

Annual Report 2019–20



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## Letter of compliance

31/08/2020

The Honourable Mark Furner MP

Minister for Agricultural Industry Development and Fisheries GPO Box 46

BRISBANE QLD 4000

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report for 2019–2020 and financial

statements for Safe Food Production 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 2019*, and
* the detailed requirements set out in the *Annual Report Requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements is provided at page 59 of this Annual Report.

Yours sincerely

Debbie Best Chair

Safe Food Production Queensland

## Public availability

This Annual Report is available on our website at [www.safefood.qld.gov.au/annual-reports/](http://www.safefood.qld.gov.au/annual-reports/) 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](mailto:info@safefood.qld.gov.au) Phone: (07) 3253 9800

Freecall:1800 300 815 (QLD only)

Fax: (07) 3253 9810

Post: Safe Food Production Queensland PO Box 221

GREENSLOPES 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 freecall (QLD only) 1800 300 815 and we will arrange for an interpreter to effectively communicate the Report to you.

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Message from the Chair of the Board

It is with much pleasure that I present the 2019–2020 Annual Report for Safe Food Production Queensland (Safe Food).

Safe Food is a statutory body that reports to the Minister for Agricultural Industry Development and Fisheries and is responsible for delivering risk-based food safety outcomes for the primary production and processing sector in Queensland.

Changes to the Board this year include the change of the Department of Agriculture and Fisheries representative from Malcolm Letts to Bernadette Ditchfield. I would like to acknowledge the significant contribution Malcolm gave to the Board and Safe Food over many years.

As a result of the COVID-19 pandemic both the Board and the Audit and Risk Committee have met more frequently

during 2020 to monitor changing risks to the business and financial performance.

Throughout this challenging period Safe Food has provided quality, practical advice to industry and government about safe food practices and management of issues associated with COVID-19.

Safe Food has developed new methods of audit and assessment services to ensure safety of both accreditation holders

and Safe Food staff.

A highlight has been the development of an online maturity assessment tool for Safe Food accredited Tier 2 red meat export establishments and meat processors. Safe Food has developed a suite of communication materials to assist industries in their preparedness and response to COVID-19.

Positive feedback has been received from industry groups and government for the support, initiatives and advice being provided by Safe Food.

The Annual Report highlights the positive outcomes from Safe Food’s implementation of food safety systems in Queensland and how these contribute to the national food safety network which has heightened importance this year.

The Board would like to acknowledge the dedication and commitment of the Safe Food teams.



Debbie Best Chair

Safe Food Production Queensland

Message from Chief

Executive Officer

Last year I wrote that Safe Food had seen many challenges in that reporting period. That theme has undoubtedly continued into this year. The threat to Queenslanders, and our food supply chains, posed by the COVID-19 pandemic has resulted in our agency using our risk assessment, risk management and engagement skills to assist Government more broadly.

The approach that Safe Food has created over an extended period of engaging with food business operators, together with its reliable networks, has been valued as a fast and effective way to understand the nature and size of the inherent risks faced by industry. Our officers have worked rapidly to develop and implement risk mitigation tools with businesses throughout the State.

While the focus for the last part of the year has been the urgent COVID-19 response, Safe Food delivered outcomes across all of its program areas before the pandemic and has continued to deliver in these important areas throughout the entire reporting period.

Safe Food has continued to be an innovator in the use of data provided by businesses to monitor compliance and the performance of food production systems. Many of the information gathering tools used in our compliance program were adapted for use in response to COVID-19. This has meant a reduction in the overall regulatory burden, while facilitating a timelier collection of information.

The Safe Food Board signed off on a new 2020–2023 Strategic Plan, which aims to use innovative and effective regulation to provide confidence in the safety of Queensland’s food supply chains. This will be achieved through bolstering our commitment to the use of data exchange tools, continuing our ongoing collaboration and engagement with industry, and further strengthening our scientific contribution to safe food production.

At a national level, progress on developing regulatory options for some horticultural products by Food Standards Australia and New Zealand (FSANZ) has not progressed as quickly as originally planned. However, Safe Food has commenced engagement with some industry groups to understand their risks, which has provided opportunities to validate the performance of existing risk management practices. This has enabled Safe Food to actively participate in the National discussion and pursue its philosophy of minimal regulatory burden with the regulatory response being commensurate with the level of risk.

Safe Food continues to work towards the Queensland Government’s recovery strategy from COVID-19 and support industry through this unprecedented and challenging time.



Jim Dodds CEO

Safe Food Production Queensland



About us

Queensland’s reputation for premium, high-quality products depends upon maintaining food standards that meet consumer expectations, both within Australia and in overseas markets. Safe Food Production Queensland (Safe Food) plays an important role in ensuring this reputation remains by verifying that these standards are met, and that consumer confidence is maintained.

As the statutory body responsible for regulating food safety in Queensland’s food production and processing sectors, Safe Food operates in accordance with the *Food Production (Safety) Act 2000*, using a science and risk-based regulatory framework. Safe Food reports directly to the Minister for Agricultural Industry Development and Fisheries.

Safe Food’s core business is the development and implementation of food safety policy and standards through outcomes-focused Food Safety Schemes for the meat, dairy, egg, seafood and horticulture (seed sprouts) sectors. Our collaborative approach to food regulation ensures that:

* Safe Food is a responsive Queensland Government agency that continually innovates to improve its regulatory model,
* Queensland’s food production and processing sectors are provided with easy-to-use services that reduce

regulatory burden, while ensuring food safety regulatory requirements are satisfied, and

* ideas are generated to support food businesses, inform a holistic approach to regulation and are responsive to national policy initiatives.

As Safe Food is now implementing its Strategic Plan 2020–23, this is the final annual report which will report against Safe Food’s *Statement of Strategy 2015 –2020*. Our vision under the Statement of Strategy was for Safe Food to remain an influential agent for change by putting a culture of food safety at the heart of every accredited food business in Queensland. As such our regulatory framework has focused on influencing behaviour as an important element of sustaining compliance, and this focus will continue to be a key focus area under the new Strategic Plan.

To support collaboration and information sharing, Safe Food has engagement and consultation mechanisms for a diverse range of production sectors. By working in partnership with industry, Safe Food is able to develop and adopt simple, practical ways of addressing food safety requirements.

As food safety is the basis for protecting public health and maintaining confidence in trade of food commodities, Safe Food contributes to the Queensland Government’s objectives outlined in *Our Future State: Advancing Queensland’s Priorities*.

Through its regulatory activities, Safe Food assists in managing the food safety risks of food production, thereby helping to assure the continuous supply of safe and fresh food to help keep Queenslander’s healthy and regions prosperous.

Safe Food also provides certainty about food safety through the food supply chain by its regulatory framework. This

gives consumers confidence and facilitates an environment that sustains economic growth.

Our focus on collaboration, information sharing and risk management has also enabled Safe Food to support both accredited businesses and the food industry sectors more generally during the coronavirus pandemic.



How we verify industry compliance

Under the Food Production (Safety) Regulation 2014, businesses undertaking specified activities are required to hold an accreditation issued under the *Food Production (Safety) Act 2000*. These businesses must also operate in accordance with their Safe Food approved food safety program or management statement . This documentation details how a business manages food safety risks during production.

Safe Food publishes guidance documents to assist businesses to achieve compliance, share knowledge of best practice, provide greater understanding of requirements and promote greater food safety awareness across industry sectors.

Safe Food recognises the dynamic commercial and consumer environments in which accredited businesses operate and offers a range of monitoring methods, providing businesses with greater flexibility in how they demonstrate compliance with regulatory requirements.

Under Safe Food’s Compliance Policy, formal enforcement tools (such as prescribed infringement notices) are used as a last resort but may be required in certain instances to protect public health and address consumer concerns about food safety.

Audits remain an important monitoring tool and a central aspect of Safe Food’s Compliance Policy. However, other monitoring approaches continue to be developed, introduced and refined over time, based on the experiences of Safe Food and food businesses. This includes Safe Food’s Compliance Assessment System (CAS) and Central Information Management System (CIMS). These systems were developed to reduce the costs associated with audits and to address the limitations of audits as a method of indicating sustained compliance and identifying poor behaviour and culture.

CIMS was designed and implemented to analyse data already collected by industry, in some cases against agreed performance targets at key points in food production systems. Collectively, this approach describes our methodology to monitor performance against a ‘food safety baseline’ that represents a stable and consistent individual food production system.

CIMS can facilitate through-chain monitoring of production systems, allowing industry to demonstrate that it is meeting key targets. By using information that is already being collected, it also serves to reduce compliance costs and regulatory burden. Supplementing on-site monitoring with remote information-sharing provides regular and timely indicators on individual business’ production systems that promote proactive engagement between Safe Food and businesses.

CAS is an electronic platform that incorporates technology for assessing food safety compliance. Compared to inspections or audits, this provides a snapshot of a business’ awareness of, provision for, and commitment to food safety. These are the key indicators of business culture that promote food safety and can achieve sustained compliance. The process also enables accreditation holders to showcase the practices used within the business to support food safety.

Strategic priorities and model practices

Safe Food’s *Statement of Strategy 2015–2020* outlined three strategic priorities and their key objectives, success indicators and expected outcomes. Together, these aimed to achieve a balance between responsible regulation (consumer

expectations) and the individual responsibility of businesses to demonstrate a culture that supports and promotes food safety.

Safe Food’s long held culture of working with industry on innovative approaches to demonstrate compliance has placed both the businesses and the agency in a strong position within a rapidly evolving competitive environment.

In 2019, the Queensland Government Regulator Performance Framework was incorporated into the Better Regulation

Strategy, which includes five model practices and supporting principles.

This report highlights Safe Food’s alignment between the performance framework, Safe Food’s activities and success indicators, thereby forming the agency’s annual reporting against the framework. The current alignment between Safe Food’s strategic priorities and the performance framework’s model practices are shown below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Regulator Model Practices** | | | | |
| **Our Strategic Priorities** | **Regulatory activity is proportionate to risk and minimises unnecessary burden** | **Consult and engage**  **meaningfully with stakeholders** | **Provide appropriate information and support to assist compliance** | **Commit to continuous improvement** | **Be transparent and accountable in actions** |
| 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 |  |  |  |  |  |
| Ensure that Safe Food is responsive, efficient, effective and delivers value for money |  |  |  |  |  |

Sources

Safe Food’s *Statement of Strategy 2015 –2020* is available on our website [www.safefood.qld.gov.au](http://www.safefood.qld.gov.au)

*Queensland Government Guide to Better Regulation* is available at [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)

**Strategic priority #1**

Ensure the Queensland food safety system is affordable, sustainable and continually improving

Safe Food uses scientific advice and a risk assessment approach to inform risk management and enforcement

**decisions.**

|  |  |  |
| --- | --- | --- |
| **Strategic Priority Success Indicators** | **Related Regulator Model Practices** | **To achieve this we** |
| Food safety regulation that is transparent, accountable and innovative | Be transparent and accountable in actions  Commit to continuous improvement  Consult and engage meaningfully with stakeholders | Used notification reporting processes to inform regulatory approaches and priorities  Conducted or obtained scientific risk assessments as the basis for risk management decisions  Sought cost effective compliance  solutions for the food sector |
| Scientific analysis informs risk management approaches aimed at improving food safety and health promotion | Ensure regulatory activity is proportionate to risk and minimises unnecessary burden  Provide appropriate information and support to assist compliance  Commit to continuous improvement |
| Rapid risk assessment capability to support improved food incident management activities | Ensure regulatory activity is proportionate to risk and minimises unnecessary burden  Provide appropriate information and support to assist compliance |

During 2019–20, Safe Food issued 7478 accreditations, including 809 new applications. All current accreditations are listed on Safe Food’s online accreditation register (also known as the Food Business Register).

A total of 140 accreditations were issued to businesses operating under a Preferred Supplier Arrangement (PSA) in the egg and meat (poultry) sectors. Under a PSA, these businesses only supply to one customer, usually a large commercial processor within their industry. To reduce regulatory burden and unnecessary costs on these businesses, Safe Food works directly with commercial processors to verify compliance of their PSAs.

As part of our verification activities in 2019–20, Safe Food conducted a microbiological survey of poultry meat processing facilities to verify the effective implementation of the poultry meat baseline. This baseline, which was developed with industry, identifies areas in the production system where if best practice targets were met, hygiene of poultry carcases would improve. As part of our Central Information Management System (CIMS), poultry abattoirs provide real time data on the agreed verification points.

Overall, the survey showed an ongoing improvement of microbiological processing interventions, with a focus on Salmonella and Campylobacter, but also demonstrated the need for enhanced monitoring and verification of some control points. The findings have assisted industry to critically review areas of microbiological control and food safety

importance and provide insights on the effectiveness of existing food safety controls. The conclusions drawn from the study will continue to inform engagement between Safe Food and the poultry meat industry regarding food safety and public health outcomes in Queensland.

Safe Food has also continued to carry out compliance activities on behalf of the Australian Department of Agriculture, Water and the Environment (DAWE) under agreed arrangements. These arrangements aim to reduce duplication of regulatory effort on export businesses that hold both a Safe Food accreditation and export registration issued by DAWE.

Food regulation remains Safe Food’s core business. However, the value of our scientific, risk assessment approach to inform risk management has proved to be a considerable asset to industry and other government agencies during the response to the COVID-19 pandemic.

A majority of Safe Food’s actions in response to the pandemic focused on helping businesses to ensure they have suitable business continuity plans in place and have implemented measures to limit the impact of COVID-19 on the workforces. This has included the development of guidelines, checklists and regular, targeted communications with accredited businesses.

Safe Food also undertook on-site assessments across a range of agribusinesses to determine their preparedness in the event that a worker tested positive for COVID-19 and commenced the development of an online COVID-19 health management plan maturity assessment tool for export red meat processors.

|  |  |  |  |
| --- | --- | --- | --- |
| **OUR ACCREDITATION BASE** | | | |
| Accreditations in Queensland | 7478 | Export registered businesses | 186 |
| **Accreditations by scheme** | | **Export registered by scheme** | |
| Dairy | 405 | Dairy | 17 |
| Egg | 117 | Egg | 5 |
| Horticulture (seed sprouts) | 7 | Horticulture (seed sprouts) | 0 |
| Meat | 5860 | Meat | 65 |
| Seafood | 1089 | Seafood | 99 |
| **Accreditations by risk category** | | **Other information** | |
| High | 509 | Accredited under a Preferred Supplier Arrangement (PSA) | 140 |
| Medium | 959 |
| Low | 6010 | PSAs under Meat scheme | 116 |
| New applications approved | 809 | PSAs under Egg scheme | 24 |

**Strategic priority #2**

Work in partnership with all

stakeholders in the food chain to facilitate compliance with food standards

Safe Food works in partnership with key stakeholders in the food business sector to build confidence and trust in the Queensland regulatory system through effective risk communication and dialogue with all concerned.

|  |  |  |
| --- | --- | --- |
| **Strategic Priority Success Indicators** | **Related Regulator Model Practices** | **To achieve this we** |
| Effective engagement mechanisms in place between Safe Food and Industry | Be transparent and accountable in actions  Consult and engage meaningfully with stakeholders  Provide appropriate information and support to assist compliance | Maintained and developed pathways to underpin constructive dialogue with industry sectors  Embraced and contributed to the knowledge networks developed by other agencies engaged in food production and regulation  Supported specialist technical workshops and seminars  Assisted small businesses in meeting their food safety training needs through advice, published guidance and contemporary initiatives |
| Increasing numbers in relation to notifications involving food produced in Queensland, giving early warnings | Ensure regulatory activity is proportionate to risk and minimises unnecessary burden  Provide appropriate information and support to assist compliance |

Safe Food, in collaboration with industry, has continued to apply its industry-specific supply chain food safety baselines. The baselines provide a through-chain systems approach that identifies the most appropriate food safety interventions and verification points based on the recognised production systems and desired behaviours.

The baselines form the foundation of our modernised approach to food safety regulation, which is built on continuous engagement with industry that promotes industry best practice throughout the food supply chain and applies a systems- based approach to regulation. Our approach places more responsibility on food businesses to engage with Safe

Food and share information in a timely manner for monitoring compliance purposes. The two-way, proactive flow of information between Safe Food and businesses is an important feature of our compliance model, which continues to develop as knowledge and experiences are shared and behaviours are modified.

Through the development and refinement of baselines, Safe Food and food businesses have developed a collaborative,

risk-based approach to managing food safety that drives systems-wide improvements and trust.

Safe Food continued to monitor compliance with food safety schemes by one or more methods that are considered appropriate based on the activities and food safety risks of each category of business. The primary methods of monitoring compliance with food safety requirements include auditing, assessment and data sharing via electronic platforms (see ‘How we verify industry compliance’ on page 7).

In 2019–20, Safe Food also continued its partnership with Dairy Australia to deliver online training courses for dairy manufacturers across Australia. In June 2020, Safe Food released a new course designed to help business leaders, QA Managers and other staff understand the basic components of a food safety program and how to use it day-to-day to manage food safety risks within their business. The course includes practical examples that provide context to the principles discussed, giving users a greater understanding and path forward for developing or amending their own food safety program.

This marks the third course that Safe Food has developed with Dairy Australia. Other courses include a practical guide to the food recall process in Australia, and a guide to microbiological testing in dairy manufacturing. Funded by the Federal Government’s Package Assisting Small Exporters (PASE) grant program, these courses are designed to assist dairy manufacturers understand their food safety responsibilities within the domestic market, with a view to becoming ‘trade ready’. All courses are available via Dairy Australia’s new Manufacturing Resource Centre free of charge and are recognised by all state dairy regulatory agencies, along with the DAWE.

Ensuring a safe, secure food supply chain has been of critical importance during the coronavirus pandemic. During the early stages of the pandemic, Safe Food officers continued to conduct audits and assessments of businesses classified as high risk using a modified compliance framework and suspended other routine on-site monitoring activities. To reduce the possible risk of COVID-19 infection to officers and also food businesses, on-site contact time was minimised. Other tools were also used to ensure production systems and food safety risks are verified. These include digital communication conferences and remote documentation assessment.

As restrictions eased in Queensland, Safe Food increased its routine food safety monitoring activities, which were conducted together with assessments of each accredited business’ COVID-19 preparedness. Safe Food’s approved auditors ensured full compliance with the Chief Health Officer’s directions, including maintaining social distancing. Further changes in work practices are noted in ‘Workplace health and safety’, page 24.

During 2019–20 Safe Food continued to engage with industry sectors through regular industry meetings, participation in conferences and workshops, and arranging individual meetings with businesses, industry representatives and peak bodies. Our commitment to engagement greatly assisted our ability to work collaboratively with industry to respond to the pandemic.

We have also continued to participate in national forums on food regulation, which in the latter half of 2019–20 had a greater focus on the impacts of COVID-19 on food businesses. These forums included the Food Regulation Standing Committee (FRSC), the Food Export Regulators Steering Committee and the Dairy Industry Export Consultative Committee.

|  |  |  |  |
| --- | --- | --- | --- |
| **VERIFICATION & COMPLIANCE** | | | |
| **Number of Audits conducted** | **2102** | **Corrective Action Requests issued** | **120** |
| **Number of Assessments conducted** | **1302** | **Industry meetings held** | **15** |
| Temporary Accreditations issued | 55 | **Businesses supplying data** | **335** |
| **Approved auditors** | **44** | Dairy businesses | 287 |
| Safe Food auditors | 28 | Egg businesses | 17 |
| Third-party auditors | 16 | Meat businesses | 31 |

**Strategic priority #3**

Ensure that Safe Food is responsive, efficient, effective and delivers value for money

Safe Food recognises the dynamic commercial and consumer environments in which accredited businesses operate and provides businesses with increasingly flexible ways for demonstrating compliance with food safety requirements.

|  |  |  |
| --- | --- | --- |
| **Strategic Priority Success Indicators** | **Related Regulator Model Practices** | **To achieve this we** |
| Deliver minimal, cost effective regulation that leaves a small imprint on day to day business operations | Ensure regulatory activity is proportionate to risk and minimises unnecessary burden  Commit to continuous improvement  Consult and engage meaningfully with stakeholders | Maintained and upgraded IT systems and infrastructure so that they provide the best value for money  Established appropriate disaster recovery and business continuity facilities  Were open and transparent in all communications  Reviewed and enhanced existing performance management systems and continue to provide for the ongoing training and continued professional development of staff |
| Information systems that make the  benefits of regulation apparent | Provide appropriate information and support to assist compliance  Be transparent and accountable in actions |
| Efficiencies that make existing  resources go further | Ensure regulatory activity is proportionate to risk and minimises unnecessary burden  Commit to continuous improvement  Provide appropriate information and support to assist compliance |

During 2019–20, Safe Food was notified of 511 alleged food safety issues (refer page 14), including notifications from accredited food businesses, who believed the acceptability of product may have been compromised with potential to present a food safety concern. In many cases the notifications do not reflect poor compliance but, through information sharing, demonstrate that potential risks are being effectively managed. The majority of notifications comprised of microbiological detections (20%), hygiene issues (20%) and unaccredited activities (19%).

In accordance with our Compliance Policy, Safe Food used a range of tools to facilitate and enforce compliance in a way that is graduated and proportionate to the severity of the non-conformance with food standards. A total of 120 Corrective Action Requests (CARs), 5 compliance notices, 1 Penalty Infringement Notice (PIN) and zero prosecutions were recorded in 2019–20.

NOTIFICATIONS & COMPLAINTS BREAKDOWN

110

100

90

80

70

60

50

40

30

20

10

0

**100**

**102**

**95**

**62**

**53**

**40**

**24**

**14**

**21**

Micro

Chemical

Physical

Reported illness

Traceability/

labelling

Hygiene

Quality

Unaccredited

Activity

Other

|  |  |  |  |
| --- | --- | --- | --- |
| **NOTIFICATIONS & RESPONSE** | | | |
| Notifications & complaints received | 511 | Penalty Infringement Notices issued | 1 |
| Compliance notices issued | 5 | Recalls relating to accredited businesses | 0 |

During 2019–20 Safe Food continued to work closely with the Queensland egg industry, Biosecurity Queensland and Queensland Health to reinforce interventions on farm to reduce the risk of commercial layer flocks becoming infected with *Salmonella* Enteritidis (SE), which has the potential to threaten the prosperity of egg production.

This work was coordinated by an industry-government working group formed to develop an agreed *Salmonella* Enteritidis Prevention Plan (SEPP). The objective of the SEPP was to improve hygiene and biosecurity controls on-farm and within egg grading facilities, to protect against SE and ensure the long-term sustainability of the industry. Several new Standard Operating Procedures (SOPs) were developed to help businesses demonstrate compliance with the Queensland Egg Food Safety Scheme requirement that birds are free from disease that may make eggs unsafe.

To ensure the SOPs were implemented consistently across industry, businesses provided information to Safe Food via a secure online portal from Safe Food (the Safe Food Hub). This information included a business profile, biosecurity map and food safety management checklist. During routine audits and assessments Safe Food has been verifying the details provided by businesses and providing further guidance on preventative measures.

Safe Food also continued to ensure strong governance arrangements, with the agency reviewing and publishing a range of policies and processes, including disaster recovery plans and the Business Continuity Plan.

In addition, as part of on-going professional development, Safe Food officers appointed as authorised officers under the

*Food Production (Safety) Act 2000* completed Certificate IV Government Investigations training.

Safe Food Board

Safe Food is directly accountable to an expertise-based Board, which consists of a Chair and four other Directors and provides strategic direction to the agency.

The Board, which reports to the Minister for Agricultural Industry Development and Fisheries, 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:

* + Chair Debra-Lee (Debbie) Best
  + Elizabeth (Libby) Homer
  + Lynne Sutherland
  + Malcolm Letts (representative of the Chief Executive of DAF) to 13 April 2020
  + Bernadette Ditchfield (representative of the Chief Executive of DAF) from 14 April 2020
  + 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 more frequently than usual in 2019–20, to manage the risk associated with COVID-19 and to monitor the financial performance of the organisation.

|  |  |  |
| --- | --- | --- |
| **Board director Board meetings attended Strategic planning workshop attended** | | |
| Debra-Lee Best (Chair) | 6 | 0 |
| Elizabeth Homer | 6 | 0 |
| Lynne Sutherland | 6 | 1 |
| Sophie Dwyer | 4 | 1 |
| Malcolm Letts | 4 | 1 |
| Bernadette Ditchfield | 2 | 1 |



**Debra-Lee Best, Chair**

Debra-Lee (Debbie) Best was appointed as Chair in 2019. Debbie has more than 36 years of executive leadership experience in the Queensland State Government in areas ranging from education, indigenous policy and programs, multicultural affairs, environmental management, community engagement and natural resource

management. Debbie currently serves as Chair of the Queensland Heritage Council, Chair of the Audit and Risk Committee for the Department of Natural Resources Mines and Energy and is an independent member of the Audit Committee for the Electoral Commission of Queensland.

Debbie is a member of the State Awards Committee for the Duke of Edinburgh’s International Award and has previously held positions as Director-General, Deputy Director-General, Assistant Director-General, Regional Director and secondary Principal. She is also a former Board member and Trustee of QSuper and is a graduate of the Australian Institute of Company Directors.



**Elizabeth Homer**

Elizabeth (Libby) Homer was appointed as Director in 2016. Libby 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 had been extensively involved in the North Australian Beef Industry, predominantly in the Research and Development Sector. She is a graduate of the Australian Institute of Company Directors and has been named in the Top 100 Women in Agribusiness.



**Lynne Sutherland**

Lynne Sutherland is a senior executive who works with major auto manufacturers, banks, universities, travel companies and insurance companies in Australia to negotiate and provide assistance services for their customers in their times of need. She has extensive experience in leading large financial services teams, including store networks, financial planning, business banking, agribusiness banking, migrant banking and business partners across Australia, New Zealand and Asia.

Lynne joined the Board of Safe Food in July 2019 as a Non-Executive Director. She has previous directorships and board governance experience with Suncorp and ANZ NZ subsidiary Boards. She has completed the AICD’s Company Directors Course, holds a Bachelor of Horticulture Science, a Graduate Diploma in Management and has completed the INSEAD Advanced Management Program.



**Sophie Dwyer**

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.



**Malcolm Letts**

Malcolm Letts was appointed as a Director from 2015 to April 2020. Malcolm has held the role of Deputy Director-General and Chief Biosecurity Officer since October 2017. Prior to this, Malcolm was the Deputy Director-General, Agriculture. He leads the State’s efforts in the management of animals and plant pests and diseases, invasive species, animal welfare and agricultural chemical use. He has extensive experience in managing policy around agricultural industry development, food safety and traceability, and in rural and industry development, trade, investment attraction and agricultural policy made for a smooth transition into biosecurity. Malcolm is the Qld Government representative on the National Biosecurity Committee and chaired a number of state and national biosecurity committees, including the Intergovernmental Agreement on Biosecurity Research and Innovation Working Group.



**Bernadette Ditchfield**

Bernadette Ditchfield was appointed as a Director in April 2020. As Deputy-Director General of Agriculture in the Department of Agriculture and Fisheries, Bernadette Ditchfield is responsible for leading the development of policies, research and initiatives that lift the productivity of Queensland’s food and fibre businesses. Bernadette has an extensive background in policy development and service delivery, coupled with a strong industry development focus. Bernadette has over 20 years’ experience in both the private and public sectors, holding senior roles in the Department of Natural Resources, Mines and Energy, Queensland Treasury and the Department of the Premier and Cabinet.

Organisational arrangements

### Strategic workforce planning and performance

During 2019–20, Safe Food had 34 full-time equivalent positions located in Brisbane, with a permanent separation rate of 17.65%. No redundancy, early retirement or retrenchment packages were paid during this period.

Safe Food actively promotes flexible working arrangements and recognises work-life blend to benefit productivity and commitment to the organisation. These arrangements include flexible working hours and leave arrangements, working from home, telecommuting and part-time opportunities.

The agency is committed to building a responsive and agile workforce that creates new opportunities through its people.

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

Safe Food is also committed to building a risk intelligent culture, which means that everyone understands the agency’s approach to risk, takes personal responsibility to manage risk in everything they do, and encourages others to follow their example. Safe Food does this by cultivating awareness of how our collective behaviour influences and impacts on the food safety agenda and strategic vision.

Safe Food’s strategic workforce plan is developed in line with the Queensland Government 10-year human capital outlook.

In response to the COVID-19 pandemic Safe Food enacted its Business Continuity Plan, which included flexible working arrangements to ensure ongoing provision of services. Staff have been able to work from home using existing resources and technology resulting in minimal impact to the services provided and a seamless business-as-usual experience for Safe Food’s clients and stakeholders. Safe Food staff have also provided their knowledge and expertise by assisting the whole- of-government response during the ongoing crisis.

|  |  |
| --- | --- |
| **Staff Snapshot** | |
| **Full Time Equivalent (FTE) staff** | **34** |
| **Average years of service** | **7.57** |
| Staff that identify as male | 13 |
| Staff that identify as female | 21 |
| Staff with 10+ years of service | 14 |
| Staff with less than 10 years of service | 20 |

### Safe Food’s values

* + Diligence, professionalism and integrity in all areas of our work
  + Effectively and efficiently dealing with our clients and the community
  + Fairness and equity
  + Respect for the law and for other people
  + Avoid conflicts of interest.

### Executive management and leadership

The CEO reports to Safe Food’s Board of Directors and the Minister for Agricultural Industry Development and Fisheries. The CEO 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 Executive Management Group, which consists of the CEO, directors and managers, 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.



Organisational Structure

|  |  |
| --- | --- |
| **MINISTER FOR AGRICULTURAL INDUSTRY DEVELOPMENT AND FISHERIES** | |
|  |  |
| **SAFE FOOD BOARD** | |
|  |  |
| **CHIEF EXECUTIVE OFFICER** | |
|  |  |
| **EXECUTIVE MANAGEMENT GROUP** | |
|  |  |
| **COMPLIANCE & VERIFICATION**   * Systems verification (audits & assessments) * Monitoring baselines * Enforcement * Managing accreditations * Incident response * Surveillance intelligence * Managing third party audit systems * Notification actions * Service level agreements * Risk assessments | **POLICY & ENGAGEMENT**   * Policy, strategy & legislation maintenance * Interagency collaboration * Communication & marketing * Stakeholder education & collaboration * Event coordination * Corporate reporting * Reporting & briefings * National systems development * Scientific analysis & evaluation |
| **CORPORATE SERVICES**   * Accreditation administration * Financial resource management * Human resource management * Processional development * Travel management * Governance & board management * Organisational risk management * Contract management * Correspondence & administration | **INFORMATION & TECHNOLOGY**   * Data management * Cyber security * Digital maintenance * Software licensing management * Software development * Internet / intranet * E-learning platform management * Record management * Digital asset management * Privacy & right to information |

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 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 Sector Ethics Act 1994* and the governance concepts in the *Financial and Performance Management Standard 2019*.

There are a number of internal accountability mechanisms that enable us to manage risk, seize opportunities, and

monitor, evaluate and report on our performance as shown in the table below.

### Internal accountability mechanisms

|  |  |  |  |
| --- | --- | --- | --- |
| **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 Board and leadership group against targets | Quarterly reports |
| Operational Plans | Supports the delivery of corporate priorities | Provides leadership with information on progress towards targets | Weekly meeting minutes |
| Professional Development Plans | Supports staff in contributing to strategic priorities | Provides feedback to staff | Annual reviews |



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.**

### 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 the Executive Management Group and approved by the Safe Food Board annually. The internal audit function has due regard to Queensland Treasury’s *Audit Committee Guidelines*.

### Audit and risk committee

Safe Food’s Audit and Risk Committee is a subcommittee to the Board. The role of the Committee is to assist the Board in regard to business risk management, compliance and monitoring and the legal, financial and regulatory requirements thereof.

The Committee makes recommendations regarding the level of risk that the agency is prepared to accept in pursuit of its objectives. This informs Safe Food’s risk appetite statement, risk principles and risk tolerances, and ensures that Safe Food establishes and maintains an appropriate and effective risk management framework.

The Committee has reviewed the terms of its charter during the 2019–2020 fiscal year and continues to operate under the terms of that charter. The charter has been structured with due regard to the *Audit Committee Guidelines* published by the Queensland Audit Office and the committee activities are assessed and independently reported to the Board annually.

|  |  |  |
| --- | --- | --- |
| **Committee position Name Remuneration** | | |
| Chair | Elizabeth Homer | $2,925 |
| Member (Board) | Lynne Sutherland | $250 |
| Member (external independent) | Helen Pennisi | $2,500 |
| Member (CEO) | Jim Dodds | Nil |

Safe Food requires all employees to maintain high standards of ethical behaviour in the execution of their duties. Executive Management provide direction and guidance to staff 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 program.

### Code of Conduct

Safe Food’s Code of Conduct (the Code) reflects the diversity and uniqueness of the agency’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 and
  + 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.

### Human Rights

Under the *Human Rights Act 2019*, which commenced in its entirety on 1 January 2020, government agencies and employees have a responsibility to respect, protect and promote the human rights of individuals. Safe Food and its employees must act in a way that is compatible with human rights obligations when delivering services and interacting with the community.

Safe Food contributed to the Department of Agriculture and Fisheries’ review of the *Food Production (Safety) Act 2000* and Food Production (Safety) Regulation 2014, which did not identify any human rights limitations that cannot be justified under section 13 of the *Human Rights Act 2019*.

During 2019–20 Safe Food received no human rights complaints.

Workplace health and safety

The health, safety and wellbeing of all employees, contractors and site visitors is a priority for Safe Food.

The Workplace Health & Safety (WH&S) committee has representation from across the organisation. The WH&S committee holds regular monthly meetings to review progress, identify risks and put forward

recommendations to improve workplace conditions.

In response to the emerging issue of COVID-19, the WH&S committee met weekly to implement and coordinate appropriate response measures for staff and accredited businesses.

Training is provided for new employees to ensure they can perform their duties in accordance with the *Work Health and Safety Act 2011* and associated Safe Food policies.

Ongoing training is also in place to ensure all employees can perform their work safely and without risk to their own, or others, health and safety. This includes:

* Annual Safe Food policy refresher training
* Fire safety training
* First aid training including CPR refresher
* Mental health first aid training.

In addition to workplace safety initiatives and training, the agency also offers staff access to an Employee Assistance Provider (EAP) and supports flexible work arrangements which were implemented to facilitate working from home during COVID-19 social restrictions. Staff were consulted about requirements for working from home and resources have been provided to facilitate these flexible working arrangements.

Field staff have been provided with personal protective equipment and training in the use of satellite phones and personal locator beacons to ensure they are able to conduct field work safely.

We have also continued to strengthen our policy documents when working in the field. This includes:

* Vehicle Use Policy
* Working Remotely Policy
* Zoonotic Diseases Policy.

This aligns with the ‘keep Queenslanders healthy’ priority of the *Our Future State: Advancing Queensland’s Priorities*.

The effect of COVID-19 on both Safe Food as a government agency and the food businesses we accredit has led to a change in work practices. Risk assessments are being conducted with each business before Safe Food staff attend a site to ensure that all staff are adequately protected.

### Right to information

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 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, 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 (QLD only)
  + Emailing: [privacy@safefood.qld.gov.au](mailto:privacy@safefood.qld.gov.au)

### Right to information and information privacy applications

Safe Food received no privacy applications and no RTI applications in the 2019–20 period.

### 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/apply.action>
  + Calling Safe Food on (07) 3253 9800
  + Free Call: 1800 300 815 (QLD only)
  + Emailing: [privacy@safefood.qld.gov.au](mailto: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.

### Board remuneration

For 2019–20, data for Board remuneration will be published through the Safe Food website ([www.safefood.qld.gov.au](http://www.safefood.qld.gov.au)).

### Record keeping

Record keeping information systems and record keeping are an important part of Safe Food’s management of the *Food Production (Safety) Act 2000*. We continue to develop strategies and activities supporting the implementation of the Queensland Government Records Governance Policy issued under the *Public Records Act 2002*. Safe Food’s

accreditation and audit management system (HENRI) provides real-time record management capabilities that support the agencies day-to-day operational, compliance, verification and enforcement activities. Staff have been trained in the agency’s records management function and activities.

The agency has a Retention and Disposal Schedule (RDS) approved by Queensland State Archives. All records are maintained under the agency’s RDS and/or under the General Retention Disposal Schedule. All disposals including transfers are appropriately recorded in the agencies records management system. In the 2019–2020 period Safe Food did not transfer any records to other agencies.

Safe Food maintains a mix of digital and paper-based records to support operational, governance and strategic outcomes. The agency has implemented a records management plan designed to support and advance our record keeping maturity and Safe Food’s initiatives towards the Queensland Government’s Digital 1st strategy. Safe Food ceased creation of paper-based files in the 2019–2020 period and is transitioning legacy paper files to digital.

### Open data

For 2019–20, consultancies and overseas travel will be published through the Queensland Government Open Data website ([www.qld.gov.au/data](http://www.qld.gov.au/data)) where applicable.

An internal open data policy team performs an audit to ensure datasets have been published correctly.

### Cybersecurity

The agency recognises the importance of strong cybersecurity controls.

In the 2019–20 period, the agency reviewed its cybersecurity systems to ensure compliance with the Queensland Government Chief Information Office (QGCIO) Information Standard 18:2018 (Information security policy) including implementation of an Information Security Management System (ISMS) based on ISO:27001.

The Safe Food Information Security Plan ensures that the agency is focused on continuous review and improvement of these controls.

# Our financial position

**Statement of Comprehensive Income for the year ended 30 June 2020**

***Notes 2020 2019***

***$ $***

**Income**

***Revenue***

User charges and fees\* B1-1

|  |
| --- |
| 6,023,510  1,900,000  99,156  23,735  - |
| **8,046,401**  4,104,849  1,116,688  98,471  804,458  31,341 |
| **6,155,807** |
| **1,890,594**  **-** |
| **1,890,594** |

Grants and contributions\* B1-2

Interest B1-3

Other revenue B1-4

Gain on disposal of property, plant and equipment

**Total income**

**Expenses**

Employee expenses B2-1

Supplies and services B2-2

Finance/ Borrowing Costs\*

Depreciation and amortisation\* B2-3

Other expenses B2-4

**Total expenses**

**Operating surplus/(deficit)**

**Other comprehensive income for the year**

**Total comprehensive income for the year**

\*The comparatives have not been restated on adoption of AASB 15/1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

The accompanying notes form part of these financial statements.

4,663,817

1,900,000

146,376

46,182

10,247

**6,766,622**

3,693,699

2,336,030

829

263,525

37,358

**6,331,441**

**435,181**

**-**

**435,181**

**Safe Food Production Queensland**

**Statement of Financial Position as at 30 June 2020**

***Notes***

***2020 2019***

***$ $***

|  |  |  |  |
| --- | --- | --- | --- |
| **ASSETS**  **Current assets** |  | | |
| Cash and cash equivalents | C1 | 8,072,761 | 7,539,119 |
| Receivables | C2 | 156,464 | 320,407 |
| Other assets | C3 | 114,897 | 171,292 |
| **Total current assets** |  | **8,344,122** | **8,030,818** |
| **Non-current assets**  Property, plant and equipment | C4-1 | 97,769 | 143,877 |
| Intangible assets | C5-1 | 45,331 | 256,000 |
| Right-to-use assets\* | C10 | 2,691,852 | - |
| **Total non-current assets** |  | **2,834,952** | **399,877** |
|  |  |  |  |
| **TOTAL ASSETS** |  | **11,179,074** | **8,430,695** |
| **LIABILITIES** |  |  |  |
| **Current liabilities**  Payables | C6 | 101,322 | 624,385 |
| Employee benefits provisions | C7 | 265,574 | 177,773 |
| Provisions | C8 | 40,442 | 39,597 |
| Other liabilities\* | C9 | - | 1,769,705 |
| Lease liabilities\* | C10 | 523,812 | - |
| **Total current liabilities** |  | **931,150** | **2,611,460** |
| **Non-current liabilities**  Lease liabilities\* | C10 | 2,676,629 | - |
| **Total non-current liabilities** |  | **2,676,629** | - |
|  |  |  |  |
| **TOTAL LIABILITIES** |  | **3,607,779** | **2,611,460** |
|  |  |  |  |
| **NET ASSETS** |  | **7,571,295** | **5,819,235** |
| **EQUITY**  Accumulated surplus\* |  | 7,571,295 | 5,819,235 |
| **TOTAL EQUITY** |  | **7,571,295** | **5,819,235** |

\*The comparatives have not been restated on adoption of AASB 15/1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity for the year ended 30 June 2020**

***Notes***

|  |  |  |  |
| --- | --- | --- | --- |
| ***2020***  ***$*** | | | ***2019***  ***$*** |
| **Accumulated Surplus** |  |  |  |
| Balance 1 July |  | 5,819,235 | 5,503,421 |
| Prior Year Adjustment AASB 16 Adjustment\* | E3-4 | - (138,534) | (119,367) |
| Total comprehensive income for the year\* |  | 1,890,594 | 435,181 |
| Balance 30 June |  | **7,571,295** | **5,819,235** |

\*The comparatives have not been restated on adoption of AASB 15/1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

The accompanying notes form part of these financial statements.

**Safe Food Production Queensland**

**Statement of Cash Flows for the year ended 30 June 2020**

***2020 2019***

***Notes***

***$ $***

|  |  |  |  |
| --- | --- | --- | --- |
| **Cash Flows from Operating Activities**  **Inflows** |  | | |
| User charges |  | 4,445,211 | 4,901,348 |
| Government contributions |  | 1,900,000 | 1,900,000 |
| GST input tax credits from ATO |  | 207,929 | 266,865 |
| GST collected from customers |  | 70,530 | 111,093 |
| Interest |  | 99,156 | 146,376 |
| Other |  | 23,735 | 46,182 |
|  |  | 6,746,562 | 7,371,864 |
| **Outflows** |  |  |  |
| Employee expenses |  | (4,123,593) | (3,873,324) |
| Supplies and services |  | (1,089,560) | (1,638,903) |
| Finance costs - Leases |  | (97,624) | - |
| GST paid to suppliers |  | (179,322) | (248,255) |
| GST remitted to the ATO |  | (121,861) | (129,869) |
| Other |  | (82,592) | (736,267) |
|  |  | (5,694,553) | (6,626,618) |
| **Net cash provided by operating activities** | CF-1 | **1,052,009** | **745,246** |
| **Cash Flows from Investing Activities** |  |  |  |
| **Inflows** |  |  |  |
| Proceeds from sale of property, plant and equipment |  | - | 10,249 |
| **Outflows** |  |  |  |
| Payments for property, plant and equipment |  | (5,252) | (115,135) |
| Payments for intangibles |  | - | - |
| **Net cash used in investing activities** |  | (5,252) | (104,886) |
| **Cash Flows from Financing Activities** |  |  |  |
| **Inflows** |  |  |  |
| Equity injections |  | - | - |
| **Outflows** |  |  |  |
| Repayments of principal amounts for leases under AASB 16\* |  | (513,116) | - |
| **Net cash used in investing activities** |  | (513,116) | - |
| **Net increase in cash and cash equivalents held** |  | 533,642 | 640,360 |
| Cash at beginning of financial year |  | 7,539,119 | 6,898,759 |
| **Cash and cash equivalents at end of financial year** | C1 | **8,072,761** | **7,539,119** |

\*The comparatives have not been restated on adoption of AASB 15/1058 and AASB 16 and therefore the comparative information is presented using the previous standards relating to revenue and leases.

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 2020**

***Notes***

***2020 2019***

***$ $***

###### CF-1 Reconciliation of Operating Results to Net Cash Provided by Operating Activities

|  |  |  |  |
| --- | --- | --- | --- |
| Operating Surplus |  | 1,890,594 | 435,181 |
| *Non-Cash items included in operating result:*  Depreciation and amortisation expense-owned Assets |  | 262,028 | 263,525 |
| Depreciation and amortisation expense- leased assets Gain on sale of plant & equipment |  | 542,430  - | - (10,247) |
| Other non-cash items: Prior period error | E7 | - | (119,367) |
| *Change in assets and liabilities*  (Increase)/decrease in receivables |  | 163,942 | 160,122 |
| (Increase)/decrease in other assets |  | 56,395 | 24,742 |
| Increase/(decrease) in payables |  | (182,323) | (62,233) |
| Increase/(decrease) in lease liabilities |  | 845 | - |
| Increase/(decrease) in accrued employee benefits |  | 87,802 | (23,885) |
| Increase/(decrease) in other liabilities |  | (1,769,704) | 77,408 |
| **Net cash from operating activities** |  | **1,052,009** | **745,246** |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**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 (Safe Food) is 138 Juliette Street, Greenslopes, Queensland 4120.

**A1-2 COMPLIANCE WITH PRESCRIBED REQUIREMENTS**

Safe Food has prepared these financial statements in compliance with the *Financial Accountability Act 2009* and section 39 of the *Financial and Performance Management Standard 2019*. The financial statements comply with Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2019.

Safe Food 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.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note E3.

**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 2018-19 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, or the Agency does not have an unconditional right to defer settlement to beyond 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 Chairperson 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.

###### A2 OBJECTIVES OF THE AGENCY

The objective of Safe Food 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.

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

#### SECTION 2

**NOTES ABOUT OUR FINANCIAL PERFORMANCE**

|  |  |  |
| --- | --- | --- |
| **B1 REVENUE** |  | |
| **B1-1 USER CHARGES AND FEES** |
|  | ***2020*** | ***2019*** |
|  | ***$*** | ***$*** |
| Accreditation fees | 5,144,898 | 3,493,747 |
| Application fees | 185,425 | 95,766 |
| Audit fees | 668,042 | 1,015,807 |
| Fee for service income | 25,145 | 58,497 |
|  | **6,023,510** | **4,663,817** |

User charges and fees controlled by Safe Food 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 are recognised in full as revenues when invoices for the related services are issued.

Under AASB 15, Accreditations are considered short term licences, and the individual transaction fees are of low value. Previously, the agency recognised accreditation fee revenue on a straight-line basis over the licence term. Treasury's Minimum Reporting Requirements for 2019-2020 require agencies to identify performance obligations and recognise revenue for licences as/when the performance obligations are satisfied, in line with AASB revenue recognition model. The performance obiligation is the grant of an accreditation and, as such the revenue is now recognised upon receipt. See Note E3-3 for AASB 15 impact.



|  |  |  |
| --- | --- | --- |
| **B1-2 GRANTS AND CONTRIBUTIONS** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Department of Agriculture and Fisheries (DAF) | 1,900,000 | 1,900,000 |

Grants, contributions, donations and gifts that are non-reciprocal in nature are accounted for under AASB 1058 Income of Not-for-Profit Entities. The agency recognises this revenue when it obtains control over it, generally control is gained at the time of receipt.

Where an agreement is enforceable and contains sufficiently specific performance obligations, the transaction is accounted for under AASB 15 Revenue from Contracts with Customers.

|  |  |  |
| --- | --- | --- |
| **B1-3 INTEREST REVENUE** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Interest earned on bank account | 99,156 | 146,376 |

Interest revenue is derived from the agency's cash deposits held at bank or in term deposits and is dependent on the interest rates offered. Interest revenue is calculated using the effective interest method and recognised at the end of each reporting period.

|  |  |  |
| --- | --- | --- |
| **B1-4 OTHER REVENUE** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Other Revenue | 14,740 | 46,182 |
| revenue recognition model. |  |  |
| **B1-5 GAINS ON DISPOSAL AND REMEASUREMENT OF ASSETS** |  |  |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Gain on sale of property, plant and equipment | - | 10,247 |

Gains arising from changes in fair value of assets are included in the operating result for the period in which they arise.

*Safe Food Production Queensland*

|  |  |  |
| --- | --- | --- |
|  | *Notes to the Financial Statement, for the year ended 30 June 2020* |  |
| **B2 EXPENSES** |  |
| **B2-1 EMPLOYEE EXPENSES** |  |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| **Employee Benefits**  Wages and salaries | 3,477,344 | 3,044,529 |
| Employer superannuation contributions | 402,609 | 378,133 |
| Other | 215,129 | 259,760 |
| **Employee Related Expenses**  Workers' compensation | 9,767 | 11,277 |
| **Total Employee Expenses** | **4,104,849** | **3,693,699** |

**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 the agency 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 to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

**Accounting Policy - Superannuation**

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's Qsuper defined benefit plan as determined by the employee's conditions of employment.

*Defined contribution plans* - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant EBA or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

*Defined benefit plan* - 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.* The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the agency at the specified rate following completion of the employee's service each pay period. The agency's obligations are limited to those contributions paid.

**Accounting Policy - Worker's Compensation Premiums**

The agency pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, 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.

34 FTEs at 30 June 2020 (34 FTEs as 30 June 2019). No employees of Safe Food are employed under the *Public Service Act 2008.*

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

|  |  |  |
| --- | --- | --- |
| **B2-2 SUPPLIES AND SERVICES** |  | |
| **Lease expenses** |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| ***Supplies and services***  Administration expenses | 132,542 | 132,644 |
| Advertising and conference costs | 16,021 | 34,589 |
| Communication costs | 39,753 | 51,249 |
| Computer costs | 211,185 | 263,221 |
| Contracting & professional services | 434,480 | 720,637 |
| Legal costs | 884 | 154,855 |
| Motor vehicle costs | 48,433 | 64,995 |
| Property, plant and equipment costs | 103,178 | 116,989 |
| Travel costs | 72,957 | 93,940 |
| Other | 43 | 4,805 |
| Lease expenses | 57,212 | 698,105 |
| **Total supplies and services** | **1,116,688** | **2,336,029** |

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to Note C10 for breakdown of lease expenses and other lease disclosures.

|  |  |  |  |
| --- | --- | --- | --- |
| **B2-3 DEPRECIATION AND AMORTISATION** |  | | |
|  | ***2020***  ***$*** |  | ***2019***  ***$*** |
| Depreciation - plant and equipment | 51,359 |  | 46,476 |
|  | 542,430 |  | - |
| Amortisation - Intangibles (Computer Software) | 210,669 |  | 217,049 |
| **Total Depreciation and Amortisation** | **804,458** |  | **263,525** |
| **B2-4 OTHER EXPENSES** |  |  |  |
|  | ***2020***  ***$*** |  | ***2019***  ***$*** |
| Impairment Losses (trade receivables) | 6,341 |  | 12,698 |
| Queensland Audit Office - external audit services\* | 18,000 |  | 17,660 |
| Bailiwick Group Pty Ltd - internal audit services | 7,000 |  | 7,000 |
| **Total Other Expenses** | **31,341** |  | **37,358** |

\*Total audit fees quoted by Queensland Audit Office relating to the 2019-2020 financial statements are $19,800 GST inclusive (2018- 2019: $19,426).

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

#### SECTION 3

**NOTES ABOUT OUR FINANCIAL POSITION**

**C1 CASH AND CASH EQUIVALENTS**

|  |  |  |
| --- | --- | --- |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Cash on hand | 500 | 500 |
| Cash at bank | 2,038,778 | 3,558,755 |
| Deposits at call | 6,033,483 | 3,979,864 |
|  | **8,072,761** | **7,539,119** |

**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 receipted but not banked at 30 June as well as deposits at call with financial institutions.

|  |  |  |  |
| --- | --- | --- | --- |
| **C2 RECEIVABLES** |  | | |
|  | ***2020***  ***$*** |  | ***2019***  ***$*** |
| Trade debtors | 132,946 |  | 326,354 |
| Less: Allowance for impairment loss | (5,549) |  | (5,913) |
|  | 127,397 |  | 320,441 |
| GST receivable | 39,911 |  | 68,516 |
| GST payable | (22,026) |  | (73,354) |
| Net GST receivable (payable) | 17,885 |  | (4,838) |
| Other debtors | 6,572 |  | 2,028 |
| LSL Claims Receivable | 4,609 |  | 2,775 |
|  | 11,181 |  | 4,803 |
| Total Receivables | **156,464** |  | **320,406** |

**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 2020.

**C2-1 IMPAIRMENT OF RECEIVABLES**

**Accounting Policy - Impairment of Receivables**

The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact the agency's debtors, along with relevant industry and statistical data where applicable.

Where the Agency has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 90 days past due and the Agency has ceased enforcement and collection activities. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed in Note B2-4.

**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. No collateral is held as security and there are no other credit enhancements relating to the Agency's receivables.

The agency uses a provision matrix to measure the expected credit loss on trade and other debtors. Loss rates are calculated separately by grouping of customers with similar loss patterns.

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

The calculations reflect historical observed default rates calculated using credit losses experienced on past sales transactions during the last 11 years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For Safe Food, change in the business activity (for example, ceased trading) is determined to be the most relevant forward-looking indicator for receivables. Actual credit losses over the 11 years preceding 30 June 2020 have been correlated and based on those results, the historical default rates are adjusted based on expected changes to that indicator.

**Disclosure - Individually Impaired Receivables Position (Aged)**

Gross receivables

**2020**

Loss rate Expected credit losses

Carrying amount

$ $ $ $

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Overdue** |  | | | |
| Current | 90,636 | 0.50% | (457) | 90,178 |
| 1 to 30 days overdue | 30,814 | 1.38% | (425) | 30,389 |
| 31 to 60 days overdue | 5,393 | 4.39% | (226) | 5,167 |
| 61 to 90 days overdue | 3,267 | 10.40% | (224) | 3,043 |
| > 90 days overdue | 2,836 | 19.30% | - | 2,836 |
| Known impairment (in process) |  | 100.00% | (4,217) | (4,217) |

Total Overdue **132,946 (5,549) 127,396**

Gross receivables

**2019**

Loss rate

Expected credit losses

Carrying amount

$ $ $ $

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Overdue** |  | | | |
| Current | 196,635 | 0.48% | (945) | 195,689 |
| 1 to 30 days overdue | 120,949 | 1.35% | (1,625) | 119,324 |
| 31 to 60 days overdue | 5,182 | 3.99% | (190) | 4,992 |
| 61 to 90 days overdue | 3,256 | 9.23% | (189) | 3,067 |
| > 90 days overdue | 333.9 | 17.15% | - | 334 |
| Known impairment (in process) |  | 100.00% | (2,964) | (2,964) |

Total Overdue **326,355 (5,913) 320,442**

|  |  |  |
| --- | --- | --- |
| **Disclosure - Movement in the allowance for impairment loss** |  | |
|  | ***2020*** | ***2019*** |
|  | ***$*** | ***$*** |
| Loss allowance as at 1 July | 5,914 | 11,109 |
| (Increase) decrease in allowance recognised in the operating result | (365) | (5,195) |
| Balance at the end of the year | 5,549 | 5,914 |

The COVID-19 pandemic has restricted the agency in its ability to perform food safety audits. This is reflected in the total gross receivables amount for the fiscal year and directly affects the allowance for impairment loss.

|  |  |  |
| --- | --- | --- |
| **C3 OTHER ASSETS** |  | |
| Prepayments | ***2020***  ***$***  114,897 | ***2019***  ***$***  171,292 |
|  | **114,897** | **171,292** |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**C4 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION EXPENSE**

|  |  |  |
| --- | --- | --- |
| **C4-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT** |  | |
| At cost | ***2020***  ***$***  291,404 | ***2019***  ***$***  286,153 |
| Less: accumulated depreciation | (193,635) | (142,276) |
|  | 97,769 | 143,877 |
| *Represented by movement in carrying amount* |  |  |
| Carrying amount at start of year | ***2020***  ***$***  143,877 | ***2019***  ***$***  75,218 |
| Additions | 5,251 | 115,135 |
| Depreciation | (51,359) | (46,476) |
| Carrying amount at end of year | 97,769 | 143,877 |
| **C4-2 RECOGNITION AND ACQUISITION** |  |  |

**Accounting Policy - Recognition**

*Basis of capitalisation and 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:

Plant and Equipment $5,000

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

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the Agency. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

**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 Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector. 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 the agency.

Key Judgement: Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the agency.

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 the agency.

**Depreciation Rates**

For each class of depreciable asset the following depreciation and amortisation rates are used:

|  |  |
| --- | --- |
| *Class* | *Rate %* |
| Plant and Equipment |  |
| Computer Hardware | 33.3 |
| Motor Vehicles | 20.0 |
| Other Plant and Equipment | 20.0 |
| Leasehold Improvements | 10.0 -13.0 |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**C4-6 IMPAIRMENT**

**Accounting Policy**

*Indicators of impairment and determining recoverable amount*

All property, plant and equipment assets are assessed for indicators of impairment on an annual basis or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB

under AASB 13 Impairment of Assets.



As a not-for-profit entity, certain property, plant and equipment of the agency is held for the continuing use of its service capacity and not for the generation of cash flows. Such assets are typically specialised in nature. In accordance with AASB 136, where such assets measured at fair value under AASB 13, that fair value (with no adjustment for disposal costs) is effectively deemed to be the recoverable amount. As a consequence, AASB 136 does not apply to such assets unless they are measured at cost.

For other non-specialised property, plant and equipment measured at fair value, where indicators of impairment exist, the only



of the asset. Consequently, the fair value of the asset determined under AASB 13 will materially approximate its recoverable amount where the disposal costs attributable to the asset are negligible. After the revaluation requirements of AASB 13 are first applied to these assets, applicable disposal costs are assessed and, in the circumstances where such costs are not negligible, further adjustments to the recoverable amount are made in accordance with AASB 136.

For all other remaining assets measured at cost, and assets within the economic entity held for the generation of cash flows



Value in use is equal to the present value of the future cash flows expected to be derived from the asset, or where the agency no longer uses an asset and has made a formal decision not to reuse or replace the asset, the value in use is the present value of net disposal proceeds.

*Recognising impairment losses*

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the revaluation surplus of the relevant class to the extent available. Where no revaluation surplus is available in respect of the class asset, the loss is expensed in the statement of comprehensive income as a revaluation decrement.

*Reversal of impairment losses*

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.

For assets measured at fair value, to the extent the original decrease was expensed through the statement of comprehensive income, the reversal is recognised in income, otherwise the reversal is treated as a revaluation increase for the class of asset through revaluation surplus.

|  |  |  |  |
| --- | --- | --- | --- |
| For assets measured at cost, impairment losses are reversed through income. |  | | |
| **C5 INTANGIBLES AND AMORTISATION EXPENSE** |
| **C5-1 CLOSING BALANCES AND RECONCILIATION OF CARRYING AMOUNT** |
|  | ***2020*** |  | ***2019*** |
|  | ***$*** |  | ***$*** |
| Software Purchased: |  |  |  |
| At cost | 1,567,277 |  | 1,567,277 |
| Less: Accumulated amortisation | (1,521,946) |  | (1,311,277) |
|  | 45,331 |  | 256,000 |
| Software Internally Generated: |  |  |  |
| At cost | 711,492 |  | 711,492 |
| Less: Accumulated amortisation | (711,492) |  | (711,492) |
| Total | **45,331** |  | **256,000** |
| *Represented by movement in carrying amount* | ***2020***  ***$*** |  | ***2019***  ***$*** |
| Carrying amount at start of year | 256,000 |  | 473,049 |
| Additions | - |  | - |
| Amortisation | (210,669) |  | (217,049) |
| Carrying amount at end of year | 45,331 |  | 256,000 |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**C5-2 RECOGNITION AND MEASUREMENT**

**Accounting Policy**

Intangible assets of Safe Food 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'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 have finite useful lives and are amortised on a straight line basis over their estimated useful life to Safe Food. 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.

*Class Rate %*

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, 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.

|  |  |  |
| --- | --- | --- |
| **C6 PAYABLES** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Trade creditors | 136,176 | 211,903 |
| Other creditors | (34,854) | 412,482 |
|  | 101,322 | 624,385 |

**Accounting Policy**

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.

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

|  |  |  |
| --- | --- | --- |
| **C7 ACCRUED EMPLOYEE BENEFITS** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Annual leave | 265,574 | 177,773 |
|  | 265,574 | 177,773 |

**Accounting Policy**

No provision for long service leave is recognised in the agency's financial statements as the liability 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.*

|  |  |  |
| --- | --- | --- |
| **C8 PROVISIONS** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Restoration costs | 40,442 | 39,597 |
|  | 40,442 | 39,597 |

**Accounting Policy**

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 amount recognised is the make good provision for the agency's leased premise.

Key Estimates and Judgements: The provision has been discounted using a rate that reflects current market assessment and risks specific to the liability.

|  |  |  |
| --- | --- | --- |
| **C9 OTHER LIABILITIES** |  | |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Unearned revenue - Accreditation & Application Fees | - | 1,769,705 |

**Disclosure - Other liabilities**

Under AASB 15, Accreditations are considered short term licences, and the individual transaction fees are of low value. Previously, the agency recognised accreditation fee revenue on a straight-line basis over the licence term with the remaining amounts held as Unearned Revenue. Treasury's Minimum Reporting Requirements for 2019-2020 requires agencies to identify performance obligations and recognise revenue for licences as/when the performance obligations are satisfied, in line with AASB revenue recognition model. The performance obligation is the grant of an accreditation and the revenue is now recognised upon receipt.



**C10 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

A new accounting standard AASB 16 *Leases* came into effect in 2019-20, resulting in significant changes to the agency's accounting for leases for which it is lessee. The transitional impact of the new standard are disclosed in Note E3-4.

**C10-1 LEASES AS LESSEE**

**Right-of-use assets 2019-2020**

|  |  |  |  |
| --- | --- | --- | --- |
| Opening balance at 1 July 2019 | 2,931,705 | 161,582 | 3,093,288 |
| Additions | - | 140,994 | 140,994 |
| Depreciation charge | (404,373) | (112,115) | (516,488) |
| Disposals/ derecognition | - | (25,942) | (25,942) |
| Other adjustments | - | - | - |
| **Closing balance at 30 June 2020** | **2,527,332** | **164,520** | **2,691,852** |
| **Lease liabilities** |  |  |  |
|  | **Property** | **Plant & Equipment** | **Total** |
| Current | 402,415 | 121,397 | 523,812 |
| Non-current | 2,628,516 | 48,113 | 2,676,629 |
|  | **3,030,931** | **169,510** | **3,200,441** |

**Property**

**Plant & Equipment**

**Total**

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**Accounting Policy - Leases as lessee**

The agency measures right-of use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognition.

The agency has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expense on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than $10,000 when new.

Where a contract contains both a lease and non-lease components such as asset maintenance services, the agency allocates the contractual payments to each component on the basis of their stand-alone prices. However, for leases of plant and equipment, the agency has elected not to separate leases and non-lease components and instead accounts for them as a single lease component.

Where measuring the lease liability, the agency uses its incremental borrowing rate as the discount rate where the interest rate implicit in the leases cannot be readily determined, which is the case for all the  leases. To determine the incremental borrowing rate, the agency uses loan rates provided by Queensland Treasury Corporation that correspond to the commencement date and term of the lease.

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

#### 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 has the following categories of financial assets and financial liabilities:

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Notes** | **2020**  **$** | **2019**  **$** |
| **Financial Assets at amortised cost**  Cash and cash equivalents | C1 | 8,072,761 | 7,539,119 |
| Receivables | C2 | 127,397 | 320,442 |
| **Total** |  | **8,200,158** | **7,859,560** |
| **Financial Liabilities at amortised cost**  Payables | C6 | 46,955 | 62,678 |
| Lease liabilities | C10-1 | 3,200,441 | - |
| **Total** |  | **3,247,396** | **62,678** |
| **D1-2 FINANCIAL RISK MANAGEMENT** |  |  |  |

Safe Food'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 policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of Safe Food.

Safe Food 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 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.

**Financial Assets**

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

**D1-4 LIQUIDITY RISK**

Safe Food 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 bank account or at call deposit accounts.

**D2 CONTINGENCIES**

A bank guarantee (security deposit) was provided in 2016 for Head Lease arrangement from the Commonwealth Bank. The amount guaranteed is $231,000 (equivalent to 6 months rent). There are no known contingent assets or liabilities for 2019-2020 (2018-2019: Nil).

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**D3 COMMITMENTS**

**Lease commitments**

Accounting standard AASB 16 *Leases* came into effect in 2019-20, resulting in significant changes to the agency's accounting for lease commitments, see Note C10.

At 30 June 2020, Safe Food had the following operating lease commitments inclusive of GST:

|  |  |  |
| --- | --- | --- |
|  | ***2020***  ***$*** | ***2019***  ***$*** |
| Outstanding lease commitments are due for payment as follows: Not later than 1 year | 4,660 | 656,497 |
| Later than 1 year but not later than 5 years | 15,532 | 2,311,415 |
| Later than 5 years | - | 1,138,404 |
|  | 20,192 | 4,106,316 |
| **Capital expenditure commitments** |  | |
| At 30 June 2020, Safe Food had no capital expenditure commitments. |
| **D4 EVENTS AFTER THE BALANCE DATE** |
| There have been no known material post balance date events. |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

#### 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 during 2019-20.

|  |  |
| --- | --- |
| **Position** | **Position Responsibility** |
| Chief Executive Officer | Responsible for managing the affairs of the Agency and advising the Board performance of the Agency. |
| Director, Verification & Compliance | Provides leadership in organising and executing verification and compliance by investigative  and monitoring activities across the regulatory functions administered by Safe Food. |
| Director, Policy & Engagement | Provide leadership in the implementation of the corporate and strategic plans in respect of policy development, the communications strategy, stakeholder engagement and analysis of  issues and trends with an impact on regulatory functions of Safe Food. |

**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:

1. 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;
2. 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 include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Key executive management do not receive performance payments.

**1 July 2019 - 30 June 2020**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Position** | **Short Term Employee**  **Expenses** | | **Long Term Employee Expense** | **Post Employment Expense** | **Termination Benefits** | **Total Expense** |
| **Monetary Expenses** | **Non- Monetary Benefits** |
| Chief Executive Officer | 256,655 | - | 6,031 | 30,370 | - | **293,056** |
| Director, Verification & Compliance | 140,113 | 9,317 | 3,289 | 17,221 | - | **169,941** |
| Director, Policy & Engagement | 136,536 | 9,490 | 3,205 | 17,221 | - | **166,453** |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**1 July 2018 - 30 June 2019**

The recruitment and handover process of the Chief Executive Officer (CEO) position commenced during 2018/2019 financial year. The official CEO commenced on 4 March 2019.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Position** | **Short Term Employee**  **Expenses** | | **Long Term Employee Expense** | **Post Employment Expense** | **Termination Benefits** | **Total Expense** |
| **Monetary Expenses** | **Non- Monetary**  **Benefits** |
| Chief Executive Officer (to 23/07/18)\* Short term expense including leave  entitlement payouts | 21,003 | 3,249 | 312 | 2,089 | - | **26,653** |
| Chief Executive Officer (Acting 24/07/18  to 14/01/19)\* | 118,573 | - | 2,534 | 13,029 | - | **134,136** |
| Chief Executive Officer (Acting 15/01/19  to 01/03/19) | 35,451 | - | 689 | 3,372 | - | **39,512** |
| Chief Executive Officer (from  04/03/2019) | 80,309 | - | 1,947 | 9,344 | - | **91,600** |
| Chief Operating Officer (to 23/07/18) | 16,126 | - | 323 | 2,056 | - | **18,505** |
| Chief Operating Officer (Acting from  05/11/18 to 14/01/2019) | 36,461 | - | 2,661 | 3,793 | - | **42,915** |

\*Amounts have been restated to exclude leave entitlements earned in previous year/s

**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 obtains control over them (control is generally obtained at the time of receipt).

Corporate Administration Agency provided payroll services to Safe Food totalling $51,466 for 2019-2020 (2018-2019: $52,427). Payroll tax totaling $147,867 was paid to the Office of State Revenue (2018-2019: $158,309). These amounts are expensed in Supplies and Services and Employee Expenses (Note B2).

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

**Accounting Standards Applied for the First Time**

One new accounting standard with material impact was applied for the first time in 2019-20:

* AASB 15 *Revenue from Contracts with Customers*
* AASB 1058 *Income of Not-for-Profit Entities*
* AASB 16 *Leases*

The effect of adopting these new standards are detailed in Notes E3-1 to E3-4. No other accounting standards or interpretations that apply to the agency for the first time in 2019-2020 have any material impact on the financial statements.

**Accounting Standards Adopted Early**

No Australian Accounting Standards have been adopted early for 2019-2020.

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**E3-1 AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS**

The agency applied AASB 15 Revenue from Contracts with Customers for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 15 are described below.

1. **New revenue recognition model**

AASB 15 establishes a new five-step model for determining how much and when revenue from contracts with customers is recognised. The five-step model and significant judgments at each step are detailed below.

|  |  |
| --- | --- |
| the customer | The agency has assessed all current fees and charges to determine the enforceable rights and obligations of any contract. The majority of the agency's fee for service revenue falls under the definition of a point in time contract, in that the performance obligations are satisfied when the service is completed.  Occasionally, a more complex contract may be required, these usually state performance criteria and payment due upon completion of each criteria. |
| obligations in the contract | This step involves firstly identifying all the activities the agency is required to  perform under the contract, and determining which activities transfer goods or services to the customer.  Where there are multiple goods or services transferred, the agency must assess whether each good or service is a distinct performance obligation or should be combined with other goods or services to form a single performance obligation.    the performance obligations. |
| price | When the consideration in the contract includes a variable amount, the agency needs to estimate the variable consideration to which it is entitled and only recognise revenue to the extent that it is highly probably a significant reversal of the revenue will not occur.  This includes sales with a right of return, where the amount expected to be refunded is estimated and recognised as a refund liability instead of revenue. |
| price to the performance obligations | When there is more than one performance obligation in a contract, the transaction price must be allocated to each performance obligation, generally this needs to be done on a relative stand-alone selling price basis. |
| or as the agency satisfies performance obligations | Revenue is recognised when the agency transfers control of the goods or services to the customer. A key judgement is whether a performance obligation is satisfied over time or at a point in time. And where it is satisfied over time, the agency must also develop a method for measuring progress towards satisfying the obligation. |

1. **Other changes arising from AASB 15**

An Application fee relates to an application assessment process that the agency must complete before an accreditation is initially granted or refused. The fee is non-refundable and paid in advance. In the prior year, applications fees were spread across the 12-month calendar year on a straight-line basis. For the implementation of AASB 15 for the 2019-2020 year, application fees are now recognised upon receipt.

Accreditation fees are paid in advance of the provision of the service, and accreditations are granted for the period of up to one calendar year with a common expiry date of 31 December each year. In previous years, accrediation fees were spread across the 12-month calendar year on a straight-line basis. In line with AASB 15 and Treasury's Minimum Reporting Requirements for the 2019-2020 year, accreditation fees are now recognised upon receipt.

1. **Transitional impact**

Transitional policies adopted are as follows:

- The agency applied the modified retrospective transition method and has not restated comparative information for 2018-19, which continue to be reported under AASB 118 Revenue, AASB 111 Construction Contracts, and related interpretations.

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

*User charges and fees*

Revenue for audit fees, assessment fees and fee for service charges were previously recognised upon completion of the service. This has not changed under AASB 15.

*Accreditation and Application Fees*

The change in the agency's reporting requirements has increased revenue by $1,700,403 for the 2019-2020 year, inflating our profit, and caused a corresponding reduction in our liability amount. Refer to Note E3 and Note C9.

*Grants and contributions*

The agency receives a quarterly grant paid from the Department of Agriculture and Fisheries. The agency has full control of these funds once received. While the agency must spend the funds to perform activities in accordance with stated objectives, the performance obligations relating to this arrangement are not sufficiently specific to fall under AASB 15.

No adjustments to the opening accumulated surplus were required for the adoption of AASB 15.

**E3-2 AASB 1058 INCOME OF NOT-FOR-PROFIT ENTITIES**

The agency applied AASB 1058 Income of Not-for-Profit Entities for the first time in 2019-20. The nature and effect of changes resulting from the adoption of AASB 1058 are described below.

* 1. **Scope and revenue recognition under AASB 1058**

AASB 1058 requires revenue recognition for assets acquired for significantly less than fair value, principally to enable the agency to further its objectives. AASB 1058 also requires revenue recognition of any volunteer services.

The agency has not received any assets valued less than fair value, and does not use volunteer services.

* 1. **Transitional impact**

No adjustments to the opening accumulated surplus were required for the adoption of AASB 1058.

**E3-3 IMPACT OF ADOPTION OF AASB 15 AND AASB 1058 IN THE CURRENT PERIOD**



It compares the actual amounts reported to amounts that would have been reported if the previous revenue standards (AASB

1004, AASB 118, AASB 111 and related interpretations) had been applied in the current financial year.

**As reported Prior to**

|  |  |  |
| --- | --- | --- |
|  | | **changes** |
| **Operating result for 2019-20** |  |  |
| User charges and fees | 6,023,510 | 4,323,107 |
| Grants and other contributions | 1,900,000 | 1,900,000 |
| Other revenue | 122,891 | 122,891 |
| Supplies and services | (6,155,807) | (6,155,807) |
| Impairment losses | - | - |
| **Operating result for the year** | **1,890,594** | **190,191** |
| **Balances as at 30 June 2020** |  |  |
| **Assets** |  |  |
| Receivables | 156,464 | 156,464 |
| Inventories | - | - |
| Other current assets | 8,187,658 | 8,187,658 |
| Other non-current assets | 2,834,952 | 2,834,952 |
| **Total assets** | **11,179,074** | **11,179,074** |
| **Liabilities** |  |  |
| Payables | 101,322 | 101,322 |
| Provisions | 306,016 | 306,016 |
| Other current liabilities | - | - |
| Other non-current liabilities | 523,812 | 523,812 |
| **Total liabilities** | **931,150** | **931,150** |
| **Equity** |  |  |
| Accumulated surplus/deficit | 7,571,295 | 5,870,892 |
| **Total equity / Net assets** | **7,571,295** | **5,870,892** |

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

Significant differences in the financial statement line items are described below.

1. *User changes and fees revenue*

During 2019-20, user charges revenue of $5,330,323 was recognised under AASB 15 relating to a short term and low value licences (accreditatation and application fees). The amount of revenue recognised reflects the changed recognition requirements under AASB 15 and the performance obligations satisfied during the 2019-2020 financial year, and is $1,700,403 more than the revenue that would have been recognised on a straight-line basis under the previous standards.

1. *Other current liabilities*

Accreditation and application revenue yet to be recognised as revenue on a straight-line basis was previously reported under 'Other current liabilities'. With the immediate revenue recognition requirement, these amounts are now reported under User Charges and Fees.

**E3-4 AASB 16 LEASES**

The agency applied AASB 16 Leases for the first time in 2019-2020. The agency applied the modified retrospective

transition method and has not restated comparative information for 2018-2019, which continue to be reported under AASB 117 Leases and related interpretations.

The nature and effect of changes resulting from the adoption of AASB 16 are described below.

1. **Definition of a lease**

AASB 16 introduced new guidance on the definition of a lease.

1. **Changes to lessee accounting**

Previously, the agency classified its leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the asset to the lessee.

This distinction between operating and finance leases no longer exists for lessee accounting under AASB 16. From 1 July 2019, all leases, other than short-term leases and leases of low value assets, are now recognised on balance sheet as lease liabilities and right-of-use assets.

*Lease Liabilities*

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. The lease term includes any extension or renewal options that the agency is reasonably certain to exercise. The future lease payments included in the calculation of the lease liability comprise the following:

* fixed payments (including in-substance fixed payments), less any lease incentives receivable
* variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement
* amounts expected to be payable by the agency under residual value guarantees
* the exercise price of a purchase option that the agency is reasonably certain to exercise
* payments for termination penalties, if the lease term reflects the early termination

The discount rate used is the interest rate implicit in the lease, or the  incremental borrowing rate if the implicit rate cannot be readily determined.

Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments. Lease liabilities are also remeasured in certain situations such as a change in variable lease payments that depend on an index or rate (e.g. a market rent review), or a change in the lease term.

*Right-of-use assets*

Right-of-use assets are initially recognised at cost comprising the following:

* the amount of the initial measurement of the lease liability
* lease payments made at or before the commencement date, less any lease incentives received
* initial direct costs incurred, and
* the initial estimate of restoration costs

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

Right-of-use assets will subsequently give rise to a depreciation expense and be subject to impairment.

Right-of-use assets differ in substance from leased assets previously recognised under finance leases in that the asset represents the intangible right to use the underlying asset rather than the underlying asset itself.

*Short-term leases and leases of low value assets*

The agency has elected to recognise lease payments for short-term leases and leases of low value assets as expenses on

a straight-line basis over the lease term, rather than accounting for them on balance sheet. This accounting treatment is similar to that used for operating leases under AASB 117.

1. **Transitional impact**

*Former operating leases as lessee*



liabilities.

* + On transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the



- The agency's weighted average incremental borrowing rate on 1 July 2019 was

* + The right-of-use assets were measured at:

2.7383%

- their carrying amount as if AASB 16 had always been applied since lease commencement, discounted using the



a leasehold property and vehicles.

* New right-of-use assets were tested for impairment on transition and none were found to be impaired.
* On transition, the agency used practical expedients to:
  + not recognise right-of-use assets and lease liabilities for low value assets;
  + exclude initial direct costs from the measurement of right-of-use assets; and
  + use hindsight when determining the lease term.

The following table summarises the on-transition adjustments to asset and liability balances at 1 July 2019 in relation to former operating leases.

**$**

Right of use assets - Property, Leased 2,931,705

Right of use assets - Vehicles, Leased 154,149

Right of use assets - Plant and equipment -

Lease liabilities (3,565,129)

Accrued lease payment (from straight-lining of operating lease expenses) 340,740 Lease incentives liability -

Accumulated surplus 138,534

1. **Reconciliation of operating lease commitments at 30 June 2019 to the lease liabilities at 1 July 2019**

**$**

Total undiscounted operating lease commitments at 30 June 2019 (3,964,393)

* + discounted using the incremental borrowing rate at 1 July 2019 399,263

**Present value of operating lease commitments** (3,565,130)

* + less leases with remaining lease term of less than 12 months -
  + less leases of low value assets -
  + add/less adjustments due to reassessments of lease terms -
  + add/less other adjustments -

Finance lease liabilities at 30 June 2019 -

**Lease liabilities at 1 July 2019 (3,565,130)**

*Safe Food Production Queensland*

*Notes to the Financial Statement, for the year ended 30 June 2020*

**E4 TAXATION**

Safe Food 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. GST credits receivable from, and GST payable to the ATO, are recognised (refer to Note C2).

**E5 CLIMATE RISK DISCLOSURE**

The agency addresses the financial impacts of climate related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

The agenct has not identified any material climate related risks relevant to the financial report at the reporting date, however



**E6 SIGNIFICANT FINANCIAL IMPACTS FROM COVID-19 PANDEMIC**

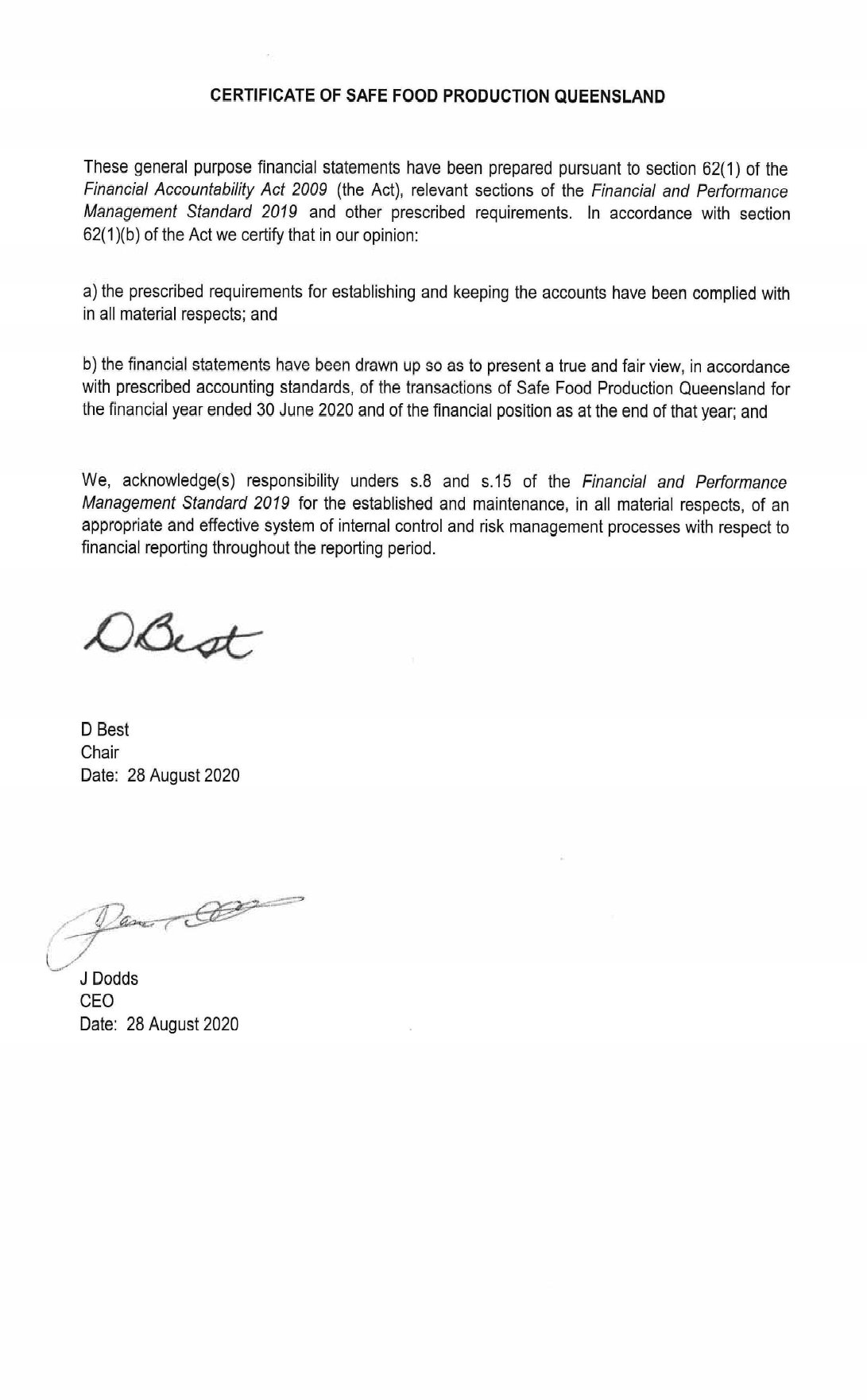
Safe Food's Fee for Service revenue (Compliance Audits and Assessments, and non-conformance audits) has been impacted by the current pandemic. Due to the travel and work restrictions imposed by Queensland Health in early 2020, Safe Food's normal audit calendar has been delayed by approximately 3 months (March to May). 2020 Fee for Service revenue has decreased approximately

$380,000 compared to the 2018-2019 fiscal year. Barring any further COVID-19 travel restrictions, Safe Food expects to recoup the majority of this revenue in 2020-2021.

Provision for Bad Debts is being closely monitored. As Safe Food deals primarily with essential food supply businesses, our bad debt levels has been minimally impacted to date. Refer to Note C2-1.

**E7 PRIOR PERIOD ERRORS AND ADJUSTMENTS**

In preparation for the 2018-2019 financial statements, the Agency recognised a prior period adjustment. The adjustment recognises a six-month lease free period which was not previously included as part of the aggregated head lease calculations. This adjustment effects the Statement of financial position, increase in accrued property rental ($119,367) and decrease in accumulated equity ($119,367).



#### 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:

1. gives a true and fair view of the entity's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
2. complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2020, 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 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 Auditing Standards*.

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

##### 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 2019 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. This is not done for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls, but allows me to express an opinion on compliance with prescribed requirements.
* 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.

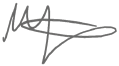
#### Statement

In accordance with s .40 of the *Auditor-General Act 2009*, for the year ended 30 June 2020:

1. I received all the information and explanations I required.
2. I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

#### Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity’s transactions and account balances to enable the preparation of a true and fair financial report.

 31 August 2020

Melissa Fletcher Queensland Audit Office

as delegate of the Auditor-General Brisbane

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Compliance checklist

|  |  |  |  |
| --- | --- | --- | --- |
| **Summary of requirement** | | **Basis for requirement** | **Annual report reference** |
| **Letter of compliance** | A letter of compliance from the accountable officer or statutory body to the relevant Minister/s | ARRs – section 7 | Page 2 |
| **Accessibility** | Table of contents Glossary | ARRs – section 9.1 | Page 1  Page 62 |
| Public availability | ARRs – section 9.2 | Page 3 |
| Interpreter service statement | *Queensland Government Language Services Policy*  ARRs – section 9.3 | Page 3 |
| Copyright notice | *Copyright Act 1968*  ARRs – section 9 .4 | Page 64 |
| Information licensing | *QGEA – Information Licensing*  ARRs – section 9.5 | Page 64 |
| **General information** | Introductory information | ARRs – section 10.1 | Page 6 |
| Machinery of Government changes | ARRs – section 10.2, 31  & 32 | N/A |
| Agency role and main functions | ARRs – section 10.2 | Page 6 |
| Operating environment | ARRs – section 10.3 | Page 6 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Summary of requirement** | | **Basis for requirement** | **Annual report reference** |
| **Non-financial**  **performance** | Government’s objectives for the community | ARRs – section 11.1 | Page 6 |
| Other whole-of-government plans /  specific initiatives | ARRs – section 11.2 | Page 6 |
| Agency objectives and performance indicators | ARRs – section 11.3 | Page 6 |
| Agency service areas and service standards | ARRs – section 11.4 | Page 20 |
| **Financial performance** | Summary of financial performance | ARRs – section 12.1 | Page 28 |
| **Governance – management and structure** | Organisational structure | ARRs – section 13.1 | Page 20 |
| Executive management | ARRs – section 13.2 | Page 19 |
| Government bodies (statutory bodies and other entities) | ARRs – section 13.3 | N/A |
| Public Sector Ethics | *Public Sector Ethics Act 1994*  ARRs – section 13.4 | Page 23 |
| Human Rights | *Human Rights Act 2019*  ARRs – section 13.5 | Page 23 |
| Queensland public service values | ARRs – section 13.6 | Page 19 |
| **Governance – risk management and accountability** | Risk management | ARRs – section 14.1 | Page 21 |
| Audit committee | ARRs – section 14.2 | Page 22 |
| Internal audit | ARRs – section 14.3 | Page 22 |
| External scrutiny | ARRs – section 14.4 | Page 54 |
| Information systems and record keeping | ARRs – section 14.5 | Page 25 |
| **Governance – human resources** | Strategic workforce planning and performance | ARRs – section 15.1 | Page 18 |
| Early retirement, redundancy and retrenchment | Directive No. 04/18 *Early Retirement, Redundancy and Retrenchment*  ARRs – section 15.2 | Page 18 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Summary of requirement** | | **Basis for requirement** | **Annual report reference** |
| **Open Data** | Statement advising publication of information | ARRs – section 16 | Page 26  https://data.qld .gov.au |
| Consultancies | ARRs – section 33.1 | Page 26 |
| Overseas travel | ARRs – section 33.2 | Page 26 |
| Queensland Language Services Policy | ARRs – section 33.3 | N/A |
| **Financial statements** | Certification of financial statements | FAA – section 62  FPMS – sections 38, 39  & 46  ARRs – section 17.1 | Page 56 |
| Independent Auditors Report | FAA – section 62 FPMS – section 46  ARRs – section 17.2 | Page 54 |

* FAA *Financial Accountability Act 2009*
* FPMS *Financial and Performance Management Standard 2019*
* 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 *Food Production (Safety) Act 2000*.

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.

Assessment

A conversation and observation based verification tool designed to assess the level of food safety awareness, provision

and commitment that exists within a businesses, as an indicator of sustained compliance.

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

An initial set of measurements and observations that identify the most appropriate food safety interventions of a system.

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.

Food Production (Safety) Act 2000

The *Food Production (Safety) Act 2000* 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:

* Makes primary produce fit for human or animal consumption and 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.

Processor

A processor is a person who undertakes processing activities as defined under *Food Production (Safety) Act 2000*.

Producer

A producer is a person who undertakes primary production activities under the *Food Production (Safety) Act 2000*.

Risk

In relation to food safety, a measure of the probability that a particular activity will result in unsafe or unsuitable food.

Supply chain

A series of steps or processes from the point of harvest or production through to the consumer. The supply chain can vary in length according to activities, 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

**ARR** Annual Report Requirements

**CAR** Corrective Action Request

**CAS** Compliance Assessment System

**CEO** Chief Executive Officer

**CIMS** Central Information Management System

**DAF** Department of Agriculture and Fisheries

**DAWE** Australian Department of Agriculture, Water and the Environment

**EAP** Employee Assistance Provider

**FAA** *Financial Accountability Act 2009*

**FPMS** *Financial and Performance Management Standard 2019*

**FPS Act** *Food Production (Safety) Act 2000* **FRSC** Food Regulation Standing Committee **FSANZ** Food Standards Australia New Zealand **IP** Information Privacy

**ISFR** Implementation Subcommittee for Food Regulation

**ISMS** Information Security Management System

**IT** Information Technology

**PIN** Penalty Infringement Notice

**PSA** Preferred Supplier Arrangement

**QGCIO** Queensland Government Chief Information Office

**RDS** Retention and Disposal Schedule

**RTI** Right to Information

**SE** *Salmonella* Enteriditis

**SEPP** *Salmonella* Enteriditis Prevention Plan **SOP** Standard Operating Procedures **WH&S** Workplace Health & Safety

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