details the accounting policies for impairment of receivables, including the loss events giving rise to impairment and the movement in the allowance for impairment.

All receivables within terms and expected to be fully collectible are considered for good credit quality based on recent collection history. Credit risk management strategies are detailed in Note D1-3.

	2017 \$	2016 \$
Trade debtors	238,953	322,243
Less: Allowance for impairment loss	<u>(14,076)</u>	<u>(11,134)</u>
	224,877	311,109
GST receivable	107,216	-
GST payable	<u>(50,552)</u>	-
Net GST receivable (payable)	56,665	-
Other debtors	2,904	7,196
LSL Claims Receivable	<u>74,963</u>	<u>28,959</u>
	<u>77,866</u>	<u>36,155</u>
Total Receivables	<u>359,408</u>	<u>347,263</u>



for the year ended 30 June 2017

C2-1 IMPAIRMENT OF RECEIVABLES

Accounting Policy - Impairment of Receivables

The allowance for impairment reflects the occurrence of loss events. The most readily identifiable loss event is where a debtor is overdue in paying a debt to Safe Food Production Queensland.

If no loss events have arisen in respect of a particular debt or group of debtors, no allowance for impairment is made in respect of that debt/ group of debtors. If Safe Food Production Queensland determines that an amount owing by such a debtor does become uncollectible (after appropriate range of debt recovery actions), that amount is recognised as a Bad Debt expense and written-off directly against Receivables. In other cases where a debt become uncollectible but the uncollectible amount exceeds the amount already allowed for impairment of that debt, the excess is recognised directly as Bad Debt expense and written-off directly against Receivables.

Disclosure - Individually Impaired Receivables Position (Aged)

	2017		
	Gross Receivables	Allowance for Impairment	Carrying Amount
	\$	\$	\$
Overdue			
Less than 30 days	-	-	-
30 to 60 days	7,742	(7,742)	-
60 to 90 days	5,630	(5,630)	-
Greater than 90 days	704	(704)	-
Total Overdue	14,076	(14,076)	-

	2016		
	Gross Receivables	Allowance for Impairment	Carrying Amount
	\$	\$	\$
Overdue			
Less than 30 days	-	-	-
30 to 60 days	6,124	(6,124)	-
60 to 90 days	4,454	(4,454)	-
Greater than 90 days	557	(557)	-
Total Overdue	11,134	(11,134)	-

Disclosure - Movement in the allowance for impairment loss

	2017	2016
	\$	\$
Balance at beginning of the year	(11,134)	(12,479)
(Increase) decrease in allowance recognised in the operating result	(2,942)	1,345
Balance at the end of the year	<u>(14,076)</u>	<u>(11,134)</u>

Disclosure - Ageing of Past Due but Not Impaired Receivables

	2017	2016
	\$	\$
Overdue		
Less than 30 days	114,957	212,722
30 to 60 days	66,697	63,054
60 to 90 days	29,851	34,459
Greater than 90 days	13,372	874
Total Overdue	224,877	311,109



for the year ended 30 June 2017

C3 OTHER ASSETS

	2017	2016
	\$	\$
Prepayments	251,384	135,265
Other	-	21,360
	<u>251,384</u>	<u>156,625</u>

C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2017	2016
	\$	\$
At cost	262,759	249,437
Less: accumulated depreciation	(182,983)	(176,818)
	<u>79,776</u>	<u>72,619</u>

Represented by movement in carrying amount

Plant and equipment

Carrying amount at start of year	72,619	102,347
Additions	37,160	11,492
Depreciation	(30,003)	(41,221)
Carrying amount at end of year	<u>79,776</u>	<u>72,619</u>

C4-2 RECOGNITION AND ACQUISITION

Accounting Policy - Recognition Thresholds

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Building	\$10,000
Infrastructure	\$10,000
Land	\$1
Major Plant and Equipment	\$5,000
Plant and Equipment	\$5,000
Other (including heritage and cultural)	\$5,000

Items with a lesser value are expensed in the year of acquisition.

Accounting Policy - Cost of Acquisition

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use.

C4-3 MEASUREMENT USING HISTORICAL COST

Accounting Policy

Plant and equipment is measured at historical cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment is not materially different from their fair value.

C4-5 DEPRECIATION EXPENSE

Accounting Policy

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to Safe Food Production Queensland.

For depreciable assets, residual value is determined to be zero reflecting the estimated amount to be received on disposal at the end of their useful life.

Any expenditure that increases the originally assessed capacity or service potential of an assets is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to Safe Food Production Queensland.

Depreciation Rates

For each class of depreciable asset the following depreciation and amortisation

Class	Rate %
Plant and Equipment	
Computer Hardware	33.3
Motor Vehicles	20.0
Other Plant and Equipment	20.0
Leasehold Improvements	10.0

C4-6 IMPAIRMENT

Accounting Policy

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Safe Food Production Queensland determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the assets is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

When an asset is revalued using either a market or income valuation approach, any accumulated impairment losses at that date are eliminated against the gross amount of the asset prior to restating for the revaluation.

C5 INTANGIBLES AND AMORTISATION EXPENSE

C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT

	2017	2016
	\$	\$
Software Purchased:		
At cost	1,295,917	917,862
Less: Accumulated amortisation	<u>(901,371)</u>	<u>(889,535)</u>
	394,546	28,327
Software Internally Generated:		
At cost	718,432	711,492
Less: Accumulated amortisation	<u>(684,277)</u>	<u>(637,292)</u>
	34,155	74,200
Total	<u><u>428,701</u></u>	<u><u>102,527</u></u>



for the year ended 30 June 2017

	2017	2016
	\$	\$
<i>Represented by movement in carrying amount</i>		
Carrying amount at start of year	102,527	127,594
Additions	384,995	41,317
Amortisation	(58,821)	(66,384)
Carrying amount at end of year	<u>428,701</u>	<u>102,527</u>

C5-2 RECOGNITION AND MEASUREMENT

Accounting Policy

Intangible assets of Safe Food Production Queensland comprise purchased software and internally developed software.

Intangible assets with a historical cost or other value equal to or greater than \$100,000 are recognised in the financial statements. Item with a lesser value are expensed. Any training costs are expensed as incurred.

There is no active market for any of Safe Food Production Queensland's intangible assets. As such, the assets are recognised and carried at historical cost less accumulated amortisation and accumulated impairment losses.

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred. Research and development expensed during the period is included in 'supplies and services expense' (refer to Note B2-2).

Costs associated with the internal development of computer software are capitalised and amortised under the amortisation policy below.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

C5-3 AMORTISATION EXPENSE

Accounting Policy

All intangible assets of Safe Food Production Queensland have finite useful lives and are amortised on a straight line basis over their estimated useful life to Safe Food Production Queensland. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all the Agency's intangible assets is zero.

<i>Class</i>	<i>Rate %</i>
Computer Software	
Software Purchased	33.3
Software Internally Generated	33.3

C5-4 IMPAIRMENT

Accounting Policy

All intangibles assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, Safe Food determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as impairment loss.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by Safe Food Production Queensland, including discounting the use of the software. Recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

for the year ended 30 June 2017

C6 PAYABLES

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agree purchase/ contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 14 or 30 day terms.

	2017 \$	2016 \$
Trade creditors	<u>308,388</u>	<u>277,433</u>
GST receivable	-	(71,738)
GST payable	-	<u>76,789</u>
Net GST (receivable) payable	-	5,051
Other creditors	<u>227,601</u>	<u>55,418</u>
	<u>535,989</u>	<u>337,902</u>

Other creditors includes the difference between the minimum lease payment as per AASB 117 and minimum lease charges by the lessor.

C7 EMPLOYEE BENEFITS PROVISIONS

	2017 \$	2016 \$
Annual leave	<u>222,859</u>	<u>201,031</u>
	<u>222,859</u>	<u>201,031</u>

C8 PROVISIONS

Provisions are recorded when the Agency has present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. The amounts recognised as provision in relation to the make good provision for leased premise.

	2017 \$	2016 \$
Restoration costs	<u>37,955</u>	-
	<u>37,955</u>	-

C9 OTHER LIABILITIES

	2017 \$	2016 \$
Unearned revenue - Accreditation Fees	<u>1,766,762</u>	<u>1,622,987</u>

SECTION 4

NOTES ABOUT RISK AND OTHER ACCOUNTING UNCERTAINTIES

D1 FINANCIAL RISK DISCLOSURES

D1-1 FINANCIAL INSTRUMENT CATEGORIES

Financial assets and financial liabilities are recognised in the Statement of Financial Position. Safe Food Production Queensland has categorised the financial assets and financial liabilities held as:

Category	Notes	2017 \$	2016 \$
Financial Assets			
Cash and cash equivalents	C1	6,779,460	6,391,021
Receivables	C2	359,408	347,264
Total		7,138,868	6,738,285
Financial Liabilities			
Payables	C6	535,989	337,902

D1-2 FINANCIAL RISK MANAGEMENT

Safe Food Production Queensland's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Safe Food Production Queensland policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of Safe Food Production Queensland.

Safe Food Production Queensland measures risk exposure using a variety of methods as follows -

Risk Exposure	Measurement method
Credit risk	Ageing analysis
Liquidity risk	Cash flow management

D1-3 CREDIT RISK EXPOSURE

Credit risk exposure refers to the situation where Safe Food Production Queensland may incur financial loss as a result of another party to a financial instrument failing to discharge their obligations.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provision for impairment.

The following table represents Safe Food Production Queensland's maximum exposure to credit risk based on contractual amounts net of any allowances.

Maximum Exposure to Credit Risk

Category	Note	2017 \$	2016 \$
Financial Assets			
Receivable	C2	359,408	347,264

Financial Assets

No collateral is held as security and no credit enhancements relate to financial assets held by Safe Food Production Queensland.



for the year ended 30 June 2017

D1-4 LIQUIDITY RISK

Safe Food Production Queensland is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk is managed on an ongoing basis by ensuring funds are readily available for day to day operations. This is achieved by investing available cash funds in the Safe Food Production Queensland bank account or at call deposit accounts.

The following table sets out the liquidity risk of financial liabilities. It represents the contractual maturity of financial liabilities, calculated based on cash flows relating to the repayment of the principal amount outstanding at balance date.

	Note	2017 Payable in	
		< 1 year (\$)	1 - 5 years (\$)
Financial Liabilities			
Payables	C6	535,989	-

	Note	2016 Payable in	
		< 1 year (\$)	1 - 5 years (\$)
Financial Liabilities			
Payables	C6	337,902	-

D2 COMMITMENTS

Finance lease commitments

There are no finance lease commitments for Safe Food Production Queensland at 30 June 2017 (no commitments at 30 June 2016).

Lease commitments

At 30 June 2017, Safe Food Production Queensland had the following operating lease commitments inclusive of GST:

	2017 \$	2016 \$
Outstanding lease commitments are due for payment as follows:		
Not later than 1 year	643,096	631,327
Later than 1 year but not later than 5 years	2,722,616	2,434,622
Later than 5 years	1,825,817	1,848,000
	<u>5,191,529</u>	<u>4,913,949</u>

Capital expenditure commitments

At 30 June 2017, Safe Food Production Queensland had the following capital expenditure commitments inclusive of GST:

	2017 \$	2016 \$
Outstanding lease commitments are due for payment as follows:		
Not later than 1 year	275,000	-
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	<u>275,000</u>	<u>-</u>



for the year ended 30 June 2017

D3 EVENTS AFTER THE BALANCE DATE

There have been no known material post balance date events.

D4 FUTURE IMPACT OF ACCOUNTING STANDARDS NOT YET EFFECTIVE

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are set out below:

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB

As from the Agency's financial statements for 2017-18, this standard will require additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. These disclosures will include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of a reconciliation in the notes to the Statement of Cash Flows.

AASB 15 Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the department's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the department has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The department is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Safe Food Production Queensland are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the department's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

Safe Food Production Queensland has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the department's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Safe Food Production Queensland enters into, all of the department's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in Note D2-1). In the case of the department's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the department's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the department's receivables. Assuming no substantial change in the nature of the department's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the department will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Safe Food Production Queensland will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Safe Food Production Queensland enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in unquoted equity instruments measured at fair value through other comprehensive income and de-recognition of these items.



for the year ended 30 June 2017

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Safe Food Production Queensland's activities, or have no material impact on the Agency.

AASB 16 Leases

This Standard will become effective for reporting periods beginning on or after 1 January 2019. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Impact for Lessees

Unlike AASB 117 Leases, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If a lessee chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application. The Agency will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

The Safe Food Production Queensland has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.



for the year ended 30 June 2017

SECTION 5 OTHER INFORMATION

E1 KEY MANAGEMENT

Details of Key Management

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of Safe Food Production Queensland during 2016-17.

Position	Position Responsibility
Chief Executive Officer	Responsible for managing the affairs of the Agency and advising the Board performance of the Agency
General Manager - Compliance, Strategy & Response	Supports functions of the CEO in the management of the Agency

Remuneration Policies

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

Remuneration expenses for key management personnel comprise the following components:

Short term employee expenses which include:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee was a key management person;
- Non-monetary benefits - consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligation.

Termination benefits are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Key executive management do not receive performance payments.

1 July 2016 - 30 June 2017

Position	Short Term Employee Benefits		Long Term Employee Benefits (\$)	Post Employment Benefits (\$)	Total Remuneration (\$)
	Monetary Expenses (\$)	Non-Monetary (Motor Vehicle)			
Chief Executive Officer	224,981	13,864	4,947	26,575	270,368
General Manager	190,853	12,063	4,191	22,938	230,045

for the year ended 30 June 2017

1 July 2015 - 30 June 2016

Position	Short Term Employee Benefits		Long Term Employee Benefits (\$)	Post Employment Benefits (\$)	Total Remuneration (\$)
	Monetary Expenses (\$)	Non-Monetary (Motor Vehicle)			
Chief Executive Officer	219,601	15,607	4,790	25,933	265,931
General Manager	186,296	12,012	4,057	21,959	224,324

E2 RELATED PARTY TRANSACTIONS

Transactions with other Queensland-controlled entities

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue (Note B1-2) in the year in which Safe Food Production Queensland obtains control over them (control is generally obtained at the time of receipt).

Note B2-2 Supplies and Services, include payments for services received from other government entities, including Corporate Administration Arrangement, Queensland Trade and Treasury and Office of State Revenue.

E3 FIRST YEAR APPLICATION OF NEW ACCOUNTING STANDARDS OR CHANGE IN ACCOUNTING POLICY

Changes in Accounting Policy

Safe Food Production Queensland did not voluntarily change any of its accounting policies during 2016-17.

Accounting Standards Early

Two Australian Accounting Standards have been early adopted for the 2016-17 year as required by Queensland Treasury.

AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]. First year application of new accounting standards - AASB 124 Related Parties.

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosures in the notes. Safe Food has applied this flexibility in preparing the 2016-17 financial statements, including co-locating significant accounting policies with the related breakdowns of financial statement figures in the notes.

Accounting Standard Applied for the

No new Australian Accounting Standard effective for the first time in 2016-17 had any material impact on this financial report.

E4 TAXATION

Safe Food Production Queensland is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by Safe Food Production Queensland. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note C6).



CERTIFICATE OF SAFE FOOD PRODUCTION QUEENSLAND

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) the financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Safe Food Production Queensland for the financial year ended 30 June 2017 and of the financial position as at the end of that year; and
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

K ADAMS
Chairperson

Date: 23/08/2017

DR B L WILSON
Chief Executive Officer

Date: 23/08/2017



INDEPENDENT AUDITOR'S REPORT

To the Board of Safe Food Production Queensland.

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Safe Food Production Queensland.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am 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 Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in Safe Food Production Queensland's annual report for the year ended 30 June 2017, but does not include the financial report and my auditor's report thereon.

The Board is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.



Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives 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 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 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 entity.
- Conclude on the appropriateness of the entity'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. I base my conclusions 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.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Nick George
as delegate of the Auditor-General



Queensland Audit Office
Brisbane



ATTACHMENT A

Compliance Checklist

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 8	Page 2
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 10.1	Page 1 Page 57
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	Page 3
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	Page 3
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	Page 59
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 10.5	Page 59
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	Page 10
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	Page 10
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	Page 10
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs – section 12.1	Page 10
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	Page 10
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	Page 11
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 12.4	Page 19
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	Page 28



Summary of requirement		Basis for requirement	Annual report reference
Governance – management and structure	• Organisational structure	ARRs – section 14.1	Page 17
	• Executive management	ARRs – section 14.2	Page 17
	• Government bodies (statutory bodies and other entities)	ARRs – section 14.3	N/A
	• <i>Public Sector Ethics Act 1994</i>	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	Page 25
Governance – risk management and accountability	• Risk management	ARRs – section 15.1	Page 24
	• External scrutiny	ARRs – section 15.2	Page 52
	• Audit committee	ARRs – section 15.3	Page 24
	• Internal audit	ARRs – section 15.4	Page 24
	• Information systems and record keeping	ARRs – section 15.5	Page 26
Governance – human resources	• Workforce planning and performance	ARRs – section 16.1	Page 16
	• Early retirement, redundancy and retrenchment	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	Page 16
Open Data	• Consultancies	ARRs – section 17 ARRs – section 34.1	Page 26
	• Overseas travel	ARRs – section 17 ARRs – section 34.2	Page 26
	• Queensland Language Services Policy	ARRs – section 17 ARRs – section 34.3	N/A
Financial statements	• Certification of financial statements	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	Page 54
	• Independent Auditors Report	FAA – section 62 FPMS – section 50 ARRs – section 18.2	Page 52

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual Report Requirements for Queensland Government Agencies*



Glossary

Accreditation	The legal instrument that authorises the production and/or processing of primary produce under the <i>Food Production (Safety) Act 2000</i> .
Activity	The activities undertaken by a food business as part of their primary production activities.
Application	An application for accreditation includes the prescribed fee, a description of the activities carried out or proposed to be carried out by the applicant in connection with the production of primary produce, and a copy of their food safety program or management statement.
Audit	A systematic, independent, official examination of evidence that is evaluated objectively to ‘call to account’ the holder of accreditation for their food safety obligations.
Baseline	A basic standard or level - a reference point.
Compliance	When a person or food business is operating within the regulatory requirements that apply to the activity in which they are engaged and in keeping with the baseline for that activity.
Evidence	Information based on facts that can be proved through analysis, measurement, observation and other such means of research, and which establishes the truth, validity and quality of something.
<i>Food Production (Safety) Act 2000</i>	The <i>Food Production (Safety) Act 2000</i> is the legislation under which Safe Food operates. The Act aims to ensure that the production of primary produce is carried out in a way that: <ul style="list-style-type: none">• makes primary produce fit for human or animal consumption maintains food quality• provides for food safety measures for the production of primary produce consistent with other State laws relating to food safety
Food safety program	A general term referring to any risk based food safety management system, including legislated food safety programs
Inspection	A formal or official viewing or examination of activities conducted by a business as part of their accreditation with Safe Food.
Management Statement	A document prepared by an individual or business outlining their business activities and how they control the food safety risks in their business.
Monitoring	Includes, but is not limited to, a method used to check, observe, or record the operation of a food business.
Person	Means the individual accredited with Safe Food.



Place	Land or premises and/or vehicle where activities are carried out. A premises includes the building or structure in which primary production occurs.
Processor	A processor is a person who undertakes processing activities as defined under <i>Food Production (Safety) Act 2000</i> .
Producer	A producer is a person who undertakes primary production activities under the <i>Food Production (Safety) Act 2000</i> .
Regulation	A rule or order, as for conduct, prescribed by a food regulator; a governing direction or law.
Risk	The probability of loss of that which we value. In relation to food safety, a measure of the probability that a particular activity will result in unsafe or unsuitable food.
Supply chain	The chain that food moves through from the point of harvest or production right through to the end consumer. The supply chain can vary in length according to processing, time and travel distance.
Verification	The application of methods, procedures, tests and other tools for evaluation, in addition to monitoring, to determine compliance of a food safety program with the Food Standards Code or appropriate regulation.

Acronyms

ANZFRMC	Australia and New Zealand Food Regulation Ministerial Council
ARR	Annual Report Requirements
CAS	Compliance Assessment System
CEO	Chief Executive Officer
CMS	Compliance Management System
COAG	Council of Australian Governments
DAF	Department of Agriculture and Fisheries
DAWR	Australian Department of Agriculture and Water Resources
EM	Executive Management Group
FAA	<i>Financial Accountability Act 2009</i>
FoFR	Forum on Food Regulation
FPMS	<i>Financial and Performance Management Standard 2009</i>
FPS Act	<i>Food Production (Safety) Act 2000</i>
FRSC	Food Regulation Standing Committee
FSANZ	Food Standards Australia New Zealand
FTE	Full Time Equivalent
ISFR	Implementation Subcommittee for Food Regulation
KPI	Key Performance Indicator
QH	Queensland Health
RTI	Right to Information
SOWG	Senior Officers Working Group



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