



Annual Report 2014–2015
integrity & assurance



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In accordance with the *Financial Management Act 1994*, I am pleased to present Dairy Food Safety Victoria's Annual Report for the year ending 30 June 2015.

Yours sincerely



Zoe Attwood
Acting Chair
Dairy Food Safety Victoria

20 August 2015





Chairman's foreword

On behalf of the Board I am pleased to present the annual report of Dairy Food Safety Victoria for the 2014–15 financial year.

This reporting period marks the successful completion of our 2012–15 Strategic Plan. Consequently, during the year we have also looked to the future in developing a new five-year strategic plan.

In developing the Plan we took the opportunity to thoroughly assess our operating environment, including the broad regulatory and economic situation, the current food safety and health policy environment, the dairy industry operating environment, and internally DFSV's organisational capacity and sustainability.

The full Board, executive and staff of DFSV contributed to a rigorous strategic planning process and we actively sought and considered the views of our industry stakeholders in developing the strategic plan.

The Plan is central to DFSV's decision-making process and the formation of the annual operating plan and budget. The Plan describes the strategies for achieving our objectives and the performance indicators to measure success, which will be reported against each year in DFSV's annual report.

Through the planning process we identified five key areas of focus: ensuring industry compliance with regulatory requirements through an efficient and effective licensing system and provision of advice and support to licensees; representing the interests of the Victorian dairy industry in the broader food regulatory system; timely and appropriate management of food safety incidents to protect public health; increasing the knowledge and skills of DFSV; and maintaining financial stability and effective and efficient governance and business systems.

The industry generally has experienced a period of growth over recent years and for DFSV this has translated into an increase in regulatory services required to maintain safe production of dairy food in Victoria, which in turn supports market access and the growth of the dairy industry.

Over the past two years the number of new manufacturing licence applications has almost doubled, and this trend looks set to continue with domestic and global demand for Victorian dairy products expected to continue and grow, particularly in light of the recent free trade agreements with China, Japan and the Republic of Korea.

An important aspect of our work this past year and in our planning is ensuring we are suitably skilled and resourced to meet the needs of a growing industry. We have increased our team at DFSV this year, with two specific aims: to meet increased licensing, auditing and day-to-day food safety management requirements; and to provide technical and scientific expertise and advice to support our licensees to meet their regulatory requirements.

We have also welcomed a new director to the Board of DFSV with the appointment of Keith Mentiplay in October 2014. Keith's skills and knowledge gained over more than 35 years in Australian dairy manufacturing makes him well qualified for the role, and a valued member of the team.

Sound corporate governance provides the foundation for meeting our strategic objectives. I thank all Board members for their strategic leadership of DFSV through the 2014–15 reporting period and their commitment in setting our strategic directions for the next five years.

I sincerely express my appreciation to our CEO, Jennifer McDonald and her dedicated team for continuing to provide the highest level of assurance to the consumer that our dairy products are safe.

Grant Davies
Chairman



Chief Executive Officer's report

This is the final report against our 2012–15 strategic plan. A key objective of that plan was ensuring we have the flexibility to respond to the demands of a changing environment. In addition to the challenges from a growing market and increased licensing activity, the 2014–15 reporting year also saw changes in the regulatory environment. This has focused our efforts on building our organisational capability and capacity to meet the resulting increase in responsibility and workload.

In December 2014, Victorians were alerted to the danger of consuming unpasteurised milk following a number of serious illnesses among children which were linked to the consumption of unpasteurised (raw) milk sold as 'bath' or 'cosmetic' milk. In response, DFSV worked with the Victorian Government to identify mechanisms to control the sale of raw milk, which led to the introduction in February of a new licence condition for all Victorian dairy industry licences. Under the new condition any licence holder that intends to sell, deliver or supply milk or milk products not intended for human consumption must advise DFSV and obtain approval of the proposed treatment of these products to ensure they are clearly differentiated from dairy food.

In February 2015, changes to the Primary Production and Processing Standard for Dairy Products (Standard 4.2.4) were enacted to allow the production and sale of some cheeses made from unpasteurised milk. The Standard requires strict control over the production, transport and processing of raw milk to ensure final product is safe for consumers. For producers wishing to make such products this will mean documenting and complying with additional requirements, including heightened testing and monitoring regimes.

In readiness for full compliance from January 2016, our food safety managers have received training in auditing compliance with Food Standards Code, 1.2.7 Nutrition, Health and Related Claims.

We must be able to adapt and grow to fulfil our regulatory responsibilities and to support our licensees to comply with changing regulatory requirements. An assessment during the year of our structure and operations led to some organisational change and most notably, the creation of new positions in the operations and science areas of the business.

Our staff will continue to develop their skills and our workforce composition will change as necessary to ensure we meet our stakeholders' evolving needs.

DFSV operates on the basis of risk assessment and management, and the application of minimum effective regulation to achieve safe food outcomes.

Our core objective, as stated in the *Dairy Act 2000*, is to ensure that the standards that safeguard public health are maintained in the Victorian dairy industry. We achieved that objective in 2014–15, with no public health issues, no prosecutions and no market assurance failures.

Further validation of our regulatory system followed the successful annual review conducted by the Australian Department of Agriculture of the audit services DFSV delivers which underpin export certification. The single system of auditing export-accredited licensees in conjunction with domestic audit visits reduces duplication and streamlines administration of food safety regulation and market assurance services.

We continue to work closely with key government departments at both state and national levels, Food Standards Australia New Zealand, and our food safety counterparts in other states toward consistency of regulatory approach and efficient administration of regulation.

We have a clear vision for the future which is outlined in our strategic plan for the next five years. A great deal of effort in 2014–15 by the Executive and staff supported the Board to establish our strategic directions, objectives and performance measures. I thank all staff for their contribution and for the subsequent work in planning and documenting the detail of the activities we will undertake to support achievement of our strategic objectives.

In 2015–16 we will begin implementing this plan and building on our achievements to date in ensuring the safe production of dairy food in Victoria.

Jennifer McDonald
Chief Executive Officer

About Dairy Food Safety Victoria

Charter and purpose

Dairy Food Safety Victoria (DFSV) is a statutory authority established by the Victorian Parliament under the *Dairy Act 2000*. We report through our Board to the Victorian Minister for Agriculture.

The responsible Ministers during the period were:

- the Hon Peter Walsh MLA, Minister for Agriculture and Food Security for the period 1 July 2014 to 3 December 2014
- the Hon Jaala Pulford MP, Minister for Agriculture for the period 4 December 2014 to 30 June 2015.

As the independent regulator of Victoria's dairy industry, DFSV ensures national food safety standards are met by licensing all dairy premises operating in Victoria's dairy industry and approving and ensuring compliance with food safety programs.

Our licensing authority extends through all parts of the dairy chain, from the farm through to manufacturing and delivery of final product to the retail store.

Our vision

Product safety and integrity locally and globally for Victoria's dairy industry

Our mission

To independently regulate dairy food safety

Our values

Respect

We value diverse opinions, strengths and ideas, and consider the feelings of others

Integrity

We are honest, open and transparent in our dealings with all stakeholders and will match our behaviours to our words

'Can do'

We are always willing to help stakeholders and each other and strive to continually improve the way we work whilst remaining adaptable and open to change

Fairness

We are fair, objective and courteous in all dealings with industry, stakeholders and our employees

Objectives of the Authority

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

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

Functions of the Authority

The functions of DFSV, as stated in Section 6 of the *Dairy Act 2000*, are to:

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

Powers of the Authority

Section 7 of the Dairy Act provides that:

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

Corporate governance

The DFSV Board

The DFSV Board consists of seven members, appointed on the basis of their skills and expertise rather than industry sector representation. The Minister appoints the Chairman and may also appoint one member nominated by the Secretary of the Department of Economic Development, Jobs, Transport and Resources. The Minister appoints the remaining five members acting upon the recommendations of an industry selection committee.

Board members are appointed having regard to their expertise in one or more of the following areas:

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

Each member holds office for a term not exceeding three years and is eligible for re-appointment. The current Board term commenced in October 2012. During the 2014–2015 financial reporting year, Mr Keith Mentiplay was appointed to the Board, effective 16 October 2014.

The Risk Management and Audit (RM&A) Committee assists the Board to fulfil its corporate governance and statutory responsibilities in relation to financial reporting, internal control, risk management systems and internal and external audit functions. Members of this committee at 30 June 2015 were Mr Barry Lierich (Chair), Ms Zoe Attwood and Mr Peter Moloney, all of whom are independent members.

The Human Resources (HR) Committee assists the Board in fulfilling its statutory responsibilities. The committee also assists the Board in the formulation of human resource management policies and procedures. Members of this committee at 30 June 2015 were: Ms Margaret Darton (Chair), Mr Peter Bailey and Mr Keith Mentiplay.

The Funding Model Consultative (FMC) Committee facilitates consultation with the dairy industry to assist DFSV in the determination of the criteria and structure of licence fees. Representatives of the dairy industry are invited to participate on this committee. For 2015, Board members on this committee were Mr Barry Lierich (Chair) and Mr Peter Moloney.

Meeting attendance

Seven Board and seven committee meetings were held during the year. The number of meetings that each director attended is set out in the following table.

Table 1: Attendance at Board and Board Committee meetings during the year ended 30 June 2015

	Board 7 total	RM & A 4 total	HR 2 total	FMC 1 total
Grant Davies	7	-	-	-
Zoe Attwood	6	3	-	-
Peter Bailey	7	-	2	-
Margaret Darton	7	-	2	-
Barry Lierich	6	4	-	1
Keith Mentiplay*	4	-	1	-
Peter Moloney	6	4	-	1

* Mr Mentiplay was appointed to the DFSV Board in October 2014



DFSV organisational chart



DFSV Board



Grant Davies – Chairman

MAICD

Grant was appointed Chair of DFSV in April 2012. He is a dairy farmer and has been actively involved in the dairy and irrigation industries since 1969. A long time dairy industry advocate and leader, he has represented local farmers within the United Dairyfarmers of Victoria and the Northern Herd Development Cooperative. Grant has held a number of committee and Board positions, including Director and Chairman of Murray Goulburn Cooperative.



Zoe Attwood – Deputy Chair

MBA, GAICD, Grad Dip Bus Admin, BSc

Zoe was appointed as a director in 2006. Zoe is a professional director and governance facilitator for both the Australian Institute of Company Directors (AICD) and the Institute of Directors (IoD) in New Zealand. She has over 15 years' experience as a director and chair, in a wide range of organisations across the public and private sectors. Zoe is a science academic and has had an extensive global executive career in science and technology innovation and commercialisation and worked in many industries, including the dairy, food, packaging, wine, forestry and veterinary industries. She is currently also a director of PrimeSafe and Quantum in Australia, and Seal Stone Ltd in NZ.



Peter Bailey

B Agr Sc, M Agr Sc

Peter was appointed as a director in 2012. He has extensive experience working in animal biosecurity, animal welfare and food safety. Until retiring in 2009, Peter was Victoria's Executive Director of Biosecurity at the Victorian Department of Primary Industries. He has held several board positions including Deputy Chair of the Victorian Meat Authority from 1993 to 2003. Over the last three years, Peter has been involved, on a part-time basis, in a range of projects relating to animal and plant biosecurity, invasive species control, food safety and animal welfare.



Margaret Darton

BAppSc, DipAppCh, GradDiplLib, GAICD

Margaret was nominated for appointment by the Secretary of the Department of Environment and Primary Industries in 2000, and was a member of the Dairy Food Safety Working Group that established Dairy Food Safety Victoria. She is the Food Policy Manager, Department of Economic Development, Jobs, Transport and Resources. She has responsibility for providing advice on food and food regulation policy as it relates to the agricultural sector at both state and national levels and is Chair of the national Strategic Planning Working Group of the Food Regulation Standing Committee.



Barry Lierich

CPA

Barry was appointed as a director in 2009. He worked in dairy product manufacturing with Tatura Milk Industries Limited for more than 30 years, where he held the position of CFO for 23 years prior to the position of CEO for the last two years of his employment. Barry has also contributed to the dairy industry, holding positions in the Australian Dairy Products Federation and the Australian Dairy Industry Council.



Keith Mentiplay

DipDT, MBA

Keith has more than 35 years' experience working in the Australian dairy industry and representing the industry on various dairy associations. Most recently, from 2011 to 2014, he held the position of General Manager of Operations at Murray Goulburn Co-Operative and prior to that spent 14 years at National Foods in a range of general management, national and international operations roles, with eight years as an executive team member. Keith has also worked with Nestle, Pacific Dunlop, Dairy Farmers Milk Co-operative and Southern Farmers.



Peter Moloney

BEC, GAICD, Chartered Accountant

Peter was appointed as a director in 2012. He is an experienced risk and audit practitioner, working over 32 years with a broad range of organisations across the public and private sectors. As a past Partner of Ernst & Young and William Buck, Peter was responsible for managing substantial risk practices in both organisations. Peter has held a number of board roles including William Buck and Friends of the Zoos and is also an audit committee member for Department of Justice; Department of Economic Development, Jobs, Transport and Resources; Victorian Independent Broad-based Anti-corruption Commission (IBAC); VicHealth and South Gippsland Water.

Core strategic outcomes

In 2014–15 DFSV implemented the final year of a three-year strategic plan. The key objectives articulated in the plan reflect the government's expectations of DFSV and performance against them is detailed in the following sections.

Maximise value from a single system approach – Core excellence

Key performance indicators

- The DFSV risk-based regulatory model is effective in ensuring public health and the integrity of DFSV's systems is maintained.
- DFSV maintains a management system that enables continuous improvement in business outcomes for both internal and external stakeholders.
- Streamlined delivery of services through the implementation of a single system approach which maintains market access.

2014–15 performance

Effective regulation

DFSV's main objective is to ensure the safety of Victoria's dairy products for consumers. DFSV implements a risk-based regulatory model, which in 2014–15 continued to be effective in ensuring public health, with no outbreak of foodborne illness attributed to product made under DFSV's regulatory supervision.

Continuous improvement

In 2014–15 DFSV continued to investigate ways to improve its systems and service delivery.

A review of the regulatory framework was undertaken with a view to modernise DFSV's regulatory approach and streamline the documents that support DFSV's administration of the *Dairy Act 2000* and the *Food Act 1984*. Opportunities to develop a new Code of Practice for Dairy Food Safety (2002) have been identified and work is underway.

During the year DFSV commenced a review of the framework that supports its quality management system and the business systems and processes to develop, manage and maintain DFSV's policies and procedures. This was undertaken along with a substantial revision of policies and procedures to ensure that they are up to date and appropriately reflect organisational practice.

In June 2015 the quality management system was audited by SAI Global for compliance with ISO 9001:2008 and continued certification was recommended.

Streamlining services

During the year we undertook consultation with industry on a proposed change to DFSV's compliance monitoring arrangements on licenced dairy farms.

The proposed system would see DFSV monitor a farm's performance against key indicators of compliance already monitored by manufacturers on receipt of milk and would no longer require participating licensed dairy farmers supplying these manufacturers to undergo 24-monthly regulatory audits. This arrangement will be trialled with a number of manufacturers in 2015–16.

To further support operation of the regulatory system and provide clarity for industry, DFSV has consulted with stakeholders on the development of two new documents: *Microbiological Testing Criteria* and the *Minimum requirements for farm audits–Non-conformance guideline*.

DFSV's *Microbiological Testing Criteria* outlines minimum testing requirements for manufacturers, and replaces earlier guidance. The document was prepared with input from a cross-section of dairy manufacturers, as well as state regulatory authorities.

DFSV worked with the National Farm Auditor Working Group to produce a guideline on DFSV minimum requirements when assessing on-farm compliance, in order to ensure a consistent approach to the development and auditing of food safety programs.

Maintaining market access

DFSV continues to deliver audit services for the Department of Agriculture's export registered manufacturing facilities in order to maintain market access. In April of this year, the Certification Integrity Unit of the Department of Agriculture reviewed DFSV's management system in relation to activities described in the Memorandum of Understanding (MoU) between the two parties. The review also included on-site evaluation of an audit conducted by a DFSV food safety manager. DFSV's system continues to be recognised by the department as meeting the requirements specified in the MoU in relation to regulatory oversight of dairy export establishments.

Maximise value from a single system approach – Enhance economic development

Key performance indicators

- DFSV provides a leadership role for dairy in the development of a consistent approach to regulation of food safety.
- DFSV provides a leadership role for dairy in market assurance services.
- Industry values DFSV's role in supporting the enhancement of industry competence.

2014–15 performance

Consistent regulatory approach

DFSV has actively engaged in FSANZ standard setting and Food Standards Code implementation processes in partnership with other Victorian government regulators. This has included input into the revision of the Food Standards Code, scoping a proposal to commence further revision of Standard 1.6.1 Microbiological Limits for Foods, and involvement in the Implementation Subcommittee for Food Regulation – Nutrition and Health Claims Implementation Working Group.

During the year the Food Standards Code was amended to permit the production and sale of raw milk cheeses. The revised Standard 4.2.4 Primary Production & Processing Requirements for Dairy Products was gazetted in February 2015 and established food safety requirements for producers of raw milk for raw milk cheese, transporters, and manufacturers of raw milk cheese.

DFSV led the national discussion on the implementation of the Standard, identifying approaches to ensure consistent regulatory oversight through the use of checklists and decision support tools.

Market assurance services

DFSV continues to administer the Australian Milk Residue Analysis (AMRA) survey on behalf of state regulatory authorities and the Department of Agriculture. The survey is an important verification of the effectiveness of systems to manage food safety risks associated with agricultural and veterinary chemical usage on farms. Funded by Dairy Australia, the AMRA survey provides assurance to importing countries that their requirements are met, and as such plays an important role in maintaining market access.

The antibiotic residue notification system also continued to support market access to Europe. During the reporting period there was a decrease in positive results from tanker notifications.

A review of DFSV's Product Testing Program (PTP) has led to the development of an expanded product surveillance program which will commence in late 2015. The existing Product Testing Program generates data on the microbiological status of selected finished dairy products. The revised program will focus on high-risk dairy products, and include extensive microbiological testing as well as measurement of selected chemical parameters. Outputs from the program will support further refinement of the *Microbiological Testing Criteria* document.

Data from the ongoing PTP continues to demonstrate high levels of compliance with microbiological limits in the Food Standards Code.

During the year, DFSV staff were involved in reviews by the governments of two important export markets.

In September 2014, the US Food and Drug Administration (USFDA) visited Australia to conduct a comparability review of the Australian food regulation system. DFSV hosted the laboratory team to demonstrate the AMRA survey and PTP program and an inspection team reviewed DFSV's regulatory system and observed an audit by DFSV at one of our manufacturing licensees. The outcomes of the visit were very positive and Australia's food safety system was successfully recognised by the USFDA. This means that manufacturers wishing to export to the US no longer need to undergo audits from the USFDA prior to approval.

In January, the Chinese government sent a delegation to Australia to review the latest group of manufacturers that had applied to the Department of Agriculture to export dairy products to China. These manufacturers included exporters of infant formula and fresh milk. The Department of Agriculture hosted this visit and DFSV staff accompanied the group on visits to DFSV licensees who had made an application. As manufacturers address actions arising from this visit, appropriate evidence will be provided to China via the Department of Agriculture and, in time, China will make a decision on whether to approve these manufacturers.

Supporting industry capability

DFSV supports development of industry competence through provision of a range of services and information including regulations and standards interpretation and guidance, risk analysis, and technical and scientific advice.

DFSV's series of information notes provide practical technical advice on a range of operational and food safety topics. During the year the biennial review and update of all notes was completed.

DFSV also continues to support industry competence development through its program of Learning Network Forums, with a shift in focus to present on selected topics of current interest, such as raw milk cheese production, licensing and auditing updates.

Three rounds of forums, at six sites across the state, were held during the year. Participant feedback continued to be positive, with around 30 per cent of licensed manufacturing sites represented at each round.

With the aim of enhancing industry competence in the manufacture of safe dairy foods, DFSV expanded the Science portfolio in order to increase provision of technical guidance and advice to DFSV and its stakeholders.

DFSV established a collaborative project with the Australian Speciality Cheesemakers' Association (ASCA) to support this industry sector increase its food safety knowledge. Through an on-line technical discussion forum, the expertise of Dairy Food Safety Victoria's Chief Scientist has supported ASCA members on matters related to artisanal cheese making with a particular focus on food safety.

The Science team also delivered presentations at a range of forums including:

- the National Centre for Dairy Education (NCDEA) diploma students on regulation in the dairy industry
- the Food Technology Association of Australia (AGM): *Important lessons learned from a recent Listeria outbreak*
- the Dairy Industry Association of Australia (Tasmanian Division Conference): *Managing a raw milk culture*
- NCDEA Webinar: *Understanding the regulatory requirements for manufacturing raw milk cheese in Australia.*

In September 2014 the CEO presented to the Infant Nutrition Council – The Right Formula Industry Meeting on ensuring that consumers have confidence in the safety and integrity of infant formula produced in Victoria.

Prepare for the future – Capability and capacity for a flexible future

Key performance indicators

- DFSV anticipates industry's needs and responds with people having the appropriate knowledge and skills.
- DFSV business systems support improvements to our core business to position us for the future.

2014–15 performance

Building DFSV capacity

A major focus over the reporting period has been on building DFSV's capability and capacity to ensure we can respond to industry growth and any changes within the operating environment.

This has been achieved through recruitment, organisational restructuring and staff training. The Science and Operations areas of the business have been strengthened with the creation of new positions. A scientific officer role was created in the expanded Science team and managers in Operations Quality, and Licensing & Performance Data were appointed, along with recruitment of an additional food safety manager to meet an increase in auditing demand.

There has been a greater focus on staff training across the business, in particular in enhancing the skills of our food safety managers. All of DFSV's food safety managers received training in auditing food labels and health claims for compliance with the new Standard (1.2.7) and in auditing food industry adherence to good manufacturing practices (GMPs).

Improving business systems

Work undertaken over the past two years to improve our business intelligence system culminated in the implementation of a new reporting environment in 2014–15.

It will provide a comprehensive information and reporting tool for DFSV to support business decisions and will evolve to meet the changing needs of the organisation.

A number of business systems improvements were also implemented to increase support to our field staff. These included replacement of the remote access tool to access DFSV's network, and continued development and refinement of our licence management database.

DFSV has also undertaken a review of the organisation's document management systems. The review assessed DFSV's document management life cycle, policies, procedures and business classification schemes for documentation, and a compliance assessment against Public Records of Victoria (PROV) standard. Action plans to address identified opportunities for improvement have been built into Dairy Food Safety Victoria's Annual Operating Plan for 2015–6.

Planning for the future

The DFSV Board and staff have been active in developing a Strategic Plan for the years 2015–2020 which included an extensive period of consultation with the Victorian dairy industry. Taking effect from 1 July 2015 the core elements of the plan focus on; maintaining effective risk-based compliance activity which minimises the regulatory burden on dairy businesses, effective and transparent communication with industry, strengthened collaboration with regulatory partners, investing in training and development of our staff, comprehensive testing of emergency procedures, being flexible and responsive to changes in the regulatory and dairy food industry context, and maintaining financial stability.

Prepare for the future – Dairy food and health futures

Key performance indicators

- The dairy food safety and health policy environment is actively monitored.
- The DFSV system is adaptable to new directions in regulation.

2014–15 performance

Monitoring the environment

DFSV maintains a close watch on developments in the areas of health and food safety which may impact on the regulation of dairy food safety. In addition to engaging with local industry, scientific and regulatory bodies, DFSV also looks internationally to grow its knowledge of the broader dairy food safety environment and how it might influence practices in the Victorian regulatory space.

During the year, DFSV's Chief Scientist presented to the:

- Dairy Science and Technology Conference (Wales): *Dairy food safety: a view from the far side*
- IAFP 2014 annual meeting (Indianapolis): *Delivering safety of cheese made from unpasteurized milk* (a joint presentation with the Ministry for Primary Industries New Zealand and the University of Tasmania)

and visited the:

- International Dairy Foods Association (IDFA)
- US Food and Drug Administration (FDA)
- Zero2five Food Industry Centre, Cardiff Metropolitan University
- UK Food Standards Agency (FSA)
- ARLA milk processing facility, Aylesbury, UK.

DFSV also continued to monitor the progress of the Global Food Safety Initiative and the rise of third-party certification of quality systems. The General Manager of Operations attended the Global Food Safety conference this year to connect with food safety regulators from around the world to find out how third-party certification and monitoring has been incorporated into regulatory frameworks.



Key statistics

Completed 345 audits of manufacturers and 2,030 farm audits
Investigated 36 consumer complaints
Investigated 31 pathogen notifications
Four recalls of Victorian produced dairy products: Three were related to food safety.
Conducted 12 food safety risk assessments – Four product-related and eight farm-related risk assessments
Required five licensees (dairy manufacturers) to undergo additional audits following identification of several non-compliance issues with licence requirements during scheduled audits
Conducted two unannounced inspections in response to non-compliances identified at previous inspections
DFSV's Quality Management System was audited for compliance with ISO 9001:2008 and maintained accreditation
Coordinated three rounds of Learning Network forums for dairy manufacturers in six locations across Victoria
Responded to 114 technical information requests with 94% responded to within two days
Tested 1,426 dairy product samples, as part of the Product Testing Program. Of these samples six tested positive for E.coli at a level greater than specified in the food standards code and one positive for <i>L.monocytogenes</i>

Licence	Total
Manufacturer (bovine)	181
Manufacturer (sheep, goat, and buffalo)	10
Farmer (bovine)	4127
Farmer (sheep, goat and buffalo)	26
Milk broker	2
Distributor	107
Carrier	42
Vendor	2
Total	4497

Dairy licence statistics at 30 June 2015

Strategic enablers

Successful delivery of our strategic plan is underpinned by the following strategic enablers.

Leadership and relationships

DFSV's relationships and collaboration with other government, regulatory and industry organisations are essential to achieving consistent implementation of regulation, minimising regulatory burden and maintaining a safe and sustainable industry.

DFSV maintains a voice for Victoria in the development and implementation of national food standards through the CEO's membership on the Implementation Subcommittee for Food Regulation. Participation on a number of Victorian regulatory forums contributes to a coordinated approach to regulation to reduce duplication and overlap, and streamline service delivery between the food regulators. These include the Victorian Food Regulators Forum, DEDJTR Regulatory Model Project Steering Board, VCEC Regulators Community of Practice and the Forum of Environment and Primary Industries Regulators.

In 2014–15 DFSV continued to work with PrimeSafe on implementing recommendations from the 2013 Parliamentary inquiry into the impact of food safety regulation on farms and other businesses with respect to developing a common reporting framework.

In February a new licence condition to control the sale of raw milk was introduced to ensure that cosmetic milk products and other milk products not intended for human consumption are clearly differentiated from dairy food. To ensure understanding of the changed condition and effective collaboration with food retail regulators, DFSV's General Manager of Operations presented to the Environmental Health Professionals Australia technical forum in March on issues related to the sale of raw milk. DFSV maintains an active involvement with the EHPA Food Special Interest Group committee.

DFSV was involved again this year in Dairy Australia's Scholarship Program visits to Australia. The Scholarship Program brings groups of dairy industry employees from foreign countries (our trading partners) to Australia to learn more about our dairy industry. DFSV's role in this program is to educate the students about the Australian Food Safety Regulatory System. This typically includes a formal presentation and accompanying them on industry and farm visits. In 2014–15 DFSV was involved in student visits from Japan and SE Asia.

In November, DFSV was also involved in a joint Australia and New Zealand program to improve the knowledge of dairy industry regulators in many SE Asian countries. This program was organised by the Department of Agriculture and New Zealand's Ministry for Primary Industries and was an initiative from the ASEAN group. DFSV presented on the Australian Food Safety Regulatory System as well as joining the group for two full days of industry and farm visits.

Knowledge and communication

Through the planning process to develop DFSV's new Strategic Plan, a need for a stronger focus on communications was identified. In 2014–15 we moved towards full integration of our communications planning with our strategic and operational planning processes.

We are committed to providing our licensees with useful regulatory, scientific and technical information and advice to support them to meet their dairy food regulatory requirements. To this end we commenced a project to redevelop the DFSV website to ensure it reflects DFSV's strategic direction, effectively communicates DFSV's responsibilities and regulatory approach and meets the needs of our stakeholders. This involved consultation within DFSV and across the industry to review the current site and to identify the information and functionality required to meet the needs of our licensees and other stakeholders.

Governance

DFSV has internal processes and policies in place to ensure compliance with statutory obligations, management of business and financial risk, and to position the organisation for the future.

DFSV has an internal audit program, which provides confidence that DFSV maintains an effective system that ensures:

- effective management of risk
- DFSV assets are safeguarded
- accuracy, reliability and security of DFSV information, information systems and records
- operational efficiency and continuous improvement
- compliance with applicable laws and regulations, government and DFSV policies and procedures.

RSM Bird Cameron was appointed DFSV's internal audit provider during 2014, for a three-year term.

In 2014–15, audits of IT security, licensing and occupational health and safety (OHS) were undertaken.

DFSV has a risk management framework in place that is consistent with the Australian/New Zealand Standard – Risk Management Principles and Guidelines AS/NZS ISO 31000:2009, to ensure that appropriate procedures exist for the effective identification, quantification and management of risks. The risk management framework is further enhanced by DFSV's *Incident and Emergency Risk Management Plan*.

Financial stability

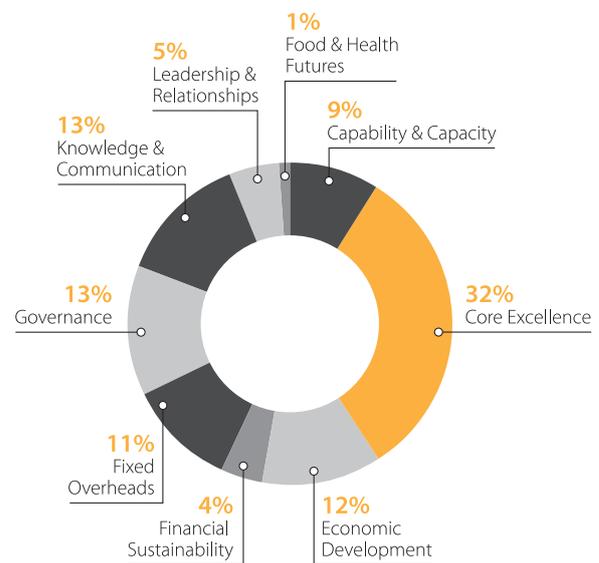
DFSV has maintained a financially stable position throughout the year and has an accumulated reserves balance which has kept pace with inflation providing a secure position going into 2015–2016. The organisation is funded from dairy licence and service fees, which are set annually by the DFSV Board in consultation with industry. Industry representatives make up membership of the DFSV Funding Model Consultative Committee which meets each year to review and discuss the current and future financial position of the organisation. The committee’s advice is then considered by the Board in setting the fees for the following financial year. The DFSV Board approved an increase of DFSV fees by 1.2 per cent for the 2015–16 financial year. DFSV has been able to keep fee increases to less than CPI for the next and previous three years as the following table shows.

Financial year	2015–16	2014–15	2013–14	2012–13
Fee movement on previous years fees	1.2%	2.5%	1.5%	0.0%

As a Victorian Public Service Agency, DFSV abides by the Financial Management Compliance Framework ensuring compliance with the Standing Directions for the Minister for Finance. The framework provides assurance that agencies have implemented the appropriate systems to ensure compliance with the Directions to provide for effective, efficient and responsible financial management of public resources.

The allocation of budgetary resources across our strategic activities is shown in figure 1. The largest component of budget allocation was to activities under our strategic imperative of Core Excellence, which ensure compliance with food safety requirements.

Figure 1: Budget resource allocation



Five-year financial summary

	2015	2014	2013	2012	2011
Five-year financial summary	\$	\$	\$	\$	\$
Total income from transactions	5,789,923	5,373,608	5,180,359	5,015,346	4,633,033
Total expenses from transactions	(4,970,462)	(4,791,584)	(4,383,569)	(4,714,764)	(4,368,895)
Net result from transactions	819,461	582,024	796,790	300,582	264,138
Net cash flow from operating activities	1,193,616	558,437	769,070	880,207	318,376
Total assets	6,842,473	5,885,182	5,836,065	5,243,354	4,481,271
Total liabilities	824,883	687,053	1,219,960	1,420,915	945,871

Overview

Increased production volumes have contributed to higher income in manufacturer licence fees compared to previous years. Total expenditure was lower than anticipated largely due to timing and re-appointment of some vacant positions and savings experienced across categories of general business operations. Total assets increased primarily as a result of an increased cash position from the revenues received. The continued strong net result has further strengthened the overall equity position for DFSV’s financial stability.

Workforce data

Human resource management

DFSV is committed to providing a healthy and safe work environment for all staff and others at a DFSV workplace. To achieve this DFSV commits to:

- meeting its requirements under the *Occupational Health and Safety Act 2004*, relevant OHS regulations, and compliance codes
- ongoing and active dialogue and consultation around health and safety with all those involved in DFSV activities
- ensuring staff and contractors receive the appropriate training to enable them to conduct their work safely
- regularly monitoring and reviewing health and safety performance
- ensuring managers promote a culture supportive of OHS and all levels of management and staff carry out their health and safety responsibilities.

DFSV undertakes the full range of health and safety obligations to ensure that human and financial costs of occupational injury and illness are minimised. Initiatives during the year include providing:

- OHS training at induction
- OHS as a standing agenda item for monthly staff meetings
- vaccinations for influenza and Q fever
- protective and safety equipment to field staff
- ergonomic assessments of workstations and information to conduct self-assessments
- fresh fruit each week
- facilities to support physical activity
- confidential access to an Employee Assistance Program
- defensive driver training for field staff.

Incident management

There were two occupational health and safety incidents (8.3 per 100 full time equivalent staff members) and no WorkCover claims lodged during the period 1 July 2014 to 30 June 2015. Neither incident resulted in lost time through injuries. No occupational health and safety incidents were reported and no WorkCover claims were lodged for the previous two years from 1 July 2012 to 30 June 2014.

Employment and conduct principles

DFSV is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably against selection criteria.

The recruitment and selection process:

- recognises and complies with all current legislation governing all aspects of recruitment
- ensures the best person is recruited for each position
- ensures all recruitment activities are conducted in accordance with the principles of equal opportunity.

Public administration values and employment principles

DFSV has policies in place to ensure compliance with all public sector employment principles, including public sector conduct. DFSV is committed to being an employer of choice and provides all staff with the opportunity and encouragement to further their development.

Comparative workforce data

Summary of employment levels in June 2014 and June 2015

	Ongoing employees ⁽ⁱ⁾				Fixed term and casual employees
	Employees (Head count)	Full time (Head count)	Part time (Head count)	FTE	FTE
June 2015	27	18	9	24(ii)	0.6
June 2014	23	17	6	20.7	1.9

Summary of employment levels in June 2014 and June 2015

	June 2015			June 2014		
	Ongoing ⁽ⁱ⁾		Fixed term and casual employee	Ongoing ⁽ⁱ⁾		Fixed term and casual employee
	Employee (Head count)	FTE	FTE	Employee (Head count)	FTE	FTE
Gender						
Male	11	11		9	9	0
Female	16	13	0.6	14	11.7	1.9
Total	27	24	0.6	23	20.7	1.9
Age						
Under 25	0	0		0	0	0
25-34	3	2.2		3	2.6	0
35-44	7	6.6	0.6	5	3.7	1.3
45-54	9	7.4		9	8.8	0.6
55-64	7	6.8		6	5.6	0
Over 64	1	1		0	0	0
Total	27	24	0.6	23	20.7	1.9
Position						
Executive	4	4		4	4	0
Corporate ⁽ⁱⁱⁱ⁾	8	6.5		8	6.1	0
Technical	13	11.5	0.6	9	8.6	1.9
Administration	2	2		2	2	0
Total	27 ⁽ⁱⁱ⁾	24	0.6	23	20.7	1.9

Notes:

- i. All figures reflect employment levels during the last full pay period in June of each year. Ongoing employees include executives engaged on a standard executive contract who were active in the last full pay period of June.
 - ii. The increase in employment FTE levels between June 2014 and June 2015 are in response to increased demand in auditing (1 FTE) and to achieve strategic initiatives in the areas of communications (0.2FTE), human resources (0.2FTE) and science advice (0.6FTE).
 - iii. Corporate includes employees working in information technology, business intelligence, finance, human resources, communications, performance reporting, quality and governance.
- Employees have been correctly classified in workforce data collections.



Other disclosures

Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires public sector bodies to report on the implementation of the Victorian Industry Participation Policy (VIPP). Public sector bodies are required to apply the VIPP in all procurement activities valued at \$3 million or more in metropolitan Melbourne and for statewide projects, or \$1 million or more for procurement activities in regional Victoria.

DFSV has not undertaken any projects during the financial reporting period relevant to the VIPP.

Disclosure of consultancy expenditure

In 2014–15, there were 10 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2014–15 in relation to those consultancies was \$320,206 (excluding GST). Details of individual consultancies are outlined below.

Consultant	Purpose of consultancy	Total approved project fee (excluding GST)	Expenditure 2014–15 (excluding GST)	Future expenditure (excluding GST)
DGR Consulting Pty Ltd	Board strategic planning	\$90,000	\$83,433	–
Susannah Tymms	Low risk business review	\$15,620	\$15,620	–
Janette Bowman	Response recovery plan	\$25,000	\$24,000	–
Effective Governance Pty Ltd	Board performance review	\$13,000	\$12,563	–
Fitzgerald InfoSec	Business continuity management	\$20,000	\$18,450	–
Diane Lightfoot	Database review	\$25,000	\$25,000	–
Mercer Consulting Pty Ltd	Remuneration reviews	\$40,000	\$39,500	–
Sacs Consulting Pty Ltd	360°feedback tool	\$40,000	\$36,350	–
Votar Partners	Document management review	\$20,800	\$20,800	–
Minter Ellison	Legal advisory services	\$50,000	\$44,490	–
Totals		\$339,420	\$320,206	\$0

In 2014–15 five additional consultancies were engaged, where the fees payable were less than \$10,000. The total amount was \$23,220. All figures are excluding GST.

Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by DFSV as the prescribed authority for the purposes of the Act. For the 12 months ended 30 June 2015, there was one freedom of information request received by DFSV.

Freedom of information requests must be made in writing describing the documents requested and including payment of the application fee of \$27.20 from 1 July 2015. The fee may be waived if the payment is likely to cause hardship to the applicant. Assistance can be provided to applicants to help

determine the type of documents being requested. Access charges may also apply once documents are processed and a decision on access is made; for example photocopying and search and retrieval charges.

Requests for documents in the possession of DFSV should be addressed to:

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

Further information regarding the Freedom of Information Act may be found at www.foi.vic.gov.au

Compliance with the Building Act

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

National Competition Policy

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

Compliance with the Protected Disclosure Act

DFSV is a public body subject to the *Protected Disclosure Act 2012*. The purpose of the Act is to encourage and facilitate the making of disclosures of corrupt or improper conduct by public officers and public bodies, including DFSV, its employees and directors, without the fear of reprisal.

DFSV recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal improper conduct. It does not tolerate improper conduct by the organisation, its employees, officers or directors, nor the taking of detrimental action in reprisal against those who come forward to disclose such conduct.

DFSV has established procedures to facilitate and encourage the making of disclosures under the Act, and how DFSV will manage the welfare of persons connected with protected disclosures. DFSV's Protected Disclosure Procedures are available at www.dairysafe.vic.gov.au

Disclosures under the Act about improper conduct of, or detrimental action taken in reprisal for a protected disclosure by, DFSV or its employees and directors must be made to the Victorian Independent Broad-based Anti-corruption Commission (IBAC):

- in person at Level 1, North Tower, 459 Collins Street, Melbourne, Victoria
- by online complaint form available at www.ibac.vic.gov.au
- by email by downloading the complaint form and forwarding to info@ibac.vic.gov.au
- by email using the secure email disclosure process, which also provides for anonymous disclosures, to info@ibac.vic.gov.au
- in writing to GPO Box 24234, Melbourne, Victoria, 3001
- by telephone 1300 735 135

Further information can be obtained from the:
DFSV Protected Disclosure Coordinator

Tel: (03) 9810 5900

PO Box 8221, Camberwell North, Victoria, 3124

info@dairysafe.vic.gov.au or at www.dairysafe.vic.gov.au

Environmental reporting

DFSV recognises the importance of environmental sustainability and is committed to minimising its environmental footprint. DFSV does so by striving to maintain, and where possible improve, environmentally sustainable practices within its office and field-based operations, including:

- minimising energy, water and paper use, including maximising the use of energy-efficient lighting, using water efficient tap fittings and appliances and applying double-sided printing
- recycling waste materials including paper, plastic bottles and cans, toner cartridges and obsolete IT equipment
- reducing greenhouse gas emissions associated with our vehicle fleet by leasing fuel efficient cars
- the use of public transport by staff where practicable, and the provision of cycle-friendly facilities for staff
- minimising the production of greenhouse gases through efficient practices of energy usage in the office environment, such as turning off lights and a switch-off policy for computers and appliances and virtualisation of servers
- making environmentally-sound purchasing decisions for capital items and consumables, including the purchase of recycled paper and appliances with high star energy efficiency ratings.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by DFSV and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- (a) A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- (b) Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- (c) Details of publications produced by the entity about the entity, and how these can be obtained.
- (d) Details of changes in prices, fees, charges, rates and levies charged by the entity.
- (e) Details of any major external reviews carried out on the entity.
- (f) Details of any other research and development activities undertaken by the entity that are not otherwise covered either in the report of operations or in a document which contains the financial statement and report of operations.

- (g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- (h) Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the services provided by the entity.
- (i) Details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the report of operations.
- (j) A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the report of operations.
- (k) A list of major committees established by the entity, the purposes of each committee and the extent to which the purposes have been achieved.

This information is available on request from:
Dairy Food Safety Victoria
PO Box 8221
Camberwell North, Victoria 3124
Tel: 61 3 9810 5900
info@dairysafe.vic.gov.au

Attestation for compliance with the Victorian Government Risk Management Framework

I, Zoe Attwood certify that Dairy Food Safety Victoria has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. The Dairy Food Safety Victoria Risk Management and Audit Committee verifies this.



Zoe Attwood
Acting Chair
20 August 2015





Financial statements

for the financial year ended
30 June 2015

Comprehensive operating statement

for the financial year ended 30 June 2015

	Note	2015 \$	2014 \$
Continuing operations			
Income from transactions			
Licence and service fees	2(a)	5,639,640	5,242,383
Interest	2(b)	137,766	119,796
Other income	2(c)	12,517	11,429
Total income from transactions		5,789,923	5,373,608
Expenses from transactions			
Employee expenses	2(d)	2,870,106	2,856,247
Depreciation and amortisation	2(e)	240,660	224,650
Professional services		573,066	383,377
Product testing and laboratory evaluation costs		391,630	441,712
Operating expenses	2(f)	889,099	885,598
Total expenses from transactions		4,964,561	4,791,584
Net result from transactions (net operating balance)		825,362	582,024
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets		(5,901)	-
Total other economic flows included in net result		(5,901)	-
Net result		819,461	582,024
Comprehensive result		819,461	582,024

The comprehensive operating statement should be read in conjunction with the notes to the financial statements included on pages 26-48

Balance sheet

as at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Financial assets			
Cash and deposits	12(a)	6,065,155	5,102,714
Receivables	3	179,185	178,327
Total financial assets		6,244,340	5,281,041
Non-financial assets			
Plant and equipment	4	257,324	326,196
Intangible assets	5	283,530	230,352
Prepayments	6	57,279	53,784
Total non-financial assets		598,133	610,332
Total assets		6,842,473	5,891,373
Liabilities			
Payables	7	378,738	271,295
Provisions	8	446,145	421,949
Total liabilities		824,883	693,244
Net assets		6,017,590	5,198,129
Equity			
Contributed capital		1,800,000	1,800,000
Accumulated surplus		4,217,590	3,398,129
Total equity		6,017,590	5,198,129
Commitments for expenditure	11		
Contingent assets and contingent liabilities	19		

The balance sheet should be read in conjunction with the notes to the financial statements included on pages 26-48

Statement of changes in equity

for the financial year ended 30 June 2015

	Note	Contributed capital \$	Accumulated surplus \$	Total \$
Balance at 1 July 2013		1,800,000	2,816,105	4,616,105
Comprehensive result for the year		-	582,024	582,024
Balance as at 30 June 2014		1,800,000	3,398,129	5,198,129
Comprehensive result for the year		-	819,461	819,461
Balance as at 30 June 2015		1,800,000	4,217,590	6,017,590

The statement of changes in equity should be read in conjunction with the notes to the financial statements included on pages 26-48

Cash flow statement

for the financial year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts			
Receipts from other entities		5,572,307	5,524,679
Interest received		139,299	109,610
Goods and services tax recovered from the ATO ⁽ⁱ⁾		75,619	94,575
Total receipts		5,787,225	5,728,864
Payments			
Payment to suppliers and employees		(4,593,609)	(5,170,427)
Total payments		(4,593,609)	(5,170,427)
Net cash flows from operating activities	12(b)	1,193,616	558,437
Cash flows from investing activities			
Payments for plant and equipment	4(a)	(47,953)	(45,327)
Payments for intangible assets	5	(183,222)	(123,611)
Net cash flows (used in) investing activities		(231,175)	(168,938)
Net increase in cash and cash equivalents		962,441	389,499
Cash and deposits at the beginning of the financial year		5,102,714	4,713,215
Cash and deposits at the end of the financial year	12(a)	6,065,155	5,102,714

(i) Goods and Services Tax paid to the ATO is presented on a net basis.

The cash flow statement should be read in conjunction with the notes to the financial statements included on pages 26-48

Notes to the financial statements

for the financial year ended 30 June 2015

Note 1: Significant accounting policies

The annual financial statements represent the audited general purpose financial statements for Dairy Food Safety Victoria (DFSV) as an individual reporting entity for the financial year ended 30 June 2015.

a) Statement of compliance

This general purpose financial statements report consists of a comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes accompanying these statements. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. Where applicable, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events reported.

The financial statements were authorised for issue by the Board on 20 August 2015.

The following is a summary of the accounting policies by DFSV in the preparation of these financial statements.

b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid, with the exception of specific sources of licence fee revenue. Revenue identification and recording for farm licence fees, distributor licence fees and carrier licence fees is upon receipt of cash.

The financial statements have been prepared in accordance with the historical cost convention, except for non-financial physical assets. For the plant and equipment class (and leasehold improvements) of non-current physical assets, depreciated cost has been used to represent a reasonable approximation of fair value. The leasehold improvements made to 'fit out' the office premises at Level 2, 969 Burke Road Camberwell have been depreciated over the five-year term of the lease agreement, to reflect the consumption of economic resources over the period of the agreement. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with *AASB 13 Fair Value Measurement*, DFSV determines the policies and procedures for recurring fair value measurements such as plant and equipment and leasehold improvements in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions. DFSV does not hold any asset that is within the non-recurring fair value measurements category.

When measuring fair value of any asset or liability, DFSV uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the lowest level of inputs that is significant to the fair value measurement as a whole:

- * Level 1 — fair value is determined by using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- * Level 2 — fair value is determined by using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- * Level 3 — fair value is determined by using inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

For the purpose of fair value disclosures, DFSV has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Valuer-General Victoria (VGV) is DFSV's independent valuation agency. DFSV, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

In addition, DFSV determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



New and amended standards adopted

DFSV has reviewed and applied all new accounting standards and amendments applicable for the first time in their annual reporting period commencing 1 July 2014, and determined that there was no material impact on its financial statements in the current reporting year.

Critical accounting estimates and judgments

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- * The fair value of plant and equipment (see note 1(j)).
- * Superannuation expense (see note 1(f)).
- * Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (see note 1(l)).
- * Revenue and expenditure accruals (see note 1(h) and 1(k)).

Functional and presentation currency

These financial statements are presented in Australian dollars, the functional and presentation currency of DFSV.

c) Reporting entity

The financial statements cover DFSV as an individual reporting entity. DFSV is a statutory authority of the State of Victoria, established pursuant to an order made by the Premier under the *Dairy Act 2000*. Its principal address is:

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

Objectives and funding

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

DFSV fixes and charges fees for its services which covers annual licence fees, and audit and inspection fees. In addition, costs for the Australian Milk Residue Analysis (AMRA) survey are recovered from Dairy Australia.

d) Scope and presentation of financial statements

Comprehensive operating statement

The comprehensive operating statement comprises two components, being 'net result from transactions' and 'other economic flows included in net result', which represents the net result.

The net result is equivalent to profit or loss derived in accordance with the AASs.

'Other economic flows' are changes arising from market re-measurements. They include:

- gains and losses from disposals of non financial assets;
- revaluations and impairments of non-financial physical and intangible assets;
- re-measurement arising from defined benefit superannuation plans;
- fair value changes of financial instruments and agricultural assets; and
- depletion of natural assets (non-produced) from their use or removal.

This classification is consistent with the whole-of-government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Notes to the financial statements

for the financial year ended 30 June 2015

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) are disclosed in the notes, where relevant. The net result is equivalent to profit or loss derived in accordance with the AASs.

Statement of changes in equity

The statement of changes in equity presents reconciliations of owner equity from opening balances at the beginning of the year to the closing balances at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating, investing or financing activities in accordance with AASB 107 *Statement of Cash Flows*.

Rounding amounts

Amounts in the financial statements have been rounded to the nearest dollar in accordance with Ministerial Directions under the *Financial Management Act 1994*.

e) Income from transactions

Amounts disclosed as revenue are, where applicable, net of returns, allowances, duties and taxes. Revenue is recognised for each of DFSV's major activities as follows:

(i) Licence and service fees

The identification and recording of revenue is at the time of generation of the invoice for manufacturers' licence fees, audit fees and distributors' and carriers' licence fees (upon request). Fees relating to the Australian Milk Residue Analysis (AMRA) Survey is recognised when the right to receive payment from Dairy Australia is established. Revenue identification and recording for farm licence fees, distributors' licence fees and carriers' licence fees is upon receipt of cash.

(ii) Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iii) Other income

Other income consists of miscellaneous income on an accrual basis.

f) Expenses from transactions

(i) Employee benefits

Employee benefits expense includes all costs related to employment including wages and salaries, leave entitlements, redundancy payments and superannuation contributions. These are recognised when incurred.

(ii) Superannuation

The amount charged to the comprehensive operating statement in respect of superannuation represents contributions made or due by DFSV to the relevant superannuation plans in respect of the services of staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that DFSV is required to comply with. Further information is provided in note 9.

(iii) Operating leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

(iv) Depreciation and amortisation

Depreciation is provided on plant and equipment and is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements and capitalised software are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the



straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation (no change from 2013–14):

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

(v) Other operating expenses

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

g) Cash and deposits

Cash and deposits comprise cash on hand, cash at bank and short-term deposits. They represent highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Cash and deposits is equivalent to cash and cash equivalents in accordance with the AASs.

For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts (if any) which are included as borrowings on the balance sheet.

h) Receivables

Receivables consist predominantly of debtors in relation to services, accrued investment income and GST input tax credits recoverable.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

The difference between 'contractual' and 'statutory' receivables at note 3 is that statutory relates to receivables from government entities of either the Australian Taxation Office or the State Revenue Office of Victoria. Contractual relates to all other receivables.

A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

i) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another equity. Due to the nature of DFSV's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of DFSV are instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

Notes to the financial statements

for the financial year ended 30 June 2015

The following refers to financial instruments unless otherwise stated.

Categories of financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The loans and receivables category includes term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Reclassification of financial instruments

Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

j) Non-financial assets

Plant and equipment

Plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The threshold for recording assets was changed from \$1,000 to \$2,000 from 1 July 2013.

Leases of plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. DFSV utilises operating leases and does not have any finance leases.

Operating lease payments are recognised as an expense in the operating statement on a straight-line basis over the lease term.

Intangible assets

Purchased intangible assets are initially measured at cost. The threshold for recording assets was changed from \$1,000 to \$2,000 from 1 July 2013. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the entity.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally-generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) an intention to complete the intangible asset and use or sell it;

- 
- (iii) the ability to use or sell the intangible asset;
 - (iv) the intangible asset will generate probable future economic benefits;
 - (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
 - (vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment of non-financial assets

Goodwill and intangible assets not yet available for use with indefinite useful lives are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment, except for non-financial physical assets held for sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. The reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amounts for assets held primarily to generate net cash flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Prepayments

Other non-financial assets are prepayments which represent payments in advance of receipt of goods and services, or that part of expenditure made in one accounting period covering a term extending beyond that period.

k) Payables

Payables consist of creditors and other sundry liabilities.

Payables are carried at amortised cost and represent liabilities for goods and services provided to DFSV prior to the end of the financial year that are unpaid, and arise when DFSV becomes obliged to make future payments in respect of the purchase of these goods and services.

The difference between 'contractual' and 'statutory' payables in note 7 is that Statutory relates to payables to government entities of either the Australian Taxation Office or the State Revenue Office of Victoria. Contractual relates to all other payables.

l) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date.

(i) Wages and salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because DFSV does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

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

Notes to the financial statements

for the financial year ended 30 June 2015

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current liability – unconditional LSL

This liability represents seven or more years of continuous service and is disclosed as a current liability even where DFSV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- nominal value - if DFSV expects to wholly settle within 12 months; and
- present value - if DFSV does not expect to wholly settle within 12 months.

Non-current liability – conditional LSL

This liability represents the employee entitlements for less than seven years of continuous service and is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

This liability is measured at the present value of the estimated future cash outflows to be made by the DFSV in respect of services provided by employees up to reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date to estimate the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. DFSV recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) Employee benefits on-costs

Provisions for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision for employee benefits.

m) Provisions

Provisions are recognised when DFSV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is estimated using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recognised from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

n) Equity

Contribution by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructuring are treated as distributions to or contributions by owners.



o) Commitments

Commitments include those operating and capital commitments arising from non-cancellable contractual or statutory sources not recognised in the financial statements. Commitments are disclosed by way of a note (refer to Note 11 *Commitments for expenditure*) and are measured at their nominal value inclusive of GST.

p) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 19 *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at their nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

q) Goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the taxation authority are classified as operating cash flows.

r) Income tax

DFSV is a statutory body that is exempt from income tax under the State and Territory Bodies provisions in Division 1AB of the *Income Tax Assessment Act 1997* section 24AR.

s) Subsequent events

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between DFSV and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the balance date and the date the statements are authorised for issue where the events relate to conditions which arose after the reporting date and which may have a material impact on the results of subsequent years.

Notes to the financial statements

for the financial year ended 30 June 2015

t) New accounting standards and interpretations

Certain new AASs have been issued but were not mandatory for the 30 June 2015 reporting period. DFSV's management assess the impact of these new standards, their applicability to the entity and early adoption where applicable.

The following applicable AASs have been issued but were not yet mandatory for the financial year ended 30 June 2015. DFSV has not, and does not intend to, adopt these standards early.

Standard / Interpretation	Summary	Standard applicable for annual reporting periods beginning on	Impact on DFSV financial statements
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127]</i>	This gives effect to consequential changes arising from the issuance of AASB 9 (December 2010).	1 July 2015	Impact is expected to be insignificant.
AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>	Part D and Part E.	1 July 2016	Impact is expected to be insignificant.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset, and to clarify that revenue is generally presumed to be an inappropriate basis for that purpose.	1 January 2016	Impact is expected to be insignificant.
AASB 15 <i>Revenue from Contracts with Customers</i>	This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	1 July 2017	Impact is still being assessed.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Consequential amendments arising from the issuance of AASB 15.	1 July 2017	Impact is still being assessed.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	Consequential amendments arising from the issuance of AASB 9.	1 July 2018	Impact is still being assessed.
AASB 2014-8 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	Consequential amendments arising from the issuance of AASB 9.	1 July 2018	Impact is still being assessed.



	2015 \$	2014 \$
Note 2: Income from transactions		
(a) Licence and service fees		
Licence fees	4,766,445	4,435,952
Audit and inspection fees	434,931	369,662
Australian Milk Residue Analysis (AMRA) survey	438,264	436,769
Total revenue from licence and service fees	5,639,640	5,242,383
(b) Interest on investments	137,766	119,796
(c) Other income	12,517	11,429
Total income from transactions	5,789,923	5,373,608
Expenses from transactions		
(d) Employee expenses		
Post-employment benefits:		
Defined benefit superannuation expense	14,592	14,762
Defined contribution superannuation expense	213,496	205,745
Salaries, wages and employee entitlements	2,378,079	2,350,370
Termination benefits	32,060	29,691
Directors fees	81,205	78,204
Other employee expenses (payroll tax, WorkCover and FBT)	150,674	177,475
Total employee expenses	2,870,106	2,856,247
(e) Depreciation and amortisation		
Depreciation of plant and equipment (Note 4)	110,616	115,387
Amortisation expense	130,044	109,263
Total depreciation and amortisation	240,660	224,650
Written down value of assets scrapped	6,208	-
Total depreciation and amortisation	246,868	224,650
(f) Operating expenses*		
Supplies and services		
Audit fees (see note 15)	20,300	19,800
Communications	56,495	53,010
Occupancy	63,193	66,969
Information technology	203,784	145,392
Insurance	106,397	102,305
Motor vehicles and travel	122,256	125,708
Other administration expenses	119,020	183,372
Total supplies and services	691,445	696,556
Operating lease rental expenses	194,237	186,854
Subtotal	885,682	883,410
Bad debts	3,417	2,188
Total other operating expenses	889,099	885,598

* The above 'Operating expenses' have been re-classified for greater transparency and information.

Notes to the financial statements

for the financial year ended 30 June 2015

	2015 \$	2014 \$
Note 3: Receivables		
Current		
Contractual		
Trade debtors	113,155	79,798
Dairy industry licence fees	-	63,669
	113,155	143,467
Accrued interest	10,416	11,949
Other receivables	200	201
Total contractual receivables	123,771	155,616
Statutory		
GST input tax credit recoverable	55,414	22,711
Total current receivables	179,185	178,327

The average credit period for all receivables is 30 days. Refer to note 21 for an aging analysis and the nature and extent of risk.

Note 4: Plant and equipment

Non-current

(a) Carrying amounts

Leasehold improvements – at fair value	253,726	242,483
Less: Accumulated depreciation	(138,532)	(92,665)
	115,194	149,818
Furniture and fittings – at fair value	92,132	92,677
Less: Accumulated depreciation	(31,636)	(23,483)
	60,496	69,194
Office equipment – at fair value	383,744	355,766
Less: Accumulated depreciation	(302,110)	(248,582)
	81,634	107,184
Total plant and equipment – at fair value	729,602	690,926
Less: total accumulated depreciation	(472,278)	(364,730)
Total plant and equipment	257,324	326,196

	Leasehold improvements \$	Furniture and fittings \$	Office equipment \$	Total \$
Opening balance as at 1 July 2013	191,840	75,872	128,544	396,256
Additions	4,200	2,100	39,027	45,327
Disposals	-	-	-	-
Depreciation expense	(46,222)	(8,778)	(60,387)	(115,387)
Closing balance as at 30 June 2014	149,818	69,194	107,184	326,196
Additions	19,975	-	27,979	47,953
Disposals	(6,013)	(195)	-	(6,208)
Depreciation expense	(48,586)	(8,503)	(53,529)	(110,616)
Closing balance as at 30 June 2015	115,194	60,496	81,634	257,324

(b) Fair value measurement hierarchy for assets as at 30 June 2015

	Carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		Level 1 *	Level 2 *	Level 3 *
Leasehold improvements – at fair value	115,194	-	-	115,194
Furniture and fittings – at fair value	60,496	-	-	60,496
Office equipment – at fair value	81,634	-	-	81,634
Total plant and equipment - at fair value	257,324	-	-	257,324

Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	Fair value measurement at end of reporting period using:		
		Level 1 *	Level 2 *	Level 3 *
Leasehold improvements – at fair value	149,818	-	-	149,818
Furniture and fittings – at fair value	69,194	-	-	69,194
Office equipment – at fair value	107,184	-	-	107,184
Total plant and equipment - at fair value	326,196	-	-	326,196

Note:

* Classified in accordance with the fair value hierarchy, see note 1(j).

There were no transfers between levels during the financial year.

Leasehold improvements, furniture and fittings and office equipment

Plant and equipment held by DFSV includes leasehold improvements, furniture and fittings and office equipment. Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the financial year ended 30 June 2015.

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

Reconciliation of Level 3 fair value

	Leasehold improvements \$	Furniture and fittings \$	Office equipment \$	Total \$
Opening balance	149,818	69,194	107,184	326,196
Additions	19,975	-	27,979	47,953
Disposals	(6,013)	(195)	-	(6,208)
Depreciation expense	(48,586)	(8,503)	(53,529)	(110,616)
Closing balance	115,194	60,496	81,634	257,324

The significant unobservable input to Level 3 valuations is the useful life and cost of the plant and equipment. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

Notes to the financial statements

for the financial year ended 30 June 2015

Level 3 Plant and equipment	Valuation technique	Significant unobservable inputs	Range (weighted average) 2014/15	Range (weighted average) 2013/14	Sensitivity of fair value measurements to changes in significant unobservable inputs
Leasehold improvements	Depreciated replacement cost	Costs and useful life of improvements	\$124–\$54,095 (\$6,752) 3–5 years (5 years)	\$310–\$107,500 (\$12,762) 3–5 years (5 years)	A significant increase or decrease in direct cost and useful life per unit would result in a significant higher or lower fair value.
Furniture and fittings	Depreciated replacement cost	Costs and useful life of furniture and fittings	\$38–\$17,797 (\$1,998) 10 years (10 years)	\$1,003–\$25,434 (\$4,413) 10 years (10 years)	A significant increase or decrease in direct cost and useful life per unit would result in a significant higher or lower fair value.
Office equipment	Depreciated replacement cost	Costs and useful life of office equipment	\$28–\$14,002 (\$4,847) 3–10 years (3 years)	\$626–\$17,596 (\$4,312) 3–10 years (3 years)	A significant increase or decrease in direct cost and useful life per unit would result in a significant higher or lower fair value.
					2015 \$
					2014 \$

Note 5: Intangible assets

Non-current

Carrying amount – software development at cost

Opening balance	555,216	591,211
Additions	183,222	123,611
Disposals	-	(159,606)
Closing balance	738,438	555,216
Accumulated amortisation		
Opening balance	(324,864)	(375,207)
Amortisation expense	(130,044)	(109,263)
Disposals	-	159,606
Closing balance	(454,908)	(324,864)
Total net book value at end of financial year	283,530	230,352

Note 6: Other non-financial assets

Current

Prepayments	57,279	53,784
Total other non-financial assets	57,279	53,784



	2015 \$	2014 \$
Note 7: Payables		
Current		
Contractual		
Supplies and services	291,784	184,903
Other payables	10,300	14,800
	302,084	199,703
Statutory		
Taxes payable	76,654	71,592
Total current payables	378,738	271,295

The average credit period of all payables is 30 days. No interest is charged on payables. Refer to note 21 for a maturity analysis and the nature and extent of risk.

Note 8: Provisions

Current provisions

Employee benefits – annual leave:		
Unconditional and expected to settle within 12 months	123,662	114,915
Employee benefits – long service leave:		
Unconditional and expected to settle wholly after 12 months	205,048	173,120
	328,710	288,035
Provisions related to employee benefits on-costs		
Unconditional and expected to settle wholly after 12 months	51,805	46,087
Total current provisions	380,515	334,122
Non-current provisions		
Employee benefits – long service leave	56,591	75,525
Provisions related to employee benefits on-costs	9,039	12,302
Total non-current provisions	65,630	87,827
Total provisions	446,145	421,949

Note 9: Superannuation

Contributions

Employees of DFSV are entitled to receive superannuation benefits and DFSV contributes to both defined benefit and defined contribution plans.

DFSV does not recognise any defined benefit liability in respect of the defined benefit plan. Its only obligation is to pay any shortfall as and when it falls due.

Superannuation contributions for the reporting period are included as part of employee benefits in the comprehensive operating statement.

a) Information on superannuation funds

Vision Super

DFSV makes employer superannuation contributions in respect of some of its employees to the Vision Super (the Fund). The Fund has two categories of membership, each of which is funded differently.

Notes to the financial statements

for the financial year ended 30 June 2015

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation). DFSV's commitment to defined contribution plans is limited to making contributions in accordance with DFSV's minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate is legislated, and will progressively increase to 12% by 2025. The Superannuation Guarantee rate will remain at 9.5% for seven years, increasing to 10% from 1 July 2021, and eventually to 12% from 1 July 2025.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by the employer, the actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 34 of AASB 119 *Employee Benefits*, DFSV does not use defined benefit accounting for these contributions.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, the level of participation of DFSV in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

DFSV makes the following contributions:

i) Regular contributions

These are ongoing contributions needed to fund the balance of benefits for current members and pensioners. DFSV makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate is expected to increase in line with the required Superannuation Guarantee contribution rate.

ii) Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. If the Fund has a shortfall for the purposes of SPS 160, the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

In the event that the Fund actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including DFSV) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post - 30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on the:

- service periods of all active members split between the active members' pre-1 July 1993 and post-30 June 1993
- service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993
- pensioner (including fixed-term pension) liabilities which are allocated to the pre 1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the Fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

Latest actuarial investigation surplus amounts

The Funds latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which DFSV is a contributing employer:

- A VBI surplus of \$77.1 million: and
- A total service liability surplus of \$236 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2014.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

Prior actuarial investigation shortfall amounts

The Local Authorities Superannuation Fund prior 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which DFSV is a member. DFSV was made aware of the expected shortfall through the year and was informed formally of its share of the shortfall on 31 July 2012 which amounted to \$466,301 including the contributions tax. DFSV elected to pay this shortfall by lump sum on the due date of 1 July 2013. No further amount has been accounted for in the 2014–15 comprehensive operating statement.

Accrued benefits

The Fund's liability for accrued benefits was determined in the 30 June 2014 actuarial investigation pursuant to the requirements of AAS 25 as follows:

	30 June 2014 \$ million
Net market value of assets	2,355
Accrued benefits (per accounting standards)	2,062
Difference between assets and accrued benefits	293
Vested benefits (minimum sum which must be paid to members when they leave the fund)	2,278

The financial assumptions used to calculate the accrued benefits for the defined benefit category of the Fund were:

Net investment return	7.50% p.a.
Salary inflation	4.25% p.a.
Price inflation	2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2017.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is unknown at the time of this report.

Emergency Services and State Super Fund (formerly Government Superannuation Fund)

DFSV pays employer superannuation contributions of 9.5% of salaries in respect of its members. The Consolidated Fund of the Victorian State Government is responsible for the unfunded liability related to employees of DFSV. This scheme is closed to new members. The Fund is a defined benefits plan.

Notes to the financial statements

for the financial year ended 30 June 2015

Victorian Superannuation Fund – VicSuper

New employees of DFSV including casuals are covered by VicSuper as the default fund unless they exercise their right to choice of fund. In accordance with the *Superannuation Guarantee Charge Act 1992*, DFSV paid a 9.5% (9.25% 2014) superannuation guarantee levy for employees and members to VicSuper for the financial period. There is no unfunded liability in respect of this scheme. The Fund is a defined contributions plan.

Employer superannuation contributions payable by DFSV to all schemes were calculated as a percentage of base salary.

Other superannuation funds

All other funds are defined contribution plans. DFSV paid a 9.5% (2014: 9.25%) superannuation guarantee levy for employees and members of these funds for the financial period.

Superannuation contributions

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by DFSV are as follows:

Fund	Paid contributions for the year		Contributions outstanding at year end	
	2015	2014	2015	2014
Defined benefit plans:				
Vision Super	6,562	6,732	-	-
Emergency Services Superannuation	7,361	7,361	669	669
Defined contribution plans:				
VicSuper	97,975	94,732	9,198	8,497
Australian Super	25,671	41,520	2,612	2,151
Other	70,495	69,493	7,545	6,085

b) Loans

DFSV has no loans with any of the superannuation funds.

Note 10: Leases

Leasing arrangements

Operating leases relate to lease rental expense commitments at 30 June 2015 and are in respect of premises at Camberwell, office equipment and motor vehicles. Operating leases generally provide DFSV with a right of renewal at which time all terms are renegotiated.

DFSV entered into the first term of the contract to lease premises at Level 2, 969 Burke Road, Camberwell, from 1 April 2012 for a period of five years with an option to renew on 1 April 2017 for the forthcoming five-year commitment. The operating commitment for 2015–16 is \$140,247 per annum. GST and annual fixed rate increases of 3.5% on the office premises are included in the following figures.

	2015 \$	2014 \$
Non-cancellable operating lease payables		
Not longer than one year	220,425	217,808
Longer than one year and not longer than five years	194,055	351,718
Total operating leasing	414,480	569,526

Note 11: Commitments for expenditure

The following commitments have not been recognised as liabilities in the financial statements.

a) Outsourcing commitments

There are no commitments under outsourcing contracts in existence and payable as at 30 June 2015 recognised as liabilities (2014: Nil).

	2015 \$	2014 \$
b) Lease commitments		
Non-cancellable operating lease commitments inclusive of GST (as disclosed in note 10)	414,480	569,526
Total commitments for expenditure (inclusive of GST)	414,480	569,526
Less GST recoverable from the Australian Taxation Office	(37,680)	(51,775)
Total commitments for expenditure (exclusive of GST)	376,800	517,751

Note 12: Cash flow information

(a) Cash and cash equivalents

Cash on hand	675	324
Cash at bank	475,077	102,390
Short-term deposits	5,589,403	5,000,000
Total cash and deposits disclosed in the balance sheet	6,065,155	5,102,714
Cash and cash equivalents as per cash flow statement	6,065,155	5,102,714

(b) Reconciliation of net result for period to net cash flows from operating activities

Net result for the year	819,461	582,024
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	6,208	-
Depreciation and amortisation of non-current assets	240,660	224,650
Movements in assets and liabilities:		
(Increase)/decrease in assets:		
Receivables	(858)	185,756
Other non-financial assets	(3,495)	98,914
Increase/(decrease) in liabilities:		
Payables	107,444	(567,621)
Provisions	24,196	34,714
Net cash from/(used in) operating activities	1,193,616	558,437

Notes to the financial statements

for the financial year ended 30 June 2015

Note 13: Responsible persons

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

Responsible Ministers:

Minister for Agriculture and Food Security. The Honourable Peter Walsh MP, 1 July 2014–3 December 2014.

Minister for Agriculture. The Honourable Jaala Pulford MP, 4 December 2014–30 June 2015.

a) Board members

The name of persons who were board members of DFSV at any time during the year are as follows:

Grant Davies	1 July 2014–30 June 2015
Margaret Darton	1 July 2014–30 June 2015
Zoe Attwood	1 July 2014–30 June 2015
Barry Lierich	1 July 2014–30 June 2015
Peter Bailey	1 July 2014–30 June 2015
Peter Moloney	1 July 2014–30 June 2015
Keith Mentiplay	16 Oct 2014–30 June 2015

b) Accountable officer

Jennifer McDonald held the position of Accountable Officer from 1 July 2014 to 30 June 2015.

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

Income band	Total remuneration	
	2015 No.	2014 No.
\$0 - \$9,999	2	2
\$10,000 - \$19,999	4	4
\$30,000 - \$39,999	1	1
\$90,000 - \$99,999	-	1
\$170,000 - \$179,999	-	1
\$220,000 - \$229,999	1	-
Total numbers	8	9
Total amount	\$314,939	\$356,732

Remuneration relating to the Minister is reported in the financial statements of the Department of Premier and Cabinet.

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

There have been no transactions with any Board members other than those related to employee relationships in carrying out the duties of Board members (other than licence fees). Where Board members are licensees of DFSV, the standard trading terms apply.

c) Related party disclosures

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

d) Insurance premiums

During the financial year, DFSV paid an insurance premium of \$34,439 (2014: \$36,637) in respect of a contract insuring the Board members and executive officers of DFSV against a liability arising as a result of work performed in their capacity as Board members or executive officers.

Note 14: Remuneration of executives

The number of DFSV executive officers, other than the Accountable Officer, and their total remuneration are shown in the first two columns in their relevant annual remuneration bands.

The executive officers' base remuneration is shown in the third and fourth columns. Base remuneration excludes bonus payments, long-service leave, redundancy payments and retirement benefits.

Income band	Total remuneration		Base remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
\$130,000–\$139,999	-	-	-	2
\$140,000–\$149,000	1	2	2	-
\$150,000–\$159,999	1	1	1	1
\$160,000–\$169,999	1	-	-	-
Total numbers	3	3	3	3
Total annualised employee equivalent (AEE)	3	3	3	3
Total amount	\$462,751	\$450,956	\$439,669	\$432,124

Annualised employee equivalent (AEE) is based on working 38 ordinary hours per week over the 52-week reporting period.

There were no contractors engaged with management responsibility for the reporting period.

Note 15: Remuneration of auditors

	2015 \$	2014 \$
Victorian Auditor General's Office		
Audit of the financial statements	20,300	19,800

Note 16: Ex-gratia expenses

There were no material ex-gratia expenses incurred during the financial year ended 30 June 2015 (2014: Nil).

Note 17: Change over assets

There are no liabilities secured by a charge over the assets of DFSV.

Note 18: Segment information

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

Note 19: Contingent assets and contingent liabilities

Contingent assets

There were no contingent assets at the reporting date (2014: Nil).

Contingent liabilities

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

Notes to the financial statements

for the financial year ended 30 June 2015

Note 20: Subsequent events

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

Note 21: Financial instruments

a) Significant accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

b) Categorisation of financial instruments

	Note	Carrying amount 2015 \$	Carrying amount 2014 \$
Contractual financial assets:			
Cash and deposits	12(a)	6,065,155	5,102,714
Receivables	3	123,771	155,616
Total contractual financial assets		6,188,926	5,258,330
Contractual financial liabilities:			
Payables	7	302,084	199,703
Total contractual financial liabilities		302,084	199,703

c) Credit Risk

The maximum exposure to credit risk at balance date to each class of financial assets is the carrying amount as disclosed in the balance sheet.

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

Financial assets that are either past due or impaired

Currently DFSV does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

Interest rate exposure and ageing analysis of financial assets

2015	Note	Weighted average interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$	Not past due and not impaired \$	Less than one month \$	1 - 3 Months \$	3 months to one year \$	1-5 years \$
Financial assets											
Cash and deposits	12(a)	2.50%	6,065,155	5,000,000	589,403	475,752					
Receivables			123,771	10,416	-	113,355	97,442	19,767	5,766	795	-
Total financial assets			6,188,926	5,010,416	589,403	589,107	97,442	19,767	5,766	795	-
2014											
Financial assets											
Cash and deposits	12(a)	2.66%	5,102,714	4,000,000	1,000,000	102,714					
Receivables			155,616	9,801	2,148	143,668	137,794	12,095	-	5,727	-
Total financial assets			5,258,330	4,009,801	1,002,148	246,382	137,794	12,095	-	5,727	-

d) Liquidity risk

Liquidity risk arises when DFSV is unable to meet its financial obligations as they fall due. DFSV operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, makes payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

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

The following table discloses the contractual maturity analysis for DFSV's financial liabilities:

2015	Note	Carrying amount \$	Interest rate exposure		Maturity dates					
			Weighted average interest rate %	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$	Not past due and not impaired \$	Less than one month \$	1-3 Months \$	3 months to one year \$
Financial liabilities										
Payables	7	302,084	-	-	302,084	302,084	-	-	-	-
Total financial liabilities		302,084	-	-	302,084	302,084	-	-	-	-
2014										
Financial liabilities										
Payables	7	199,703	-	-	199,703	198,064	1,639	-	-	-
Total financial liabilities		199,703	-	-	199,703	198,064	1,639	-	-	-

e) Market risk

DFSV's exposure to market risk is through interest rate risk.

Interest rate risk

DFSV's exposure to interest rate risk on its cash and term deposits is minimal. Risk minimisation is achieved by undertaking fixed rate financial instruments with relatively even maturity profiles. For financial liabilities, DFSV mainly undertakes financial liabilities with relatively even maturity profiles. DFSV holds only insignificant amounts of financial instruments at a floating rate.

Notes to the financial statements

for the financial year ended 30 June 2015

Sensitivity disclosure analysis

Taking into account past performance, DFSV considers that a shift of +0.50 per cent or -0.50 per cent in market interest rates (AUD) is 'reasonably possible' over the next twelve months. The following table discloses the impact on net operating result and equity for the financial instrument held by DFSV at year end if the above movements were to occur.

	Note	Carrying amount \$	Interest rate risk			
			-0.5% (-50 basis points)		0.5% (+50 basis points)	
2015			Equity \$	Net result \$	Equity \$	Net result \$
Contractual financial assets:						
Cash and deposits						
Cash at bank	12(a)	475,077	-	-	-	-
Short-term deposits (fixed)	12(a)	5,000,000	-	-	-	-
Short-term deposits (at call)	12(a)	589,403	(2,947)	(2,947)	2,947	2,947
Cash on hand		675		-		-
Total impact		6,065,155	(2,947)	(2,947)	2,947	2,947
2014						
Contractual financial assets:						
Cash and deposits						
Cash at bank	12(a)	102,390	-	-	-	-
Short-term deposits (fixed)	12(a)	4,000,000	-	-	-	-
Short-term deposits (at call)	12(a)	1,000,000	(5,000)	(5,000)	5,000	5,000
Cash on hand		324		-		-
Total impact		5,102,714	(5,000)	(5,000)	5,000	5,000

f) Fair value

The aggregate net fair values of financial assets and liabilities approximate their carrying values in the balance sheet and notes to the financial statements.

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

for the financial year ended 30 June 2015

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of Dairy Food Safety Victoria as at 30 June 2015.

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

We authorise the attached financial statements for issue on 20 August 2015.



Zoe Attwood
Acting Chair



Karen Armitage
Acting Chief Executive Officer



Daryl Glover
Chief Finance & Accounting Officer

Melbourne
20 August 2015



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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Dairy Food Safety Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Dairy Food Safety Victoria which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Chair's, Chief Executive Officer's and Chief Finance and Accounting Officer's Declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Dairy Food Safety Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Auditing in the Public Interest

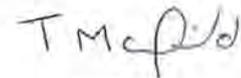
Independent Auditor's Report (continued)*Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Dairy Food Safety Victoria as at 30 June 2015 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
25 August 2015



for John Doyle
Auditor-General

Disclosure index

The annual report of DFSV is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of DFSV's compliance with statutory disclosure requirements.

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