



**DAIRY AUTHORITY  
OF  
SOUTH AUSTRALIA**

**ANNUAL REPORT**

**2013-2014**

**Twenty First Report**

**of the**

**DAIRY AUTHORITY OF SOUTH AUSTRALIA**

**for the**

**Twelve months ended 30 June 2014**

**PRIMARY PRODUCE  
(FOOD SAFETY SCHEMES) ACT 2004  
SOUTH AUSTRALIA**

## 2013-2014 HIGHLIGHTS

- The Authority (DASA) has continued to carry out its functions under the *Primary Produce (Food Safety Schemes) Act 2004* and the *Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005*.
- The South Australian dairy industry produced 536.5 million litres of cow's milk from a year ending number of 260 dairy farms during 2013-14. Production steeply declined by 5.11% from last year due, in part, to the closure of eight dairies in the central and north of the state. Production has been very slowly declining through about 600 million litres for 20 years. This year's significant decline follows a similar decline last year and was caused by poor cash returns until towards the end of the financial year. The final result at about \$6.80 per Kg of milk solids was very strong, but the delayed cash situation also delayed the signal to increase production. March was the first month where monthly production exceeded last year and this trend continued until the end of the year. It is to be hoped that milk prices will hold and production can lift back towards 600 million litres per annum, perhaps by the beginning of F2016.
- The Mid North production rose by 6.24% after a 17.55% fall last year. The Central region reduced by a further 9.33% following a 13.55% fall last year. The South East reduced by 3.85% which is the first fall for many years. This continues the move of the dairy industry from within 200 km of Adelaide to the current situation where 336 Million litres (62.69%) is produced in the SE compared with 200 million litres in the rest of the state.
- SA has five goat milking dairies, one sheep milking dairy, one buffalo dairy with another sheep dairy in prospect.
- The number of accredited dairy processors increased from 47 to 49 as at the 30 June 2014.
- The Authority has worked closely with The Commonwealth Department of Agriculture Food Division and the other states to progress national auditing and verification issues. An increased interest in exporting has seen two more processors being approved for export.
- DASA submits to an external audit from The Commonwealth Department of Agriculture, Food Division each year in order to act for them in export dairy establishments in SA.
- All businesses accredited by the Dairy Authority of South Australia have been audited and non conformities and product failures have been addressed in a timely manner.
- The Authority has continued to have a close working relationship with accredited businesses, industry organisations and State, Federal and Local Government agencies, as appropriate.
- DASA has provided significant input to both PIRSA and DMITRE on the dairy industry and the opportunity to significantly increase the size of the industry, particularly in the South East of the state.
- All regulatory food safety auditors in Australia are required to be trained and assessed as competent under the National Regulatory Food Safety Auditor Framework. Authority staff continue to undergo relevant training, to ensure their competencies are maintained as high risk food safety auditors.

- A prosecution for the provision of raw milk to the public is before the Court.
- There were three recalls of dairy product from SA processors during the year, one of which required a recall from the retail sector. All were conducted with full co-operation of the processors involved and with no health incident as a consequence.
- During the year DASA negotiated with NZ MPI for the importation of frozen sheep milk from New Zealand. This allowed a specialist processor to increase production in SA.
- The first approvals for the production of raw milk cheeses occurred during the year. These cheeses have been approved as they are of the hard, low moisture type which do not support the growth of pathogens once matured.
- DASA has been involved with the setting of a new standard for the production of raw milk cheeses which may support some pathogenic growth (commonly known as category two cheeses). The requirements for making these cheeses are much more stringent than those already approved. They require standards from milking through to end product which can verify the safety of the cheese. These standards are under Government consideration and will be decided in early 2015.
- DASA has commenced a review of the regulations relating to dairy production and processing in SA. The Primary Produce (Food Safety Schemes) (Dairy Regulations) 2005 are approaching ten years since they were implemented and need to take account of the changing structure of the industry.
- DASA has begun a program of random microbiological testing of dairy products from SA retailers. This has been commenced as a service to industry and the public in order to test the performance of the whole supply chain to the consumer, as well as the previous quality of the processed product.
- DASA conducted a seminar for processors centred on technical issues surrounding the achievement of best practice in the hygienic processing of dairy products.
- There were no staff or board changes during the year and no WHS incidents reported.

## **DAIRY AUTHORITY MEMBERS**

Chair	C S Cooper (Independent Chair)
Member	T D Keele (industry representative)
Member	MJB Russell (consumer representative)

## **STAFF**

General Manager	JR Crosby
Accountant	R Galluccio
Food Safety Officer Dairy	F J Little
Food Safety Officer Dairy	J Ganczarczyk

## **DAIRY AUTHORITY OF SOUTH AUSTRALIA**

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# DAIRY AUTHORITY OF SOUTH AUSTRALIA

## ANNUAL REPORT F2014

The Hon. Leon Bignell  
Minister for Agriculture, Food and Fisheries  
GPO Box 1671  
ADELAIDE SA 5001

Dear Minister

Pursuant to the *Primary Produce (Food Safety Schemes) Act 2004* and Regulation 14 of the Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005, the Dairy Authority of South Australia presents its twenty first annual report and Statement of Accounts for the year ended 30 June 2014.

The Authority is an independent statutory authority fully financed by the dairy industry. The Authority was established on 1 July 1993. The Authority consists of three Members appointed by the Governor, one of whom is appointed as Chairperson.

### **Authority Issues**

The Authority met on six occasions during the year.

Emergent conflicts of interest are noted and minuted throughout the course of the year. Each Board Member has declared no related party transaction in this financial year.

### **Mission Statement of the Dairy Authority of South Australia**

The Mission of the Dairy Authority of South Australia is to work in a successful partnership to assist the South Australian and Australian dairy industry to produce and distribute high quality, safe dairy products.

### **Functions of the Authority**

The functions of the Authority are defined in Regulation 12 of the Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005 as follows:-

- (1) The Authority is the accreditation body for the classes of activities to which the dairy industry food safety scheme applies.
- (2) The Authority has the following functions:
  - (a) to administer the dairy industry food safety scheme;
  - (b) to monitor the extent of compliance by accredited producers with Standard 4.2.4 of the Food Standards Code and to enforce the Standard.
  - (c) to approve food safety arrangements to be adopted by accredited producers and monitor the implementation of such arrangements;
  - (d) to advise the Minister on matters relating to the administration of the dairy industry food safety scheme;
  - (e) to carry out other functions assigned to the Authority by these regulations or the Minister.

## **Corporate Plan**

The Authority has updated its Strategic Plan 2013-2016.

The strategies in the Strategic Plan reflect the functions as defined by the Act, and key strategies set by the Authority. This annual report assesses performance in all areas covered in the Strategic Plan.

The Authority's strategies are predominantly determined by the legislation. The Authority works with all dairy production businesses to ensure they are accredited, and implement food safety programs, and contribute to producing safe dairy products for domestic and export sale.

## **The South Australian Dairy Industry – Statistics**

During 2013-14 the South Australian dairy industry produced 536.6 million litres of cow's milk from a June 30<sup>th</sup> 2014 number of 260 dairy farms, down 8 from June 2013. This was a fall of 5.11% in milk production predominantly due low milk prices in the early part of the year. Monthly production exceeded F2013 from March 2014 to the end of F2014. Average production per cow in 2013-14 was 6,436 litres, a decrease of 2.8%. Cow numbers as at 30 June 2014 decreased 3.01% to 82,133 compared with the previous year.

Over the last twenty years the number of dairy farmers has dropped from 1600 to now 260 cow farms. The dairy industry in South Australia is spread across the State with farms located in the Adelaide Hills and Fleurieu Peninsula, Lower Murray Swamps and Lakes, South East and Mid North. A breakdown of regional dairy farm statistics as at 30 June 2014 is shown in Table 1.

South Australian dairy farmers supply milk to 23 dairy processors. Those which take over 1 million litres direct from farmers are:-

Lion Dairy and Drinks,  
Dairy Farmers Milk Co-op (which supplies Lion D&D),  
Warrnambool Cheese and Butter Co (WCB),  
Murray Goulburn Cooperative,  
United Dairy Products,  
Bega Cheese Limited,  
B-D Farm Paris Creek,  
Fonterra Milk Supply Australia,  
Parmalat,  
Tweedvale Milk  
Fleurieu Milk Company

The balance are small dairy processors, or processors who do not receive milk direct from farm, but are supplied by another processor. As at 30 June 2014 a total of 26 processors do not get milk direct from farm.

A number of dairy farms are accredited to supply organic milk to B-D Farm Paris Creek Pty Ltd, which manufactures biodynamic products. One goat milk processor is accredited to supply raw goat's milk.

There is demand for goat and sheep milk products and there were six processors of goat milk products and one processor of sheep milk products in 2013-14. There were five goat milk farmers, one buffalo farmer and one sheep milk farmer operating at the end of June 2014.

Dairy processors in South Australia produced market milk products, cream, flavoured milk, UHT milk, cheese, yoghurt, dairy desserts, cream cheese, dips, ice cream, gelati, milk concentrates, whey powder, butter and pharmaceutical products from the milk of cows, goats and sheep.

The number of accredited dairy processors increased from 47 at 30 June 2012 to 49 at 30 June 2014.

The Authority accredited 25 dairy transport businesses at 30 June 2014.

### **Legislative and Accreditation Issues**

All businesses accredited by the Dairy Authority of South Australia receive an annual accreditation certificate after receipt of their completed annual return and satisfactory completion of an annual or bi-annual audit.

On 3 August 2005 the Minister delegated powers under the *Primary Produce (Food Safety Schemes) Act 2004* to the Authority for the appointment of authorised persons and approved auditors under the *Primary Produce (Food Safety Schemes) Act 2004*. The Authority has set conditions for these appointments and during 2013-14 has continued to approve dairy farm auditors for Murray Goulburn Co-op. DASA conducts farm audits for all other companies.

Accreditation and audit fees for dairy farmers supplying large scale dairy processors (defined by the Authority as receiving 1,000,000 litres of milk or more per annum) and for large scale dairy processors receiving milk direct from dairy farmers were increased for 2013-14 and are summarised below:-

- Dairy farmers
  - accreditation fee 0.0290 cents per litre
  - audit fee (where DASA conducts the annual farm audit) 0.0207 cents per litre
- Large scale dairy processors
  - accreditation fee 0.0290 cents per litre
  - audit fee (premises based in South Australia) 0.0184 cents per litre

Accreditation fees for small scale dairy processors (defined by the Authority as processors receiving less than 1,000,000 litres of milk per annum, or receiving milk from other than a dairy farmer), were increased to \$575 per annum for 2013-14; and dairy farmers supplying small scale dairy processors, were increased to \$400 per annum for 2013-14.

The accreditation fees for dairy transport businesses in 2013-14 were increased to \$100 for 1-2 tankers and \$40 for each additional tanker. The audit fee was set at \$300 per business.

### **Industry Coordination and Development**

The Authority continues to work closely with the dairy industry, industry organisations, interstate dairy authorities, local councils, Department of Health, The Commonwealth Department of Agriculture Food Division, FSANZ and Primary Industries and Regions SA (PIRSA), to ensure all matters under its control are dealt with efficiently.

The Authority also participates at a national level, on quality and food safety matters, to ensure uniformity between the states and the Commonwealth. The Authority has MOU's for co-operation with both PIRSA Biosecurity and the Department of Health in SA and with The Commonwealth Department of Agriculture Food Division, Dairy Food Safety Victoria and the Tasmanian Dairy Industry Authority.

A conscious effort is being made to ensure that the Authority is meeting the requirements of the industry and of the Government's Premium Food Strategy. The Authority uses its expertise and position in the industry to help industry participants meet the necessary standards. It also helps where appropriate to aid the growth and development of the industry and its participants.

DASA is also very focused on delivering a high quality, cost effective service. The effective cost of delivery of its main auditing service is below the food industry average.

Authority Members and staff attend dairy industry meetings in South Australia and interstate. The Board reflects both consumer and industry representation.

### **Food Safety – General**

The Authority operates under a Quality Assurance and Procedures Manual which is regularly updated.

Authority staff have worked with staff from the Department of Health and Local Government Environmental Health Officers to respond to customer complaints concerning retail dairy products. DASA staff have also responded to reports of sales of unpasteurised milk and sale of cheese in country markets from non-accredited processors.

The Dairy Authority of South Australia works with interstate and national dairy regulators to ensure consistency of implementation of standards.

### **Technical Review Seminar**

On 15<sup>th</sup> May 2014 the Authority organised a technical review seminar, with industry stakeholders which included Dairy Food Safety Victoria, South Australia Pathology Laboratories amongst others. Topics included Listeria and how to prevent it, cleaning and sanitation practices, environmental monitoring and product recall. Approximately forty people attended which represented the majority of South Australian processors. Feedback was very positive with attendees wanting more technical sessions in the future. This seminar was held at no cost to attendees.

### **Accreditation of Dairy Farmers**

The Authority has continued to work with dairy processors to ensure dairy farms comply with their Food Safety Schemes and FSANZ Standard 4.2.4. The Authority receives and utilises monthly reports from the dairy processors detailing farmer compliance with the Standards and quality test results. Farmers must comply with company quality standards for total plate count, antimicrobials and somatic cell count and farmers supplying processors exporting to Europe must comply with the European somatic cell count requirements. All dairy farms must pass an annual audit.

Authority staff audit on-farm HACCP (Hazard Analysis Critical Control Point) based food safety programs for all processors except Murray Goulburn.

Dairy farmers supplying Murray Goulburn Co-operative Co. Ltd must comply with their company-specific HACCP based programs, and the Authority accompanies company auditors on some of their audits to monitor competency in their auditing practices and as part of the National Dairy Verification Program.

For those farmers not supplying major processors (including goat, buffalo and sheep milk dairy farmers) Authority staff work with individual dairy farmers to implement and audit the Authority's program, Quality Dairy, on their farms.

Dairy farmers encountering food safety problems such as cooling system failures, pesticide and antibiotic contamination of milk, are required to provide an incident report to company/Authority staff, which is dealt with immediately to ensure that the problem is rectified as quickly as possible.

Some problems have occurred during the year with antibiotic residues in milk at farm and dairy transport businesses level. Authority staff have worked with industry to strengthen requirements at audit, to ensure the residue risk is minimised. Any milk confirmed as containing antibiotic is discarded.

### **Accreditation of Dairy Transport Businesses**

The Authority has continued to work with the milk tanker collection companies, to audit their HACCP-based food safety programs. More attention has been turned to transport operators to ensure that their drivers have a good understanding of the importance of hygiene and temperature control, and to ensure that no non-milk products are able to contaminate tankers.

Dairy Transport Businesses are required to have in place food safety programs which comply with Standard 4.2.4 of the Food Standards Code. The Authority is carrying out audits of dairy transport businesses.

Where a small dairy processor collects milk from its own dairy farm or from other accredited dairy farmers, a food safety program is required for their accreditation as a dairy transport business. This aspect of their business is audited at the same time as their dairy processor or dairy farm audit.

### **Accreditation of Dairy Processors**

Dairy processors in South Australia are required to comply with Standard 4.2.4 of the Food Standards Code. Export registered premises are required to comply with the Export Control (Milk and Milk Products) Orders 2005.

The Authority audits all export dairy processing premises in South Australia on behalf of The Commonwealth Department of Agriculture, Food Division, under an exchange of letters between the Authority and The Department. Authority staff have been trained by The Commonwealth Department of Agriculture, Food Division staff, and approved as Food Division Authorised Officers. Under the Export Control (Milk and Milk Products) Orders 2005 a dairy processor is required to implement an approved arrangement.

Authority Staff audit dairy processors twice per year to assess their food safety program/approved arrangement for compliance against the Standard 4.2.4 of the Food Standard Code, and the Export Control Orders, if they are export registered.

The Authority monitors test results on liquid milk, cream, cheese, cheese dips, yoghurt and ice cream sampled from processors. Overall results were excellent and any results outside specification were acted upon by the Authority in conjunction with the company concerned. The Authority, as part of dairy processing audits, assesses test results from all processors. The Authority works with processors to ensure no suspect product reaches the market and that corrective action is implemented following poor test results or detection of pathogens in the environment or the product.

All new dairy processors must have approved premises and implement HACCP-based food safety programs. Existing processors must maintain their HACCP-based programs and appropriate records. New dairy processors are issued a temporary accreditation for up to six months and receive full accreditation once their HACCP-based program has been implemented and satisfactorily audited and end product test results are satisfactory.

Action is ongoing against a dairy farmer selling raw milk through an extensive distribution network in breach of the regulations.

## **Administration and Financial Management**

Audited financial statements and notes to the accounts are attached in accordance with relevant Treasurer's Instructions issued under section 41 of the Public Finance and Audit Act 1987. As requested by Treasurer's Instruction TI 11, details of account payment performance are shown in Table 4.

Documentation of financial practices and procedures is in place in accordance with the Financial Management Framework and the policy document "Role of the Chief Executive Officer and the Authority in Financial Management, Risk Management and Personnel Management".

The Authority has operated in an efficient, relevant and cost effective manner and met its objectives.

## **Human Resource Management**

As required by the Department of the Premier and Cabinet Circular PC013 - Annual Reporting Requirements 2011, details of employment statistics are shown in Table 5. A total of \$2,340 was spent on staff training where staff undertook courses to improve their professional capacity.

The Authority operates under the Public Sector Act 2009 and an Administrative Arrangement between the Dairy Authority of South Australia and the Commissioner for Public Employment.

The Authority has in place WH&S Policies and Standard Operating Procedures. The following issues were addressed during the year:-

- Servicing of fire equipment.
- Inspection by pest control company.
- Compliance with legislation relating to asbestos, hazardous substances, electrical safety and fire safety.
- The Authority has in place ongoing policies relating to asbestos and procedures are in place to manage asbestos in the Authority's building.

There were no incidents during the year requiring notification to Workplace Services, and there were no Work Cover claims.

The Authority is an equal opportunity employer. No equity complaints were received during the year.

The Authority has a Freedom of Information Policy and Whistleblowers Policy.

The Authority has in place its own Records Disposal Schedule.

## **Energy Efficiency**

The Authority is committed to operating in an energy efficient manner. The Authority office premises has a solar hot water system, all air conditioners have been replaced with split system inverter units and efficient window furnishings have been installed.

## **External Consultants**

There were no external consultants engaged during the year.

## **Freedom of Information Statement**

The Dairy Authority of South Australia has an information policy prepared under the *Freedom of Information Act 1991*, and the Freedom of Information (General) Regulations 2002. The Authority's Freedom of Information Statement, is included as Appendix 1 to this report.

No freedom of information requests were received during the year.

## **Acknowledgements**

The Authority wishes to thank all employees for their dedication and support during the year.

The Authority wishes to thank Ministers, the Hon. Gail Gago MLC, and the Hon. Leon Bignell and their respective staff, for their support during the year.

The Authority wishes to thank industry organisations and representatives from industry for their support, feedback and co-operation during the year.

For and on behalf of the Dairy Authority of South Australia



Catherine Cooper  
Chair  
Dairy Authority of South Australia



Trevor Keele  
Member  
Dairy Authority of South Australia



Joan Russell  
Member  
Dairy Authority of South Australia  
Dated 23<sup>th</sup> September 2014

**TABLE 1: REGIONAL DAIRY FARM STATISTICS (as at 30 June)**

	2013 FARMS	2014 FARMS	CHANGE	2013 COWS	2014 COWS	CHANGE
REGION	No.	No.	%	No.	No.	%
Central-Adelaide Hills	25	23	-8.70%	3,701	3,420	-8.22%
Fleurieu Peninsula	64	62	-3.23%	14,534	14,285	-1.74%
Upper South East	12	12	0.00%	5,147	5,040	-2.12%
Lower South East	98	94	-4.26%	40,527	39,599	-2.34%
MurraySwamps	30	31	3.23%	8,173	7,845	-4.18%
MeningieLakes	16	16	0.00%	7,630	7,498	-1.76%
Mid North	23	22	-4.55%	4,894	4,446	-10.08%
<b>TOTALS</b>	<b>268</b>	<b>260</b>	<b>-3.08%</b>	<b>84,606</b>	<b>82,133</b>	<b>-3.01%</b>

**Production by region**

Above and below is a breakdown of production by type and regions and number of farms.

Essentially the SE produced 7,449 lrs/cow against the central region 5,277 and the mid north 4,963. All areas reduced production per farm and per cow, which is indicative of less supplementary feeding and a poorer pasture season and the low price at the beginning of the year. Production in the second half of the year recovered to above last year's levels as the price increased and farmers spent more on feed.

The South East continues its dominance in both milk production per farm and per cow.

Comparative statistics from 1974 and 1984 and the present. Note the production per cow has doubled and the production per farm 11 times greater than in 1974.

**TABLE 2 Production by farm, cow and region and over time (NB average of beginning and end of year statistics)**

Milk Statistics	milk lrs	cows	farms	lrs/farm	cows/farm	lrs/cow
Mid North	23,175,184	4,670	22	1,053,417	212	4,963
Central	177,007,829	33,543	134	1,320,954	250	5,277
South East	336,390,550	45,157	108	3,114,727	418	7,449
<b>2014</b>	536,573,563	83,370	264	2,032,476	316	6,436
<b>2013</b>	565,488,352	84,606	268	2,110,031	316	6,684
<b>2012</b>	597,404,939	86,171	275	2,172,382	313	6,933
<b>1984</b>	273,176,320	74,720	962	283,967	78	3,656
<b>1974</b>	255,591,000	81,140	1,397	182,957	58	3,150

**TABLE 3: STATISTICS: (1)**

<b>ACCREDITATIONS CURRENT AS AT 30 JUNE:</b>	<b>2012-13</b>	<b>2013-14</b>	<b>% change</b>
Total number of accredited cow dairy farms (2)	268.00	260.00	-2.99%
Total number of accredited buffalo, sheep and goat dairy farms	6.00	6.00	0.00%
Total number of accredited dairy processors	47.00	49.00	4.26%
Total number of accredited dairy transport businesses	20.00	26.00	30.00%
<b>STOCK STATISTICS AS AT 30 JUNE: (2)</b>			
Total number of milk cows (excluding heifers)	84,606	82,133	-2.92%
Total number of heifers	35,299	36,168	2.46%
Average number of milking cows per farm	316	316	0.06%
Average number of heifers per farm	132	139	5.61%
<b>ANNUAL PRODUCTION STATISTICS – TOTALS:</b>			
Annual production of milk – litres	565,488,352	536,573,563	-5.11%
Annual production of milk – kg butterfat	21,560,294	20,362,773	-5.55%
Annual production of milk – kg protein	18,476,162	17,587,987	-4.81%
<b>ANNUAL PRODUCTION STATISTICS - PER FARM: (2)(3)</b>			
Average no. of accredited dairy farms during the year	272	264	-2.94%
Average annual production per farm – litres	2,082,830	2,032,476	-2.42%
Average annual production per farm – kg butterfat	79,412	77,132	-2.87%
Average annual production per farm – kg protein	68,052	66,621	-2.10%
<b>ANNUAL PRODUCTION STATISTICS - PER COW: (2)(3)</b>			
Average number of milk cows during the year	85,389	83,370	-2.37%
Average annual production per cow – litres	6,622	6,436	-2.81%
Average annual production per cow – kg butterfat	252	244	-3.27%
Average annual production per cow – kg protein	216	211	-2.50%
<b>PRODUCTION STATISTICS – PER DAY: (2)</b>			
Average production of milk per day – litres	1,549,283	1,470,065	-5.11%
Average production of milk per day – kg butterfat	59,069	55,788	-5.55%
Average production of milk per day – kg protein	50,620	48,186	-4.81%
Average production of milk per farm per day – litres	5,706	5,568	-2.41%
Average production of milk per cow – per day - 300 day lactation – litres	22.07	21.45	-2.81%

**(p) = Provisional****(1) Statistics are based on figures returned by dairy farmers, and major dairy processors for cows milk only****(2) Dairy farmer and processor statistics represent suppliers of cows milk only****(3) Averages calculated by taking 30 June figures for 2013 and 2014, and dividing by 2**

**TABLE 4****ACCOUNT PAYMENT PERFORMANCE**

The Table below reports the number and value of creditor's accounts paid, and the extent to which those accounts have been paid in accordance with the Treasurer's Instruction.

Particulars	Number of Accounts Paid		Value in \$A of Accounts Paid	
	Number	%	Value	%
<b>Paid by the due date *</b>				
<b>Paid 30 days or less from due date</b>	177	100%	\$202,283	100%
<b>Paid more than 30 days from due date</b>		-	0	-

*\*Note: The due date is as defined in TI 11.2 of Treasurer's Instruction 11 Payment of Accounts. Unless there is a discount or a written agreement between the Authority and the creditor, payment should be within thirty days of the date of the invoice or claim.*

**TABLE 5****EMPLOYMENT STATISTICS (JUNE 2014)**

<u>Classification Level</u>	<u>Number of Employees</u>	<u>Gender</u>
ExA	0.80	M
ASO8	0.60	M
PO2	0.80	F
PO2	<u>1.00</u>	F
<b>Total</b>	<b><u>3.20</u></b>	

  

<u>Employment Status</u>	<u>Number of Employees</u>
Permanent part time employee	0.80
Permanent full time employee	1.00
Permanent part time employee	0.80
Permanent part time employee	<u>0.60</u>
<b>Total</b>	<b><u>3.20</u></b>

**FREEDOM OF INFORMATION ACT**  
**INFORMATION STATEMENT OF THE**  
**DAIRY AUTHORITY OF SOUTH AUSTRALIA**

**Introduction**

This Statement is published in accordance with Section 9(2) of the Freedom of Information (FOI) Act 1991.

The Freedom of Information Act gives any member of the general public right of access to information held by the Dairy Authority of South Australia.

**Agency's Structure and Function**

The Dairy Authority of South Australia was established under the Dairy Industry Act 1992 on 1 July 1993. On 1 August 2005 the Dairy Industry Act 1992 was repealed and replaced by the Primary Produce (Food Safety Schemes) Act 2004 and Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005. The Dairy Authority of South Australia was continued as a body corporate under Schedule 1, Clause 5, of the Primary Produce (Food Safety Schemes) Act 2004.

The Authority consists of three members appointed by the Governor, one of whom is appointed to preside at meetings of the Authority.

Sections 7(2) (a) and (d) and 7(5) of the Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005 state:

“7(2) The Authority –

- (a) is a body corporate with perpetual succession and a common seal; and
- (d) has the functions and powers assigned or conferred by or under these Regulations”

“7(5) in the performance and exercise of its functions and powers, the Authority is subject to the direction of the Minister except in relation to the making of a recommendation or report to the Minister”

The functions of the Authority as defined in Section 12 of the Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005 are:-

“12 Functions of Authority

- (1) The Authority is the accreditation body for the classes of activities to which the dairy industry food safety scheme applies.
- (2) The Authority has the following functions:
  - (a) to administer the dairy industry food safety scheme;
  - (b) to establish, maintain and improve, for incorporation in the Dairy Industry Food Safety Code –
    - (i) food safety standards for dairy produce; and
    - (ii) food safety standards for the construction, maintenance and hygiene of dairy farms or dairy manufacturing premises and plant and equipment on dairy farms or dairy manufacturing premises; and

- (iii) food safety standards for the construction, maintenance and hygiene of dairy transport vehicles and dairy distributor vehicles;
- (c) to monitor the extent of compliance by accredited producers with the Dairy Industry Food Safety Code and to review and enforce the Code;
- (d) to approve food safety arrangements to be adopted by accredited producers and monitor the implementation of such arrangements;
- (e) to advise the Minister on matters relating to the administration of the dairy industry food safety scheme;
- (f) To carry out other functions assigned to the Authority by these regulations or the Minister.”

### **Effect of the Agency’s Functions on Members of the Public**

The Authority has a direct effect on the dairy industry and the public through:-

- a) Ensuring dairy food safety schemes are implemented by dairy farmers, dairy manufacturers, dairy distributors and dairy produce carriers;
- b) Ensuring businesses are accredited and that milk and dairy product food safety standards are maintained.

### **Arrangements for Public Participation in Policy Formulation**

Policy formulation is influenced by Government Policy and meetings with representatives from the South Australian Dairyfarmers Association, dairy company representatives, and representatives of the milk transport industry.

### **Description of the Kinds of Documents Held by the Agency**

The following documents have been prepared by the Authority:-

- Annual Reports
- Occupational Health, Safety and Welfare Policy
- Corporate Plan
- Code of Practice for Dairy Food Safety
- Guidelines for Raw or Unpasteurised Goat Milk
- Freedom of Information Policy
- Sexual Harassment Policy
- Whistleblowers Policy
- Guidelines for Food Safety – Dairy Farms
- Guidelines for the Development of a Food Safety Program for Dairy Food Transportation

The following files are held by the Authority:-

#### **a) Dairy Farmer Files**

Specific files are held on all dairy farmers selling raw milk previously licensed and currently accredited by the Dairy Authority of South Australia, and any past dairy farmers who were licensed by the Authority to sell unpasteurised milk since 1 July 1993. These files include licence/ accreditation applications, annual licence/accreditation renewals, reports of inspections, test results and correspondence.

Authority records include licence/accreditation applications from all dairy farmers, and copies of annual licence/accreditation renewals for all dairy farmers licensed by the Dairy Authority since 1 July 1993. Copies of any inspections, test results and correspondence from specific dairy farmers are kept on file.

**b) Dairy Processor/Manufacturer Files**

Specific files are held on all dairy processors/manufacturers currently licensed/accredited by the Dairy Authority of South Australia and any past dairy processor/manufacturers that were licensed/accredited by the Authority since 1 July 1993. Authority files include licence/accreditation applications, annual licence/accreditation renewals, and reports of inspections, test results and correspondence on all licensed/accredited dairy processors/manufacturers.

**c) Dairy Produce Carriers**

Information on dairy produce carrier's accreditation has been held by the Authority since 1 August 2005

**d) Administration Files**

These files contain all documents concerned with the day to day management of the Authority, including Authority minutes, financial information, correspondence, reports and policy documents.

All of these documents are located at the Authority's offices at 33 Hutt Street, Adelaide.

Access Arrangements, Procedures and Points of Contact

To access documents it is necessary to apply in writing under the Freedom of Information Act to:

The General Manager  
Dairy Authority of South Australia  
33 Hutt Street  
Adelaide SA 5000  
Telephone: (08) 8223 2277  
Facsimile: (08) 8232 2463  
email: admin@daosa.net.au

Revised: 30th September 2014

## Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Dairy Authority of South Australia (the Authority):

- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant *Australian Accounting Standards*;
- are in accordance with the accounts and records of the Authority; and
- present a true and fair view of the financial position of the Authority as at 30 June 2014 and the results of its operation and cash flows for the financial year.

We certify the internal controls employed by the Dairy Authority of South Australia for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



Catherine Cooper  
Chair



John Crosby  
General Manager



Rocco Galluccio  
Chief Financial Officer

Dated 30th September 2014

**STATEMENT OF COMPREHENSIVE INCOME**  
For the Year Ended 30 June 2014

	Note No.	2014 \$'000	2013 \$'000
<b>Income</b>			
Fees and charges	5	454	421
Interest	6	10	14
Other income	7	65	68
Net gain from the disposal of non-current assets	8	7	-
<b>Total income</b>		<b>536</b>	<b>503</b>
<b>Expenses</b>			
Employee benefits	9	419	404
Property expenses	11	23	24
Supplies and services	12	39	51
Depreciation	13	22	24
Travelling expenses		25	26
Other expenses	14	27	33
<b>Total expenses</b>		<b>555</b>	<b>562</b>
<b>Net Result</b>		<b>(19)</b>	<b>(59)</b>
<b>Total Comprehensive Result</b>		<b>(19)</b>	<b>(59)</b>

The net result and total comprehensive result are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note No.	2014 \$'000	2013 \$'000
<b>Current assets</b>			
Cash and cash equivalents	21	267	315
Receivables	16	4	7
<b>Total current assets</b>		<b>271</b>	<b>322</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	1636	1607
<b>Total non-current assets</b>		<b>1636</b>	<b>1607</b>
<b>Total assets</b>		<b>1907</b>	<b>1929</b>
<b>Current liabilities</b>			
Payables	18	23	30
Employee benefits	19	43	44
Other liabilities	20	14	17
<b>Total current liabilities</b>		<b>80</b>	<b>91</b>
<b>Non-current liabilities</b>			
Payables	18	2	1
Employee benefits	19	53	46
<b>Total non-current liabilities</b>		<b>55</b>	<b>47</b>
<b>Total liabilities</b>		<b>135</b>	<b>138</b>
<b>Net Assets</b>		<b>1772</b>	<b>1791</b>
<b>Equity</b>			
Retained earnings		236	255
Asset revaluation surplus		1536	1536
<b>Total equity</b>		<b>1772</b>	<b>1791</b>

The total equity is attributable to the SA Government as owner.

Unrecognised contractual commitments 22

The above statement should be read in conjunction with the accompanying notes

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

	Revaluation surplus \$'000	Retained earnings \$'000	Total \$'000
Balance at 30 June 2012	1536	314	1850
Net result for 2012-13	-	(59)	(59)
<b>Total comprehensive result for 2012-13</b>	<b>-</b>	<b>(59)</b>	<b>(59)</b>
Balance at 30 June 2013	<b>1536</b>	<b>255</b>	<b>1791</b>
Net result for 2013-14	-	(19)	(19)
<b>Total comprehensive result 2013-14</b>	<b>-</b>	<b>(19)</b>	<b>(19)</b>
Balance at 30 June 2014	<b>1536</b>	<b>236</b>	<b>1772</b>

All changes in equity are attributable to the SA Government as owner.

The above statement should be read in conjunction with the accompanying notes

**STATEMENT OF CASH FLOWS**  
For the Year Ended 30 June 2014

	Note No.	2014 \$'000	2013 \$'000
<b>Cash Flows from Operating Activities</b>			
<b>Cash inflows</b>			
Fees and charges		447	412
Interest received		10	17
GST recovered from the ATO		13	8
Other receipts		71	64
<b>Cash generated from operations</b>		<b>541</b>	<b>501</b>
<b>Cash outflows</b>			
Employee benefits		(412)	(385)
Supplies and services		(122)	(148)
GST paid to the ATO		(10)	(8)
<b>Cash (used in) operations</b>		<b>(544)</b>	<b>(541)</b>
<b>Net cash (used in) operating activities</b>	21	<b>(3)</b>	<b>(40)</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from sale of plant and equipment		26	-
<b>Cash outflows</b>			
Purchase of property, plant and equipment		(71)	(6)
<b>Net cash (used in) investing activities</b>		<b>(45)</b>	<b>(6)</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(48)</b>	<b>(46)</b>
Cash and cash equivalents at 1 July		315	361
<b>Cash and cash equivalents at 30 June</b>	21	<b>267</b>	<b>315</b>

The above statement should be read in conjunction with the accompanying notes

## Note 1 Objectives of the Dairy Authority of South Australia

The Dairy Authority of South Australia (the Authority) is fully funded by the dairy industry and works within the *Primary Produce (Food Safety Schemes) Act 2004* and the *Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005* to ensure the safety of South Australian dairy products.

The functions of the Authority as defined in *Regulation 12* are:

- 1 To administer the dairy industry food safety scheme.
- 2 To monitor the extent of compliance by accredited producers within Standard 4.2.4 of the *Food Standards Code* and to enforce the Standard.
- 3 To approve food safety arrangements to be adopted by accredited producers and monitor the implementation of such arrangements.
- 4 To advise the Minister on matters relating to the administration of the dairy industry food safety scheme.
- 5 To carry out other functions assigned to the Authority by these regulations or the Minister.

## Note 2 Summary of significant accounting policies

### a) Statement of compliance

The Authority has prepared these financial statements in compliance with section 23 of the *Public Finance and Audit Act 1987*.

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

The Authority has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the Authority is a not-for-profit entity.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Authority for the reporting period 30 June 2014. Refer to Note 3.

### b) Basis of Preparation

The preparation of the financial statements requires: The use of certain accounting estimates and requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes;

- a) accounting policies are selected and applied in a manner which ensures that

the resulting financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported; and

- b) Compliance with Accounting Policy Statements issued pursuant to section 41 of the Public Finance and Audit Act 1987. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, which have been included in this financial report.
- c) Revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature. A threshold of \$100 000 for separate identification of these items applies;
- d) Expenses incurred as a result of engaging consultants (as reported in the Statement of Comprehensive Income);
- e) Employees whose normal remuneration is equal to or greater than the base executive remuneration level (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
- f) Board member and remuneration information where a board member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The Authority's Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that were valued in accordance with the valuation policy applicable.

The Statement of Cash Flows has been prepared on a cash basis.

The financial statements have been prepared based on a twelve month period and presented in Australian currency.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30th June 2014 and the comparative information presented.

### **c) Reporting entity**

The financial statements cover the Dairy Authority of South Australia as an individual reporting entity. The Dairy Authority is a Statutory Authority of the State of South Australia, established pursuant to the *Primary Produce ( Food Safety Schemes) Act 2004* and the *Primary Produce (Food Safety Schemes) (Dairy Industry) Regulations 2005*.

**d) Segment Reporting**

The Authority's operations are conducted in the one business and geographical segment.

**e) Comparative information**

The presentation and classification of items in the financial statements are consistent with prior periods except where specific Accounting Standards and/or Accounting Policy Statements have required a change.

Where presentation or classification of items in the financial statements have been amended, comparative figures have been adjusted to conform to changes in presentation or classification in these financial statements unless impracticable. The restated comparative amounts do not replace the original financial statements for the preceding period.

**f) Rounding**

All amounts in the financial statements and accompanying notes have been rounded To the nearest thousand dollars (\$'000).

**g) Taxation**

The Authority is not subject to income tax. The Authority is liable for payroll tax, fringe benefits tax, goods and services tax (GST); emergency services levy and local government rates.

Income, expenses and assets are recognized net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Australian Taxation Office is classified as part of operating cash flows.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

## **h) Income**

Income is recognised to the extent that it is probable that the flow of economic benefits to the Authority will occur and can be reliably measured.

Income has been aggregated according to its nature and has not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

### ***Fees and charges***

Revenues from fees and charges are derived from the provision of services to participants in the South Australian dairy industry. This revenue is recognised upon delivery of the service.

### ***Rental income***

Rental income is accounted for on a straight line basis over the lease term.

### ***Interest income***

Interest income includes interest received on bank accounts. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

### ***Net gain on non-current assets***

Income from the disposal of non-current assets is recognised when the control of the asset has passed to the buyer and has been determined by comparing proceeds with carrying amount. When revalued assets are sold, the revaluation surplus is transferred to retained earnings. Gains on disposal of Dairy Authority assets are recognised at the date control of the asset is passed to the buyer and are determined after deducting the cost of the assets from the proceeds at the time.

## **i) Expenses**

Expenses are recognised to the extent that it is probable that the flow of economic benefits from the Authority will occur and can be reliably measured.

Expenses have been aggregated according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or the event.

The following are specific recognition criteria:

### ***Employee benefits***

Employee benefits include all costs related to employment including wages and salaries, non-monetary benefits and leave entitlements. These are recognised when incurred.

### ***Superannuation***

The amount charged to the Statement of Comprehensive Income represents the contributions made by the Authority to the superannuation plan in respect of current services of current Dairy Authority staff. The Department of Treasury and Finance centrally recognises the superannuation liability in the whole of government financial statements.

***Depreciation***

All non-current assets, having a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential.

Assets' residual values and useful lives are reviewed and adjusted if appropriate, on an annual basis. Land is not depreciated. Depreciation is calculated on a straight line basis over the estimated useful life of the following class of asset as follows:

***Class of assets***

Plant and equipment	3-15 years
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**j) Current and non-current classification**

Assets and liabilities are characterised as either current or non-current in nature. The Authority has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle Have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**k) Assets**

Assets have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

***Cash and cash equivalents***

Cash and cash equivalents in the Statement of Financial Position include cash at bank and cash on hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash is measured at nominal values.

***Receivables***

Receivables include amounts receivable from goods and services, GST input tax credits recoverable, prepayments and other accruals. Receivables are generally settled within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

***Non-current assets*****Acquisition and recognition**

Non-current assets are initially recorded at cost or at the fair value of any liabilities assumed, plus any incidental cost involved with the acquisition. Non-current assets are subsequently measured at fair value less accumulated depreciation.

**Revaluation of non-current assets**

The Authority revalues its land and buildings via a Certified Practising Valuer. A valuation appraisal by a Certified Practising Valuer is performed at least every six years. The most recent valuation was undertaken at 30 June 2010. Refer to Note 17 for details. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Non-current tangible assets that are acquired between revaluations are held at cost until the next valuation, where they are revalued to fair value.

Any revaluation increment is credited to the asset revaluation surplus account, except to the extent that it reverses a revaluation decrease of the same asset class previously recognised as an expense, in which case the increase is recognised as income. Any revaluation decrease is recognised as an expense, except to the extent that it offsets a previous revaluation increase for the same asset class, in which case the decrease is debited directly to the asset revaluation surplus to the extent of the credit balance existing in the revaluations surplus for that class of asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the asset.

Upon disposal or derecognition, any revaluation surplus relating to that asset is transferred to retained earnings.

### **Impairment**

All non-current tangible assets are tested for indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. An amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. For revalued assets, an impairment loss is offset against the revaluation surplus.

### **Fair Value Measurement**

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants, in the principal or most advantageous market, at the measurement date.

The Dairy Authority classifies fair value measurement using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, based on the data and assumptions used in the most recent revaluation.

- Level 1 – traded in active markets and is based on unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 – not traded in an active market and are derived from inputs (inputs other than quoted prices included in Level 1) that are observable for the assets, either directly or indirectly.

- Level 3 – not traded in an active market are derived from unobservable inputs.

The valuation processes and fair value changes are reviewed by the Chief Financial Officer and Board at each reporting date.

## I) Liabilities

Liabilities have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The following are specific recognition criteria:

### *Payables*

Payables include creditors, accrued expenses, GST payable and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Authority.

Accrued expenses represent goods and services provided by other parties during the Period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally Settled within 30 days from the date of the invoice or date the invoice is first received.

Employee benefit on-costs include superannuation contributions and WorkCover levies with respect to outstanding liabilities for salaries and wages, long service leave, annual leave and skills and experience retention leave.

The Authority makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

### ***Employee Benefits***

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long term employee benefits are measured at present value and short term employee benefits are measured at nominal amounts.

#### **Salaries, annual leave, skills and experience retention leave and sick leave**

Liabilities for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement of sick leave.

The annual leave liability and the skills and experience retention leave are expected to be payable within twelve months and are measured at the undiscounted amount expected to be paid.

#### **Long Service Leave**

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

The estimated liability for long service leave based on actuarial assumptions over expected future salary and wage levels, experience of employee departures and period of service. These assumptions are based on employee data over SA government entities.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with durations that match, as closely as possible, the estimated future cash outflows.

The unconditional portion of long service leave is classified as current as the Dairy Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after ten years' service.

**m) Insurance**

The Authority has arranged, through SA Government Captive Insurance Corporation (SAICORP), to insure all major risks of the Authority. The excess payable under this arrangement varies depending on each class of insurance held.

**n) Other liabilities**

The Authority receives from time to time accreditation fees in advance. These fees are classed as other liabilities.

**Note 3 New and revised accounting standards and policies**

The Authority did not voluntarily change any of its accounting policies during 2013-14.

In accordance with the new AASB 13 *Fair Value Measurement*, which became effective for the first time in 2013-2014, the Authority has;

- Reviewed its fair value valuation techniques (both internal estimates and independent valuation appraisals) for non-financial assets to ensure they are consistent with the standard. Previously, the Authority has used the cost approach or the market approach to determine fair value. The Authority will continue to measure its non-financial assets using either the cost or market approach. The application of AASB 13 has not had a material impact on fair value measurement;
- Included additional disclosures where required to assist users in assessing the valuation techniques and inputs used to ascertain fair value measurements used for assets and liability measurements.

Fair value hierarchy and other information is provided in Note 17.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Authority for the period ending 30 June 2014. The Authority has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements of the

Authority.

#### Note 4 Financial instruments/Financial risk management

Details of the significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset, financial liability and equity instruments are disclosed in Note 2.

		Carrying Amount/Fair value	
	Note	2014 \$'000	2013 \$'000
<b>Financial Assets</b>			
Cash and cash equivalents			
Cash and cash equivalents	21	267	315
Loans and receivables			
Receivables (1)	16	-	6
<b>Total financial assets</b>		<b>267</b>	<b>321</b>
<b>Financial Liabilities</b>			
Financial liabilities at cost			
Payables (1)	18	2	9
<b>Total financial liabilities</b>		<b>2</b>	<b>9</b>

(1) Receivable and payable amounts disclosed here exclude amounts relating to statutory receivables and payables. In government, certain rights to receive or pay cash may not be contractual and therefore in these situations, the requirements will not apply. Where rights or obligations have their source in legislation such as levy receivables/payables, tax equivalents, commonwealth tax etc. they would be excluded from the disclosure. The standard defines contract as enforceable by law. All amounts recorded are carried at cost (not materially different from amortised cost).

#### Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis. The Authority has no concentration of credit risk. The Authority has policies and procedures in place to ensure that transactions occur with customers with appropriate credit history. The Authority does not engage in high risk hedging for its financial assets.

#### Maturity Analysis of Financial Assets and Liabilities

All the financial assets and liabilities are due within one year.

#### Liquidity Risk

The Authority is funded principally from accreditation fees received from dairy processors, dairy farmers and dairy transport businesses. Major fluctuations in accreditation fees can only be affected by significant variances in state milk production. The Authority in its budgeting process takes a prudent approach when forward estimating milk production.

## Market Risk

Market risk for the Authority is primarily through interest rate fluctuations on interest bearing accounts. The Authority sees minimal exposure in this area due to the quantum of surplus funds invested in this manner.

## Sensitivity Disclosure Analysis

A sensitivity analysis has not been undertaken for interest rate risk of the Authority as it has been determined that the possible impact on the net result or total equity from fluctuations in interest rates are minimal.

### Note 5 Fees and charges

<b>Fees and charges received/receivable from entities external to the SA Government</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Dairy Farmer - Accreditation fees	218	195
Dairy Processor - Accreditation fees	232	224
Dairy Transport Business - Accreditation fees	4	2
<b>Total fees and charges</b>	<b>454</b>	<b>421</b>

### Note 6 Interest

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest from entities external to the SA Government	10	14
<b>Total interest revenues</b>	<b>10</b>	<b>14</b>

### Note 7 Other income

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental Income from entities external to the SA Government	65	68
<b>Total other income</b>	<b>65</b>	<b>68</b>

### Note 8 Net gain from disposal of non-current assets

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>		
Proceeds from disposal	26	-
Less net book value of assets disposed	19	-
<b>Net gain from disposal of plant and equipment</b>	<b>7</b>	<b>-</b>

### Note 9 Employee benefits

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	265	262
Long service leave	11	6
Annual leave	29	26
Skills and experience retention leave	1	-
Superannuation	92	79
Board fees	21	31
<b>Total employee benefits</b>	<b>419</b>	<b>404</b>

## Remuneration of Employees

The number of employees whose remuneration received or receivable falls within the following bands: \$138 000 to \$141 499

2014	2013
1	

## Note 10 Remuneration of board members

Members during the 2013/14 financial year were:

### Board Members

Ms C S Cooper

Mr T D Keele

Ms J Russell

**The number of members whose remuneration received or receivable falls within the following bands:**

	2014	2013
\$10 000 - \$19 999	2	2
\$20 000 - \$29 999	1	1
<b>Total number of members</b>	<b>3</b>	<b>3</b>

Remuneration of members reflects all costs of performing board member duties including sitting fee, superannuation contributions, and salary sacrifice benefits. The total remuneration received or receivable by members was \$47 000 (\$47 000).

## Note 11 Property expenses

	2014 \$'000	2013 \$'000
Repairs and Maintenance	1	4
Rates and Taxes	3	8
Other	8	12
<b>Total property expenses</b>	<b>12</b>	<b>24</b>

## Note 12 Supplies and services

	2014 \$'000	2013 \$'000
Product Testing	7	9
Computing and Communications	11	12
External Audit Costs	-	15
Legal Fees	12	6
Printing and Stationery	3	4
Other	4	3
Subscriptions	2	2
<b>Total supplies and services</b>	<b>39</b>	<b>51</b>

## Note 13 Depreciation

	2014 \$'000	2013 \$'000
<b>Depreciation</b>		
Plant and equipment	22	24
<b>Total depreciation</b>	<b>22</b>	<b>24</b>

## Note 14 Other expenses

	2014 \$'000	2013 \$'000
Audit Fees (see note 15)	9	8
Insurance	4	4
Staff Training	3	7
Fringe Benefits Tax	6	8
Other	5	6
<b>Total other expenses</b>	<b>27</b>	<b>33</b>

#### Note 15 Auditor's remuneration

	2014 \$'000	2013 \$'000
Audit fees paid / payable to the Auditor-General's Department relating to the audit of financial statements	9	8
<b>Total audit fees</b>	<b>9</b>	<b>8</b>

#### Other services

No other services were provided by the Auditor-General's Department.

#### Note 16 Receivables

	2014 \$'000	2013 \$'000
Other Receivables	4	7
<b>Total receivables</b>	<b>4</b>	<b>7</b>

#### Note 17 Property, plant and equipment

The Dairy Authority classifies fair value measurement using Level 2 hierarchy for its property plant and equipment

#### Land and buildings

	2014 \$'000	2013 \$'000
Land at Fair value	1550	1550
Building at Fair value	-	-
<b>Total Land and Buildings</b>	<b>1550</b>	<b>1550</b>

#### Plant and equipment

Plant and Equipment at cost (deemed fair value)	175	188
Accumulated Depreciation at end of the period	(89)	(131)
<b>Total Plant and Equipment</b>	<b>86</b>	<b>57</b>
<b>Total Property Plant and Equipment</b>	<b>1636</b>	<b>1607</b>

#### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the movement of Property Plant and Equipment during:

2013-2014	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
<b>Carrying Amount at 1 July</b>	1550	57	1607
Additions	-	71	71
Disposals/Sales/write off	-	(19)	(19)
Depreciation	-	(23)	(23)

<b>Carrying Amount at 30 June</b>	<b>1550</b>	<b>86</b>	<b>1636</b>
<b>2012-2013</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Carrying Amount at 1 July</b>	1550	74	1624
Additions	-	6	6
Depreciation	-	(23)	(23)
<b>Carrying Amount at 30 June</b>	<b>1550</b>	<b>57</b>	<b>1607</b>

### Valuation of land and buildings

The valuation of land and buildings was performed by Tracey Gornall, AAPI Certified Practising Valuer, B Bus (Prop) Hons, independent valuer with Colliers International Consultancy & Valuation Pty Limited as at 30 June 2010. The valuer arrived at fair value

based on recent market transactions for similar land and buildings in the area taking into

account zoning and restricted use. The valuer assessed fair value of building improvements at \$Nil, based upon the value of the building being offset by its demolition cost.

### Impairment

There were no indications of impairment of property, plant and equipment at 30 June 2014.

### Note 18 Payables

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Creditors	9	16
Accrued expenses	9	9
Employment on-costs	5	5
<b>Total current payables</b>	<b>23</b>	<b>30</b>
<b>Non Current</b>		
Employment on-costs	2	1
<b>Total noncurrent payables</b>	<b>2</b>	<b>1</b>
<b>Total payables</b>	<b>25</b>	<b>31</b>

### Note 19 Employee benefits

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Annual leave	27	32
Skills and experience retention leave	1	-
Long service leave	6	2
Accrued salaries and wages	9	10
<b>Total current employee benefits</b>	<b>43</b>	<b>44</b>
<b>Non-current</b>		
Long service leave	53	46
<b>Total non-current employee benefits</b>	<b>53</b>	<b>46</b>
<b>Total employee benefits</b>	<b>96</b>	<b>90</b>

AASB 119 contains the calculation methodology for long service leave liability. The actuarial assessment performed by the Department of Treasury and Finance has provided a set level of liability for the measurement of long service leave. AASB 119 requires the use of the yield on long term Commonwealth Government bonds as the discount rate in the measurement of

the long service leaves liability. The yield on long term Commonwealth Government bonds has decreased from 2013 (3.75%) to 2014 (3.5%).

The net financial effect of the changes in the current financial year is immaterial. The actuarial assessment performed by the Department of Treasury and Finance left the salary inflation rate at 4 percent. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

#### Note 20 Other liabilities

	2014	2013
	\$'000	\$'000
<b>Current:</b>		
Accreditation Fees received in advance	14	17
<b>Total other liabilities</b>	<b>14</b>	<b>17</b>

#### Note 21 Cash flow reconciliation

<b>Reconciliation of cash and cash equivalents at the end of the reporting period;</b>	2014	2013
	\$'000	\$'000
Cash at bank	267	315
<b>Total</b>	<b>267</b>	<b>315</b>
Balance as per the statement of cash flows	267	315
<b>Reconciliation of net cash used in operating activities to net result.</b>		
Net cash used in operating activities	(3)	(40)
<b>Less non-cash items</b>		
Depreciation	(22)	(24)
Gain on disposal of non-current assets	7	-
<b>Movement in Assets / Liabilities</b>		
(Decrease) increase in receivables	(2)	1
Decrease in liabilities	1	4
<b>Net result</b>	<b>(19)</b>	<b>(59)</b>

#### Interest Rate Risk

Deposits at call earn a floating interest rate, based on daily bank deposit rates. The carrying amount of cash and cash equivalents represents fair value.

#### Note 22 Unrecognised contractual commitments

<b>Remuneration</b>	2014	2013
<b>Commitments</b>	\$'000	\$'000

Commitments for the payment of salaries and other remuneration under the fixed term employment contract in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	139	136
Later than one year but not longer than five years	224	360
<b>Total remuneration commitments</b>	<b>363</b>	<b>496</b>

Amounts disclosed include commitments arising from an executive contract. The Authority does not offer fixed term remuneration contracts beyond five years.

#### Note 23 significant events after the reporting period

No significant events since the reporting period



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**To the Chair  
Dairy Authority of South Australia**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the Dairy Authority of South Australia for the financial year ended 30 June 2014. The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2014
- a Statement of Financial Position as at 30 June 2014
- a Statement of Changes in Equity for the year ended 30 June 2014
- a Statement of Cash Flows for the year ended 30 June 2014
- notes, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Chair, the General Manager and the Chief Financial Officer.

**The Member's Responsibility for the Financial Report**

The Members of the Dairy Authority of South Australia are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as the Members of the Dairy Authority of South Australia determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

**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 requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The auditing standards require that the auditor comply with relevant ethical requirements and that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Members of the Dairy Authority of South Australia, as well as the overall presentation of the financial report.

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

**Opinion**

In my opinion, the financial report gives a true and fair view of the financial position of the Dairy Authority of South Australia as at 30 June 2014, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.



**S O'Neill**  
**AUDITOR-GENERAL**  
27 August 2014