

2009/10
Annual Report



The Honourable Tim Mulherin
Minister for Primary Industries, Fisheries
and Rural and Regional Queensland
GPO Box 46
Brisbane Q 4001

Dear Minister

I am pleased to present the
2009/10 Annual Report for Safe Food
Production Queensland.

I certify that this Annual Report
complies with:

- the prescribed requirements of the *Financial Accountability and Audit Act 1977* and the Financial Management Standard 1997, and;
- the detailed requirements set out in the Annual Reporting Guidelines for Queensland Government Agencies.

A checklist outlining the annual reporting requirements can be accessed at www.safefood.qld.gov.au.

Yours sincerely



Geoff Gorrie

Chair
Safe Food Production Queensland



2009/10 annual report

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chair's foreword

As we reflect on another successful year at SFPQ, I can report that the philosophy of keeping it simple is working well. Being a small agency, we focus on our strengths of being able to identify and manage the issues that matter most to the safety of the food chain and developing our working relationship with the range of government departments and agencies that play a role in food production and processing.

The Global Financial Crisis has been talked about in terms of its impact on the economy and it certainly has effected many businesses including those accredited by Safe Food Production Queensland (SFPQ). However, those businesses which are adaptable and have a solid understanding of risk management have met the challenges posed by the GFC.

This year, we discussed with our accreditation holders a number of exciting projects that are providing shorter, more 'user-friendly' ways, of interpreting and adopting essential food safety skills and knowledge. We have also contributed to a number of national and industry reform processes that have examined issues faced by food businesses, including the impact regulation has on small business.

Throughout its 10-year history SFPQ has evolved as an innovative regulator and is now at the leading edge of thinking about how to convert red tape into real value. When is regulation a good thing, not a bad thing? How much regulation is enough? How do businesses deal with the complexity of requirements that underpin the reputation of our food industry?

I believe in encouraging more innovative thinking and action in response to these questions.

SFPQ has evolved as an innovative regulator and is now at the leading edge of thinking about the concept of converting red tape into real value.

In addition to ensuring SFPQ meets its financial and regulatory charter, the Board has also set a direction that encompasses developing and promoting our philosophy of 'minimal effective regulation' and we need to be vigorous and challenging in our delivery of this expectation.

This year's report investigates the concept of regulation underpinning economic prosperity. I am pleased to say that, measured against this concept for the current times, SFPQ compares very favourably.

The key elements of this new paradigm for food safety regulation include:

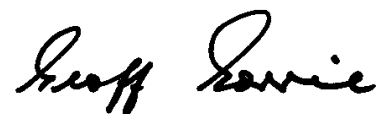
- having agreed principles founded on a risk based approach that is flexible but outcomes oriented
- a consultative, inclusive, cost effective regulation that is easily communicated and understood
- an active enforcement regime which includes an effective risk communication strategy, a system that achieves high levels of compliance, third party 'integrated' auditing and a well publicised 'easy to trigger' complaints mechanism.

SFPQ exemplifies all of these elements through its innovative work in scheme development; its work with agencies such as CSIRO in developing a through-chain risk modelling system; by working with small communities of accreditation holders in an effort to improve the recognition of the strengths inherent in their operations; and finally by looking at alternative ways of verifying evidence of compliance through remote monitoring.

This coming year we will be exploring practical ways of expanding the organisation's reach into the community. Our efforts in this field have already seen SFPQ embrace the use of social networking tools and by maintaining a greater presence in the online sphere. We have also started an online community where select groups of stakeholders can engage in an online discussion on various topics that are relevant to them.

We hope these measures will allow SFPQ to connect more interactively with our stakeholders to add value to each exchange and to allow them to engage with us in a way that overcomes the challenges of time and distance.

I would like to sincerely express my appreciation to my fellow Board members for their valuable contribution, support and assistance throughout the year. The SFPQ team has once again delivered on its key performance targets and has also managed challenges that were unforeseen at the Board planning day twelve months ago. Our results reflect the quality and dedication of all our people including SFPQ's Executive Management Team of Dr Barbara Wilson, Mr Phil Pond and Ms Mandy Mawson who lead the agency with a passionate commitment to food safety.



Geoff Gorrie
Chair, SFPQ



message from the ceo

This year SFPQ celebrates its tenth anniversary. The organisation has come a long way from inheriting a prescriptive model of regulating standards and food safety, to today's approach that is focused on outcomes and the capability of the primary sector to meet consumer demands.

Since its inception, the agency has operated according to a 'neat, fleet and small feet' philosophy. We believe that to be effective as a small player in a very complex matrix of government activities, SFPQ has to be adaptable and evolve its practices and procedures to suit the times. We are fortunate that we work with a single piece of modern legislation - *The Food Production (Safety) Act 2000*. It was written as one of the first pieces of outcomes-based legislation in the food safety arena.

During the last 10 years, SFPQ has demonstrated its unique ability to identify and respond quickly to issues that matter to food safety. Once again, this year has thrown up a range of challenges. From the introduction of new primary production and processing standards, to managing natural disasters that have tested the abilities of all our willing and dedicated staff.

Life is never dull at SFPQ. We work closely with the primary production sector in Queensland, with our counterpart agencies across Australia and with an increasing spectrum of interests in Australia and overseas who have an influence on the success of the Queensland food industry.

Working from a risk communication and risk management base we add a wealth of practical experience to existing and emerging issues in the dairy, egg, meat and seafood primary production and processing industries.

Recent issues have highlighted the importance of a through-chain approach to managing risks. The fall out from the 2008 melamine contamination of infant formula is a good example of the risks that emerge when basic production and standards controls are not effective. Many foods, particularly manufactured foods, are distributed globally so the impact of a single slip in food safety controls can have major implications for the future of many businesses in the supply chain.

SFPQ is a proactive and responsive regulator. By continuing to search for better ways of achieving our best for Queensland, we will deliver results and inspire confidence.

For this reason SFPQ continues to work to develop more sophisticated means of monitoring the standard of primary products as they move along the supply chain. The prevention of problems and the early detection of potential issues are a food safety agency's critical roles.

SFPQ, through working partnerships with dairy and meat accreditation holders, is using a three-level approach to monitoring food safety. This approach compares the everyday checks conducted by food businesses with the results from audits and investigations by our verification and enforcement teams. Our scientific and field staff also conduct state-wide surveys of products and processes. Comparing and analysing information at these levels provides SFPQ with a comprehensive perspective of current issues and a benchmark for reporting on key food safety concerns.

This methodology, developed by SFPQ, has been demonstrated to other agencies and will be adopted nationally as a cost effective and transparent way of ensuring confidence in our food supply.

This annual report gives examples of key issues we have addressed throughout the year, in particular, the launch and ongoing implementation of the seafood food safety scheme, extensive field work in the wild game industry, and the revision of our internal business practices. We led the development nationally of the Integrated Model for Standards Development and Consistent Interpretation for the Egg Industry and we became the first agency in Australia to have all operatives fully trained and accredited against the national framework for food safety auditing.

SFPQ continues to be a proactive and responsive regulator. By maintaining this profile and by continuing to search for better ways of achieving our best for Queensland, we will continue to deliver and inspire confidence in our primary production and processing industries.

We will also continue to develop and encourage the many dedicated people who make food safety their career, whether they are working with us in SFPQ or they are part of the wider community of 'foodies' that make up this diverse field.

Working at SFPQ is a privilege for me. I am very proud of all that has been done over the past ten years to deliver on the vision of a few people who believed in a new approach to a very old set of responsibilities. That is, to make every meal a joy and to safeguard the production of food for our nation, which is a rewarding and essential part of our prosperity.

I extend my sincere gratitude to everyone who works with me at SFPQ and to our Board of Directors for their support, encouragement and guidance.



Barbara Wilson
CEO, SFPQ



who
we are



our mission

SFPQ was established under the *Food Production (Safety) Act 2000* (the Act). SFPQ reports to the Minister for Primary Industries, Fisheries and Rural and Regional Queensland.

The Act defines SFPQ's powers, duties and functions, and provides a framework for ensuring the production of primary produce is carried out in a way that assures it is fit for human or animal consumption while maintaining the highest standards of food quality.



Our mission

To promote and protect food safety in primary production and processing – underpinning the reliability and safety of the Queensland food chain.

Our values

The fundamental beliefs of the people within our organisation guide our actions and behaviours, while influencing the way we work with each other and the way we engage with our stakeholders and the community. These behaviours underpin SFPQ as a responsive, innovative and dynamic organisation, driven by strong cultural values and a dedicated professional team.



Integrity

We value our reputation for integrity and independence. We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence. We will 'walk the talk' even during the most challenging of times. We will always strive to do what is right.

Family happiness

We are committed to ensuring a safe, supportive and healthy working environment which supports work/life balance.

Economic security

We provide our staff with a stable income and the resources to support them now and into the future. We have a responsibility to deal fairly, openly and honestly with each other and to review, challenge and improve work practices and processes.

Loyalty

We honour our promises and always act with integrity towards each other and our stakeholders. We foster continuous improvement and make decisions objectively to enhance the credibility of SFPQ. We seek out responsibility and are accountable for our actions.

Achievement

We achieve our goals by being innovative, creative and responsive in the way we think, act and learn. In overcoming challenges, we expand capabilities to achieve appropriate quality outcomes and success.

Strategies

SFPQ is an organisation of skilled and committed people with a substantial record of achievement. Like the industries we oversee, SFPQ faces considerable pressure to change and improve its performance.

SFPQ's strategic direction for 2009-12 involves three strategies that reflect the context in which we operate and address the challenges and opportunities facing the primary production and processing sector.

Objectives

The objectives of SFPQ as outlined in the Act are to:

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



1

manage food safety risk through-chain by

- achieving food safety outcomes with minimum burden or impost on industry
- applying proactive regulatory and risk management activities
- developing outcome and risk-based frameworks for food safety regulation
- interfacing with other regulatory processes
- promoting food safety outcomes, including alternative, flexible methodologies
- monitoring emerging issues that may impact on food safety.

2

be recognised for leadership on food safety issues by

- developing and implementing national standards through the Food Standards Australia New Zealand (FSANZ) system
- creating best practice to support through-chain management of food safety
- responding authoritatively on food safety issues.

3

add value to government and community investment in food safety systems by

- understanding stakeholder expectations and following business processes that are transparent, accountable and ethical
- collaborating with stakeholders to achieve food safety outcomes
- ensuring SFPQ's investments in systems and programs link with and complement investment in food safety by industry and other agencies
- building and maintaining a workforce with skills and attributes that match the needs of the business
- adopting best practice in financial and information management to reduce the cost of servicing and capturing benefits from available information.

our board



The Board provides advice to the Minister and to the Chair on SFPQ administration, policies, strategic direction and corporate planning, and on national and international trends in food safety. The role of the Board is to maintain an overview of the administration and policies of the organisation. It has no direct management responsibility and plays no regulatory role.

The Board delegates responsibility to the Chief Executive Officer for the day-to-day management of the organisation. The Board consists of a Chair and four other directors.

The directors for the reporting period were:

- Mr Geoff Gorrie (Chair)
- Mr Bob Shead
- Ms Kathryn Adams
- Ms Sophie Dwyer
- Ms Sue Ryan.

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

Board meetings

The Board meets quarterly and requires a quorum of directors eligible to vote (i.e. at least three members). In order to meet operational needs, the Board may convene special meetings or use electronic methods to agree or respond to specific issues. The Board met four times during 2009/10.

Achievements of the Board

- Set the strategic direction of SFPQ and monitoring key performance indicators.
- Contributed to reviews at both a national and state level regarding the food regulatory framework.
- Developed and updated the SFPQ Business Plan, extending its time line to 2012.

our board



Chair - Mr Geoff Gorrie

Mr Geoff Gorrie was initially appointed as Chair of the Board in 2003.

Geoff is a consultant specialising in regulation of primary products, natural resource management and sustainability, agriculture and food policy, and corporate governance. Formerly the Deputy Secretary, Agriculture Fisheries and Forestry Australia, Geoff has a long history in agricultural and trade policy, food policy and natural resource management issues. He has also had extensive experience in management and administration. Geoff holds a Bachelor of Science and a Diploma of Education from the University of New England as well as a Bachelor of Arts and a Bachelor of Economics from the Australian National University. He was awarded an Australia Day Public Service Medal in 2002.



Ms Sue Ryan

Sue Ryan was appointed as a Director of SFPQ in May 2007.

Sue Ryan is currently the Chief Finance Officer for the Department of Employment, Economic Development and Innovation. Sue holds a Bachelor of Business and worked in the banking industry for 17 years before joining the Queensland Public Service in 1992.

Sue's previous role as Associate Director-General within Queensland Primary Industries and Fisheries was to accelerate growth in Queensland's primary industries by promoting investment opportunities and fostering a competitive business environment. Sue also played a pivotal role in providing policy advice to the animal and plant industries and developing strategies to maximise profitability and productivity for a range of those industries.

Sue's expertise in government accounting contributes to her role as finance sponsor for the Board.



Ms Kathryn Adams

Ms Kathryn Adams was appointed as a director in May 2007.

Kathryn is a senior research fellow with the Australian Centre for Intellectual Property in Agriculture, a collaborative arrangement with Griffith University, the University of Queensland and the Australian National University. She is a microbiologist by profession and specialises in intellectual property management. Kathryn has a Master of Business, Master of Environmental Studies, Bachelor of Science - Agriculture (Honours), Master of Law and graduate diplomas in administration and legal practice. As well as membership of the SFPQ Board, Kathryn holds directorships of Future Farm Industries CRC Ltd, Cotton Catchment Communities CRC Ltd, Forestry Corporation South Australia, Dairy Futures CRC Ltd and Australian Forestry Standard Ltd. Kathryn is also a Fellow of the Australian Institute of Company Directors.



Ms Sophie Dwyer

Sophie Dwyer has had a diverse career in public health within Queensland Health and in the community. She has held various senior executive roles within Queensland Health which have included the management of public health units, environmental health and food safety, and a health promotion program.

Sophie holds the position of Executive Director, Health Protection Directorate. The Health Protection Program seeks to ensure good health is maintained through prevention or minimising the community's exposure to hazards and risks. It includes communicable disease control, environmental health and food safety, and the regulation of private hospitals across the state.

Ms Dwyer holds degrees in environmental science (first class honours) and social work, a graduate diploma in public sector management and a Master of Public Health. She also holds an appointment with Griffith University as Associate Professor.

In 2008, Sophie Dwyer was awarded an Australia Day Public Service Medal.



Mr Bob Shead

A partner at BDO, Mr Bob Shead has been a director since 2003.

As public sector consulting partner at BDO, Bob provides financial management and governance advice to government-owned corporations, departments, local authorities and statutory authorities. Bob is a member of several audit committees and was chair of Forestry Plantations Queensland during its sale to the private sector. He is a Fellow of CPA Australia and of the Australian Institute of Company Directors, and an Adjunct Professor at Griffith University.

our team

During 2009/10, SFPQ employed 44 staff at its head office in Brisbane and offices in Toowoomba, Townsville, Bundaberg and the Gold Coast.

Staff list 2009/10

CEO and Corporate Projects

Barbara Wilson
Deborah Stephenson from 14/9/09
Lara Yantsch-Recher to 26/2/10
Lorraine Shaw
Melanie Taylor
Michelle McLeod from 12/10/09

Corporate Services

Mandy Mawson
Ania Johnston
Anna Langton
Asheeka Chandra
James Spargo
Katie Hair to 12/10/09
Keith Gemmell
Lisa Bartsch
Lisa Zhao to 31/3/10
Megan Terrill from 5/10/09
Olivia Denholm to 11/9/09
Rowena Quick

Strategy, Policy and Development

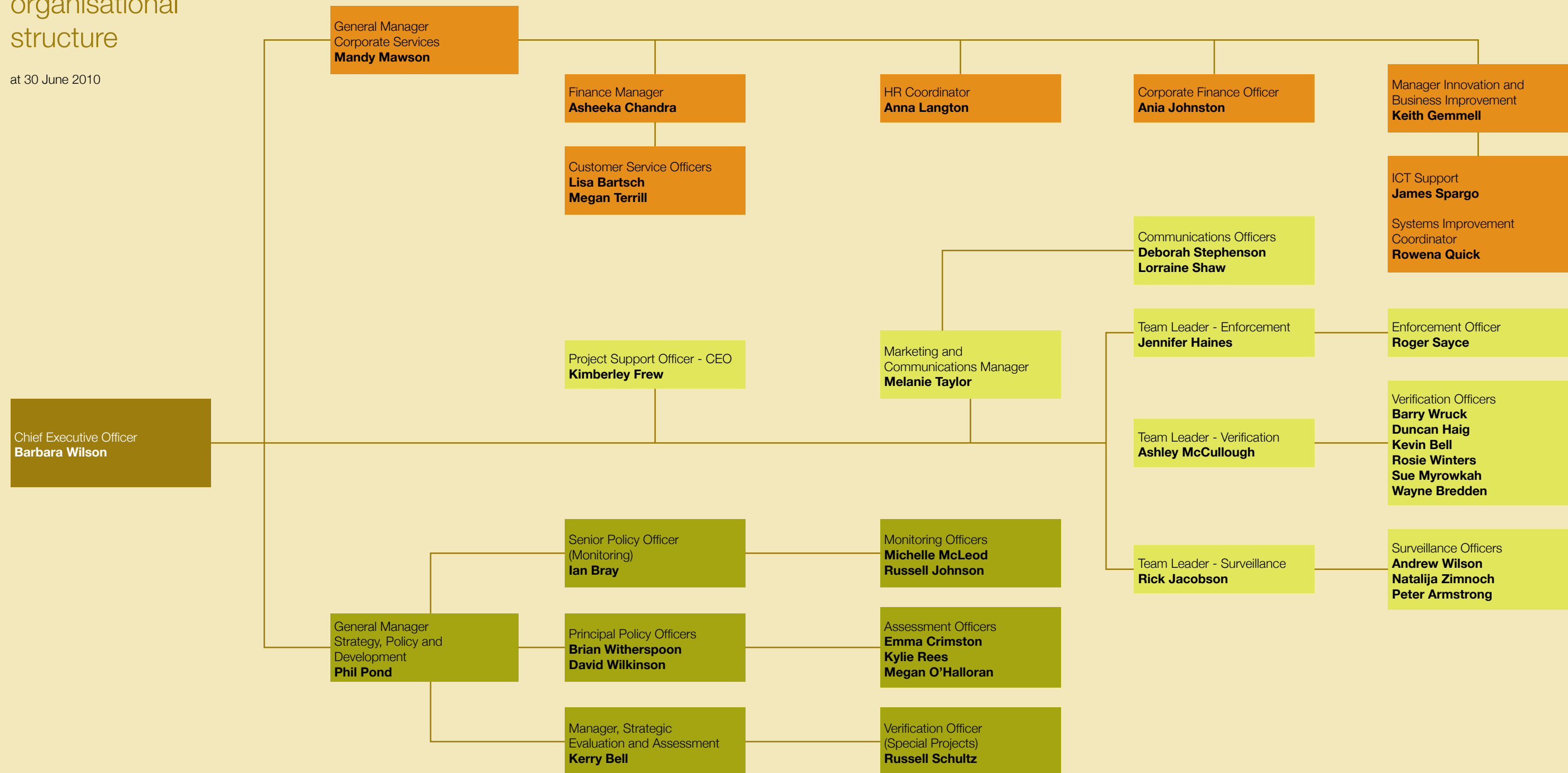
Phil Pond
Andrew Wilson from 15/2/10 (casual)
Brian Witherspoon
David Wilkinson
Emma Crimston
Ian Bray
Kerry Bell
Kimberley Frew
Kylie Rees
Megan O'Halloran

Services Delivery

Ashley McCullough
Barry Wruck
Duncan Haig
Jenny Haines
Ken Crotty (casual)
Kevin Bell
Natalija Zimnoch
Peter Armstrong
Rick Jacobson
Roger Sayce
Rosie Winters
Russell Johnson
Russell Schultz
Steve Watson to 31/8/09 (casual)
Sue Myrowkah
Wayne Bredden

organisational structure

at 30 June 2010





Our team's activities

SFPQ's activities include regulating, by means of food safety schemes, the production of primary produce to ensure it is safe for human and animal consumption. The phrase 'neat, fleet and small feet' encapsulates SFPQ's regulatory philosophy, delivering minimal, cost-effective regulation that leaves a small imprint on day-to-day business operations.

SFPQ requires its accreditation holders to minimise food safety risks by developing and maintaining management statements or food safety programs, and to developing and adopting quality assurance measures.

SFPQ advises, or make recommendations to the Minister about:

- food safety matters relating to the production of primary produce
- the development and implementation of food safety schemes
- monitoring the hygiene and operating procedures of premises, vehicles, plant and equipment used for the production of primary produce.

SFPQ also:

- approves and audits quality assurance measures
- approves food safety programs
- grants accreditations
- approves and trains individuals to audit compliance with food safety schemes
- reviews audits
- commissions research related to the safety of primary produce.



Highlights and achievements



highlights and achievements

- Developed food safety schemes for meat and dairy produce.
- Prepared proposals for risk-based food safety schemes for meat and dairy produce with the goal being to allow a flexible approach to compliance by business.
- Progressed the development of a national standard for seafood production and processing.

2001/02

- Became an accredited provider of services to the organics industry.
- Implemented a policy of contestability for audits of low-risk processing activities, with over 2,000 accreditations being eligible under the initiative.

2003/04

2000/01

- Introduced the *Food Production (Safety) Act 2000* under which SFPQ assumed the assets and liabilities of the Queensland Livestock and Meat Authority.
- Formed food safety committees for the meat and dairy industries.
- Finalised development of the Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption in partnership with representatives from other controlling authorities and industry, replacing four existing standards.

2002/03

- The Food Production (Safety) Act came fully into force on 1 January 2003, with the introduction of a regulation for meat and dairy produce food safety schemes.
- Reduced the level of prescription in legislation and promoted recognition of and responsibility for food safety management throughout the food production and processing chain.
- Participated in its first major product recall with imported sausage casings being recalled as a precautionary step following detection of a case of BSE in Canada.

2004/05

- Introduced a food safety scheme for eggs and egg products, being the first state to do so. New South Wales, South Australia and Tasmania subsequently followed Queensland's lead.
- Implemented streamlined contract and approved auditing arrangements for low-risk processing establishments.
- Launched the Home-base Entry, Notification and Retrieval System (HENRI), SFPQ's information management system. This system allows accreditation holders to access their details online.

- Expanded the SFPQ accreditation base to in excess of 7500 with the introduction of the Food Safety Scheme for Eggs and Egg Products.
- Initiated the formation of a food incident response group involving the Department of Primary Industries and Fisheries, Queensland Health and the Australian Quarantine and Inspection Service (AQIS). The group has since been formalised through the development of an overarching response plan protocol and response protocols for some key issues.

2005/06

- Implemented a Business and Strategic Plan that better aligned SFPQ's strategic direction with the Minister's portfolio objectives.
- Developed and implemented guidelines for the egg industry to help it meet its obligations under the Food Safety Scheme for Eggs and Egg Products.
- In consultation with food processors and other regulatory agencies, developed a comprehensive policy and complementary set of guidelines for accreditation holders in relation to the use of water during processing, in response to the water shortage being experienced at the time.'

2007/08

- Implemented the Food Safety Scheme for Seafood which sets out the basic food safety requirements for the primary production and processing of seafood.
- Developed 'The Integrated Model for Standards Development and Consistent Implementation'. The Primary Production and Processing Standard for Eggs and Egg Products was piloted using this model.
- Endorsed the draft national compliance and monitoring strategy.
- SFPQ was instrumental in developing the national training program for wild game harvesters

2009/10

2006/07

- Introduced alternative compliance arrangements reducing compliance costs for both processors and producers.
- Commenced development of a food safety scheme for seafood with the publication of a regulatory impact statement and commencement of industry consultation.
- Collaborated with the egg industry to improve traceability of product through individual stamping of eggs.

2008/09

- Finalised the National Audit Policy Implementation Manual.
- Developed the Integrated Model for Standards Development and Implementation.
- Introduced new technology into industry to adapt to changing market conditions including protein swab tests, data loggers and ATP residue tests.

safe:food

queensland





the
regulatory
framework

best practice regulation – Q2

In September 2008, Premier Anna Bligh launched the *Toward Q2: Tomorrow's Queensland* initiative, which outlines the future direction and priorities for Queensland as it moves towards 2020.

Toward Q2 identifies five key ambitions that together create a vision for Queensland:

- **Strong** creating a diverse economy powered by bright ideas
- **Smart** delivering world-class education and training
- **Fair** supporting safe and caring communities
- **Green** protecting our lifestyle and environment
- **Healthy** making Queenslanders Australia's healthiest people.

SFPQ contributes to *Towards Q2: Tomorrow's Queensland* in the following ways:

strong

- Managing food safety arrangements to ensure any potential risks to state and regional economic growth are minimised.
- Supporting effective food safety arrangements that underpin the ability of the meat, dairy and egg industries to develop, maintain and enhance their export market opportunities.
- Contributing to the hosting of international trade delegations to Queensland.

smart

- Actively participating in national committees in relation to the national food regulatory framework.
- Expanding the range of growth opportunities offered to the SFPQ accreditation base by way of refresher courses for the wild game industry.
- Providing the SFPQ accreditation base with more flexibility in meeting compliance requirements with the introduction of management statements as an alternative to food safety programs.
- Contributing to the development of national outcomes in food regulation.
- Participating in events that contribute to improved public health outcomes, e.g. Food Safety Week, the annual environmental health conference, Beef 2009 and a number of workshops and seminars on issues related to food safety.
- Streamlining food safety regulation within the meat and dairy industries through innovations such as alternative compliance arrangements.

fair

- Developing food safety schemes, tailored to specific industries and activities, ensuring safe and suitable products are available to the public.
- Building partnerships with food safety regulators, local government, auditors and industry to facilitate a consistent message about food safety matters.
- Overseeing a regulatory framework whereby industry contributors are recognised and supported in the market place, thus providing consumers with confidence in the integrity of food products.

green

- Ensuring the reliability and safety of the Queensland food chain for consumers by promoting and protecting food safety in primary production and processing.
- Introducing methods for remote (online) monitoring to cut down paper use and travel.
- Continuing to expand the 'reduce, reuse and recycle' program in SFPQ offices.
- Installing energy efficient office equipment that meets appropriate environmental standards.
- Introducing more efficient travel plans where possible.

healthy

- Promoting and protecting food safety in primary production and processing by ensuring the reliability and safety of the Queensland food chain for consumers.
- Developing and supporting work-life balance initiatives to encourage staff to lead a healthy lifestyle.

food safety regulation

How food safety regulation works

SFPQ's key priorities are to promote food safety and prevent food-borne disease. Translating these priorities into action at a local level is a lengthy and complex process. In countries such as Australia that have established food safety systems and high standards of food safety, it is easy to forget how quickly food safety can be compromised should these complex systems fail.

Food regulation is aimed at achieving pre-determined food safety outcomes. The alignment of these outcomes is also regulated nationally through a framework involving Commonwealth, state, territory and local government agencies. The policies for delivering food safety outcomes are set by the Australia New Zealand Food Regulation Ministerial Council (ANZFRMC) under the Council of Australian Governments (COAG) inter-governmental food regulation agreement.

The *Strategy for Consistent Implementation of Food Regulation in Australia* provides a framework for collaboration amongst food safety regulators in Australia and New Zealand (as appropriate) and fosters a consistent approach to implementation, including compliance and enforcement, of food regulations and standards.

The strategy outlines common goals for implementation of a food regulatory system, establishes key guiding principles, and facilitates the development of practical operating protocols or other guidelines within a systematic framework. Successful implementation of the strategy provides significant benefits to the food industry through more effective mechanisms for compliance, and to consumers through increasing their confidence in the food regulatory system. (Refer to the bi-national food safety system on page 32).

case study: national dairy verification plan

The National Dairy Verification Plan, launched in 2008, was designed to support consistent implementation of the new national dairy standard. The plan established annual targets for verification to provide a snapshot of the health and effectiveness of the national regulatory system.

Since 2008, SFPQ has continued to remain closely involved in ensuring the continued success of the national dairy food safety system. SFPQ's involvement helps to maintain Queensland's reputation as a reliable supplier of safe dairy foods as overseas markets use

the data from the verification plan to further assure themselves of the safety of Australian dairy products.

During the year, SFPQ staff conducted verification audits in Queensland and South Australia while also hosting Victorian auditors within Queensland, fulfilling SFPQ's cross-jurisdiction work commitments under the 2009/10 National Dairy Verification Plan.

SFPQ participates in regular meetings with all state dairy regulators to review the delivery of the National Dairy Verification Plan and to draft future plans.



bi-national food safety system

FSANZ is a bi-national, statutory body. FSANZ's role, in association with others, is to protect the health and safety of people in Australia and New Zealand through the maintenance of a safe food supply.

Whilst each Australian state and territory has adopted a different approach to regulation of food (using models that differ in their combination of services and portfolio responsibilities), all jurisdictions recognise the importance of food safety to a range of government priorities, from tourism to consumer affairs to trade. Queensland has elected to deliver food regulatory activities by adopting a 'virtual food safety agency' approach.

Queensland has two major pieces of legislation regulating food safety: the *Food Act 1981*, administered by Queensland Health, and the Food Production (Safety) Act, which is administered by SFPQ.

Queensland Health is the lead agency for food safety. Queensland Health regulates the manufacturing, retail and food service sectors, including issues relating to food composition and labelling. It is also responsible for state-wide health promotion planning, implementation and evaluation to address priority public health issues, including nutrition and related issues.

SFPQ complements Queensland Health's activities by managing food safety matters relating to the production and processing of primary produce. The Act aims to ensure food produced or sold in Queensland is safe and suitable for human consumption. The legislation focuses on preventative food safety management activities within food safety schemes, as well as providing a framework to address emerging issues that may impact on food safety.

case study: inghams advanced water treatment plant (murrarie) project

In 2009/10 Inghams Enterprises commissioned the testing of its new advanced water treatment plant located at their Murrarie facility. It uses commercially available technology to treat wastewater from the poultry processing plant to produce drinking quality water. It uses a combination of physical, biological and chemical processes to treat the water, including biological nutrient removal, membrane separation techniques, ultraviolet

radiation and chlorination. The plant was developed in consultation with relevant government agencies, including SFPQ, Queensland Health and AQIS. SFPQ reviewed the treatment process to ensure its integrity, subsequently approving the water for re-use in the facility's processing areas. The treatment plant processes up to four megalitres of water per day which has reduced the facility's water use by up to 70 per cent.



what is a food safety scheme?



A food safety scheme is a regulation that sets out minimum requirements that a primary production and/or processing business must legally meet to ensure it produces food that is safe.

In Queensland there are currently food safety schemes for dairy and dairy products, eggs and egg products, meat and meat products, and seafood and seafood products.

To comply with the requirements of a food safety scheme, businesses carrying out applicable activities are required to develop Management Statements and Food Safety Programs specific to their activities that identify and manage food safety hazards associated with those activities.

In Queensland, SFPQ works in partnership with other Queensland Government agencies, local government, and industry to ensure all food produced or packed in the state is safe. SFPQ implements food safety management in primary industry sectors through the development and implementation of food safety schemes.

strengthening food safety schemes



SFPQ is responsible for the development of food safety controls for specific primary production and processing sectors. These controls are implemented by means of food safety schemes and are implemented in those industry sectors in which the level of risk warrants such controls.

SFPQ's food safety schemes are based on the principle of through-chain, risk-based regulation. Activities such as risk profiling and identification of appropriate mandatory regulatory

controls are consistent with internationally-agreed principles so that the implementation of food standards in the domestic market underpins those required for international market access.

Under a food safety scheme, all sectors of the food chain are required to meet agreed, measurable standards of food safety. The schemes are developed in close consultation with industry, under the guidance of industry sub-committees and SFPQ's Food Safety Advisory Committee.



Management statements

In keeping with the organisation's 'minimal effective regulation' philosophy, SFPQ has implemented the use of management statements for all its food safety schemes. Management statements are similar to food safety programs in that they address the food safety risks associated with particular activities, but they are far simpler and more tailored to a business's specific operations.

A management statement requires the minimum of paperwork to address food safety. They are designed to minimise the complexity of requirements for small businesses, while at the same time promoting the idea of ownership.

In contrast, a food safety program is a more traditional document that is HACCP based. It identifies food safety risks associated with an activity, together with control measures to mitigate against those risks. Measures may include standard operating procedures, hygiene plans, insect and vermin controls, critical control points, staff training, risk profiles, calibration of equipment, input controls (including water), corrective actions, chemical registers and time/temperature and other records for validation purposes.

In order to assist businesses to meet their legislative obligation to produce a management statement, SFPQ has developed a number of model management statements for a range of various activities covered under its food safety schemes.



Accrediting food businesses

SFPQ administers each of the food safety schemes through a risk and activity-based accreditation system. To gain accreditation, a business must develop a management statement or a food safety program, which is subsequently assessed by SFPQ against legislative criteria.

The SFPQ Central Assessment Team (CAT) ensures all applications for accreditation and accompanying food safety programs or management statements are reviewed and processed within set timeframes.

Audits of the applicant's facilities check that requirements of the particular food safety scheme under which they are seeking accreditation are met.

Compliance audits assess whether an accreditation holder is conducting activities in accordance with their management statement or food safety program. These audits are conducted by either a SFPQ officer or a third party contract auditor on behalf of SFPQ.

case study: reducing compliance costs and improving efficiency in the dairy scheme



Since 2005 SFPQ and the state's major dairy processors have reviewed farm and factory performance indicators on a four-monthly cycle. However, this process was subject to refinement in 2009 with key systems performance indicators (KPIs) being developed for both farms and factories. The aim has been to reduce regulatory compliance costs whilst at the same time improving food safety and quality outcomes.

In the second half of 2010 SFPQ will commence trialling a web-based compliance monitoring system that will enable data sharing and performance reporting of farm and factory data. It is anticipated that the new system will help to drive continuous improvement in the Queensland dairy industry through the adoption of best practice regulation.

food safety schemes

Number of accreditations by food safety scheme

Dairy	
Total	693
Low risk	632
Producer	630
Producer (School)	2
High risk	61
Exporter	6
Other	10
Processor	44
Producer	1

Eggs	
Total	75
Low risk	62
Producer	37
Producer (Preferred Supplier Arrangement)	19
Producer (School)	5
Transporter (Unattached)	1
Medium risk	1
Processor (Organic Category 2)	1
High risk	12
Processor	12

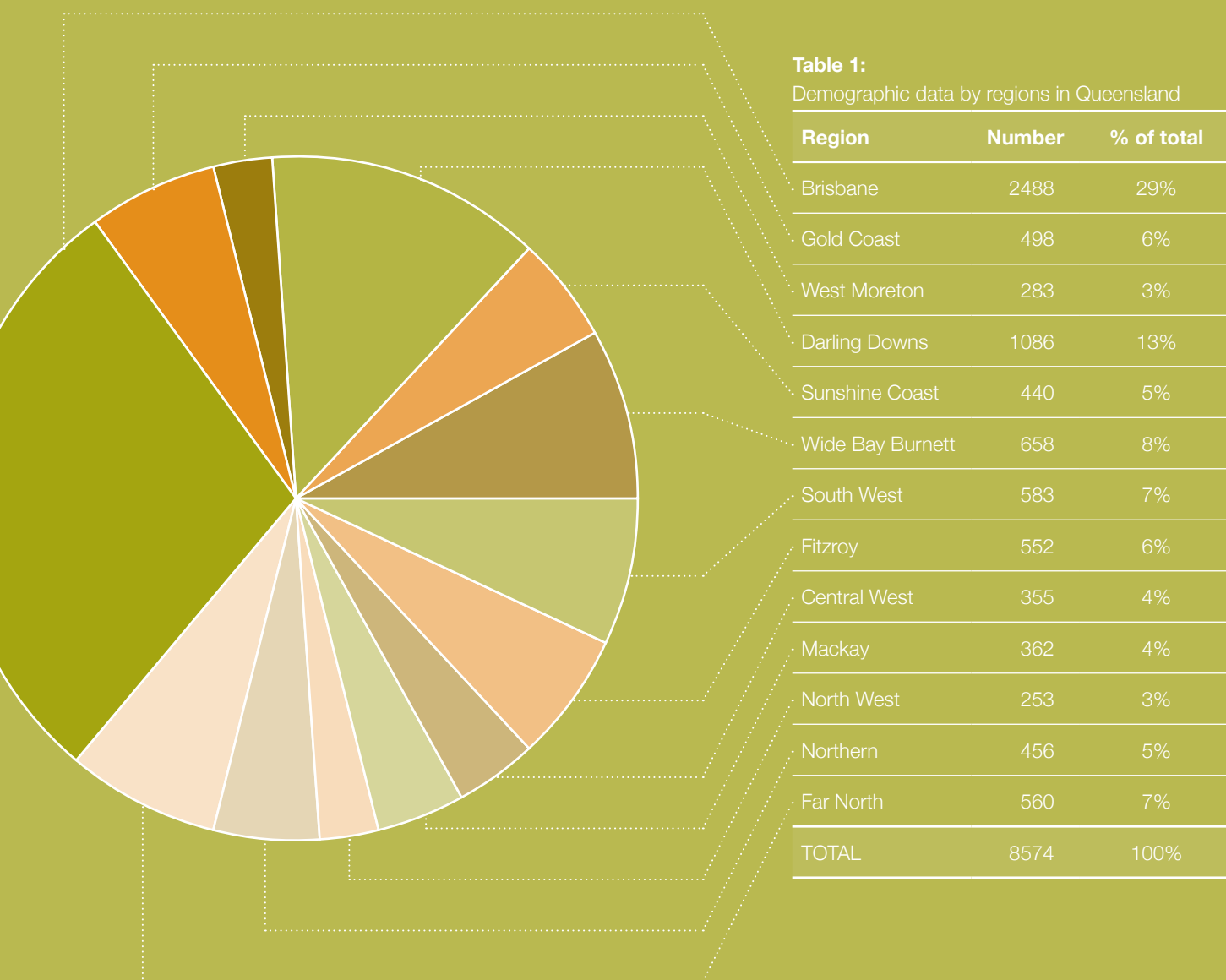
Meat	
Total	6429
Low risk	5772
Cold store	158
Field depot	161
Field harvester	1938
Retailer	970
Transporter (Attached)	702
Transporter (Unattached)	1843
Medium risk	645
Exporter	33
Other	23
Processor	210
Retailer	379
High risk	12
Exporter	1
Processor	6
Retailer	5

Organic meat	
Medium risk	1
Processor	1

Seafood	
Total	1329
Low risk	287
Wild animal harvester	287
Medium risk	967
Processor	92
Producer	875
High risk	75
Processor	26
Producer	34
Wild animal harvester	15

Total accreditations	
Total	8527
High	160
Medium	1614
Low	6753

demographics of our accreditation holders



case study: food safety scheme for seafood and seafood products

The Food Safety Scheme for Seafood and Seafood Products (Seafood Scheme), which implements the National Standard for Seafood, was introduced into Queensland law on 1 July 2009. The scheme applies to businesses involved in the primary production and processing of seafood in Queensland, including commercial fishing boats, aquaculture farms, oyster businesses and land-based processors.

The new Seafood Scheme is designed to minimise food safety hazards and ensure seafood produced and processed in Queensland is safe. Amongst other matters, it provides for product traceability and the ability to respond to seafood-related food safety incidents. One of the ways SFPQ achieves this is through the use of management statements. Management statements outline how

a business manages potential food safety hazards, as well as how they comply with the Seafood Scheme. Demonstrated compliance with Management Statements assists in assuring businesses and SFPQ that the seafood is being produced in a manner that guarantees its safety and suitability for human consumption.

Throughout the development and implementation of this scheme, SFPQ has engaged in extensive consultation with the seafood industry, in particular with the Queensland Seafood Industry Association (QSIA) and the Queensland Seafood Marketers Association (QSMA). In addition, SFPQ has conducted a number of stakeholder forums along the Queensland coastline to engage with people affected by the implementation of the Seafood Scheme.





Food safety, product integrity, and customer expectations were the focus and key drivers of a number of evaluation and population surveys conducted in 2009/10.

The evaluations were carried out on those involved in the manufacturing of ready-to-eat meat and those involved within the primary production areas of the game meat industry.

The case studies on page 43 outline the summary of SFPQ's key findings.

The results of these surveys enable SFPQ to better focus its regulatory efforts and subsequently impact more directly on those areas that can reduce food safety risks and enhance consumer confidence.

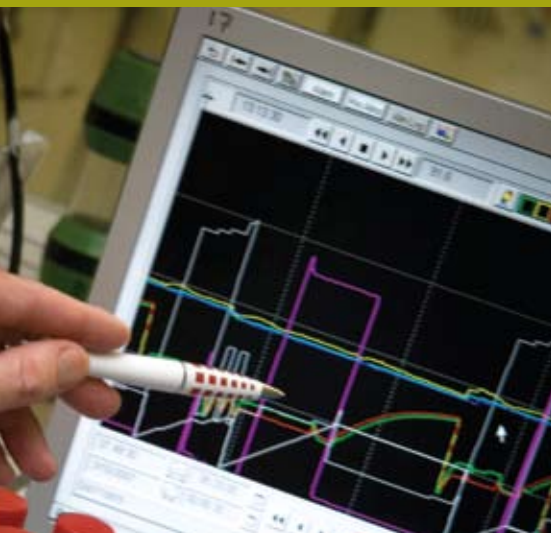
case study: Queensland ready-to-eat (RTE) meat processor evaluation



An evaluation of the 350 SFPQ-accredited RTE meat manufacturers in Queensland was undertaken from March 2009 through to September 2009. The Code defines RTE meat as meat products (including poultry) intended to be consumed without further heating or cooking. Conducted by Natalija Zimnoch and Russell Schultz, the evaluation involved a sample consisting of 46 on-site visits and 140 postal surveys, in addition to a microbiological analysis of 281 product sub-samples (representing 57 products) collected from the 46 on-site businesses. All 11 accredited producers of UCFM were included in the on-site visits.

The Queensland RTE Meat microbiological verification survey indicated that the Queensland smallgoods processing industry is committed to food safety. Approximately 92% of businesses referred to their Food Safety Program as the major requirement for compliance. 93.5% businesses undertake full microbiological analysis of products to confirm compliance with the Food Standards Code Standard 1.6.1 requirements. 94.7% of the 281 product sub-samples tested complied fully with the Food Standards Code requirements. 100% of the products analysed for *E.coli*, *Salmonella* and Coagulase positive *Staphylococci* were compliant with the Food Standards Code and there was a 94.7% compliance rate for *Listeria monocytogenes* in the Queensland survey.

case study: SFPQ conducts national study on kangaroo carcasses



The production of safe and wholesome kangaroo meat for human consumption is dependent upon the use of hygienic practices during all stages of the kangaroo meat supply chain. This year, SFPQ conducted a national study to determine the change in microbial load on kangaroo carcasses from the point of storage after harvesting until processing. The study was conducted to assist in the validation of a 14-day post-harvest limit for the processing of kangaroos for human consumption, as implemented by AQIS and the state

regulatory authorities in September 2009 in accordance with AQIS Meat Notice 2009/04. The survey involved taking swabs of the abdominal cavity of approximately 500 kangaroo carcasses at four establishments and testing for total viable count (TVC), coliforms and *Escherichia coli*. The results of this survey supported the recommended maximum time span of 14 days from the point of harvest to processing for human consumption provided temperature control and monitoring requirements were complied with.



Our field services teams (verification, surveillance and enforcement) work together to ensure compliance with the regulatory framework.

They undertake regular monitoring activities to ensure the effectiveness of the dairy, egg, meat and seafood schemes.

An example of this is outlined in the case study on page 47.

Verification

The SFPQ Verification Team monitor accreditation holders and manage and monitor the third party auditors. Our team of auditors continuously monitor compliance as they are reported to SFPQ by third party auditors. It is also responsible for conducting compliance audits of high risk categories across all of the food safety schemes.

The Verification Team prepares an annual verification plan which subjects particular categories of accreditation holders across the food safety schemes to scrutiny with respect to their adherence to the Food Production (Safety) Act 2000,

and to SFPQ internal procedures. The team has also contributed greatly to the implementation and verification of the Australia New Zealand Food Standards Code (the Code) which provides consumers, industry partners and trading countries with confidence in the uniform delivery of food safety outcomes across Australia.

In the last year 7,198 audits were conducted generating 69 critical and 1,419 major corrective action requests. All critical corrective action requests were managed by SFPQ within 48 hours of notification. Of the 7,198 audits, 612 were subject to verification audit in accordance with the verification plan.



Surveillance

To ensure Queensland's food production systems meet national food safety standards, the Surveillance Team monitors compliance with these standards through audits.

In order to verify the efficiency and effectiveness of SFPQ's strategies for monitoring compliance with the standards, SFPQ's surveillance team routinely selects a random sample of audit reports for evaluation. The evaluation also identifies emerging issues and potential areas for improved performance. Evaluation results to date indicate that businesses across all risk categories are continually achieving a very high compliance rate of approximately 80%.

SFPQ continues to work with industry and stakeholders to develop approaches that consider food safety risks over the entire food chain.

The Surveillance Team is also responsible for assuring public health authorities that consumers are not exposed to unacceptable microbiological contaminants in their foods.

During 2009/10 SFPQ continued to undertake a number of key initiatives to verify the safety of Queensland's food supply, including the Queensland RTE meat processor evaluation and various studies on wild game meat.

SFPQ has been collecting and analysing food safety data for several years and is now producing trend reports by industry type. This enables accreditation holders to track their product safety and quality against others in the same industry sector. By using this information it helps our accreditation holders to improve performance in both product safety and quality.

Enforcement

The Enforcement Team is responsible for the investigation of more serious and complex breaches of the Act and Regulation.

The team initiates and investigates complaints and takes appropriate action in accordance with the Act. It is also closely involved in drafting prosecution briefs, reviewing enforcement options, and providing advice and support to industry.

In 2009/10, the SFPQ Enforcement Team received 370 notifications of which 216 related to accreditation holders. The remainder related to premises not accredited by SFPQ.

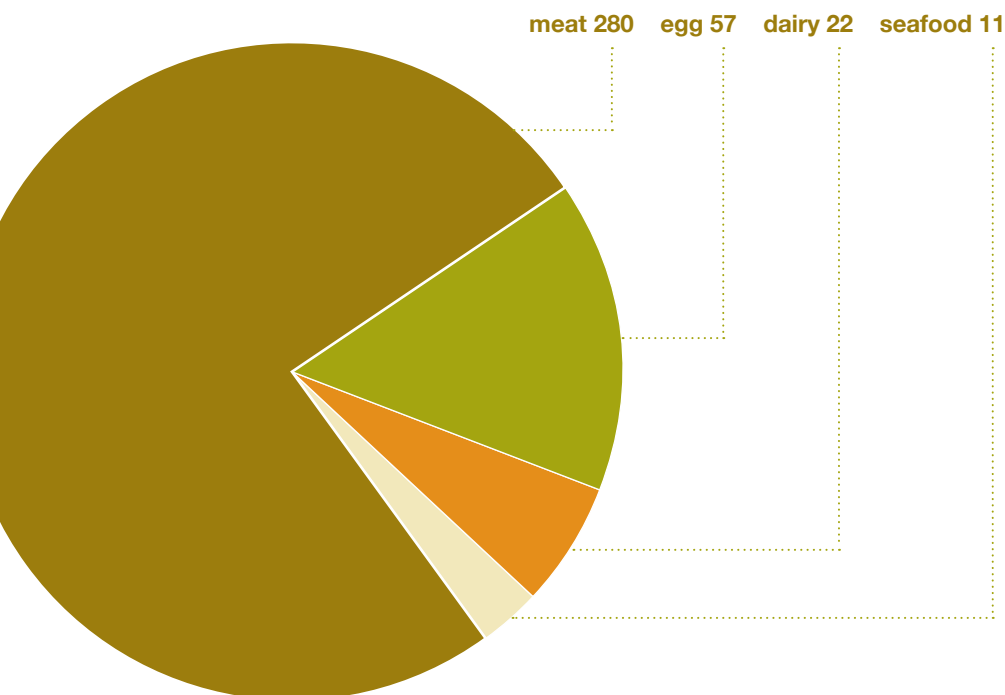
Of these notifications 122 were investigated and found to be unsubstantiated, 22 were referred to another agency, 167 resulted in immediate compliance and 40 were subject to corrective action requests (CAR). Two investigations resulted in prosecutions being undertaken. Seventeen of the investigations are ongoing.

Prosecutions

In the 2009/10 SFPQ conducted three prosecutions, all of which were successful with the defendants pleading guilty to the charges.

As an example, SFPQ prosecuted a company on 1 July 2009. The company pleaded guilty in the Brisbane Magistrates Court to two counts of unauthorised production of primary produce, and one of failure to comply with a compliance notice. The business was fined \$17,000 and a conviction was recorded.

Table 2:
Notifications received by the Enforcement Team by food safety scheme, 2009/10.



As technology and business practices have advanced, so too has the definition of minimum effective regulation. As part of an alternative compliance model, SFPQ has replaced the need for some routine audits by providing web-based systems for SFPQ's meat and dairy schemes, whereby accreditation holders can self-monitor their processes by entering their process monitoring data on a regular basis. SFPQ then assesses these data against pre-approved management statements or food safety programs to determine whether or not the processes are achieving desired food safety outcomes.

case study: benchmark butcher's community (BBC)



The BBC is an initiative of SFPQ and accreditation holders for monitoring compliance through evidence-based methods as an alternative to auditing and is based on the concept of 'clean, cold and moving'.

The aim of the BBC is to connect proactive butchers who want to have access to business tools designed to develop best practice in the industry. Members strive to raise the bar in terms of innovation, quality and best practice to enhance their professionalism, productivity and profitability.

Members are encouraged to network and share value-adding ideas through a BBC web site. The system also involves an online monitoring system that provides butchers with access to a range of management tools and which also serves as a valuable information resource.

working with stakeholders

SFPQ is committed to transparency in its dealings with stakeholders and strives to achieve this by engaging with them at every opportunity. It continues to work with industry and its stakeholders to develop a range of materials in a variety of areas to assist in the interpretation of food safety standards, thereby improving food safety outcomes and minimising the number of food safety incidents.

SFPQ also participates in a number of key events where we provide information, advice and support on issues related to food safety. Some examples include:

- Food Industry Association of Queensland Conference
- European Union Review meeting
- Environmental Health Australia Contemporary Food Safety Course
- Food Safety and Sustainability Conference
- MINTRAC Conference
- Environmental Health Australia, Queensland Conference
- Korean Delegation visit
- Environmental Health Australia Northern Group Conference

Our key stakeholders

Table 3: SFPQ's stakeholder relationships

Stakeholder	Areas of interest	Channels of communication and engagement
Board	Governance; key risks and opportunities; emerging strategic issues; compliance	<ul style="list-style-type: none"> • Quarterly meetings and ad hoc workshops • Director education • Briefings by management
Customers	Product and service improvement; fees and charges; access and inclusion; transparency; debt	<ul style="list-style-type: none"> • Customer and product research and development • Surveys, focus groups and regular meetings
Employees and contractors	Workplace policies and practices; support programs such as employee assistance, child care, and health and fitness	<ul style="list-style-type: none"> • Business improvement workshops • Intranet, staff newsletters and internal employee feedback processes • Focus groups
Governments	Legislation; parliamentary committees; draft regulatory proposals, policy development in relation to regulation of food standards	<ul style="list-style-type: none"> • Regular meetings and briefing sessions • Participation in government consultation processes
Industry groups and associations	Food regulation; food safety schemes; and information on latest regulatory changes	<ul style="list-style-type: none"> • Participation in industry associations and organisations
Local, regional and global communities	Corporate social responsibility and corporate community investment	<ul style="list-style-type: none"> • Sponsorship and staff involvement in, and support of, local community projects and activities across the regions
Media	Transparency and disclosure	<ul style="list-style-type: none"> • Regular and special media briefings
Regulators	Compliance; performance and reporting with other regulatory agencies	<ul style="list-style-type: none"> • Regular meetings and briefing sessions
Suppliers	Procurement standards and requirements; environmental and social performance	<ul style="list-style-type: none"> • Supplier surveys • Ongoing relationship management

case study: cairns stakeholder forum 2010



The Cairns Stakeholder Forum was held on 29 April 2010 as part of a joint initiative by SFPQ, Queensland Health and the Department of Employment, Economic Development and Innovation (DEEDI) to ensure meetings are arranged to keep stakeholders informed of topical food safety issues. This initiative also supports the Queensland Government drive for communicating with stakeholders about the need for greater emphasis on simple and effective regulation that minimises impact on local businesses.

The forum attracted over 80 people and identified a range of issues that will be explored in more detail through local focus groups. Specific cases involving regulatory compliance will also be followed up with the businesses concerned.

One of the key outcomes of the forum was the proposal and endorsement of a new SFPQ initiative aimed at building better working relationships/partnerships, and sharing information between government, industry and the community. This initiative has been dubbed 'the learning community' and will act as a collaborative social network between industry partners and key stakeholders. The main objectives of the 'learning community' will be to streamline processes and systems, provide better access to information and open more efficient avenues for two-way communication. 'the learning community' will be officially launched in late 2010.

case study: working with industry



In an effort to remain competitive in an international export market, the Queensland Government formed the Kangaroo Industry Development Committee (KIDC) in July 2009. The primary focus of the KIDC is to address changing market conditions, whilst at the same time supporting the sustainability of the industry. One of the initiatives proposed by the KIDC to achieve this outcome was the enhancement of training opportunities for those employed in the production of wild game meat.

To support this objective, in November 2009, SFPQ drafted a discussion paper on training needs in the wild game meat industry. This paper was subsequently endorsed in December 2009 by the Kangaroo Industry Association of Australia (KIAA) as a definitive statement of training requirements.

On 8 February 2010, the Commonwealth Government announced the allocation of \$400,000 for a national training project funded by the Department of Agriculture, Fisheries and Forestry (DAFF) through the Rural Industries Research and Development

Corporation (RIRDC) and managed by SFPQ. Training sessions are now being conducted, with a total of 71 workshops having been held in 36 regional centres across Queensland, New South Wales and South Australia.

The training project is designed to ensure kangaroo harvesters have the skills to meet international requirements and changing market conditions. The training builds on that received by harvesters at the time of being accredited, and ensures the basis for structured, nationally agreed training and qualification standards.

SFPQ is now investigating long-term training needs in the industry, with three occupations requiring specific skill sets and training requirements having been identified, namely: harvester; field depot operator; and assessor.

Initiatives such as this training program help to support the incomes of over 3,500 harvesters and hundreds more in the field depot and processing sectors of the industry, with most of this employment based in regional Queensland.

SFPQ's Contribution to the National Framework

SFPQ contributes to many committees and working groups that have been established to address food safety issues and develop food safety standards within the national framework.

One of the committees that SFPQ has a key role in is the Food Standards Implementation Sub-Committee (ISC).

ISC was established to develop and oversee a consistent approach across jurisdictions to the implementation and enforcement of food regulations and standards, regardless of whether the food is sourced from domestic producers, export-licensed establishments or from imports. SFPQ was closely involved in the evolution of the workplan that has eight key components. SFPQ is the lead agency for component 2 of the workplan which relates to regulatory and compliance arrangements.

Contribution to Regulatory and Compliance Arrangements

Some of the contributions to regulatory and compliance arrangements that SFPQ has made include:

- Finalised the National Regulatory Food Safety Auditor Guideline.
- Developed 'The Integrated Model for Standards Development and Consistent Implementation'. The Primary Production and Processing Standard for Eggs and Egg Products was piloted using this model.
- Endorsed the draft national compliance and monitoring strategy.
- Developed a compliance protocol, including recommendations for further action required to implement the strategy.
- Completed and endorsed the GM Compliance and Enforcement Strategy.

One SFPQ's key priorities is to contribute to the implementation of the integrated system for standards development and consistent implementation (The Integrated Model).

The Integrated Model proposes to deliver a 'package' to the Australian New Zealand Food Ministerial Council (ANZFRMC) for consideration, rather than just a draft Primary Production and Processing Standard. The 'package' consistent of the following components:

- The National Primary Production and Processing Standard (PPPS) as developed by FSANZ
- The explanatory memorandum for the national PPPS. This document provides advice concerning the meaning and intent of each clause of the PPPS.
- A comprehensive Regulatory Impact Statement (RIS). This document provides an analysis detailing the costs and benefits of introducing the PPPS.
- An implementation package that includes the compliance plan, guideline food safety management statements and response material which identifies enforcement options and strategies.

The 'package' will allow Ministerial Council to be better informed of impacts associated with implementing national food standards at the time of approval.

case study: the pilot of "The Integrated Model"

SFPQ, as the lead agency of ISC component 2, is conducting a pilot exercise on the Primary Production and Processing Standard for Eggs and Egg Product (The Egg Standard).

The exercise is designed to 'road test' a concept in better aligning implementation arrangements for national food standards with their development processes. This concept is termed the integrated system for standards development and consistent implementation (The Integrated Model).

SFPQ chairs the Eggs Implementation Model Working Group (EIMWG) that is piloting The Integrated Model for The Egg Standard. The scope of the

EIMWG is to use The Integrated Model to document and analyse the process of developing the implementation model for the Egg Standard, with regard to:

- elements of the implementation plan and its impact;
- consultation processes;
- development of the RIS; and
- alignment with FSANZ standards development processes

The EIMWG has also been asked to suggest improvements to The Integrated Model and/or the process of its application, including the applicability to standards other than primary production and processing standards.



Right to information Act

SFPQ is required to adhere to the provisions of the *Right to Information Act 2009*. This Act, designed to give the community greater access to information, was introduced by the Queensland Government on 1 July 2009.

During 2009/10 one application was received under the *Right to Information Act 2009*.

Information Privacy Act

SFPQ is also required to adhere to the provisions of the *Information Privacy Act 2009*. All information collected and held by SFPQ is managed in accordance with this new legislation.

During 2009/10 no applications were received under the *Information Privacy Act 2009*. Furthermore, no complaints were received by SFPQ in relation to information privacy issues.

In line with the new legislation, a publication scheme and privacy statement has been published and is available on the SFPQ website at www.safefood.qld.gov.au/privacy.

Record keeping

Record keeping plays an integral role in SFPQ's work. Hard files are maintained for all accreditations with each one having a unique number that preserves the identity and privacy of the accreditation holder. SFPQ's accreditation and auditing management system, HENRI, provides live real-time record management that supports day-to-day activities and backs-up other systems while the organisation's accounting database, Finance One, is used for payments, invoicing and revenue management.

Consultancies

There was no expenditure on consultancies in 2009/10.

CEO remuneration

SFPQ's CEO received a remuneration package totalling \$197,485.

Interpreter service

The Queensland Government is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. Therefore, should readers have difficulty in understanding the annual report, contact SFPQ on 07 3253 9800 or Freecall 1800 300 815 and SFPQ will arrange for an interpreter to explain the report.

Overseas travel

There was no expenditure on overseas travel in 2009/10.



safe:food
queensland



corporate governance

corporate governance

Responsibility for delivering the organisation's objectives and running the business on a day-to-day basis lies with the CEO and the EMG. The Board delegates responsibility to the CEO for the day-to-day management of the organisation, with the CEO being assisted by the EMG.

Chief Executive Officer

SFPQ's CEO is responsible for internal control systems and for reviewing their effectiveness.

Under the Act, the responsibilities of the CEO include:

- developing a risk management model that reflects best practice in regulatory bodies
- chairing meetings of the EMG
- managing SFPQ's internal audit charter
- overseeing the external audit of financial systems
- developing a memorandum of understanding with AQIS to verify food safety audits for export-licensed premises
- facilitating ongoing staff consultation to develop operational plans and discuss performance.



CEO

Executive Management Group

The EMG supports the CEO in the management of SFPQ. The EMG comprises the:

- CEO
- General Manager
- Corporate Services
- General Manager
- Strategy, Policy and Development.



**General Manager -
Corporate Services**

Roles and responsibilities of the EMG are to:

- monitor business performance in relation to the direction set by the Minister and the SFPQ Board and as described in the strategic and business plans and associated KPIs
- monitor the performance of SFPQ against the objectives, budgets and performance criteria outlined in its strategic documents
- ensure SFPQ's compliance with statutory requirements, including reporting and the Queensland Government's planning and performance cycle (budget cycle)
- oversee the development of risk management strategies for SFPQ and all areas of corporate governance as required by the Queensland Audit Office
- provide advice and recommendations to the CEO on matters raised by the Board, senior officers or other teams in SFPQ
- ensure SFPQ's performance management system is achieving its objectives as outlined in SFPQ's strategic documents.



**General Manager -
Strategy, Policy
and Development**

Internal audit charter

SFPQ has an internal audit plan that is reviewed and approved by the Board on an annual basis. The SFPQ Board ensures internal audit procedures have due regard to the guidelines of the Queensland Treasury Audit Committee. SFPQ's internal audit process is provided by an independent auditor, the outcomes of which are addressed by the EMG.



Corporate Services Team

The Corporate Services Team develops, manages and advises on systems, infrastructure, policies and standards and provides services to SFPQ in the areas of finance and administration, human resources, innovation, and communications.

The team comprises five groups:

- Client Contact Centre
- Communications
- Human Resources
- Innovation
- Finance.

Client contact centre

The Client Contact Centre is the first point of contact between SFPQ and the public, coordinating all incoming correspondence to SFPQ. This year, SFPQ received approximately 20,000 calls from existing accreditation holders, those wishing to gain accreditation, and consumers. In addition, SFPQ received approximately 15,000 e-mails, faxes and letters from stakeholders.

Examples of enquiries received during a typical week include:

- business operators seeking guidance on how to become accredited
- accreditation holders finalising payments for accreditation fees
- members of the public reporting a food production business with unhygienic food practices
- enquiries from the public regarding food safety issues.
- accreditation holders seeking advice about management statements
- enquiries from people wanting to food safety auditors

- local council officers seeking clarification on issues about the Food Production (Safety) Act

The team is closely integrated with the core functions of the organisation. It monitors its service on an ongoing basis and resolves many enquiries at the first point of contact. When more specialised support is required, the team identifies the most appropriate staff to manage the query.

One of the key responsibilities of the team is to manage the annual renewal process for accreditation holders. The group coordinates, collates and distributes over 8,500 accreditation renewals each year.



Communications

The Communications Team prides itself on ensuring the organisation's activities and resources are of the highest standard in terms of accuracy, authority, appropriateness and timeliness in order to maintain SFPQ's reputation as a trusted source of advice and information on food safety issues. All material produced by the team is tailored to be readily accessible, relevant and useful; helping to keep consumers informed and confident in the food produced in Queensland.

This year, the team focused its efforts on expanding the range of materials it produced as well as the media they were produced in, in order to cater for those who have limited access to paper-based methods of communication. Many of the marketing and communications materials produced throughout the year (e.g. newsletters, fact sheets, videos) are distributed electronically.

Some of the food safety messages promoted throughout the year included the dangers of Listeria, how to handle food safely in the kitchen and the importance of food safety during pregnancy. This year, the team expanded its activities to encompass new social media platforms such as Twitter.

The team also issued a number of press releases on various regulatory and enforcement issues and responded to local and national incidents by providing information and health messages to the public. Topics covered included preservatives, the wild game industry, changes to the Seafood Scheme, food-borne pathogens, safe handling of poultry and red meat, and general advice on food safety programs and management statements.

human resources

At SFPQ, we believe the values that our employees bring to work every day play an integral role in achieving a positive, supporting and productive environment. These values drive our decision-making processes and define how we deal with each other and with our stakeholders.

These values apply to every aspect of our organisation; from recruitment and performance management to reward and recognition. The performance management process, which is undertaken annually, helps SFPQ to align its values and helps shape strategic human resources initiatives.



A healthy workforce

At SFPQ, we know the value of a healthy workforce. Over the past 12 months, SFPQ offered various health and wellness programs to staff including:

- influenza vaccinations
- a private and confidential counselling service available to all employees. The counselling is provided by an external qualified counsellor and covers a variety of issues such as stress management, health, relationships, grief and career advice
- information and programs that offer staff knowledge and skills to improve their physical health as well as their mental and emotional wellbeing. Programs have included sessions on CPR training, nutrition (healthy eating), exercise and fitness, back and neck care, stress prevention/management, and work/life balance.



Workplace health and safety

The organisation is committed to ensuring healthy and safe working conditions for employees, contract staff and visitors.

A number of workplace health and safety policies have been introduced to help develop a consistent approach across the organisation with these being underpinned by a comprehensive program of audits, inspections, risk assessments and training.

New employees are thoroughly briefed and trained in workplace health and safety issues during their induction program, while SFPQ's workplace health and safety officers and first aid officers are provided with the necessary training to ensure they carry out their duties as required by the *Workplace Health and Safety Act 1995* and in accordance with SFPQ policy.

SFPQ social responsibility

SFPQ recognises the need to take responsibility for the impact our activities have on our employees, our clients, the wider community and the environment.

This year SFPQ staff wanted to become more involved in community initiatives. We responded to this call by becoming involved in the 'Queensland Meals on Wheels' program. This program provides healthy and satisfying meals to many frail, aged clients living alone in the community. Along with the meal delivery, SFPQ staff provide a friendly face and a quick 'check' on the client's wellbeing.

It is important that SFPQ not only maintains a focus on its strategic direction but also the way it conducts its business. SFPQ wants to play its part in strengthening the communities in which it operates.



SFPQ's commitment to the environment

SFPQ is committed to reducing the organisation's impact on the environment and is dedicated to continuous improvement in this area. We continue to invest in reducing our energy consumption. We are harnessing improved technology and design and the positive behaviours of our staff to reduce our energy consumption and thereby the organisation's carbon footprint.

Some of the initiatives the agency has implemented this year include:

- improving recycling facilities
- expanding the use of 100% recycled paper and stationery
- raising staff awareness about their individual environmental impact and ways to counteract this
- encouraging staff to switch off PCs, monitors, printers and lights to help reduce our energy consumption
- reducing the use of disposable items
- recycling old equipment and replacing it with more energy efficient models
- ensuring staff induction includes environmental awareness.

innovation and business improvement

Information management is critical to SFPQ's ability to regulate the primary production and processing sectors across Queensland. The Innovation and Business Improvement Team provides high quality information and communication technology (ICT) services to meet the diverse requirements of its customers.

SFPQs accreditation and audit information is managed by the HENRI system, a SFPQ-developed web-based information management system. HENRI currently manages more than 8,500 accreditations.

The team is also responsible for managing the ICT platform and business systems and leads the development and implementation of ICT policies and standards across the agency. During the year, several projects were undertaken to enhance SFPQ's business systems and processes, including:

- development of the dairy scheme compliance monitoring system
- expansion of the Benchmark Butcher's Community site
- upgrading of the HENRI system
- refinement of the dairy national verification system (BRIE).

finance

The Finance Team provides the organisation with an efficient, effective financial management service to assist it to achieve its strategic goals. The team monitors SFPQ's compliance with accounting standards, undertakes accounts payable and receivable functions, and continues to refine financial and purchasing processes through continuous improvement reviews.

One such review resulted in improved electronic service delivery for the annual accreditation renewal process. The team also works closely with its colleagues across the organisation to ensure systems and infrastructure meet the organisation's evolving business and strategic needs.





accounts
2009/10

financial statements

Statement of Comprehensive Income for the year ended 30 June 2010

	<i>Notes</i>	2010 \$	2009 \$
Income			
Revenue			
User charges	2(a)	3,957,734	3,782,561
Government contributions	2(a)	1,900,000	1,900,000
Interest	2(a)	169,793	231,342
Other revenue	2(a)	36,722	117,906
Total income		6,064,250	6,031,809
Expenses			
Employee expenses	2(c)	3,750,441	3,536,054
Supplies and services	2(b)	1,787,479	1,920,653
Depreciation and amortisation	2(b)	182,858	131,104
Other expenses	2(b)	631,802	545,325
Total expenses		6,352,580	6,133,136
Operating loss		(288,330)	(101,327)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(288,330)	(101,327)

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2010

	<i>Notes</i>	2010	2009
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	3	4,700,414	4,455,821
Receivables	4	207,884	279,593
Other	5	136,227	140,848
Total current assets		5,044,525	4,876,262
Non-current assets			
Intangible assets	6	185,424	233,907
Property, plant and equipment	7	70,240	122,601
Total non-current assets		255,664	356,508
TOTAL ASSETS		5,300,189	5,232,770
LIABILITIES			
Current liabilities			
Payables	8	257,255	317,110
Accrued employee benefits	9	312,538	260,547
Other	10	1,530,982	1,167,369
Total current liabilities		2,100,775	1,745,026
TOTAL LIABILITIES		2,100,775	1,745,026
NET ASSETS		3,199,414	3,487,744
EQUITY			
Retained surplus		3,199,414	3,487,744
TOTAL EQUITY		3,199,414	3,487,744

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2010

	<i>Notes</i>	<i>2010</i>	<i>2009</i>
		\$	\$
Retained Surplus			
Balance 1 July		3,487,744	3,589,071
Total comprehensive income for the year		(288,330)	(101,327)
Balance 30 June		<u><u>3,199,414</u></u>	<u><u>3,487,744</u></u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2010

	<i>Notes</i>	2010	2009
		\$	\$
Cash Flows from Operating Activities			
Inflows			
User charges		4,274,748	3,885,312
Government contributions		1,900,000	1,900,000
GST input tax credits from ATO		311,582	306,746
GST collected from customers		381,875	376,080
Interest		169,793	231,342
Other		36,722	117,906
		<u>7,074,720</u>	<u>6,817,386</u>
Outflows			
Employee expenses		(3,686,098)	(3,540,134)
Supplies & Services		(1,859,587)	(2,058,630)
GST paid to suppliers		(313,860)	(315,091)
GST remitted to the ATO		(378,859)	(384,741)
Other		(509,709)	(526,760)
		<u>(6,748,113)</u>	<u>(6,825,356)</u>
Net cash provided by operating activities	11	<u>326,607</u>	<u>(7,970)</u>
Cash Flows from Investing Activities			
Outflows			
Payments for property, plant and equipment		-	(35,692)
Payments for intangibles		(82,014)	(166,187)
		<u>(82,014)</u>	<u>(201,879)</u>
Net cash used in investing activities		<u>(82,014)</u>	<u>(201,879)</u>
Net increase in cash held		244,593	(209,849)
Cash at beginning of financial year		4,455,821	4,665,670
Cash at end of financial year	3	<u>4,700,414</u>	<u>4,455,821</u>

The accompanying notes form part of these financial statements.

Notes to and forming part of the financial statements 2009-10

Objectives and Principal Activities

Safe Food Production Queensland (the Authority) was established as a Statutory Body under the *Food Production Safety Act 2001*.

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

Note 1 Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with section 42 of the *Financial and Performance Management Standards 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

Except where stated, the historical cost convention is used.

(b) Administered Transactions and Balances

Safe Food Production Queensland (SFPQ) administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the Authority's objectives. This fiscal year SFPQ has engaged in the Kangaroo Wild Game industry training initiative with government body RIRDC (Rural Industries Research and Development Corporation).

Administered transactions and balances are disclosed in Note 5 & 10. These transactions and balances are not significant in comparison to the Authority's overall financial performance/ financial position.

(c) User Charges and Fees

User charges and fees, except for accreditation fees, are recognised in full as revenue when invoices for the related services are issued. Accreditation fees are received in full once received, however recognised over the period of the accreditation.

(d) Grants

The government grant has been recognised as operating income on receipt over the financial year, as per the funding arrangement. It has been disclosed in the Statement of comprehensive income as Government Contributions.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flow, cash assets include all cash and cheques received but not banked as at 30 June as well as deposits at call with financial institutions. It also includes investments with short periods to maturity that are readily convertible to cash on hand at Safe Food Production Queensland's option and that are subject to a low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, with settlement being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. Bad debts are written off in the period in which they are recognised. All known bad debts were written off as at 30 June 2010.

(g) Acquisition of Assets

Actual cost is used for the initial recording of all acquisitions of assets controlled and administered by Safe Food Production Queensland.

Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal considerations are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

Notes to and forming part of the financial statements 2009-10

(h) Property, Plant and Equipment

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

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

Items with a lesser value are expensed in the year of acquisition in accordance with Queensland Treasury's Non-Current Asset Accounting Policies for the Queensland Public Sector.

(i) Intangibles

Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the Authority, less any anticipated residual value. The residual value is zero for all intangible assets.

It has been determined that there is no active market for any of the department's intangible assets. As such the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

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

Purchased Software

The purchase cost of software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to Safe Food Production Queensland, namely 3 years.

Internally Generated Software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the year in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to Safe Food Production Queensland, namely 3 years.

(j) Amortisation and Depreciation of Intangibles, Property, Plant and Equipment

Depreciation on equipment and motor vehicles, and amortisation on computer software is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to Safe Food Production Queensland.

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

Depreciation rates used are listed below and are consistent with the prior year unless otherwise stated:

<i>Class</i>	<i>Rate %</i>
Computer Hardware	33.3
Motor Vehicles	20.0
Other Plant & Equipment	20.0
Leasehold Improvements	14.0
Computer Software	
Software Purchased	33.3
Software Internally Generated	33.3

(k) Impairment of Non-current Assets

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

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

An impairment loss is recognised immediately in the Statement of comprehensive income, unless the asset is carried at a revalued amount.

(l) Other Financial Assets

Safe Food Queensland does not enter transactions for speculative purposes, nor for hedging. It holds no financial assets classified as at fair value through profit and loss or classified as held to maturity.

(m) Payables

Payables are recognised for amounts payable in the future for goods and services received, whether or not billed to Safe Food Production Queensland. Creditors are generally unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

Notes to and forming part of the financial statements 2009-10

(n) Employee Benefits

Wages, salaries, recreation leave and sick leave

Wages, salaries and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the remuneration rates expected to apply at the time of settlement and include related on-costs.

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

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

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

Long service leave

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

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

Superannuation

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

Therefore, no liability is recognised for accruing superannuation benefits in the Authority's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive Remuneration

The executive remuneration disclosures in the employee expenses in the financial statements where applicable include:

- the aggregate remuneration of all senior executive officers (including the Chief Executive Officer) whose remuneration for the financial year is \$100,000 or more; and
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000

The remuneration disclosed is all remuneration received or receivable, directly or indirectly, from the entity or any related party in connection with the management of affairs of the entity, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries;
- accrued leave (that is, increase/ decrease in the amount of annual and long service leave owed to an executive, inclusive of any increase in the value of leave balances as result of salary rate increases or the like);
- performance pay received or due and receivable in relation to the financial year, provided that a liability exists (namely a determination has been made prior to the financial statements being signed), and can be reliably measured even though the payment may not have been made during the financial year;
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30th June).

The disclosures apply to all senior executives appointed under the *Public Service Act 2008* and classified as SES1 and above, with remuneration above \$100,000 in the financial year. "Remuneration" means any money, consideration or benefit, but excludes amounts:

- paid to an executive by an entity or its subsidiary where the person worked during the financial year wholly or mainly outside Australia during the time the person was so employed; or
- in payment or reimbursement of out-of-pocket expenses incurred for the benefit of the entity or any of its subsidiaries.

In addition, separate disclosure of separation and redundancy/ termination benefit payments is included.

Notes to and forming part of the financial statements 2009-10

(o) Taxation

The activities of the Statutory Body are exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable and GST payable from/to the Australian Taxation Office are recognised and accrued.

(p) Issuance of Financial Statements

The financial statements are authorised for issue by the Chief Executive Officer and Chair of the Board of Safe Food Production Queensland at the signing of the Management Certificate.

(q) Judgement and Assumptions

Safe Food Production Queensland has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(r) Comparatives

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(s) Insurance

Safe Food Production Queensland's non-current physical assets and other risk are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Safe Food Production Queensland pays premiums to WorkCover Queensland in respect of its obligation for employee compensation.

(t) New and Revised Accounting Standards

Safe Food Production Queensland did not voluntarily change any of its accounting policies during 2009-10. Those new and amended Australian accounting standards that were applicable for the first time in the 2009-10 financial year and that had a significant impact on the department's financial statements are as follows.

Safe Food Production Queensland complied with the revised AASB 10 *Presentation of Financial Statements* as from 2009-10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow Statement has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income. In line with the new concept of 'comprehensive income,' the bottom of this new statement contains certain transactions that previously were detailed in the Statement of Changes in Equity (refer to the items under the sub-heading "Other Comprehensive Income" in the new Statement of Comprehensive Income). The Statement of Changes in Equity now only includes details of transactions with owners in their capacity as owners, in addition to the total comprehensive income for the relevant components of equity.

Safe Food Production Queensland is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, Safe Food Production Queensland has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. Safe Food Production Queensland applies standards and interpretations in accordance with their respective commencement dates.

Notes to and forming part of the financial statements 2009-10

Note 2 (a) Income

	2010 \$	2009 \$
User charges		
Accreditation fees	2,676,723	2,386,474
Application fees	131,688	148,248
Audit fees	1,001,425	1,113,390
Fee for service income	<u>147,898</u>	<u>134,449</u>
	<u>3,957,734</u>	<u>3,782,561</u>
Government contributions		
Department of Primary Industries & Fisheries share funding arrangement	<u>1,900,000</u>	<u>1,900,000</u>
Interest	<u>169,793</u>	<u>231,342</u>
Other revenue		
Other income	<u>36,722</u>	<u>117,906</u>
	<u>36,722</u>	<u>117,906</u>
Total income	<u>6,064,250</u>	<u>6,031,809</u>

Notes to and forming part of the financial statements 2009-10

Note 2 (b) Expenses

The surplus for the year includes the following specific expenses.

Depreciation and Amortisation

Depreciation

	2010 \$	2009 \$
Plant and equipment	52,361	47,371

Amortisation

Computer Software	130,497	83,733
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Total Depreciation & Amortisation

	182,858	131,104
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Supplies & Services

Administration Expenses	174,591	163,808
Advertising & Conference Costs	71,379	108,916
Communication Costs	63,677	74,148
Computer Costs	157,552	262,162
Contracting, Professional Services & Temps	911,397	957,814
Legal Costs	34,188	14,939
Motor Vehicle Costs	72,550	76,551
Property, Plant & Equipment Costs	106,111	60,447
Travel Costs	193,461	196,912
Other	2,573	4,956
	1,787,479	1,920,653

Other Expenses

Operating Lease Rentals	599,019	509,395
Bad / Doubtful Debts Written off	8,283	11,370
Auditors' remuneration		
Queensland Audit Office	16,500	15,760
– external audit services *		
Barr Group Pty Ltd	8,000	8,800
- internal audit services		
Total Other Expenses	631,802	545,325

*Total external audit fees relating to the 2009/2010 financial year are estimated to be \$16,500 (2008/2009: \$15,600). There are no non-audit services included in this amount.

(c) Employee Expenses

The Authority had 38 full time equivalent employees at 30 June 2010 (38 at 30 June 2009)

Wages and salaries	3,155,057	2,915,925
Employer superannuation contributions	375,288	355,692
Workers compensation	6,881	6,203
Workers compensation recovered	-	(13,342)
Other	213,215	271,576
Total Employee Expenses	3,750,441	3,536,054

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

Notes to and forming part of the financial statements 2009-10

	2010	2009
	\$	\$
Note 3		
Cash and cash equivalents		
Cash on hand	500	500
Cash at bank	353,386	274,895
Deposits at call	4,216,462	4,180,426
Funds held on behalf of RIRDC	130,066	-
	<u>4,700,414</u>	<u>4,455,821</u>
Note 4		
Receivables		
Trade debtors	219,283	291,626
Less provision for impaired debts	<u>(18,399)</u>	<u>(19,233)</u>
	200,884	272,393
Other debtors	7,000	7,200
	<u>207,884</u>	<u>279,593</u>
Note 5		
Other current assets		
Prepayments	136,227	140,848
	<u>136,227</u>	<u>140,848</u>
Note 6		
Intangible assets		
Software Purchased:		
At cost	786,904	757,914
Less: Accumulated amortisation	<u>(698,775)</u>	<u>(661,857)</u>
	88,129	96,057
Software Internally Generated:		
At cost	442,121	389,097
Less: Accumulated amortisation	<u>(344,826)</u>	<u>(251,247)</u>
	97,295	137,850
Total	<u>185,424</u>	<u>233,907</u>
Reconciliation		
Carrying amount at start of year	233,907	151,453
Additions	82,014	166,187
Amortisation	<u>(130,497)</u>	<u>(83,733)</u>
Carrying amount at end of year	<u>185,424</u>	<u>233,907</u>

Notes to and forming part of the financial statements 2009-10

	2010 \$	2009 \$
Note 7		
Property, plant and equipment		
Plant & Equipment		
At cost	263,439	263,439
Less accumulated depreciation	<u>(193,199)</u>	<u>(140,838)</u>
	<u>70,240</u>	<u>122,601</u>
Reconciliation		
Plant and equipment		
Carrying amount at start of year	122,601	134,280
Additions	-	35,692
Disposals	-	-
Depreciation	<u>(52,361)</u>	<u>(47,371)</u>
Carrying Amount at end of year	<u>70,240</u>	<u>122,601</u>
Note 8		
Payables		
Trade creditors	239,270	301,057
GST payable	(1,838)	46,402
GST receivable	11,894	(37,090)
Other creditors	<u>7,929</u>	<u>6,741</u>
	<u>257,255</u>	<u>317,110</u>
Note 9		
Accrued employee benefits		
- Annual leave	<u>312,538</u>	<u>260,547</u>
	<u>312,538</u>	<u>260,547</u>

Notes to and forming part of the financial statements 2009-10

Note 10	Other Liabilities	2010 \$	2009 \$
	Unearned revenue - accreditation fees	1,412,674	1,167,369
	Funds held on behalf of RIRDC	118,308	-
		<u>1,530,982</u>	<u>1,167,369</u>

Note 11	Cash flow statement		
	Reconciliation of Operating Loss to Net Cash from Operating Activities		
	Operating loss	(288,330)	(101,327)
	<i>Non-cash items</i>		
	Depreciation & amortisation expense	182,858	131,104
	<i>Change in assets and liabilities</i>		
	(Increase) / decrease in receivables	71,709	61,358
	(Increase) / decrease in other assets	4,621	(14,772)
	Increase / (decrease) in payables	(59,855)	(121,648)
	Increase / (decrease) in accrued employee benefits	51,991	(4,080)
	Increase / (decrease) in other liabilities	363,614	41,395
	Net cash from operating activities	<u>326,608</u>	<u>(7,970)</u>

Note 12 Commitments

Capital expenditure commitments

There are no capital expenditure commitments for Safe Food Production Queensland at 30 June 2010 (no commitments at 30 June 2009).

Finance lease commitments

There are no finance lease commitments for Safe Food Production Queensland at 30 June 2010 (no commitments at 30 June 2009).

Operating commitments

Lease commitments

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

	2010 \$	2009 \$
<i>Motor vehicles</i>	287,879	236,295
<i>Rented premises</i>	1,095,924	347,326
<i>Photocopiers / Printers / Communication</i>	53,554	68,562
	<u>1,437,357</u>	<u>652,183</u>
Outstanding lease commitments are due for payment as follows:		
- within one year	580,865	535,022
- one to five years	856,492	117,161
- over five years	-	-
	<u>1,437,357</u>	<u>652,183</u>

Operating leases are entered into as a means of acquiring access to office accommodation and obtaining the use of motor vehicles and office equipment. Lease payments are generally fixed, except for the Helen St office lease, which contains annual escalation clauses.

Notes to and forming part of the financial statements 2009-10

Note 13 Financial Instruments

(a) Financial Instruments

Categorisation of Financial Instruments

Safe Food Production Queensland has categorised the financial assets and financial liabilities held as:

Category	Note	2010	2009
Financial Assets			
Cash and cash equivalents	3	4,700,414	4,455,821
Receivables	4	207,884	279,593
Financial Liabilities			
Payables	8	257,255	317,110

Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of these assets as indicated in the Statement of Financial Position. There are no concentrations of credit risk.

Liquidity Risk

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

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

	<1 year	2010 Payable in		Total
		1 -5 years	> 5 years	
Financial Liabilities				
Payables	257,255	-	-	257,255
Total	257,255	-	-	257,255

	<1 year	2009 Payable in		Total
		1 -5 years	> 5 years	
Financial Liabilities				
Payables	317,110	-	-	317,110
Total	317,110	-	-	317,110

Notes to and forming part of the financial statements 2009-10

Note 13

Financial Instruments

(b) Interest rate risk

The exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, at balance date are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in:						Non interest bearing		Total carrying amount as per Balance Sheet		Weighted average interest rates	
	2010	2009	One year or less	One to five years		Over 5 years		2010	2009	2010	2009	2010	2009	
				2010	2009	2010	2009							
<i>Financial assets</i>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cash assets	-	4,699,914	4,455,321	-	-	-	500	4,700,414	4,455,821	4,5%	4,455,821	4,455,821	5.04%	
Receivables	-	-	-	-	-	-	207,884	207,884	279,593	n/a	279,593	279,593	n/a	
<i>Total financial assets</i>	-	4,699,914	4,455,321	-	-	-	208,384	4,908,298	4,735,414		280,093	4,735,414		
<i>Financial liabilities</i>	-	-	-	-	-	-	257,255	257,255	317,110	n/a	317,110	317,110	n/a	
Payables	-	-	-	-	-	-	257,255	257,255	317,110		257,255	317,110		
<i>Total financial liabilities</i>	-	-	-	-	-	-	257,255	257,255	317,110		257,255	317,110		

The fixed rate represents the weighted average market interest rate.

(c) Market Risk

The Authority does not trade in foreign currency and is not materially exposed to commodity price changes. The Authority is exposed to interest rate risk through its cash deposited in interest bearing accounts.

Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that which would be provided to management, depicting the outcome to profit and loss if interest rates would change by +/- 1% from the year-end rates applicable to the Authority's financial assets and liabilities. With all other variables held constant, the Authority would have a surplus and equity increase (decrease) of \$46,999 (2009; \$46,652).

Financial Instruments	Carrying Amount	2010 Interest rate risk		2009 Interest rate risk	
		- 1%	+ 1%	- 1%	+ 1%
Cash	4,699,914	(46,999)	46,999	(46,652)	46,652
Overall effect on profit and equity		(46,999)	46,999	(46,652)	46,652

Financial Instruments	Carrying Amount	2010 Interest rate risk		2009 Interest rate risk	
		- 1%	+ 1%	- 1%	+ 1%
Cash	4,455,321	(46,652)	46,652	(46,652)	46,652
Overall effect on profit and equity		(46,652)	46,652	(46,652)	46,652

(d) Net fair values

The net fair value is determined as follows - the net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximate their carrying amounts.

The aggregate net fair values of financial assets and financial liabilities, at balance date are as follows:

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2010	2009	2010	2009
<i>Financial assets</i>	\$	\$	\$	\$
Cash assets	4,700,414	4,455,821	4,700,414	4,455,821
Receivables	207,884	279,593	207,884	279,593
<i>Total financial assets</i>	4,908,298	4,735,414	4,908,298	4,735,414
<i>Financial liabilities</i>	257,255	317,110	257,255	317,110
Payables	257,255	317,110	257,255	317,110
<i>Total financial liabilities</i>	257,255	317,110	257,255	317,110

Notes to and forming part of the financial statements 2009-10

Note 14 Segment Information

Safe Food Production Queensland's business is to provide food safety services in Queensland. This activity involves co-regulation with Queensland Health for food safety for Queensland enterprises. Safe Food Production Queensland implements Food Safety Schemes for various primary production industries.

Note 15 Contingencies

There are no known material contingent liabilities or assets at 30 June 2010 (2009: Nil).

Note 16 Post Balance Date Events

There have been no known material post balance date events.

Note 17 Remuneration of Board Members

The *Food Production (Safety) Act 2000* was amended in 2003 to provide Safe Food Production Queensland with a decision-making Board. The Board was appointed in May 2004.

Remuneration received, or due and receivable by Board Members from Safe Food Production Queensland in connection with management of the entity is disclosed below. Remuneration includes fees received by Members. There were no payments made to the Members for salaries, commissions and contributions to member's superannuation and other benefits.

	2010	2009
Nil	3	3
\$1 - \$10,000	2	2

The total remuneration paid or due and payable to each Safe Food Production Qld Board Member is as follows:

	\$	\$
Mr Geoff Gorrie	3,054	8,122
Dr Linda Selvey*	-	-
Ms Sue Ryan*	-	-
Mr Bob Shead	-	-
Ms Kathryn Adams	851	852
Total remuneration	<u>3,905</u>	<u>8,974</u>

* Queensland public sector employee - no remuneration payable.
Representatives of their respective departments attended Board meetings on their behalf.

CERTIFICATE OF SAFE FOOD PRODUCTION QUEENSLAND

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

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the financial statements have been drawn up so as to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Safe Food Production Queensland for the financial year ended 30 June 2010 and of the financial position as at the end of that year.



G GORRIE
Chairman



B L WILSON
Chief Executive Officer

23 August 2010

INDEPENDENT AUDITOR'S REPORT

To the Board of Safe Food Production Queensland

Report on the Financial Report

I have audited the accompanying financial report of Safe Food Production Queensland which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificate given by the Board and officer responsible for the financial administration of Safe Food Production Queensland.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers 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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Independence

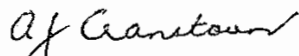
The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of Safe Food Production Queensland for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



A. J. Cranstoun (FCA)
Delegate of the Auditor-General of Queensland

24 August 2010
Brisbane

INDEPENDENT AUDITOR'S REPORT

To the Board of Safe Food Production Queensland

Matters Relating to the Electronic Presentation of the Audited Financial Report

The auditor's report relates to the financial report of Safe Food Production Queensland for the financial year ended 30 June 2010 included on Safe Food Production Queensland's website. The Board is responsible for the integrity of the Safe Food Production Queensland's website. I have not been engaged to report on the integrity of the Safe Food Production Queensland's website. The auditor's report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Safe Food Production Queensland to confirm the information included in the audited financial report presented on this website.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Report on the Financial Report

I have audited the accompanying financial report of Safe Food Production Queensland which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and certificate given by the Board and officer responsible for the financial administration of Safe Food Production Queensland.

The Board's Responsibility for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers

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, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland.

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

Independence


The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Auditor's Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of Safe Food Production Queensland for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.



A J Cranstoun (FCA)
Delegate of the Auditor-General of Queensland

24 August 2010
Brisbane



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Addendum to Annual Report

The *Carers (Recognition) Act 2008* (the Act) requires carers to be recognised and supported, and for Public authorities to report annually on compliance with the Act. SFPQ undertakes a range of activities to demonstrate its compliance with section 9 of the Act:

- (1) A public authority must ensure the authority and its officers and employees—
 - (a) have an awareness and understanding of the carers charter; and
 - (b) take action to reflect the principles of the charter in providing services of the authority which affect carers and the persons they care for.
- (2) Also, a public authority must consult with the representative bodies that the authority is satisfied represent the carers affected when making strategic policy or planning decisions relevant to carers and the persons they care for.

Raising awareness about the Carers Charter

Ensuring awareness and understanding of the issues for carers and of the *Queensland Carers Charter* are prerequisites to effecting improved response to carers in support and service provision. Significant effort has occurred in SFPQ to raise awareness with employees, regarding the implementation of the Act.

SFPQ's operating procedures set out the responsibilities of managers to assist employees to meet their caring responsibilities and provide a range of options to employees, including family carers leave, flexible hours, flexible leave arrangements and access to special leave.

SFPQ also works to increase employee's awareness and understanding of the Carers Charter. SFPQ has raised awareness of the charter by including information in employee induction training and by providing information to staff via SFPQ's intranet.

Reflecting the principles of the Carers Charter

Each principle of the Carer's Charter is supported through SFPQ's policies/procedures provided by the HR Team. This includes the training program available on the intranet and corporate induction. Additional assistance is available through the Employee Assistance Program, which is also available to the families of employees.

Members of the Executive Management Group ensure managers and employees are aware of their rights and responsibilities. A carer's awareness information session for all employees has been developed and will be implemented shortly.

Involving carers in strategic policy and planning decisions

There is a system to ensure consultation with carers, or persons or bodies that represent carers, in the development of strategic and business plans and policies and procedures. The HR Team also informs and supports employees to participate in consultation processes around carers in the workplace.

SFPQ informs carers and external stakeholders of consultation processes and supports participation by providing input on a wide range of matters, including consideration of policy initiatives.