DAIRY AUTHORITY OF SOUTH AUSTRALIA

(t/as 'Dairysafe')

2019-20 Annual Report

CSIRO Building 1, Gate 4, Waite Road, Urrbrae

PO Box 140, Glen Osmond, SA 5064

http://www.dairy-safe.com.au

Public – I2 – A1

To:

Hon. David Basham MP

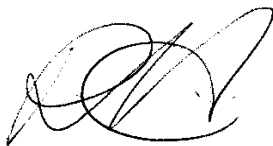Minister for Primary Industries and Regional Development

This annual report is to be presented to Parliament to meet the statutory reporting requirements of the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*, the *Public Sector Act 2009* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Dairy Authority of South Australia (t/a 'Dairysafe') by:

Roseanne Healy
Dairysafe Presiding Member (Chair)

Signature

Date: **30 September 2020**

From the Dairysafe Chair

On behalf of the Dairysafe Board, it's a pleasure to present the Annual Report and financial accounts for 2019-2020.

From the end of 2019 and since the start of 2020, amongst the bushfire and Covid-19 crises, there appears to be an increasing feeling of optimism amongst South Australia's dairy industry. Production is up on the back of favourable weather conditions and the pandemic has severely tested and stretched processors' business plans. Whilst commercial challenges remain both locally and internationally Dairysafe continues to see a commitment to the production of safe food products.

The 2019-2020 Report shows that throughout the year Dairysafe has successfully continued to deliver on its 2017–2020 Strategic Plan. The Plan reflects an understanding that the industry's food safety record directly affects its growth and access to domestic and international markets, and the importance of food safety culture in a successful business and in delivering positive food safety outcomes.

The 2017-2020 Plan was the result of extensive consultation with industry partners and stakeholders. A key focus was to facilitate best practice to assist South Australia's dairy industry be recognised internationally for food innovation and safety and to also ensure we are responsive to the needs of the industry and stakeholders. During this year, and carrying on from 2017 and 2018, the Board has continued to concentrate on delivering the 2017-2020 Plan with a mission to enable the dairy community to embrace *food safety culture*. I am confident, as we come to the end of this Plan, Dairysafe has successfully realised our strategic goals:

- To be the Benchmark and Leaders in Dairy Food Safety
- To Protect the Food Safety Reputation of the Dairy Industry
- Collaborative in promoting Food Safety Culture
- Develop a Food Safety communication plan relevant to the South Australian Dairy Industry
- Modernise Dairysafe

Dairysafe will continue to pursue these goals whilst we recalibrate core business, sharpen our focus, and consult with farmers, transporters, processors and our other stakeholders in preparing a new 2021-2024 Strategic Plan that will support and add value to South Australia's dairy industry.

Dairysafe is excited as we continue work towards not only facilitating best practices to help South Australia's dairy industry to be recognised internationally for food innovation and safety, but to also ensure we are responsive to the needs of the industry and stakeholders.

It was particularly pleasing to see all States support the development of the 'Guidelines for the safe manufacture of dairy products' and provide input through

positive contribution and comment. The Guidelines are a valuable resource providing essential food safety information to dairy manufacturers, particularly small to medium size enterprises, and as they are science-based, they are applicable nationally.

We continue to review our regulatory framework and decision-making to ensure it is efficient and fit for purpose in the current business environment. The validation of our regulatory management system to the international ISO 9001:2015 quality standard was a particular highlight. This certification now underpins Dairysafe's robust regulatory arrangements, which is a credit to the Dairysafe team.

This report marks the end of the current Board, which has been in place since July 2018. In June 2020 George Kamencak was appointed to the Board and Michael Connor was re-appointed. I acknowledge the great work of our retired Board member, Kay Matthias, who has provided exceptional service to Dairysafe. As well as being on the Board, Kay also supported Dairysafe as the Executive Director for a short period, contributed a wealth of knowledge and experience, and strongly supported me as Chair. Her broad experience in agriculture, communications and regional business development were key factors in Dairysafe's successful transition to contemporary regulation and business operations. The Board wishes to acknowledge and thank Kay for her five year contribution to Dairysafe and to the Board. I believe the new Board has the same energy, enthusiasm and expertise for change and we will keep working hard with the dairy industry, government agencies and others to further develop Dairysafe's business and services focussed on delivering on a new 2021-2024 strategic plan.

From *grass to glass* – food safety is paramount. Industry has a responsibility to produce safe food and Dairysafe has a responsibility to ensure that happens. We will remain diligent as ever to protect public health, protect the reputation of South Australia's dairy industry, which will allow innovation and growth in our markets and the economic benefits to South Australia.

The South Australian dairy industry's reputation for producing safe high-quality products continues to be supported by critical key performance outcomes:

- ✓ No foodborne illnesses associated with SA dairy products
- ✓ No pathogens detected in processed SA dairy products at retail level
- ✓ No detections of antibiotic residue in processed SA dairy products
- ✓ No critical non-conformance identified at audit

These outcomes are expected, however they have been achieved at a time when industry has experienced significant stress through high input costs, bushfire, pandemic conditions, shortage of supply and drought in parts of the country. This is a credit to our industry.

Dairysafe is a small statutory authority. We are mindful, being funded solely by industry fees, that we must work smart and lean, and I'm pleased to report Dairysafe continues to satisfy its statutory obligations while performing at a high level with no increase in fees over the past 3 years.

The Board and Dairysafe staff look forward to working collaboratively with the Government, stakeholders and the Minister for Primary Industries and Regional Development in pursuing positive food safety outcomes that benefit South Australia's dairy industry.

The relationships and cooperation enable Dairysafe to continually improve our focus and services through information sharing and regular benchmarking of systems and processes across our dairy industry. The outcomes of this work help to ensure we have a robust and effective South Australian dairy food safety scheme.

I'd like to extend my appreciation to the Dairysafe Board and our specialist team for their outstanding contributions to the organisation and to the South Australian dairy industry throughout 2019-2020.

Presiding Member

Dairy Authority of South Australia (trading as Dairysafe)

From the Chief Executive

I am pleased to present my report covering Dairysafe's operations for 2019-2020.

Over the past 12 months there has been a renewed confidence and growing optimism amongst dairy farmers and dairy processors. This may be due to better conditions in comparison to recent years, the fact that the COVID-19 pandemic has driven changes to business models that are delivering surprising benefits, or the transparency in contracts which has allowed improved long-term planning. Whichever it is, the consequence of improved confidence and optimism is positive and conducive to consistent food safety outcomes.

This year has seen extremely positive food safety returns and a continued commitment to the production of safe food products, even amongst the difficult times and challenges experienced by dairy businesses. Apart from other measures, this commitment is reflected by the continuing decrease in the non-conformance rate at audit over the past 3 years.

We have maintained a clear focus on engagement to ensure we understand the key industry issues and can pass on targeted and appropriate information that meets the needs of dairy businesses. This has resulted in equipping farmers, tanker operators and processors with the knowledge to ensure they can individually adhere to Australia's food safety standards. Much of this information has been transferred face-to-face, and also via E-news, regular email, Bulletins, and via workshops and webinars. The focus on engagement has also led to three key outcomes in 2019-2020:

- ✓ Development and publication of the *Guidelines for the safe manufacture of dairy products*
- ✓ In partnership with PIRSA, completion of a critical assessment of training, skills, and culture in, and available to, the dairy processing sector
- ✓ In partnership with PIRSA, development of a tool that analyses exposure to business continuity breakdown, and provides guidance to a business on minimising such exposure

The *'Guidelines for the safe manufacture of dairy products'* is a contemporary technical reference for existing dairy processors and for those wanting to establish in the manufacturing sector. It fills a significant gap by providing essential food safety information detailing hazards and risks associated with dairy products, dairy microbiology and testing, hazard sheets for target bacteria, how to control target bacteria, process control arrangements, details about food safety programs, cleaning, and good manufacturing processes. It now exists as Dairysafe's core technical reference.

The critical assessment of training, skills, and culture found that, whilst dairy processors provide significant in-house and on-the-job training, there are serious shortcomings in training pathways and training options which are most likely stifling innovation and growth. Addressing these challenges may have the added benefit of driving demand along the supply chain.

A 'Business Continuity Model' was successfully developed and tested with industry. The Model was built on the proposition that resilient businesses have a better chance of delivering consistent food safety outcomes, managing crises and, with that, delivering potential growth. The feedback indicates the Model delivers real value, aids business resilience, and has the potential for broader application across food manufacturing businesses. Dairy processors found the Model:

- ✓ is quick and easy to use,
- ✓ provides good recommendations that can be taken onboard to improve business,
- ✓ provides the ability to track performance and improvements over time, and
- ✓ if every processor completed the model and implemented the feedback, it would substantially enhance the resilience of the South Australian dairy industry.

In terms food safety standards, our messaging has been focussed on common non-compliance themes, and the results from our industry audits continue to trend in a positive direction. It is especially pleasing to see no 'critical' non-conformances recorded for the second consecutive year, which continues to be an excellent indicator of industry's commitment to food safety.

A solid food safety culture is particularly evident amongst farmers and processors – which is evidenced by a significant reduction in minor and major non-conformances identified at audit over the past 3 years. This outcome should be expected from an industry focussed on quality, however what's pleasing is it's been achieved at a time when industry has experienced significant stress through high input costs, shortage of supply, drought conditions in many parts of the country, and a pandemic situation.

Dairysafe acknowledges the collaboration and support provided by South Australia's dairy industry and other stakeholders. The relationships and co-operation enables us to continually improve our focus and services through information sharing and regular benchmarking of systems and processes through the supply chain and amongst interstate regulators.

There is an understandable expectation that statutory organisations operate under sound governance frameworks. This year Dairysafe went one step further and achieved certification of our regulatory management system to the internationally recognised ISO 9001:2015 Standard.

As with most organisations, Dairysafe also needed to adapt our business model to manage the risk of Covid-19, which necessitated implementation of our business continuity arrangements and developing remote audit capability. Dairy farms in particular excelled in responding to the remote audit process. Records had to be shared via mobile phones or email and overall, it was a very positive process.

The remote audits demonstrated heightened awareness of personal practices and hygiene requirements in the midst of the COVID-19 pandemic. The majority of businesses – farmers, transporters and processors – implemented additional measures as a result of the pandemic. Enhanced procedures, hygiene, cleaning and sanitation, increased social distancing and separation of staff was all introduced. Remote audits cannot fully replace face-to-face audit and site visits, but will be used as an additional and valuable means of monitoring compliance in particular circumstances

Dairysafe's achievements highlight the quality of our people and the skills and capabilities present in the organisation. I would like to extend my appreciation to the Dairysafe Board and our specialist operational team for their outstanding support and contributions throughout 2019-2020.

Geoff Raven

Chief Executive Officer

Dairy Authority of South Australia (trading as Dairysafe)

Contents

Overview: about Dairysafe

Dairysafe is the statutory authority responsible for administering South Australia's dairy food safety scheme. Established on 1 July 1993, the Dairy Authority of South Australia, trading as 'Dairysafe', consists of three Members appointed by the Governor, one of whom is appointed as Chairperson. Dairysafe is accountable to the South Australian Government through the Minister for Primary Industries and Regional Development.

Dairysafe's work as the accreditation body and overseeing the safe production of dairy products in South Australia is carried out by a small professional team of administrators and auditors.

Dairysafe's functions are outlined the *Primary Produce (Food Safety Schemes) Act 2004* and in regulation 12 of the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*:

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 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.

Dairysafe's role is to safeguard public health by maintaining a robust regulatory framework that also underpins market access and growth of South Australia's dairy industry. This ensures that Australian food safety standards (the Food Standards Code) are complied with at each point in the supply chain and producers and processors have the capacity and capability to produce safe dairy products. Dairysafe accredits dairy farmers, raw milk transporters and dairy processors and audits accredited businesses for compliance with the Food Standards Code. Dairysafe also assists businesses along the supply chain to resolve issues that can impact the integrity of dairy products. The objective is to apply an appropriate accreditation and compliance verification framework whilst not stifling innovation.

Around 270 dairy businesses are accredited by Dairysafe, and each of these businesses must have a food safety program and be subject to Dairysafe's audit and verification program. While most dairy farmers and dairy processors are involved in the production of cow's milk products, Dairysafe also accredits buffalo, goat, sheep and camel milk producers. Accredited processes include dairy products manufactured from pasteurised and packaged milk, cream, cheese, milk powders, butter, ice cream, yoghurt and dairy dips and desserts.

Ensuring safe food practices and the production of wholesome dairy products is a collaborative effort between industry and Dairysafe as the regulator. Dairysafe's role is to work with each unique business to verify they carry out their business in a safe way. Dairysafe is committed to South Australia's dairy community embracing a positive and effective food safety culture with a focus on continual improvement.

Dairysafe's Strategic Focus

Our Purpose	Dairysafe is an independent statutory authority established under regulation 7 of the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*. Dairysafe is the accreditation body for the dairy industry food safety scheme in South Australia and is funded by industry accreditation fees. The role of Dairysafe is to ensure that South Australian dairy products are produced in accordance with Australia's national food safety standards at each point along the supply chain. Dairysafe achieves this by accrediting dairy farmers, dairy transporters and dairy processors and verifying their capacity and performance in complying with food safety standards. Dairysafe's regulatory, verification and communication activities support the reputation of South Australia's dairy industry, and the State's enviable food safety and product integrity standards.
Our Vision	To be a collaborative industry partner in the safe production of dairy products for all consumers.
Our Values	**Excellence** – Dairysafe is ambitious in its desire to be recognised as the national and international leader in dairy food safety standards. Our commitment to best practice and pursuit of excellence is relentless. Dairysafe seeks to facilitate best practices to help South Australia's dairy industry be recognised internationally for food innovation and safety. **Knowledge** – Dairysafe values the creation and dissemination of knowledge for the betterment of the South Australian industry. Its aim is to be regarded by the dairy industry as a valuable source of knowledge and an essential business partner. **Independence** – As a statutory body financed by industry, it is essential that the Dairysafe team is recognised for its fiercely independent, unbiased, and apolitical views. In its position as regulator and food safety custodian, the Dairysafe team is entrusted to act with integrity and transparency in every aspect of business. **Agility** – Dairysafe aims to be recognised for its dynamic and pro-active approach, partnering with industry to provide them with tools and information to ensure their products meet all dairy food safety standards. Dairysafe's entrepreneurial spirit ensures it is responsive to the needs of industry.

Our Functions, Objectives, and Deliverables	**Legislative Functions**:
	1. To administer the dairy industry food safety scheme.
	2. To monitor the extent of compliance by accredited dairy producers with 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 dairy producers and monitor the implementation of such arrangements.
	4. To advise the Minister on matters relating to the administration of the Dairy Food Safety Scheme.
	5. To carry out other functions assigned to the Authority by these regulations or the Minister.
	Objectives:
	1. Implement and administer the Dairy Food Safety Scheme
	2. Implement and maintain arrangements which support the production of safe South Australian dairy products.
	3. Establish and maintain robust verification and compliance systems that are efficient, innovative and risk based.
	4. Promote food safety culture throughout the dairy supply chain.
	5. Maintain effective communication and messaging that is dynamically aware of stakeholder needs.
	6. Increase the sharing of food safety knowledge between stakeholders.
	7. Maintain efficient data capture systems that deliver improved information analysis and sharing.
	8. Have high performing staff and appropriate corporate governance.
	Deliverables:
	1. South Australia's dairy supply chain is compliant with national food standards and regulatory requirements.
	2. Minimal impacts on public health and the dairy sector from illnesses associated with South Australian dairy products, contaminated dairy products and product recalls.
	3. Providing timely and appropriate management of food safety incidents.
	4. A reduced audit burden for dairy farms and processors based on risk assessment.
	5. Maintaining qualified independent and objective audit delivery arrangements that enable auditor rotation.

	6. Data capture arrangements that meet the requirements for strategic and operational decision making.
	7. Informed stakeholders, on dairy food safety learnings, via multiple mechanisms.
	8. Dairysafe is considered a reliable source of food safety advice and is recognised as adding value to business.
	9. Stakeholders are satisfied with the quality of communications.
	10. Completion of a successful Auditor General's Department financial audit and compliance with South Australian government regulatory reporting requirements.

Our Organisational Structure

Dairysafe is a small Authority consisting of a statutory Board of three (3) and small operational team comprising 3.4 fulltime equivalent staff.

Changes to Dairysafe

During 2019-20 there were no changes to the agency's structure and objectives as a result of internal reviews or machinery of government changes.

Our Minister

The Hon. Tim Whetstone MP was appointed as the Minister for Primary Industries and Regional Development in March 2018. The Minister's responsibilities extend to Agriculture, Food and Fisheries, Forests and Regional Development.

Dairysafe Board

Pursuant to regulation 8 of the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017* the Dairysafe Board consists of three (3) members appointed by the Governor, one of which is also appointed as the presiding member (Chair). Members are appointed for two (2) and three (3) year terms. The procedures, functions and powers of the Authority are provided in regulations 10-13 of the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*.

The Board is the accreditation body for the dairy industry food safety scheme.

Throughout 2019-2020 the Dairysafe Board included:

Presiding Member (Chair)	Ms Roseanne Healy
Board Member	Ms Kay Matthias
Board Member	Mr Michael Connor

The Board met on 7 occasions in 2019-2020. A summary of outcomes achieved by the Board during this reporting period is provided in the Corporate Performance Summary within this report.

Roseanne Healy has over 20 years corporate advisory experience in mergers, acquisitions and company turnarounds, which have been informed by expertise in strategy, investment evaluation and corporate governance. She has a background in economics and market research, and is a former CEO influencing South Australia's economic credentials across agriculture, aquaculture, food and wine, technology and infrastructure. She is an accomplished Director and trusted advisor with Directorships and Chair roles.

Kay Matthias has had a long career working in senior positions in the public, private and not for profit sectors. She was included in the top 100 Australian Women in Agriculture in 2015 and that same year was nominated to the SA Women's Honour Roll. Kay is currently a Director of a number of boards including Dairysafe, Energy and Water Ombudsman, Northern and Yorke NRM and a committee member of Rural Media SA. She has extensive experience in corporate governance and is a graduate of the Australian Company Directors. (GAICD). Kay is a strategic thinker and continues to work with regional communities, particularly focussing on older women.

Michael Connor has been involved in the dairy industry his entire life on a family farm at Mt Compass. He and his wife Jodie operate their mixed farming business 'Nangkita Dairies Pty Ltd', which consists of 4 Fleurieu Peninsula properties milking 700 cows. Michael is a member of the Mt Jagged Dairy discussion group, Chair of DairySA and on the Dairysafe Board. All the family have been involved in the farming business, and 3 children are now employed full time. Michael's maintains interests in career pathways to farming, sustainable, profitable farming on the Fleurieu Peninsula, and farming in an environmentally sensitive region.

Dairysafe Operational Team

Four Dairysafe employees make up the operational team as at 30 June 2020. This is a mix of full time and part time staff, with 3.4 full-time equivalents in 2019-20.

The Dairysafe operational team includes a Chief Executive Officer, Accountant, Food Safety Officer and a Food Standards and Accreditation Officer. The CEO reports to the Dairysafe Board.

There is significant capability amongst the team, both in terms of considerable working knowledge of South Australia's dairy industry as well as extensive food safety and food regulation experience across a range of primary industry sectors.

The Dairysafe operational team consists of:

Chief Executive Officer	Geoff Raven
Accountant	Rocco Galluccio
Food Safety Officer	Fiona Little
Food Standards and Accreditation Officer	Craig Heard

Dairysafe's Operational team - Fiona Little, Geoff Raven, Craig Heard and Rocco Galluccio

External Contractors

In addition to Dairysafe's operational team, specialist food safety audit contractors are utilised to provide appropriate rotation of the audit function which ensures an objective audit of food safety arrangements is available to each dairy business.

Legislation administered by the agency

Primary Produce Food Safety Schemes Act 2004

Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017

Other related agencies (within the Minister's area/s of responsibility)

Primary Industries and Regions South Australia (incorporating Biosecurity SA).

Dairysafe's performance

Performance at a glance

The following table summarises Dairysafe's key strategic goals, deliverables, and performance highlights for the 2019-2020 period.

Strategic Goals	Strategic Deliverables	Key 2019/20 Highlights
To be the Benchmark and Leaders in Dairy Food Safety	Efficiency, innovation and new methods in risk assessment fostered through collaboration with professional auditing peers Investment in food safety	• Reduced audit burden for dairy processors based on risk and compliance outcomes • Dairysafe develops and publishes the 'Guidelines for the safe manufacture of dairy products' • Dairysafe conducts joint export audits with the Commonwealth Department • Completion of a comprehensive industry stocktake of training, skills and culture • The status of skills and food safety culture essential to dairy manufacture was benchmarked • Initiated and built a business continuity model for use by dairy processors

To Protect the Food Safety Reputation of the Dairy Industry	Safe SA dairy products
	
	Robust verification and compliance systems
		• Nil foodborne illness associated with SA dairy products
		• Effective management of trade (1) and consumer level (1) recalls
		• Nil antibiotic residue in dairy products
		• Nil dairy products with pathogens at retail level
		• Introduction of remote 'Covid-safe' food safety audits
		• Industry compliant with regulatory standards
		    o Nil critical non-conformance found at audit
		    o Reduction in non-compliance found at audit
		• Timely and professional management of food safety incidents

Strategic Goals	Strategic Deliverables	Key 2019/20 Highlights
Collaborative in promoting Food Safety Culture	Promoting food safety culture through strong relationships with key stakeholders	• Increased interaction by Dairysafe across industry and regulatory forums • Continued promotion of food safety learnings – 4 industry workshops delivered; and training research project initiated
Develop a Food Safety communication plan relevant to the South Australian Dairy Industry	Effective messaging that is dynamically aware of Industry and stakeholder needs Dairysafe to increase activity in sharing of knowledge between food safety bodies/industry, nationally and globally	• Communication of dairy food safety learnings provided via multiple mechanisms - E-news; Bulletins; email; webinars, and Website • Maintained high readership levels of the Dairysafe E-news • Focus groups utilised during development and implementation of Industry Training Research project
Modernise Dairysafe	Efficient data capture systems that deliver improved information analysis and sharing Functioning & compliant corporate governance framework Dairysafe maintains rigorous financial controls High performing staff	• Dairysafe's regulatory management system achieves certification to the international ISO 9001:2015 Quality Standard • Internal systems reviewed and updated to digital real-time auditing • Data capture and tracking assists strategic and operational decisions • Successful Auditor General's Department audit and compliance with Government reporting requirements • Dairysafe's operations are within budget • No increase to industry accreditation fees • Highly skilled & motivated staff

Dairysafe's contribution to whole of Government objectives

Dairysafe actively contributes to whole of Government objectives through the following actions:

Key objective	Dairysafe's contribution
More jobs	• providing food safety regulation that does not stifle innovation • verifying compliant food safety arrangements across industry to support confidence and market access • establishing and maintaining an operating environment which is responsive to the needs of SA's dairy industry
Lower costs	• reducing duplication and red tape between food safety and biosecurity regulators that impacts industry • streamlined industry accreditation system • maintaining operational costs at a level which allows industry fees to be maintained at reasonable and sustainable levels • ensuring the dairy industry maintains robust food safety programs that minimise negative public health and industry impacts
Better Services	• adding value to dairy businesses through the delivery of the regulatory audit process • being an open, communicative, and transparent organisation • development of a business continuity model for use by dairy processors to reduce their exposure to business continuity breakdown

Snapshot - the South Australian Dairy Industry

Dairy is Australia's fourth largest rural industry generating $4.4 billion in farm gate value in 2018-2019. There are approximately 1.4 million dairy cows in Australia which produced approximately 8.78 billion litres of milk in 2019-2020[1].

South Australia's dairy industry accounts for approximately five percent of Australia's milk and almost a billion dollars in generated revenue. The supply chain stretches from *grass to glass* and is well positioned to target the premium end of the national and international marketplace.

The South Australian industry produced 492.9 million litres of milk from around 206 dairy (cow) farms during 2019-20, an increase of 0.75% on 2018-19 production.

During 2019-20 dairy farm numbers (cows) decreased by 2.8%, from 212 at 30 June 2019 to 206 at 30 June 2020. In addition to these, there were two sheep, five goat, one buffalo and one camel dairy operating in 2019-2020. Five cow dairy farms process their own milk, whilst one goat, sheep and camel dairy farm also process their own milk.

Dairy farm herd size

The average size of a dairy farm herd in Australia increased from 93 cows in 1985 to 276 cows in 2019. In comparison, the majority (70%) of South Australian dairy farms hold between 500 and 1001 milking cows, with the average herd size in South Australia being 337, a significant increase from a herd size of 78 in 1984.

---
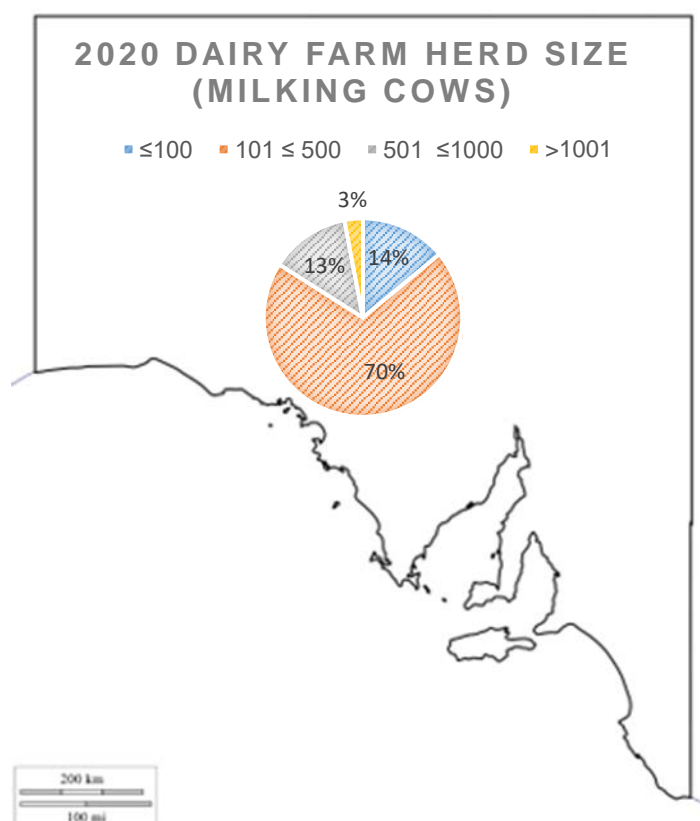
[1] Dairy Australia Milk Production Report

Regional milk production

South Australia's dairy farms are clustered across three production areas – the Mid North (Barossa & districts), Central region (Adelaide Hills, Fleurieu Peninsula, Murray Swamps & Meningie Lakes), and the South East (Upper & Lower South East). The majority of milk production occurs in the South East (57%), followed by the Central region (40%), with the lowest production in the Mid North region (3%).
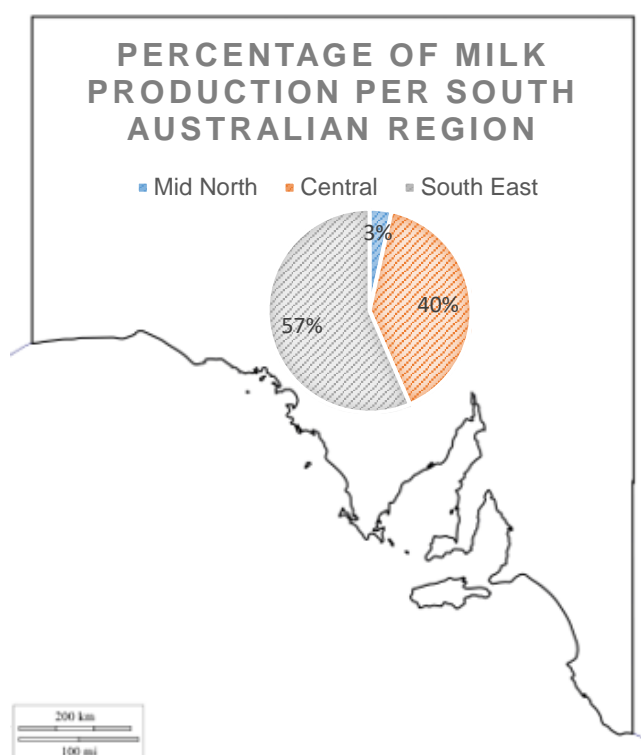
Herd size, farms and milk production across the regions

There were around 69,400 milking cows in South Australia in 2019-2020, producing around 493 million litres of milk. Over half (57%) of milk produced occurs in the South East, which has less than half (40%) of the State's dairy farms but over half (57%) of the SA milking herd.
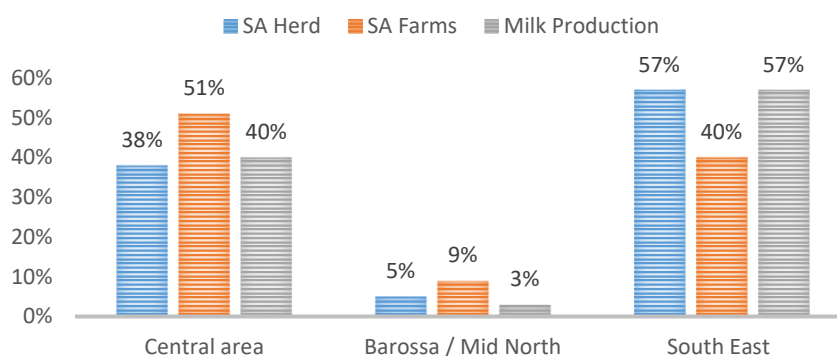
Milk production & yield

South Australia has world leading dairy yields, 20% higher than the rest of Australia and 2-3 times higher than the global average[2]. During 2019-2020 the South Australian dairy industry produced 492.9 million litres of cow's milk from 69,377 cows, with an average yield of 7,105 litres per cow. This compares with 3,656 litres/cow in 1985 and 6,828 litres/cow in 2018-2019, indicating production per cow has increased in 2019-2020 by 4.06%. The yield is greatest in the Central region (7,421), compared to the South East (7,048) and the Mid North (5,247). Australia's national average yield in 2019 was 6,169 ltrs/cow.

SOUTH AUSTRALIAN MILK PRODUCTION
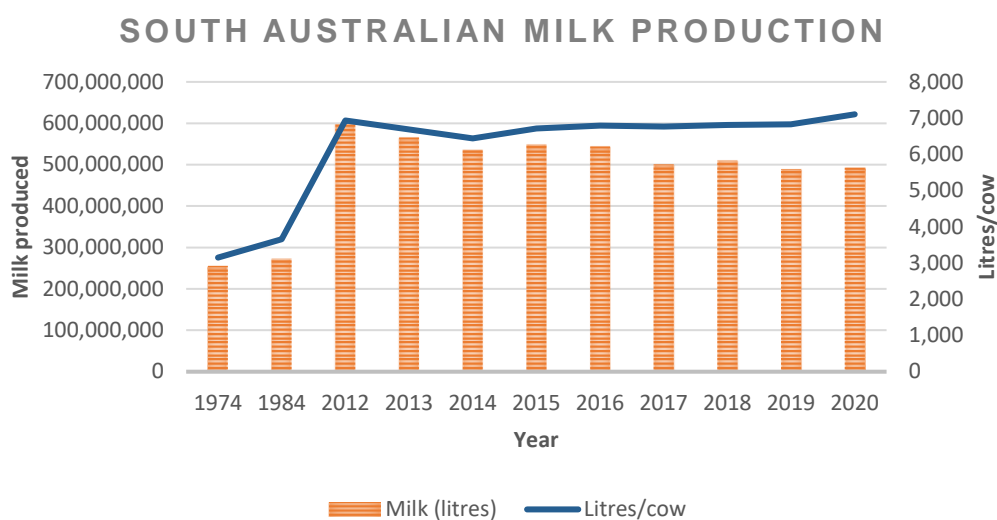
Farm production

The South East has the largest dairy farms with an average 478 cows/farm, significantly more than in the Central region (247) and more than double the Mid North (171). The milk yield per farm is greatest in the South East (3,366,107 litres), followed by the Central (1,889,191) region, with the yield in the Mid North significantly lower at (899,751).

LITRES PRODUCED / PER FARM/ PER COW - SOUTH AUSTRALIA

---
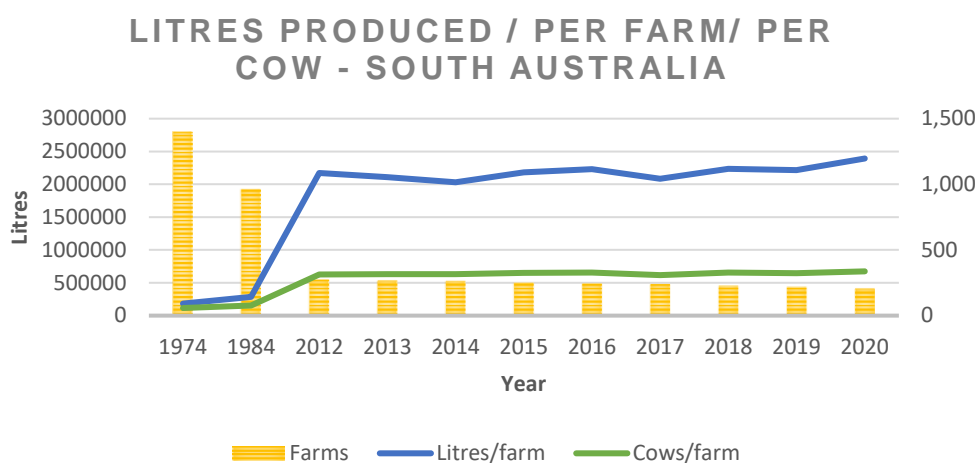
[2] Dairy Opportunities in South Australia, PIRSA

Contribution to national milk production

National milk production recovered strongly in the second half of 2019–20 following poor drought conditions in 2019.South Australia has consistently delivered around 5.4 to 5.6% of national production over the past five years.
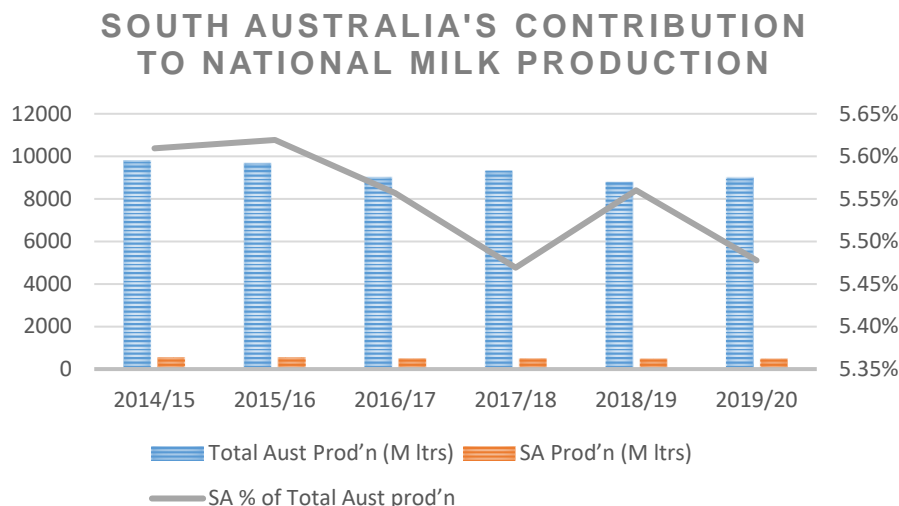
*based on Dairy Australia data

Accredited dairy businesses

Dairysafe administers the accreditation of persons undertaking dairy business operations as prescribed in the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*.
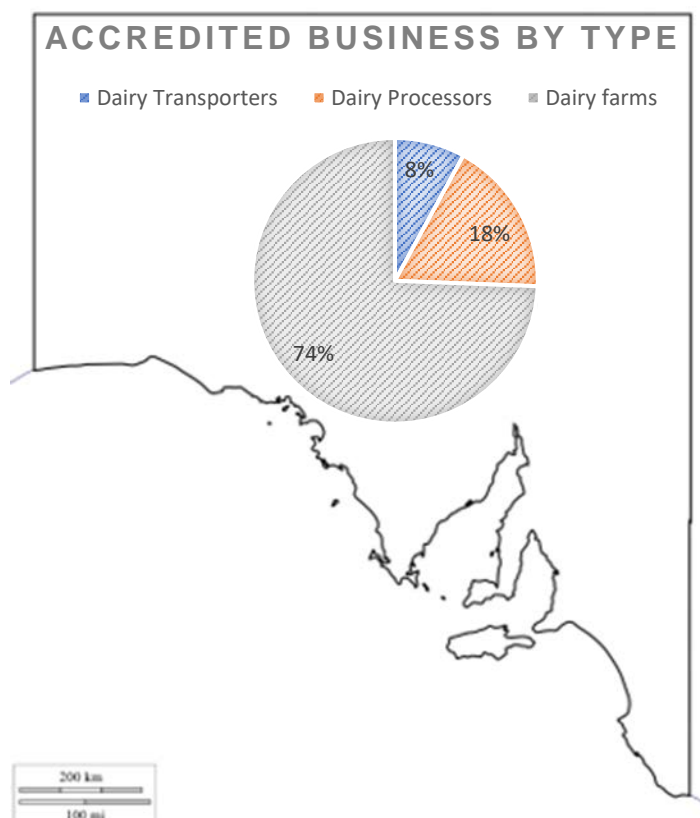
The regulations establish the dairy industry food safety scheme, and specify accreditation be issued in the following categories – dairy primary production business (dairy farm), dairy processing business (dairy processor) and dairy transport business (dairy transporter). A person cannot engage in any of these activities without an accreditation. A business seeking accreditation must demonstrate the capacity to satisfy the requirements of the regulations, which is achieved by establishing an approved food safety arrangements and by demonstrating compliance with Standard 4.2.4 of the *Food Standards Code.*

DAIRY BUSINESSES ACCREDITED 2012-2020

Dairy Transporters   Dairy Processors   Dairy farms
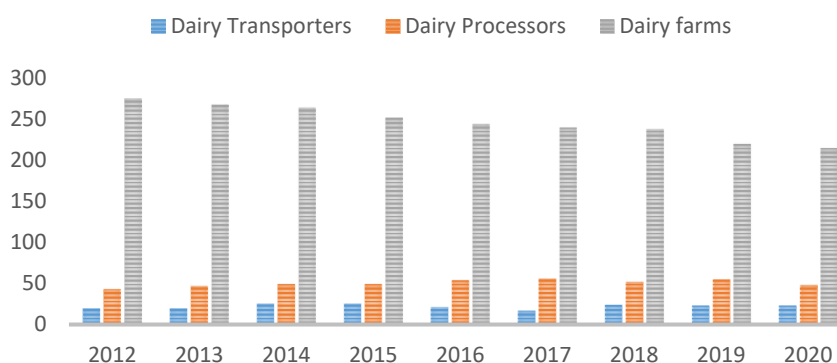
Dairy farms

Over the course of this reporting period, seventeen (17) dairy farm accreditations were either handed back or on-sold, and ten (10) accreditations were granted.

The continued downward trend in dairy farm numbers continues in South Australia and across Australia's dairy regions. Over this reporting period the number of dairy farms reduced by around 5%. But while the number of farms has decreased, the average herd size remains static at 310 – 320 (337 milking cows in 2019-2020) since 2012.

In South Australia, 14% of farms have 100 or less milking cows, 70% have between 101 and 500 cows, 13% have between 501 and 1000 cows, and 3% have a herd size greater than 1000.

Dairy processors

Over the course of reporting period, seven (7) dairy processor accreditations were handed back, and three (3) accreditations were granted.

South Australia's range of small, innovative and boutique dairy processors compliments the large processors and produce a high quality, artisanal experience for their clientele.

There are sixteen (16) dairy processors that also hold export registration with the Commonwealth Department of Agriculture, Water and the Environment. Dairysafe staff participate in audits of export registered processors in conjunction with Commonwealth Department staff.

Dairy processors – small, medium and large enterprises

In South Australia, 48% of processors have between 11 and 100 employees, 45% have between 1 and 10 employees, and 7% have greater than 100 employees.

BUSINESS SIZE
- Small - 1-10 employees
- Medium - 11-100 employees
- Large - >100 employees

7%

48% 45%
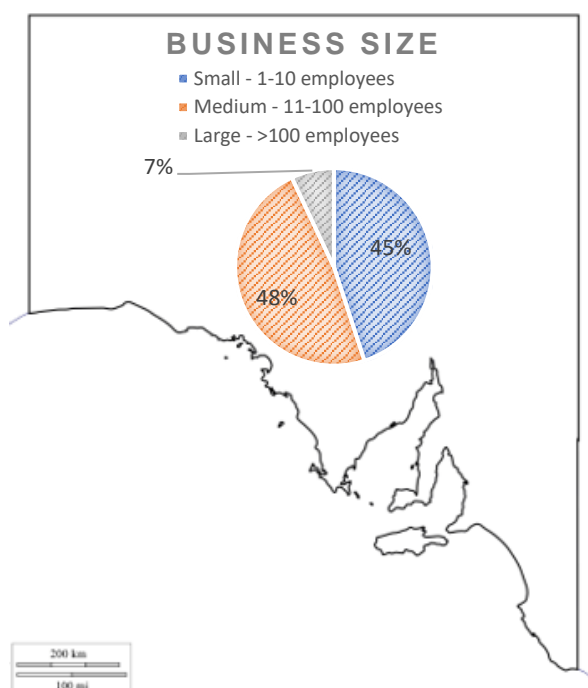
Dairy processors – processing capacity

In South Australia, 76% of processors are considered 'small', handling less than one million litres of milk/year, whilst 24% of processors handle greater than one million litres of milk/year.

DAIRY PROCESSOR CAPACITY
- Small <1 M ltrs/yr
- Large >1 M ltrs/yr

24%

76%
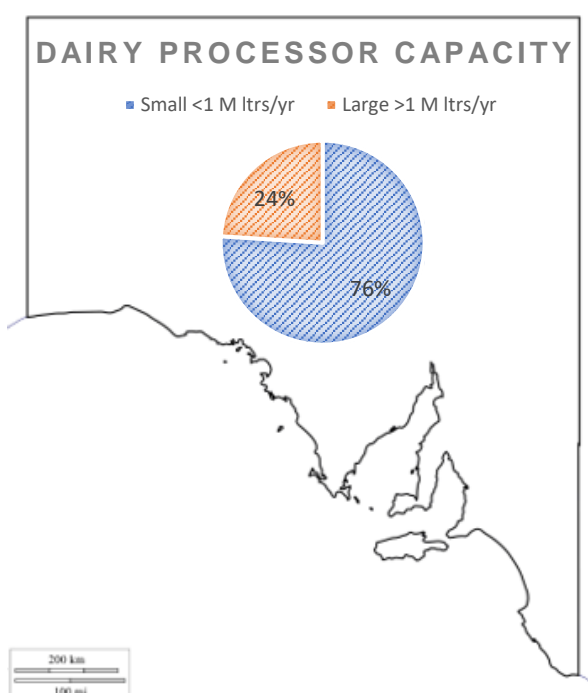
Dairy transporters

There were twenty-three (23) dairy businesses accredited to transport raw milk during this reporting period. Three (3) are commercial transport companies and the remaining twenty (20) are also accredited as a dairy farm or dairy processor, where transport forms an activity under the primary accreditation. Over the course of this reporting period, one new (1) dairy transporter accreditation was granted.

Dairy industry workforce

Employment in dairy sector across farming and manufacture:
- o Dairy farming: 1026
- o Dairy manufacturing: 996

*based on ABS labour force survey (average over last four quarters as at June 2020)

Milk Production Statistics

The South Australian milk production statistics by farm, cow and region over time are provided in the table below:

Industry Milk Production Statistics						
Production by farm, cow, and region over time – comparative data from 1974 to 2020 (NB: average of beginning and end of year)						
Region	Milk (litres)	Cows	Farms	Litres/farm	Cows/farm	Litres/cow
Mid North	17,095,270	3,258	19	899,751	171	5,247
Central	196,475,874	26,477	104	1,889,191	247	7,421
South East	279,386,842	39,642	83	3,366,107	478	7,048
Annual South Australian Totals						
2020	492,957,986	69,377	206	2,393,000	337	7,105
2019	489,283,351	71,654	221	2,213,952	324	6,828
2018	510,121,007	74,942	228	2,237,373	329	6,807
2017	500,805,339	73,977	240	2,086,688	308	6,769
2016	544,297,211	80,134	244	2,230,726	328	6,792
2015	549,610,354	81,899	252	2,180,993	325	6,711
2014	536,573,563	83,370	264	2,032,476	316	6,436
2013	565,488,352	84,606	268	2,110,031	316	6,684
2012	597,404,939	86,171	275	2,172,382	313	6,933
1984	273,176,320	74,720	962	283,967	78	3,656
1974	255,591,000	81,140	1,397	182,957	58	3,150

Milk production statistics by farm, cow, and region over time

Dairysafe specific objectives and performance

Agency objectives	Indicators	Performance	Outcome
Implement and administer the Dairy Food Safety Scheme	All dairy businesses maintaining accreditation (as at 30 June 2020)	215 dairy farms accredited 23 dairy transporters accredited 48 dairy processors accredited	√
	Red tape reduction	Streamlined accreditation system reducing red tape Accreditation certificate issued for three-year period	√
	Transparent regulation	Accreditation Handbook developed in 2019 for industry - detailing accreditation and compliance systems	√
Implement and maintain arrangements which support the production of safe dairy products	Illnesses associated with dairy products.	NIL foodborne illnesses	√
	Minimal product recall of dairy products.	Effective management of 1 consumer level recall (due to routine testing – detected at processor level) & 1 trade level recall	√
	Antibiotic residue detections in processed dairy products	NIL detections	√
	Pathogens detected in processed dairy products at retail	NIL detections	√
	Effective management of food safety incidents	6 incidents managed - NIL negative outcomes	√
	Effective management of dairy sector complaints	10 complaints effectively managed	√
Establish and maintain robust		235 audits completed	√

Agency objectives	Indicators	Performance	Outcome
verification and compliance systems that are efficient, innovative and risk based	All accredited businesses audited against food safety standards.	Development and implementation of remote 'Covid-safe' auditing	√
	Compliance rates - year on year comparison of minor, major, and critical non-conformances identified at audit.	NIL critical non-conformance identified	√
		Improved compliance rate	√
		The non-conformance rates per audit have decreased over 3 years:	
		2018 / 2019 / 2020	
		Minor 4.38 / Minor 1.84 / Minor 1.38	
		Major 1.08 / Major 0.14 / Major 0.10	
		Critical 0 / Critical 0 / Critical 0	
	Qualified, objective, and independent food safety audit delivery	Audit rotation provided through accredited third-party and Dairysafe auditors	√
Promote food safety culture throughout the dairy supply chain	Industry stocktake of training, skills and culture	42 interviews completed with dairy processors	√
	Industry engagement actions	Increased interaction by Dairysafe across industry and regulatory forums.	√
		Dairysafe continues to promote food safety learnings: • 4 industry workshops delivered • 1 webinar delivered • industry training research project completed	√
		Development of a Business Continuity Model for dairy processors	√

Agency objectives	Indicators	Performance	Outcome
Maintain effective communication and messaging that is dynamically aware of stakeholder needs	Qualitative evaluation using stakeholder feedback	Communication of dairy food safety learnings delivered via multiple mechanisms: • Bulletins – 5 issued • E-news – 4 editions published: 43.9% open rate (industry average 21%) • Website – further development of the 'Food Safety Toolbox' webpage • Email comm's	√
Increase the sharing of food safety knowledge between stakeholders	Qualitative evaluation using stakeholder feedback	Publication of '*Guidelines for the safe manufacture of dairy products*' https://dairy-safe.com.au/wp-content/uploads/Dairysafe-Guidelines.pdf	√
Maintain efficient data capture systems that deliver improved information analysis and sharing	Qualitative evaluation using Dairysafe Board feedback	High Board satisfaction level	√
	Systems in place	Data capture and tracking in place for strategic and operational decision making	√
		Progressing development of new IT infrastructure to support accreditation, audit, incident and business management	√
Have high performing staff and appropriate corporate governance	External audit outcomes	Dairysafe regulatory management systems certified to ISO 9001:2015 Standard	√
		Positive Auditor General Department audit outcome	√
		Positive budget outcome – no increase to industry fees	√

Case Study #1 - Training Research Project & Business Continuity Model

Dairysafe partnered with the South Australian Government in 2019-2020 to deliver the 'Dairy Industry Training Pathway and Analytical Tool' project.

The project had two key outputs: assessment of the training, skills and culture in – and available to – the dairy processing sector, and development of a tool to assist dairy processors to analyse their exposure to business continuity breakdown.

The project was successful in both respects:

1. The critical review of training, skills, and culture found that, whilst dairy processors provide significant in-house and on-the-job training, there are serious shortcomings in training pathways and training options which are most likely stifling innovation and growth.

2. A 'Business Continuity Model' was successfully developed and tested with industry. The feedback indicates the Model delivers real value, can benefit business resilience, and has the potential for broader application across food manufacturing businesses.

Industry training research project

An assessment of dairy processors was undertaken to identify the status of essential skills, knowledge, and business culture necessary to deliver safe and suitable dairy products reliably and consistently.

Skills, knowledge, and food safety culture drive sustainable and resilient dairy manufacturing businesses, which can support business confidence and drive innovation and growth. This project allowed Dairysafe to benchmark industry and identify the gaps and impediments to training in South Australia.

This piece of work was seen as necessary to gain an appreciation of the arrangements for training, skill development and food safety culture amongst South Australian dairy processors. The process included development of a standard question set, stocktake interviews with all dairy processors, analysis of the data, and identification of key findings and conclusions.

The elements of the question set were reviewed against similar analysis undertaken in the food industry and completed by Intertek Alchemy, *'Building Strong Food Safety Cultures with Effective Training Programs, Results from the 2017 Global Food Safety Training Survey'* (Intertek Alchemy, 2017).

The project delivered key insights and a substantial amount of data.

1. **Commitment to food safety** – key themes promoted within businesses are 'food safety is in every decision', 'food safety drives business', 'safe wholesome food is a priority', 'food safety is a core pillar' and 'safe quality food is non-negotiable'.
2. **Structured training** – there is a significant amount of structured and unstructured in-house training delivered by processors.

3. **Skills, training & motivation** – there is a definite commitment to training, however the significant volume of training delivered by dairy processors does not deliver 'credentials' that staff can use towards a skill-set or qualification.

4. **Capacity** – support is not available to small and medium size enterprises (SME's) by way of business skill development, innovation and R&D in dairy manufacture.

5. **Impediments to training** – these include availability and accessibility, cost, location & distance, time out of production, lack of training specific to dairy manufacturing, flexible options, guidance on what training is required, funding to support upskilling, and lack of on-line options.

6. **Issues & opportunities for improvement** – these comprise access to critical dairy specific training options; business support tools regarding risk of business continuity breakdown; and VET, traineeship, and apprenticeship pathways into dairy manufacture.

The critical review of training, skills, and culture found that, while dairy processors provide significant in-house and on-the-job training, there are serious shortcomings in training pathways and training options, which are most likely stifling innovation and growth.

In response to these findings, we have recommended a project be considered, aimed at aligning training with industry needs, driving solutions to training gaps, and supporting industry, particularly where there is potential for innovation and growth.

The recommended project specifically focuses on a vocational pathway, apprenticeships and credentialing specifically for dairy manufacturing.

The overall objective is to substantially enhance the resilience of the South Australian dairy industry.

Project outputs:
- Dairy processor interviews conducted – 42 dairy businesses
- Key data outputs – see Figure 1
- Industry baseline and benchmarking – see Figure 2

Developing a business continuity model

A framework for the dairy or broader food manufacturing industry that can be used to assess a business' resilience to crises and emergency situations, especially as they relate to food safety.

Does a resilient business have a greater chance of delivering positive and consistent food safety outcomes? Dairysafe explored the link and developed a new business tool for dairy processors.

As part of this South Australian Government funded project, Dairysafe created a Business Continuity Model (BCM) to evaluate and reduce a dairy business' exposure to business continuity breakdown.

The BCM is a free self-assessment tool to assist a dairy processing business to identify opportunities that will enhance resilience. Based on responses to a set of 13 questions, the BCM delivers a visual result in a matrix that addresses both inherent product risk (low, medium or high) and business maturity (opportunistic, managed or optimised).

After the 15 minute self-assessment is completed, the tool positions the business on the matrix and provides a list of opportunities for improvement that can reduce the businesses' exposure to business continuity breakdown.

The information generated by the BCM is presented in a professional report, which can be shared with owners and management, allowing the prioritising of resources to address the opportunities identified.

The BCM is available on the Dairysafe website as an online tool providing free access to the model for all South Australian dairy processors.

Business resilience planning can have a positive financial impact on a business, as it decreases the potential negative productivity and financial impact that a disruptive event can have.

The value proposition is that resilient businesses have a better chance of delivering positive food safety outcomes and managing crises. This in turn can lead to potential business growth and increased demand for production across the sector.

With some adjustment to the 'inherent product risk' component of the matrix there is the potential for the broader application of the BCM tool across food manufacture generally.

The Model has been tested with 7 dairy processors with positive results. The feedback included:

- *"Easy and quick to use and at the end we received some good recommendations that we can take on board to improve the business."*
- *"The real benefit of this Business Continuity Model is the ability to track performance and improvements over time."*
- *"If every processor completed the model and implemented the feedback, it would substantially enhance the resilience of the South Australian dairy industry."*

Users rated the usefulness and application of the BCM tool to their business with very positive results. Each business was provided with 5 questions and asked to rate these from 1-5, where 1 = strongly disagree and 5 = strongly agree.

- *'The Model is functional – ie it was easy to apply to my business'* – **Ave score 4.71**
- *'The instructions are clear and easy to follow'* – **Ave 4.71**
- *'The Model can be easily completed in 15 minutes'* – **Ave 4.71**
- *'I can see the Model delivering value to industry'* – **Ave 4.43**
- *'The Model has identified some opportunities for my business'* – **Ave 4.57**

Project recommendations

In response to the project findings, Dairysafe identified two projects aimed at aligning training with industry needs, driving solutions to training gaps, and supporting industry, particularly where there is potential for innovation and growth. The first project specifically focuses on a vocational pathway, apprenticeships, and credentialing, whilst the second project addresses business continuity and resilience.

1. *Establish a 'Dairy Hub' as a pilot program over a 3-year period as a supply chain solution to develop and secure sustainable arrangements for training and business development and also support economic stimulation and lead to innovation and growth in dairy manufacture.*

2. *Improve business resilience in the South Australian food sector by negotiating to develop and deliver the Business Continuity Model to South Australian food manufacturers.*

Both projects are shelf-ready and align with the SA Dairyfarmers Association 'Partnering for Premium', the SA Dairy Action Plan, and have linkages with the new Australian Dairy Plan.

The project findings and recommendations were validated with a range of organisations and stakeholders including the Agribusiness Industry Skills Council, Department of Innovation & Skills, Food SA, South Australian Dairyfarmers, Dairy Industry Association of Australia (DIAA), PIRSA, Dairy Australia, RTO's and dairy processors.

Figure 1 – Key data outputs

Commitment to food safety – *key themes promoted within businesses are 'food safety is in every decision', 'food safety drives business', 'safe wholesome food is a priority', 'food safety is a core pillar' and 'safe quality food is non-negotiable'*

79% consider senior management engagement with food safety is critical

57% always include food safety training on management review agenda

98% said employees are committed to their organisation's training values

Structured training – *on the face of it, there's a significant amount of structured and unstructured training delivered by processors in-house*

100% require all employees to fulfill induction

71% include 'Food Safety Culture' in training

60% of businesses provide annual refresher training

74% verify effectiveness of training by observation

Skills, training & motivation – *there is a definite commitment to training, however the significant volume of training delivered by dairy processors doesn't deliver credentials for skilled staff*

60% require one or more staff to hold a certificate qualification

81% conduct training using internal staff on-the-job

57% strongly agree that all staff are highly motivated to do their job well

76% of dairy businesses maintain a skills competency matrix

83% of dairy businesses track completion of staff training

79% of dairy businesses maintain a training skills register

88% of dairy businesses assess staff competencies

92% assess the effectiveness of induction

X there is no readily available option for pasteuriser operator course

Capacity – *support by way of business skill development, innovation and R&D in dairy manufacture is not available to SME's*

55% said lack of available training is an impediment

60% do not have a training budget

25% said employees struggle with following the food safety program

14% do not include HACCP training – all are SME's

14% do not include GMP training – 83% of these are SME's

40% do not provide refresher training – 82% of these are SME's

38% do not provide training on allergens – 94% of these are SME's

21% do not provide training on CCP's – 100% of these are SME's

ARTISAN's (1-5 staff) are least likely to provide critical food safety training

71% include 'Food Safety Culture' in training

72% do not have a good appreciation of 'Food Safety Culture'

Processors identified the use of multiple training methods, with a preference for those involving direct contact with staff

Impediments to training – *include availability and accessibility, cost, location & distance, time out of production, lack of dairy specific training, flexible options, guidance on what training is required, funding to support upskilling, and lack of on-line options*

55% identified lack of accessible training in SA

31% indicated training is impacted by location and distance to travel

29% stated cost of training is an impediment

24% stated training is impacted by time staff are taken out of production

21% stated there is a lack of dairy specific training

X no certificate training, specific to dairy manufacture, is available

Issues & opportunities for improvement – *these include access to critical dairy specific training options; business support tools regarding risk of business continuity breakdown; and VET, traineeship, and apprenticeship pathways into dairy manufacture*

33% identified lack of dairy and process specific training as an issue

21% identified accessible training resources as an opportunity

21% suggested on-line training options as an opportunity

X the VET pathway into dairy manufacture is poorly defined and promoted

X no dairy manufacture apprenticeship and limited acceptance of a traineeship

X no options and pathways that focus on critical dairy manufacturing functions

Figure 2 – Industry baseline and benchmarking

The base information and data secured from the industry stocktake component of the training research project allowed qualitative assessments of dairy manufacturing businesses to be completed and benchmark each business against an industry baseline.

Assessments were based on the eleven skill, training, and culture elements of the industry stocktake. The bar graph represents the industry baseline. Each coloured bar provides the percentage of businesses that rate as 'underdone', 'moderate', 'robust', or 'proficient' for each of the eleven elements. Individual business results can be plotted on each bar to benchmark businesses against the industry baseline.

BENCHMARKING TRAINING & CULTURE - DAIRY PROCESSORS

Element	Underdone	Moderate	Robust	Proficient
Food safety performance measured	7%	36%	45%	12%
Staff involved in food safety system & outcomes	2%	38%	40%	12%
Communication - production floor to executive	10%	29%	43%	12%
Evidence of food safety culture	7%	40%	40%	12%
Motivated staff	7%	21%	52%	12%
System in place to measure staff performance & behaviours	7%	31%	43%	12%
Training includes CCP's	10%	38%	40%	12%
Training covers induction, ongoing review & assessment	7%	38%	43%	12%
Formalised food safety training arrangements	21%	24%	40%	14%
Food safety is part of normal business practice	2%	26%	55%	17%
Demonstrated involvement by executive in food safety	5%	31%	50%	14%

■ Underdone ■ Moderate ▥ Robust ■ Proficient

Note: some elements in the bar graph above do not total 100% where the element does not apply to single operator artisan businesses.

The industry-wide benchmarking process indicates SME's require support in the following areas:
- Formalised food safety training arrangements
- Training covers induction, ongoing review & assessment
- Training includes CCP's
- Evidence of food safety culture
- Food safety performance measured

Skill, training, and culture baseline definitions

'Underdone' (*fragile*)
- Insufficient approach that doesn't support the consistent application of procedures, instructions and positive food safety culture
    - Unprepared or uncoordinated
    - Lacking in substance, not robust
    - No focus on training
    - Varying levels of food safety knowledge among staff
    - Level of communication and training does not support reliable food safety outcomes
    - Little understanding of food safety performance
    - Monitoring is done but not analysed or understood
    - Food safety is a hot issue after an incident occurs
    - Top down information flow
    - Management know about food safety but aren't motivated to prioritise it – it may be outsourced

'Moderate' (*intermediate*)
- The approach by the business provides a basic foundation to support the consistent application of procedures, instructions and positive food safety culture
    - Compliant with room for improvement
    - Good housekeeping and record keeping
    - Capable of producing positive short-term food safety outcomes
    - Ad hoc training arrangements – 'just in time'
    - Investment and adoption of standard tools/technology and standardised training provided to individuals as needed
    - Average food safety arrangements lacking in effectiveness, extent, intensity or quality
    - Management care about prioritizing food safety but don't always know what to do

'Robust' (*advanced*)
- Structured so that staff are capable of performing effectively, and the training supports the consistent application of procedures, instructions and positive food safety culture
    - Strong, healthy and effective food safety arrangements
    - Will operate without failure and produce positive results
    - Sound training program
    - Will support very good short-term business and food safety outcomes
    - Recurrence of food safety issues is prevented by use of knowledge and leading indicators
    - Data is collected in a precise and accurate manner to constantly improve processes
    - Meets the minimum Standard and promotes improvement within the business
    - Responsible and accountable management

- o Management care and know about prioritising food safety
- o Management know the risks, place importance on procedures and culture of the organisation over profits
- o Management seek and discuss issues. Bottom-up and top-down communication
- o Management involvement at audit outcome and non-conformance corrective actions
- o Lots of management communication and walkabouts

'Proficient' (*superior*)
- Comprehensive, incorporates an advanced degree of staff communication and engagement, and is a critical component of the business structure
  - o Advanced
  - o Highly competent and accomplished food safety arrangements
  - o Will support outstanding long-term business and food safety outcomes
  - o Thorough training program
  - o All staff actively involved in food safety
  - o Procedures integrated in training
  - o Procedures written by workforce
  - o Culture of improvement
  - o Food safety is integrated into other meetings
  - o Workforce identify and fix problems
  - o Management know that food safety is more important that profit
  - o Management share knowledge and experience with others

Case Study #2 - Introduction of remote 'Covid-safe' food safety audits

Remote audits engage our stakeholders using the latest available technology – they manage risk, gather vital information and deliver results.

As in most organisations, Dairysafe had to modify its operating environment in March 2020 in response to the COVID-19 pandemic. One key change was the development and implementation of remote food safety audits.

One of Dairysafe's main roles is to verify hygienic standards, good manufacturing practices and suitable food safety process controls at all accredited dairy businesses. The highly infectious nature of Covid-19, plus the risks to staff and businesses, meant face-to-face audits weren't possible. And so remote auditing was introduced to manage the risks to businesses, to workers and to Dairysafe staff.

During the Covid-19 pandemic it has been important for Dairysafe to maintain continued regular contact with businesses to ensure standards are maintained and businesses are supported. Consideration was given to how to continue to verify standards on farm and at dairy processors whilst ensuring our actions were not a vehicle for transmitting the virus, our staff were safe and well, and we didn't disrupt business continuity.

The solution was to utilise available technologies to complete the audits remotely. With the integration of smartphones, video and audio technology, we could facilitate a remote audit with the appropriate governance and quality. The process was shown to minimise business disruption, while delivering the fundamental outcome – verifying food safety arrangements were being maintained.

The process required dairy business to forward monitoring records, documentation and evidence (eg video's, photos) prior to the audit to facilitate the process and the audit discussion.

Entry meetings were conducted remotely by an agreed method of video conferencing e.g. Facetime, Zoom, Skype or Microsoft Teams, or by phone call where video conferencing is not an option.

The business was advised that the audit may consist of multiple phone calls, and quite likely requiring follow-up action.

Clearly the audit was an alternative to a physical site tour, and so the business was also requested to video conference a virtual tour or, where that's wasn't possible, email current photos of the production environment to enable observation of the condition of the structure and equipment, as well as hygiene of the establishment (noting that an onsite inspection will be undertaken at a future audit to verify evidence provided).

A representative number of specific records are requested to verify systems and controls have remained compliant since the previous audit.

The exit meeting is conducted remotely by an agreed method of video conferencing e.g. Facetime, Zoom, Skype or Microsoft Teams, or by phone call where video conferencing is not an option.

Food safety regulation throughout Australia is essential, and Dairysafe has responded during the pandemic by implementing enhanced measures to verify food

safety standards are being applied at farms, by transporters and by dairy processors during Covid-19 restrictions.

Many contract auditing companies and food businesses receiving product from other food businesses have quickly moved to introduce remote or virtual audits. This has seen the creation of additional jargon such as tele-audits and desk audits, but it all means the same thing: completing a robust food safety audit while minimising physical presence on-site.

Dairysafe trialled remote auditing with farms and processors to refine our approach prior to finalising our policy and procedures.

Early indications from around the country suggest remote audits will be a useful tool and remain with us long after COVID-19 is over. This will complement on-site audits when these resume.

The response by industry to remote audits has been very positive. Dairy farms involved in the remote audit process excelled. Records have been shared via mobile phones or email and overall, it has been a really positive process.

Remote audits conducted during the April to July period demonstrated heightened awareness of personal practices and hygiene requirements, resulting from the COVID-19 pandemic. The majority of businesses – farmers, transporters and processors – have implemented additional measures as a result of the pandemic. Enhanced procedures, hygiene, cleaning and sanitation, increased social distancing and separation of staff have all been introduced.

Remote audits cannot fully replace face-to-face verification and site visits, but it is an extremely valuable means of monitoring compliance in extraordinary circumstances.

Corporate performance summary

The following is a summary of the Dairysafe Board's corporate performance for the 2019-20 period:

1. **Dairysafe Board outcomes**
   - 7 scheduled Board meetings were completed
   - Standing agenda items included:
     - Businesses seeking accreditation / revocation of accreditation
     - Finance reports
     - Industry compliance reporting
     - Work, Health & Safety
     - Chief Executives Report
     - Director Conflict of Interest
   - Policy development and review - 5 policies were developed and endorsed; 21 policies were reviewed & endorsed
   - The '*Guidelines for the safe manufacture of dairy products'* were developed and approved
   - Partnered with PIRSA to develop and implement the '*Dairy Industry Training Pathway and Analytical Tool*' project
   - The Dairysafe WH&S Site Safety Management Plan was reviewed and endorsed
   - The 2020 Dairysafe Risk Management 'Controls and Treatments Schedule' was reviewed and endorsed
   - The Dairysafe Employee Handbook was reviewed and updated
   - 5 Work, Health & Safety policies were approved and/or reviewed and endorsed
   - Covid-19 management arrangements, including policy and procedures, were developed, and implemented
   - 2 reviews were undertaken of progress with the Dairysafe 2017-2020 Strategic Plan
   - A Board performance review was completed
   - Budget strategy was completed for the 2020-2021 financial year
   - Dairysafe's Diversity and Inclusion Strategy was approved
   - 2 industry farm food safety programs were approved
   - 4 E-news editions were published

2. **Government regulatory reporting requirements:**
   - Full compliance with reporting requirements was achieved
   - No matters were brought to Dairysafe's attention

3. **Financial management**
   - Monthly financial reporting was provided to every Board meeting

4. **Auditor General's Department audit:**
   - A successful 2019-2020 audit result was achieved

- No modification was required to Dairysafe's audited financial statements

5. **Dairysafe operates within budget:**
   - A positive budget outcome was achieved for 2019-2020
   - There was a **nil** increase to dairy industry accreditation fees

6. **Skilled and motivated staff:**
   - 100% of staff have up to date Performance Management and Development Plans
   - One (1) staff member commenced the Graduate Certificate in Business (Public Sector Management) with QUT

7. **Work, Health and Safety**
   - An active WH&S policy development and review program is in place
   - There were **nil** workplace injury claims
   - There were **nil** improvement notices

Employment opportunity programs

Program name	Performance
Not applicable	In 2019-20, Dairysafe did not recruit any new employees, therefore no employees were recruited through a public sector wide employment opportunity program.

Agency performance management and development systems

Performance management and development system	Performance
Employee Performance Management and Development (PMD)	Dairysafe maintains policy arrangements requiring PMD discussions be held with all staff individually at the start of the year, mid-year and at the end of the year ('Staff Performance Management and Development Policy'). The PMD documentation ('Agreement') and process is based on templates provided by the Office of the Commissioner for Public Sector Employment. The Dairysafe Chair and CEO met regularly throughout the year to discuss CEO performance and achievement of objectives. The CEO maintains an operational PMD agreement with the Chair. In camera sessions were held at the beginning of each board meeting, providing an opportunity for the board to discuss any matters relating to the CEO's performance. Ongoing informal one-on-one meetings are held with staff to discuss work priorities, personal support and well-being, training and Work, Health & Safety. These meetings aim to ensure workplans are achievable, progress is meeting agreed expectations, and adequate support is available and provided to staff to achieve shared expectations. **100%** of Dairysafe FTE's completed the PMD process over the 2019-20 reporting period.
Dairysafe maintains the following policies for managing poor performance and misconduct: • Fraud and Corruption Policy • Staff Code of Conduct Policy • Termination of Employment Policy • Sexual Harassment Policy	These policies were **NOT** required to be implemented during the 2019-20 reporting period for 100% of Dairysafe FTE's.

Work health, safety and return to work programs

Program name	Performance
Work Health and Safety program	WHS is a routine Board meeting agenda item WHS features as an agenda item on monthly staff meetings. WHS features as an agenda item on monthly operational meetings. Dairysafe maintains a Site Safety Management Plan to ensure appropriate scheduling of all WH&S activities. Staff are encouraged to report any WHS incidents or issues to the CEO or Accountant. During 2019/20 building maintenance and improvements focussed on WH&S included: - Scheduled gutter maintenance for improved roof drainage, preventing internal building flooding and slip hazards - Annual asbestos inspection and register update - Annual inspection of emergency lighting and fire extinguishers Other activities completed during this period included: - Evacuation drill and alarm system check - Electrical test & tag - Worksite inspections
Policy and procedure review	All policies remain effective in providing a rigorous framework for the safety of Dairysafe employees. The WH&S policies approved and/or reviewed during this period, include: - Emergency plans - Covid-19 Pandemic Policy, Risk Assessment & Work Arrangements - Office security - Working alone on premises outside of normal business hours - External site visits - Driving - Work, health, and safety policy - Fatigue - Farm environment - Remote work - Travelling for work

Workplace injury claims	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total new workplace injury claims	0	0	0%
Fatalities	0	0	0%
Seriously injured workers*	0	0	0%
Significant injuries (where lost time exceeds a working week, expressed as frequency rate per 1000 FTE)	0	0	0%

*number of claimants assessed during the reporting period as having a whole person impairment of 30% or more under the Return to Work Act 2014 (Part 2 Division 5)

Work health and safety regulations	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Number of notifiable incidents (*Work Health and Safety Act 2012, Part 3)*	0	0	0%
Number of provisional improvement, improvement and prohibition notices (*Work Health and Safety Act 2012 Sections 90, 191 and 195*)	0	3	0%

Return to work costs	Current year 2019-20	Past year 2018-19	% Change (+ / -)
Total gross workers compensation expenditure ($)	0	0	0%
Income support payments – gross ($)	0	0	0%

Data for previous years is available at: http://dairy-safe.com.au/

Executive employment in the agency

Executive classification	Number of executives
Term untenured	1

Data for previous years is available at: http://dairy-safe.com.au/

The Office of the Commissioner for Public Sector Employment has a workforce information page that provides further information on the breakdown of executive gender, salary and tenure by agency.

Financial performance

Financial performance at a glance

The following is a brief summary of the overall financial position of the Authority. The information is unaudited. Full audited financial statements for 2019-20 are attached to this report in Appendix A.

Total operating income for Dairysafe in 2019-20 was $796K, down 3.36% from 2018-19, due mainly to reduced office rental income. Income from dairy producer accreditations payable under the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017* of $751K compared favourably to budget of $725K due mainly to additional milk volumes. In addition, other income favourable to budget was an unbudgeted $65K grant for provision of an industry training research project.

Expenditure increased by 9.4% from 2018-19, but was favourable to budget by $125K, due mainly to reduced costs associated with contracted audits and reduced office rental costs as a result of relocation. There was a net positive result of $95K for 2019-20.

Liabilities on 30 June 2020 totalled $180K principally payables and employee entitlements. This resulted in a 3.8% increase in total equity of Dairysafe from $2507K in 2018-19 to $2602K in 2019-20.

Statement of Comprehensive Income	2019-20 Budget $000s	2019-20 Actual $000s	Variation $000s	Past year 2018-19 Actual $000s
Expenses	(891)	(766)	125	(700)
Revenues	768	796	28	833
Net cost of providing services	**(123)**	**30**	**153**	**133**
Net Revenue from SA Government	0	65	65	0
Net result	**(123)**	**95**	**218**	**133**
Other comprehensive income (change in property asset revaluation surplus)				**260**
Total Comprehensive Result	**(123)**	**95**	**218**	**393**

Statement of Financial Position	2019-20 Budget $000s	2019-20 Actual $000s	Variation $000s	Past year 2018-19 Actual $000s
Current assets	374	636	262	523
Non-current assets	2184	2146	(38)	2144
Total assets	**2558**	**2782**	**224**	**2667**
Current liabilities	106	95	(11)	113

Statement of Financial Position	2019-20 Budget $000s	2019-20 Actual $000s	Variation $000s	Past year 2018-19 Actual $000s
Non-current liabilities	55	85	30	47
Total liabilities	**161**	**180**	**19**	**160**
Net assets	**2397**	**2602**	**205**	**2507**
Equity	**2397**	**2602**	**205**	**2507**

Consultants disclosure

The following is a summary of external consultants that have been engaged by the agency, the nature of work undertaken, and the actual payments made for the work undertaken during the financial year.

Consultancies with a contract value below $10,000 each

Consultancies	Purpose	$ Actual payment
All consultancies below $10,000 each - combined	N/A	nil

Consultancies with a contract value above $10,000 each

Consultancies	Purpose	$ Actual payment
N/A	N/A	nil
	Total	$ nil

Data for previous years is available at: http://dairy-safe.com.au/

See also the Consolidated Financial Report of the Department of Treasury and Finance for total value of consultancy contracts across the South Australian Public Sector.

Contractors disclosure

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken, and the actual payments made for work undertaken during the financial year.

Contractors with a contract value below $10,000

Contractors	Purpose	$ Actual payment
All contractors below $10,000 each - combined	Various	$77,591

Contractors with a contract value above $10,000 each

Contractors	Purpose	$ Actual payment
M & S Food Consultants	Development and provision of comprehensive guideline document, 'Guidelines for the safe manufacture of dairy products', and provision of four (4) industry workshops	$49,358
QCONZ	Provision of contracted food safety audits	$49,093
Cindie Smart Consulting	Communications – production of Dairysafe e-news	$19,790
Biz Hub Australia	Provision of IT services - Development of Accreditation and Mobile Auditing Database - Phase 1	$19,008
Finlayson's Lawyers	Legal services	$10,374
	Total	$147,623

Data for previous years is available at http://dairy-safe.com.au/

The details of South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website. View the agency list of contracts.

The website also provides details of across government contracts.

Risk management

Risk and audit at a glance

Dairysafe maintains a risk management policy requiring the Board to endorse a risk management matrix and routinely review performance against the Dairysafe controls and treatments schedule.

Fraud detected in the agency

Category/nature of fraud	Number of instances
No fraud was detected in 2019/20	0

NB: Fraud reported includes actual and reasonably suspected incidents of fraud.

Strategies implemented to control and prevent fraud

Dairysafe implements a number of strategies to control and prevent fraud within the organisation. These strategies include:

- Policies to assist in managing the risk of fraud include:
  - 'Board Charter and Code of Conduct'
  - 'Board Conflict of interest'
  - 'Staff Code of Conduct'
  - 'Financial Delegations and Credit Card Policy'
  - 'Risk management'
  - 'FOI and Confidentiality'
  - 'Privacy'
  - 'Fraud and Corruption'
- A conflict of interest register features as a fixed agenda item for each Board meeting. Board members are required to provide an update to the register at the commencement of each meeting.
- Financial reports are updated monthly and reviewed by the Chief Executive and the Accountant.
- The monthly financial report is presented in the Dairysafe Board papers and reviewed by the Dairysafe Chair and Board members. The report is formally acknowledged during each Board meeting.
- Board minutes and financial reports are logged and available for audit.
- The transaction process of receiving industry fees through banking transfers minimises the risk of a fraudulent practice occurring.
- The Chief Executive independently reviews all financial transactions prepared and presented by the Accountant.
- All expenditure requires an authorisation signature by the Chief Executive.
- Dairysafe's financial statements are audited by the Auditor General's Department.
- Limits on employee purchasing cards reviewed annually and monthly reconciliations completed.

- Chief Executive Officer attended training on Public Interest Disclosure Guideline provided by ICAC-OPI.

Data for previous years is available at: http://dairy-safe.com.au/

Public interest disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Public Interest Disclosure Act 2018:*

Nil

Data for previous years is available at: http://dairy-safe.com.au/

Note: Disclosure of public interest information was previously reported under the *Whistleblowers Protection Act 1993* and repealed by the *Public Interest Disclosure Act 2018* on 1/7/2019.

Reporting required under any other act or regulation

Act or Regulation	Requirement
Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017	Regulation 14 requires an Annual Report to be presented to the Minister on or before 30 September outlining administration of the regulations for the previous financial year. The report is to include an audited statement of accounts, and directions given to the Authority by the Minister during this period.

This 2019-2020 Annual Report satisfies the above requirement.

Reporting required under the *Carers' Recognition Act* 2005

The *Carers' Recognition Act 2005* is deemed applicable for the following: Department of Human Services, Department for Education, Department for Health and Wellbeing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Section 7: Compliance or non-compliance with section 6 of the Carers Recognition Act 2005 and (b) if a person or body provides relevant services under a contract with the organisation (other than a contract of employment), that person's or body's compliance or non-compliance with section 6.

Not applicable to Dairysafe

Public complaints

Number of public complaints reported

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Professional behaviour	Staff attitude	Failure to demonstrate values such as empathy, respect, fairness, courtesy, extra mile; cultural competency	0
Professional behaviour	Staff competency	Failure to action service request; poorly informed decisions; incorrect or incomplete service provided	0
Professional behaviour	Staff knowledge	Lack of service specific knowledge; incomplete or out-of-date knowledge	0
Communication	Communication quality	Inadequate, delayed or absent communication with customer	0
Communication	Confidentiality	Customer's confidentiality or privacy not respected; information shared incorrectly	0
Service delivery	Systems/technology	System offline; inaccessible to customer; incorrect result/information provided; poor system design	0
Service delivery	Access to services	Service difficult to find; location poor; facilities/ environment poor standard; not accessible to customers with disabilities	0
Service delivery	Process	Processing error; incorrect process used; delay in processing application; process not customer responsive	0
Policy	Policy application	Incorrect policy interpretation; incorrect policy applied; conflicting policy advice given	0
Policy	Policy content	Policy content difficult to understand; policy unreasonable or disadvantages customer	0

Complaint categories	Sub-categories	Example	Number of Complaints 2019-20
Service quality	Information	Incorrect, incomplete, out dated or inadequate information; not fit for purpose	0
Service quality	Access to information	Information difficult to understand, hard to find or difficult to use; not plain English	0
Service quality	Timeliness	Lack of staff punctuality; excessive waiting times (outside of service standard); timelines not met	0
Service quality	Safety	Maintenance; personal or family safety; duty of care not shown; poor security service/ premises; poor cleanliness	0
Service quality	Service responsiveness	Service design doesn't meet customer needs; poor service fit with customer expectations	0
No case to answer	No case to answer	Third party; customer misunderstanding; redirected to another agency; insufficient information to investigate	0
		Total	0

Additional Metrics	Total
Number of positive feedback comments	Not captured
Number of negative feedback comments	0
Total number of feedback comments	Not captured
% complaints resolved within policy timeframes	Not applicable

Data for previous years is available at: http://dairy-safe.com.au/

Service Improvements resulting from complaints or consumer suggestions over 2019-20 (current year)
Not applicable

Appendix A: Audited financial statements 2019-20

Certification of the Financial Statements

We certify that the attached general purpose financial statements for the Dairysafe (the Authority):

- comply with the relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987,* and the relevant Australian Accounting Standards; and

- 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 2020, and

- the results of its operation and cash flows for the financial year.

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

Roseanne Healy	**Geoff Raven**	**Rocco Galluccio FCPA**
Chair	Chief Executive Officer	Chief Financial Officer

Dated: 29 September 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2020

	Note No.	2020 $'000	2019 $'000
Income			
Fees and charges	4.1	751	747
Interest	4.2	8	10
Grant income		65	-
Other income	4.3	37	76
Total income		**861**	**833**
Expenses			
Employee benefits expenses	2.3	496	407
Supplies and services	3.1	119	157
Depreciation and amortisation	3.2	15	12
Property expenses	3.3	27	49
Travelling expenses		11	21
Other expenses	3.4	98	54
Total expenses		766	700
Net Result		**95**	**133**
Other Comprehensive Income			
Change in property asset revaluation surplus		**-**	**260**
Total Comprehensive Result		**95**	**393**

The accompanying notes form part of these financial statements.

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note No.	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	6.1	567	502
Receivables	6.2	49	21
Capitalised Expenses		20	-
Total current assets		**636**	**523**
Non-current assets			
Property, plant and equipment	5.1	2126	2141
Intangible assets	5.2	20	3
Total non-current assets		**2146**	**2144**
Total assets		**2782**	**2667**
Current liabilities			
Payables	7.1	23	56
Employee benefits	2.4	47	29
Other current liabilities	7.2	25	28
Total current liabilities		**95**	**113**
Non-current liabilities			
Payables	7.1	3	3
Employee benefits	2.4	82	44
Total non-current liabilities		**85**	**47**
Total liabilities		**180**	**160**
Net Assets		**2602**	**2507**
Equity			
Retained earnings		516	421
Asset revaluation surplus		2086	2086
Total equity	8.1	**2602**	**2507**

The accompanying notes form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Asset Revaluation surplus $'000	Retained earnings $'000	Total Equity $'000
Balance at 30 June 2018	1826	288	2114
Gain on revaluation of land during 2018-19	260	-	260
Total comprehensive result for 2018-19	**-**	**133**	**133**
Balance at 30 June 2019	**2086**	**421**	**2507**
Net result for 2019-20	-	95	95
Total comprehensive result 2019-20	**-**	**95**	**95**
Balance at 30 June 2020	**2086**	**516**	**2602**

The accompanying notes form part of these financial statements.

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

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note No.	2020 $'000	2019 $'000
Cash flows from operating activities			
Cash inflows			
Fees and charges		764	743
Interest received		8	10
Other receipts		102	75
Cash generated from operations		**874**	**828**
Cash outflows			
Employee benefits payments		(485)	(394)
Payment for supplies and services		(286)	(262)
Cash used in operations		**(771)**	**(656)**
Net cash provided by operating activities			
		103	**172**
Cash flows from investing activities			
Cash outflows			
Purchase of intangibles		(18)	(4)
Capitalised Expenses		(20)	(29)
Cash used in investing activities		**(38)**	**(33)**
Net increase in cash and cash equivalents		65	139
Cash and cash equivalents at 1 July		502	363
Cash and cash equivalents at 30 June	6.1	**567**	**502**

The accompanying notes form part of these financial statements.

1. About Dairysafe

Dairysafe is a not for profit Statutory Authority fully funded by the dairy industry and is responsible for administering the dairy food safety scheme pursuant to the *Primary Produce (Food Safety Schemes) Act 2004* and the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017.*

Dairysafe does not control any other entity and has no interest in unconsolidated structural entities.

1.1 Basis of preparation

The financial statements are general purpose financial statements prepared in compliance with:

- section 23 of the *Public Finance and Audit Act 1987;*
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987; and*
- relevant Australia Accounting *Standards*

For the 2019-2020 financial statements the Authority adopted AASB15 – *Revenue from Contracts with Customers, AASB16 - Leases and AASB 1058 - Income of Not-for-Profit Entities.* Further information is provided in note 9.

The financial statements are prepared based on a 12 month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured.

Income, expenses and assets are recognised 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, 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.

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.

1.2 Objectives and activities

Dairysafe's functions, as defined in *Regulation 12,* are:

- To administer the dairy industry food safety scheme.
- To monitor the extent of compliance by accredited producers within Standard 4.2.4 of the *Food Standards Code* and enforce the Standard.
- To approve food safety arrangements to be adopted by accredited producers and monitor the implementation of such arrangements.
- To advise the Minister on matters relating to the administration of the dairy industry food safety scheme.

- To carry out other functions assigned to the Authority by these regulations or the Minister.

1.3 Impact of COVID -19 on Dairysafe

There has been no financial impact to Dairysafe as a result of the COVID-19 pandemic, however physical audits for farm and processor have been carried out via remote electronic means.

2. Board, committees and employees

2.1 Key management personnel

Key management personnel include the Minister for Primary Industries and Regional Development, the Chief Executive Officer and the Board.

Total compensation for key management personnel was $217 000 in 2019-20 and $195 000 in 2018/19.

The compensation disclosed in this note excludes salaries and other benefits for the Minister of Primary Industries and Regional Development. The Minister's remuneration and allowances are set by the *Parliamentary Remunerations Act 1190* and the Remuneration Tribunal of SA respectively and are payable from the consolidated Account (via the Department of Treasury and Finance) under section 6 of the *Parliamentary Remunerations Act 1990.*

2.2 Board Members

Members during the 2020 financial year were:
    Ms RC Healy
    Ms K Matthias (term expired 30 June 2020)
    Mr M Connor

Board remuneration

	2020 $'000	2019 $'000
The number of members whose remuneration received or receivable falls within the following bands:		
$0 - $19 999	2	2
$20 000 - $39 999	1	1
Total number of members	**3**	**3**

The total remuneration received or receivable by members was $47 000 ($47 000). Remuneration of members includes sitting fees and superannuation contributions.

2.3 Employee benefits expenses	2020 $'000	2019 $'000
Salaries and wages	377	290
Long Service Leave	1	8
Annual leave	28	27
Skills and Experience Retention Leave	2	3
Employment on-costs-superannuation*	44	36
Board fees	44	43
Total employee benefits expenses	**496**	**407**

* Employment on-costs- superannuation

The superannuation employment on-cost charge represent Dairysafe's contributions to superannuation plans in respect of current services of current employees.

Executive Remuneration	2020 No	2019 No
The number of employees whose remuneration received or receivable falls within the following bands:		
$154 001 to $174 000	1	-
Total	1	-

The total remuneration received by those employees for the year was $169 000 ($147 000).

2.4 Employee benefits - liability

	2020 $'000	2019 $'000
Current		
Accrued salary and wages	6	3
Annual leave	35	22
Skills and retention experience leave	6	4
Total current employee benefits	**47**	**29**

	2020 $'000	2019 $'000
Non-current		
Long service leave	82	44
Total non-current employee benefits	**82**	**44**
Total employee benefits	**129**	**73**

Employee benefits accrue 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 and wages, annual leave, skills and experience retention leave (SERL) and sick leave

The liability for salary and wages is measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability and SERL liability in full is expected to be payable within 12 months and is measured at the undiscounted amount expected to be paid.

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.

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. Details about the measurement of long service leave liability is provided as note 11.1.

3. Expenses

Employee benefits expenses are disclosed in note 2.3.

3.1 Supplies and services	2020 $'000	2019 $'000
Computing and communications	14	9
External audit costs	40	72
Printing and stationery	23	25
Consultancy expenses*	-	30
Subscriptions	3	2
Staff recruitment	-	6
Legal fees	11	9
Other	28	4
Total supplies and services	**119**	**157**

*Consultants
The number of consultancies and the dollar amount paid/payable (included in Supplies and services) to consultants that fell within the following bands:

	No	2020 $'000	No	2019 $'000
$ 10 000 or above	-	-	1	30
Total	**-**	**-**	**1**	**30**

3.2 Depreciation and amortisation	2020 $'000	2019 $'000
Plant and equipment	15	8
Intangible assets	-	4
Total depreciation and amortisation	**15**	**12**

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

Useful life
Depreciation / amortisation is calculated on a straight-line basis over the estimated useful life of the following classes of assets as follows:

Class of asset	Useful life (years)
Property, plant and equipment	3-10
Intangibles	5

The amortisation period and the amortisation method for intangible assets is reviewed on an annual basis.

Review of accounting estimates
Assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, on an annual basis. Changes in the expected life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the time period or method, as appropriate.

3.3 Property expenses	**2020 $'000**	**2019 $'000**
Repairs and maintenance	8	23
Rates and taxes	9	9
Other	10	17
Total property expenses	**27**	**49**

3.4 Other expenses	**2020 $'000**	**2019 $'000**
Audit fees	9	9
Consultancy fees*	-	30
Insurance	6	5
Staff training	16	7
Fringe benefits tax	10	3
Workplace health and safety	2	6
Staff recruitment	-	10
Relocation & accommodation	18	-
Other	37	14
Total other expenses	**98**	**54**

4. Income

Dairysafe receives no Government funding and its sole source of income comprises accreditation fees from the South Australian dairy industry, rental income and a small amount of interest income.

4.1 Fees and charges	2020 $'000	2019 $'000
Accreditation fees	751	747
Total fees and charges	**751**	**747**

Accreditation fees are derived from the provision of services to participants in the South Australian dairy industry. This revenue is recognised on delivery of the service.

4.2 Interest	2020 $'000	2019 $'000
Interest	8	10
Total interest revenues	**8**	**10**

4.3 Other income	2020 $'000	2019 $'000
Rental income	37	68
Other	-	8
Total other income	**37**	**76**

Rental income is recognised on a straight-line basis over the lease term.
A number of rental tenancies were terminated during the year in order to prepare the property for sale.

5. Non-financial assets

5.1 Property, plant and equipment by asset class

Property plant and equipment comprises owned assets that do not meet the definition of investment property.

	2020 $'000	2019 $'000
Land and buildings		
Land at fair value	2100	2100
Buildings at fair value	-	-
Total land and buildings	**2100**	**2100**
Plant and equipment		
Plant and equipment at cost (deemed fair value)	178	178
Accumulated depreciation at the end of the period	(152)	(137)
Total plant and equipment	**26**	**41**
Total property, plant and equipment	**2126**	**2141**

5.2 Property, plant and equipment owned by the Authority

Property, plant and equipment with a value equal to or in excess of $2 000 is capitalised, otherwise it is expensed.

Property, plant and equipment is recorded at fair value.

Impairment
Property, plant and equipment have not been assessed for impairment as they are non-cash generating assets, that are specialised in nature and held for continued use of their service capacity and are subject to regular revaluation.

Reconciliation 2019-2020	Land and buildings $'000	Plant and equipment $'000	Total $'000
Carrying amount at 1 July 2019	2100	41	2141
Acquisitions	-	-	-
Asset revaluation	-	-	-
Depreciation	-	(15)	(15)
Carrying amount at 30 June 2020	**2100**	**26**	**2126**

5.2 Intangible assets	2020 $'000	2019 S'000
Computer software		
Purchased computer software	52	35
Accumulated amortisation	(32)	(32)
Total computer software	**20**	**3**

Intangible asset are initially measured at cost and are tested for indication of impairment at each reporting date. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The acquisition of software is capitalised only when the expenditure is greater or equal to $2 000.

Reconciliation 2019-2020	Other computer software $'000	Work in Progress $'000
Carrying amount at 1 July 2019	3	-
Additions at cost	-	17
Amortisation	-	-
Carrying amount at 30 June 2020	**3**	**17**

6. Financial assets

6.1 Cash and cash equivalents	**2020 $'000**	**2019 $'000**
Cash at bank and on hand	567	502
Total cash and cash equivalents	**567**	**502**

6.2 Receivables	**2020 $'000**	**2019 $'000**
Accreditation fees	1	17
Trade receivables	48	-
Other receivables	-	4
Total current receivables	**49**	**21**

Trade receivables arise in the normal course of selling goods and services to other government agencies and to the public. Trade receivables are normally settled within 30 days after issue of an invoice or the goods/services have been provided under a contractual arrangement.

Receivables, prepayments and accrued revenues are non-interest bearing. Receivables are held with the object of collecting the contractual cash flows and they are measured at amortised cost.

The net amount of GST payable to the ATO is included as part of receivables.

7. Liabilities

Employee benefits liabilities are disclosed in note 2.4.

7.1 Payables

Current	**2020 $'000**	**2019 $'000**
Trade payables	9	44
Accrued expenses	9	9
Employment on-costs*	5	3
Total current payables	**23**	**56**

Non - Current	**2020 $'000**	**2019 $'000**
Employment on-costs*	3	3
Total non-current payables	**3**	**3**
Total payables	**26**	**59**

Payables and accruals are raised for all amounts owing but unpaid. Sundry payables are normally settled within 20 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short term nature.

* Employment on-cost

Employment on-costs include Return to Work SA levies and superannuation contributions and are settled when the respective employee benefits that they relate to are discharged.

Dairysafe 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 various superannuation schemes.

As a result of an actuarial assessment performed by the Department of Treasury and Finance, the proportion of long service leave taken as leave has changed from the 2019 rate of 41% to 42% and the average factor for calculation of employer superannuation on-costs has remained unchanged from the 2019 rate of 9.8%. These rates are used in the employment on-costs calculation. The net financial effect of the change in the superannuation on-cost rate on employment benefit expense is immaterial.

7.2 Other Liabilities	2020 $'000	2019 $'000
Current		
Accreditation fees received in advance	24	28
Rent received in advance	1	-
Total current other liabilities	**25**	**28**

8. Other disclosures

8.1. Equity
The asset revaluation surplus is used to record increments and decrements in the fair value of property and plant and equipment to the extent they offset one another. Relevant amounts are transferred to retained earnings when an asset is derecognised.

	2019 $'000	2019 $'000
Accumulated surplus	516	421
Asset revaluation surplus	2086	2086
Total equity	**2602**	**2507**

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

9. Changes in accounting policy

9.1. AASB 16 Leases
AASB 16 sets out a comprehensive model for lessee accounting that addresses recognition, measurement, presentation and disclosure of leases. Lessor accounting is largely unchanged. AASB 16 *Leases* replaces AASB 117 *Leases* and related interpretations.

The adoption of AASB 16 *Leases* from 1 July 2019 resulted adjustments to the amounts recognised from a lessee perspective in the financial statements:

- AASB 117 *Leases* only required the recognition of an asset and lease liability in relation to finance leases. AASB 16 *Leases* applies a comprehensive model to all leases. Applying AASB 16 will result in leases previously classified as operating leases having right-of-use assets and related lease liabilities being recognised in the Statement of Financial Position
- AASB 117 *Leases* resulted in operating lease payments being recognised as an expense under Supplies and Services. AASB 16 *Leases* largely replaces this with depreciation expenses that represents the use of the right-of-use asset and borrowing costs that represent the cost associated with financing the right-of-use asset.

Impact on retained earnings
There was no impact on the Authority's retained earnings at 1 July 2019.

Accounting policies on transition
AASB 16 sets out accounting policies on transition in its transitional provisions. The *Treasurer's Instructions (Accounting Policy Statements)* requires certain choices in those transitional provisions to be taken. The department has adopted the following accounting policies:

- to apply AASB 16 retrospectively. The cumulative effect of initially applying the Standard was recognised at 1 July 2019. Comparatives have not been restated.
- at 1 July 2019 AASB 16 was applied only to contracts that were previously identified as containing a lease under AASB 117 and related interpretations.
- the initial measurement of right-of-use assets has been calculated as an amount equal to the lease liability on transition adjusted for prepaid or accrued lease payments and lease incentive liabilities.
- the initial measurement of lease liabilities and right-of-use assets excludes all leases that ended by 30 June 2020, except for vehicles leased from SAFA.

Ongoing accounting policies
The *Treasurer's Instructions (Accounting Policy Statements)* specify required accounting policies for public authorities in applying AASB 16. These requirements are reflected in the department's accounting policies as follows:

- AASB 16 is not applied to leases of intangible assets.
- right-of-use assets and lease liabilities are not recognised for leases of low value assets, being assets which have a value of $15 000 or less, nor short-term leases, being those with a lease term of 12 months or less.
- the department, in the capacity of a lessee, does not include non-lease components in lease amounts.

- right-of-use assets are not measured at fair value on initial recognition for leases that have significantly below-market terms and conditions principally to enable the public authority to further its objectives.
- right-of-use assets are subsequently measured applying a cost model.

Significant accounting policies relate to the application of AASB 16 are disclosed under relevant notes.

9.2. AASB 15 Revenue from Contracts with Customers

AASB 15 *Revenue from Contracts with Customers* establishes a revenue recognition model for revenue arising from contracts with customers. It requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 supersedes AASB 111 *Construction contracts*, *AASB 118 Revenue* and related Interpretations and applies to all revenue arising from contracts with customers.

Impact on retained earnings
There was no impact on the Authority's retained earnings at 1 July 2019.

Accounting policies on transition
The Authority has adopted AASB 15 on 1 July 2019. The *Treasurer's Instructions (Accounting Policy Statements)* require certain choices in those transitional provisions to be taken. The Authority has on transition:

- recognised the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of retained earnings as at 1 July 2019. Therefore, the comparative information has not been restated.

- not adopted the completed contract expedient, and therefore has not excluded revenue which was fully recognised in previous years in accordance with the former revenue and income accounting standards
- elected not to restate retrospectively contracts for modifications that occurred before 1 July 2019. Such contract modifications were minor so this is expected to have little impact on the financial statements.

There has been no financial impact on the financial statements from adoption of AASB 1058 *Income of Not-for-Profit Entities*.

Ongoing accounting policies
The *Treasurer's Instructions (Accounting Policy Statements)* specify requirements for public authorities in applying AASB 15. These requirements are reflected in the department's accounting policies as follows:

- for non-intellectual property licences, low value licences (i.e. assets which have a value of $15 000 or less) and short-term licences (i.e. being those with a licence term of 12 months or less) are exempt from AASB 15 revenue recognition requirements. The department has elected to recognise revenue at the point in time the licence is issued.
- AASB 15 is applied to a portfolio contracts with similar characteristics.
- there is no adjustment to the promised amount of consideration for the effects of a significant financing component if the period between the transfer of goods/services and the payment date is one year of less.

- the incremental costs of obtaining a contract are expensed when incurred when the amortisation period of the asset that the department would have recognised is one year or less.
- for measuring progress towards satisfaction of performance obligations when the output method is applied, revenue is recognised in the amount to which there is a right to invoice corresponding directly to the value to the customers of the department's performance completed to date.

Significant accounting policies relating to the application of AASB 15 are disclosed under relevant notes.

9.3.   AASB 1058 Income of Not-for-Profit Entities

AASB 1058 *Income of Not-for-Profit Entities* establishes new income recognition requirements for not-for-profit entities. Its requirements apply where the consideration to acquire an asset, including cash, is significantly less than fair value principally to the entity to further its objectives. AASB 1058 also contains requirements for the receipt of volunteer services. AASB 1058 supersedes income recognition requirements in AASB 1004 *Contributions*, AASB 118 *Revenue* and AASB 111 *Construction Contracts*. However, elements of AASB 1004 remain in place, primarily in relation to restructures of administrative arrangements and other contributions and distributions by owners.

Accounting policies on transition
On transition, there was no impact on retained earnings.

9.4. Presentation of Financial Statements

Treasurer's Instructions (Accounting Policy Statements) issued 16 June 2020 removed the previous requirement for financial statements to be prepared using the net cost of services format. The net cost of services is the total cost of services less any revenue retained by public authorities involved in the provision of services but does not include items classified as revenue from and payments to the South Australian Government.

Presentation of the Statements of Comprehensive Income on an "income and expense" basis allows information to be presented in such a way that eliminates potential confusion as to the source of funding for the Authority. As well as changes to the format of the Statement of Comprehensive Income, there are presentational changes to remove the net cost of services format from the Statement of Cash Flows. These statements now show income before expenses, and cash receipts before cash payments. Related disclosures also reflect this changed format.

10. Outlook

10.1. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value.

Dairysafe is not aware of any contingent assets or contingent liabilities.

10.2. Events after balance date
A significant event after balance date has been the listing for sale of the property located at 33 Hutt Street, Adelaide.

11. Measurement and risk

11.1. Long Service leave liability - measurement
AASB 119 *Employee Benefits* contains the calculation methodology for long service leave liability.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long-term Commonwealth Government bonds has decreased from 2019 (1.25%) to 2020 (0.75%).

This decrease in the bond yield, which is used as the rate to discount future long service leave cash flows, results in an increase in the reported long service leave liability.

The net financial effect of the changes to actuarial assumptions in the current financial year is immaterial.

The actuarial assessment performed by the Department of Treasury and Finance changed the salary inflation rate to 2.5% (4.0%) for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

Dairysafe classifies a portion of long service leave as current based on leave to be taken in the next 12 months.

11.2. Fair value
AASB 13 *Fair Value Measurement* 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 market participants, in the principal or most advantageous market, at the measurement date.

Initial recognition
Non-current tangible assets are initially recorded at cost or at the value of any liabilities assumed, plus any incidental cost involved with the acquisition.

Where assets are acquired at no value, or minimal value, they are recorded at fair value in the Statement of Financial Position. However, if the assets are acquired at no or nominal value a part of a restructure of administrative arrangements, then the

assets are recognized at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

Revaluation
Property, plant and equipment are subsequently measured at fair value after allowing for accumulated depreciation.

Non-current tangible assets are valued at fair value and revaluation of non-current assets or a group of assets is only performed when fair value at the time of acquisition is greater than $1.5 million and useful life is greater than three years.

Revaluation is undertaken on a regular cycle as detailed below. 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.

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

Land and buildings
An independent valuation of land and buildings was performed in May 2019 by a Certified Practicing Valuer from Colliers International, as at 30 June 2019.

Fair value has been determined using the market approach. The valuation was based on recent market transactions for similar land in the area and includes adjustments for factors specific to the land such as size and location. For land classified as restricted in use, fair value was determined using adjustments to reflect the restrictions.

The fair value of buildings was determined using current replacement cost, due to there not being an active market. The current replacement cost considered the need for ongoing provision of government services, specialised nature and restricted use of assets, their size, condition and location.

The valuation used estimates about construction materials that would be required to replace the buildings, information about current construction costs were derived from (building costs guides/internal records such as recent tender documents, construction invoices etc) and the estimated useful life due to age and condition of the building.

Plant and equipment
All items of plant and equipment had a fair value at the time of acquisition less than $1.5 million and had an estimated useful life of less than three years. Plant and equipment has not been revalued in accordance with APS 116.D. The carrying value of these items are deemed to approximate fair value.

11.3. Financial instruments

Financial risk management

Risk management is managed by the Dairysafe Board. Dairysafe's risk management policies are in accordance with the *Risk Management Policy Statement* issued by the Premier and Treasurer and the principles established in the Australian Standard *Risk Management Principles and Guidelines.* Dairysafe's exposure to financial risk (liquidity risk, credit risk and market risk) is low due to the nature of the financial instruments held.

Categorisation of financial instruments

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 instrument are disclosed in the respective financial asset/financial liability note.

Classification of financial instruments

Dairysafe measures all financial instruments at amortised cost.

Category of financial asset and financial liability	2020 Carrying amount/ Fair value ($'000)	2019 Carrying amount/ Fair value ($'000)
Financial assets		
Cash and cash equivalents		
Cash and cash equivalents	567	502
Financial assets at amortised cost		
Receivables	49	17
Total financial assets	**616**	**519**
Financial liabilities		
Financial liabilities at amortised cost		
Payables	14	47
Total financial liabilities	**14**	**47**

Government of South Australia

Auditor-General's Department

INDEPENDENT AUDITOR'S REPORT

Level 9
State Administration Centre
200 Victoria Square
Adelaide   SA 5000

Tel   +618 8226 9640
Fax   +618 8226 9688

ABN 53 327 061 410

audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Chair
Dairy Authority of South Australia

Opinion

I have audited the financial report of the Dairy Authority of South Australia for the financial
year ended 30 June 2020.

In my opinion, the accompanying financial report gives a true and fair view of the financial
position of the Dairy Authority of South Australia as at 30 June 2020, its financial performance
and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions
issued under the provisions of the *Public Finance and Audit Act 1987* and Australian
Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2020
- a Statement of Financial Position as at 30 June 2020
- a Statement of Changes in Equity for the year ended 30 June 2020
- a Statement of Cash Flows for the year ended 30 June 2020
- notes, comprising significant accounting policies and other explanatory information
- a Certificate from the Chair, Chief Executive Officer and the Chief Financial Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and
Australian Auditing Standards. My responsibilities under those standards are further
described in the 'Auditor's responsibilities for the audit of the financial report' section of my
report. I am independent of the Dairy Authority of South Australia. The *Public Finance and
Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit,
the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants*
(including Independence Standards) have been met.

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

Responsibilities of the Chief Executive Officer and the members of the Authority for the financial report

The Chief Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The members of the Authority are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 3l(l)(b) of the *Public Finance and Audit Act 1987,* I have audited the financial report of the Dairy Authority of South Australia for the financial year ended 30 June 2020.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.
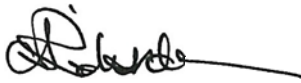
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dairy Authority of South Australia's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer

- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive Officer and the members of the Authority about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

Andrew
Richardson
Auditor-General
30 September 2020