



# DAIRY AUTHORITY OF SOUTH AUSTRALIA

## 2020-21 Annual Report

CSIRO Building 1, Gate 4, Waite Road, Urrbrae

PO Box 140, Glen Osmond, SA 5064

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

Contact phone number: +61 8 8223 2277

Contact email: admin@dairy-safe.com.au

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**OFFICIAL**

2020-21 ANNUAL REPORT for the Dairy Authority of South Australia (t/as Dairysafe)

To:

Hon. David Basham MP

Minister for Primary Industries and Regional Development

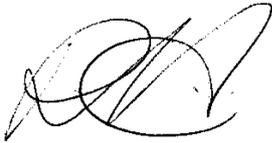
This annual report is to be presented to Parliament to meet the statutory reporting requirements of the *Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017*, the *Public Sector Act 2009* and the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

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)**

A handwritten signature in black ink, appearing to be 'RH', written in a cursive style.

Signature

Date: **21 September 2021**

## **From the Dairysafe Chair**

On behalf of the Dairysafe Board, it is a pleasure to present the Annual Report and financial accounts for 2020-2021.

The 2020-2021 year has been one of further growth and development for Dairysafe. During this period, we finalised the 2017-2020 Strategic Plan and commenced a new strategic term. The focus of the 2017-2020 Plan was to enable the dairy community to embrace a food safety culture, and this year's Report illustrates that throughout the year Dairysafe delivered on the commitments, aims and objectives of the 2017-2020 Plan. I can confidently say Dairysafe successfully realised the strategic goals of this plan by:

- Becoming the benchmark and leaders in dairy food safety
- Protecting the food safety reputation of South Australian dairy
- Collaboratively promoting food safety culture
- Delivering an engagement and communication plan relevant to the South Australian dairy industry
- Modernising Dairysafe

A significant outcome delivered during this reporting period, aligned to modernising the organisation, was the disposal of the property at 33 Hutt Street, Adelaide and the purchase of alternative accommodation in Parkside. The decision to sell the Hutt Street property was due to the premises no longer being fit for purpose.

The 2017-2020 Plan has been renewed by Dairysafe's 2021-2024 Strategic Directions. The renewed strategy is the result of extensive and positive consultation with industry partners and stakeholders. The focus on food safety culture remains, however the new Plan also recognises Dairysafe's leadership role in contributing to the future sustainability and growth of the industry and for the ultimate safety of the consumer. As a result, our strategic priorities have been stretched to include:

- Connecting the industry, and
- Building industry and consumer confidence

The collective strategic objectives from the past and new plans continue to support the South Australian dairy industry's reputation for producing safe high-quality products, which is validated by the following 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

The Dairysafe Board is committed to maintain its pursuit of excellence and best practice in partnership with industry for the betterment of the industry. We are motivated by keeping consumers safe, delivering value to businesses through consistent food safety regulation and minimal regulatory burden, and by supporting businesses to be resilient, sustainable, innovative and growing.

In terms of these goals, Dairysafe has delivered the following initiatives in this period:

2020-21 ANNUAL REPORT for the Dairy Authority of South Australia (t/as Dairysafe)

- an online Business Continuity tool for dairy processors
- a data management system to manage accreditation, audit, incident and complaints
- an inaugural 'Food Safety Culture Award' to recognise champion dairy processors
- funding approval for a farm Business Continuity tool

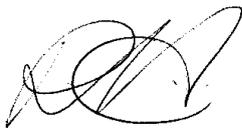
As a statutory authority, we are mindful, being funded solely by industry fees, that we must work smart and lean, and I'm pleased to report Dairysafe continues to satisfy its statutory obligations while performing at a high level with no increase in fees over the past 3 years.

Dairysafe's successful relationship with QCONZ as a third-party audit provider concluded during 2020. Dairysafe now delivers all audit and verification services for the SA dairy sector, including export from 2021. We feel these arrangements will provide industry with improved connection and enhanced access to knowledge sources and will identify potential assistance programs that complement regulatory guidance.

Our relationships and cooperation with industry partners and stakeholders 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.

This Report outlines the work completed and Dairysafe's performance during the 2020-2021 period.

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 2020-2021.



**Presiding Member**

Dairy Authority of South Australia (trading as Dairysafe)



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## 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 260 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 the manufacture of dairy products from pasteurised 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**

<p><b>Our Purpose</b></p>	<p>Dairysafe is an independent statutory authority established under regulation 7 of the <i>Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017</i>.</p> <p>Dairysafe is the accreditation body for the dairy industry food safety scheme in South Australia and is funded by industry accreditation fees.</p> <p>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.</p> <p>Dairysafe achieves this by accrediting dairy farmers, dairy transporters and dairy processors and verifying their capacity and performance in complying with food safety standards.</p> <p>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.</p>
<p><b>Our Mission</b></p>	<p>To lead the South Australian dairy community to embrace a food safety culture.</p>
<p><b>Our Vision</b></p>	<p>For customers to have confidence in the Dairy Industry.</p>
<p><b>Our Desired Outcomes</b></p>	<ol style="list-style-type: none"> <li>1. To keep consumers safe.</li> <li>2. Delivering value to businesses through consistent food safety regulation and minimal regulatory burden.</li> <li>3. Supporting businesses to be resilient, sustainable and growing.</li> </ol>
<p><b>Our Values</b></p>	<p><b>Leadership</b> – Dairysafe takes a leadership role in the industry to facilitate the future sustainability and growth of the industry and for the ultimate safety of the consumer.</p> <p><b>Excellence</b> – Dairysafe is ambitious in our desire to be recognised as the national and international leader in dairy food safety standards. As such, our commitment to best practice and our pursuit of excellence is relentless. We seek to facilitate best practices to help South Australia’s dairy industry be recognised internationally for food innovation and safety.</p> <p><b>Knowledge</b> – Dairysafe values the creation and dissemination of knowledge for the betterment of the Industry. The South Australian dairy industry regards us not only as an invaluable source of knowledge, but also an essential business partner.</p> <p><b>Independence</b> – As a statutory body financed by industry, the Dairysafe team is recognised for its fiercely independent, unbiased and a-political views. In a position as regulator and</p>

	<p>food safety custodian, the Dairysafe team is entrusted to act with integrity and transparency in every aspect of our business.</p> <p><b>Agility</b> – Dairysafe is recognised for its dynamic and pro-active approach. We partner with industry to provide them with tools and information to ensure their products meet all dairy food safety standards. Our entrepreneurial spirit ensures we are responsive to the needs of industry and endeavour to assist them in being renowned for food innovation and safety.</p>
<p><b>Our Strategic Priorities</b></p>	<p><b>Leading food safety regulation</b> – To keep consumers safe by setting, monitoring and regulating local and national standards.</p> <p><b>Connecting the industry</b> – To create a more knowledgeable and interconnected industry through technology and data.</p> <p><b>Inspiring a safety culture</b> – To lead the South Australian dairy community to embrace a food safety culture.</p> <p><b>Building industry and consumer confidence</b> – To build industry and business confidence that will translate into consumer confidence.</p>
<p><b>Our functions, objectives, goals and outcomes</b></p>	<p><b>Legislative Functions:</b></p> <ol style="list-style-type: none"> <li>1. To administer the dairy industry food safety scheme.</li> <li>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.</li> <li>3. To approve food safety arrangements to be adopted by accredited dairy producers and monitor the implementation of such arrangements.</li> <li>4. To advise the Minister on matters relating to the administration of the Dairy Food Safety Scheme.</li> <li>5. To carry out other functions assigned to the Authority by these regulations or the Minister.</li> </ol> <p><b>Strategic Priorities / Goals / Desired Outcomes:</b></p> <p><u>Strategic Priority #1: Leading food safety regulation</u></p> <p><u>Goal:</u> To keep consumers safe by setting, monitoring and regulating local and national standards</p> <p><u>Desired Outcomes:</u></p> <ol style="list-style-type: none"> <li>1. Fit-for-purpose risk-based verification</li> <li>2. Regulatory solutions for food safety gap areas</li> <li>3. Industry thought leadership</li> </ol>

**Strategic Priority #2: Connecting the industry**

**Goal:** To create a more knowledgeable and interconnected industry through technology and data

**Desired Outcomes:**

1. Defined industry information requirements
2. Implementation of a platform to access information and provide ongoing eco-system development

**Strategic Priority #3: Inspiring a food safety culture**

**Goal:** To lead the South Australian dairy community to embrace a food safety culture

**Desired Outcomes:**

1. Advice regarding maintaining a safe dairy culture
2. Learning pathways for businesses and individuals
3. Leadership in industry alignment and streamlining
4. A collaborative 'co-ownership' safety culture across the industry

**Strategic Priority #4: Building industry and consumer confidence**

**Goal:** To build industry and business confidence that will translate into consumer confidence

**Desired Outcomes:**

1. Available tailored business and individual learning programs
2. Strong safety reputation
3. Recognised industry champions
4. Confidence in the industry
5. Industry growth, premium products, increased productivity

**Strategic Priority #5: Organisation capabilities to deliver**

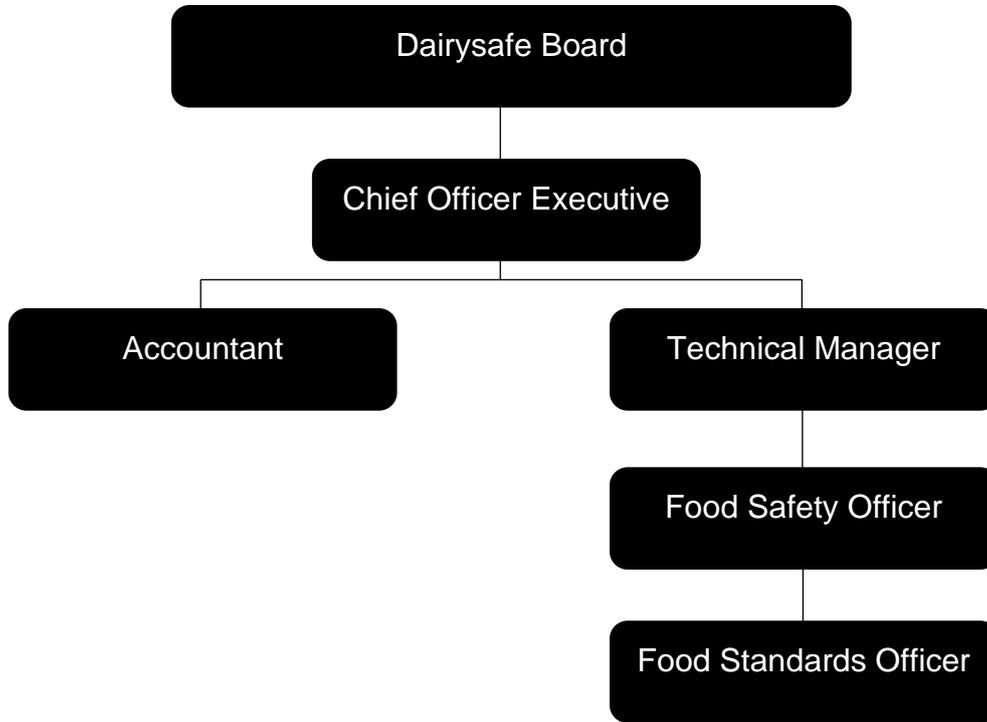
**Goal:** To invest in the capabilities of the organisation to ensure it can deliver the strategy

**Desired Outcomes:**

1. Trusted and respected auditors / regulator
2. Sought out for advice and thought leadership
3. Platform of information and knowledge

### Our organisational structure

Dairysafe is a small Authority consisting of a statutory Board of three (3) and small operational team comprising 4.4 fulltime equivalent staff.



### Changes to Dairysafe

During 2020-21 there were no changes to the agency’s structure and objectives as a result of internal reviews or machinery of government changes however the organisation completed a strategic review which resulted in the [Dairysafe 2021-2024 Strategic Directions](#).

### Our Minister

The Hon. David Basham MP was appointed as the Minister for Primary Industries and Regional Development in July 2020. The Minister’s portfolio includes responsibility for agriculture, food and fisheries, and forests.

### 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 2020-2021 the Dairysafe Board included:

<b>Presiding Member (Chair)</b>	Ms Roseanne Healy
<b>Board Member</b>	Mr Michael Connor
<b>Board Member</b>	Mr George Kamencak

The Board met on 8 occasions in 2020-2021. A summary of outcomes achieved by the Board during this reporting period is provided in the Corporate Performance Summary within this report.



**Roseanne Healy** is an experienced non-executive director who has served on the boards of not-for-profit and ASX listed companies, as well as statutory corporations in the corporate finance, agribusiness and innovation sectors. She is an accomplished Director and Board Chair with responsibilities across food, wine, facilities management, agriculture, space, digital health and fintech and as a graduate of the Kauffman Centre for Entrepreneurial Leadership, a trusted advisor to start-ups supporting founders, growth programs and investors.



**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.



**George Kamencak** joined the Board on 1 July 2020 and has over 20 years' experience in corporate governance, law and compliance across the public and private sector. George is lecturer and facilitator of the Graduate Diploma Legal Practice, Consumer Law Practice Course, and an appointed Consumer Court Assessor for the District and Magistrates Court. He has held roles in Consumer and Business Services (Attorney General's Department), and as the SA Regional Director for the ACCC. His involvement in state and national committees has covered product standards, liquor, gambling, and building industry regulation, and maintains an active role with the Law Council of Australia. In addition to his legal qualifications, George holds a Master of Laws and Management (UNSW Sydney).

### **Dairysafe Operational Team**

Five Dairysafe employees make up the operational team as at 30 June 2021. This is a mix of full time and part time staff, with 4.4 full-time equivalents in 2020-21.

The Dairysafe operational team includes a Chief Executive Officer, Accountant, Technical Manager, Food Safety Officer and a Food Standards 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:

<b>Chief Executive Officer</b>	Geoff Raven
<b>Accountant</b>	Rocco Galluccio
<b>Technical Manager</b>	Craig Heard
<b>Food Safety Officer</b>	Fiona Little
<b>Food Standards Officer</b>	Derene Szczerba



**Legislation administered by Dairysafe**

*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)**

Department of Primary Industries and Regions

## Dairysafe’s performance

### Performance at a glance

The following table summarises Dairysafe’s key strategic goals, deliverables, and performance highlights for the 2020-2021 period.

### 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	<ul style="list-style-type: none"> <li>• Ensuring food safety regulation does not stifle innovation.</li> <li>• Verifying compliant food safety arrangements across industry to support confidence and market access.</li> <li>• Establishing and maintaining an operating environment which is responsive to the needs of SA’s dairy industry.</li> </ul>
Lower costs	<ul style="list-style-type: none"> <li>• Reducing duplication and red tape between food safety and biosecurity regulators that can impact business costs.</li> <li>• Streamlined industry accreditation system.</li> <li>• Maintaining operational costs at a level which allows industry fees to be maintained at reasonable and sustainable levels.</li> <li>• Ensuring the dairy industry maintains robust food safety programs that minimise negative public health and industry impacts.</li> </ul>
Better Services	<ul style="list-style-type: none"> <li>• Adding value to dairy businesses through the delivery of the regulatory audit process.</li> <li>• Being an open, communicative, and transparent organisation.</li> <li>• Development of a business continuity model for use by dairy processors to reduce their exposure to business continuity breakdown.</li> </ul>

## **National Production**

Dairy is one of Australia's most important rural industries, producing about 8.796 billion litres of milk in 2020-2021 and directly employing approximately 46,200<sup>1</sup> people. It is the fourth-largest rural industry in Australia generating \$4.8 billion in farm gate value. There are around 5,055 registered dairy farms operating in Australia and approximately 1.411 million dairy cows<sup>2</sup>.

### **Snapshot - the South Australian Dairy Industry**

South Australia's dairy industry accounts for five to six 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 499.1 million litres of milk from around 198 dairy (cow) farms during 2020-2021, an increase of 1.25% on 2019-2020 production. During 2020-2021 dairy farm numbers (cows) decreased by 3.9%, from 206 at 30 June 2020 to 198 at 30 June 2021. In addition to these, there were one sheep, five goat, two buffalo and one camel dairy operating in 2020-2021. Four 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 has increased from 93 cows in 1985 to 279 cows. In comparison, the majority (65%) of South Australian dairy farms hold between 101 and 500 milking cows, with the average herd size in South Australia in 2020-2021 being 349, a significant increase from the average herd size of 78 in 1984.

### **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 (58%), followed by the Central region (39%), with the smallest production occurring in the Mid North region (3%).

### **Herd size, farms and milk production across the regions**

There were around 69,100 milking cows in South Australia in 2020-2021 contributing to the production of around 499 million litres of milk. Over half (58%) of milk produced occurs in the South-East, which has less than half (41%) of the State's dairy farms but over half (57%) of the SA milking herd.

<sup>1</sup>Dairy Australia – Australian Dairy Industry in Focus 2020

<sup>2</sup>Dairy Australia – Cow & Farms Data

**Milk production and yield**

During 2020-2021 the South Australian dairy industry produced 499 million litres of cow's milk from just over 69,000 cows, with an average yield of around 7,220 litres per cow. This compares with 3,650 litres/cow in 1985 and 6,820 litres/cow in 2018-2019, indicating continued improvements in yield. The yield is greatest in the Central region (7,440 ltrs/cow), compared to the South-East (7,360) and the Mid North (4,200). Australia's national average yield in 2019-2020 was 6,170 ltrs/cow<sup>1</sup>.

**Farm production**

The South-East region has the largest dairy farms with an average 483 cows/farm, significantly more than in the Central region (268) and more than double the Mid North (196). The milk yield per farm is greatest in the South-East (3,554,100 litres/farm), followed by the Central (1,996,020) region, with the yield in the Mid North significantly lower at 822,100 litres/farm.

**Contribution to national milk production**

Annual milk production increased slightly in 2020-2021 in a number of jurisdictions (NSW, Vic, SA & Tas) contributing to an overall increase in national production of 0.64%. South Australia's annual production across the 2020-2021 period increased by 1.25%, contributing around 5.6% of national production.

**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 is required in the following business 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 arrangement and by demonstrating compliance with Standard 4.2.4 of the *Food Standards Code*.

**Dairy farms**

As at 30 June 2021 there were 207 accredited dairy farms (198 cow dairies). Over the course of this reporting period, nine dairy farm accreditations were either handed back or transferred, and one new accreditation was granted.

There is a continued downward trend in dairy farm numbers in South Australia and across Australia's dairy regions. Over this reporting period the number of dairy farms reduced by around 4%. But while the number of farms has decreased the average

<sup>1</sup> Dairy Australia – Yield

herd size continues to slowly increase in South Australia, being 349 for this period compared to 337 milking cows in 2019-2020.

In South Australia, 15% of farms have 100 or less milking cows, 65% have between 101 and 500 cows, 17% have between 501 and 1000 cows, and 3% have a herd size greater than 1000.

### **Dairy processors**

As at 30 June 2021 there were 46 accredited dairy processors. Over the course of reporting period, four dairy processor accreditations were handed back, and two new 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 fifteen dairy processors that also hold export registration with the Commonwealth Department of Agriculture, Water and the Environment. Dairysafe staff participated in audits of export registered processors in conjunction with Commonwealth Department staff during this reporting period.

In South Australia, 43.5% have between 1 and 10 employees, 45.6% of processors have between 11 and 100 employees, and 10.9% have greater than 100 employees.

### **Dairy transporters**

As at 30 June 2021 there were nine dairy transporters accredited to transport bulk raw milk. Three are commercial transport companies, with the remaining six being accredited dairy processors that transport bulk raw milk. During the 2020-2021 period one accreditation was revoked and thirteen farms and/or processors had 'transport of raw milk' included as an activity under their existing accreditation.

### **Dairy industry workforce**

Employment in dairy sector across farming and manufacture:

- Total SA employment in dairy cattle farming is 900 (ABS averaged over 4 quarters to May 2021)
- Total SA employment in dairy product manufacturing is 786 (REMPPLAN 2019-20)

**Milk production statistics**

<b>Industry Milk Production Statistics</b>						
Production by farm, cow, and region over time – comparative data from 1974 to 2021 (NB: average of beginning and end of year)						
<b>Region</b>	<b>Milk (litres)</b>	<b>Cows</b>	<b>Farms</b>	<b>Litres/farm</b>	<b>Cows/farm</b>	<b>Litres/cow</b>
Mid North	15,620,000	3,718	19	822,105	196	4,201
Central	195,610,000	26,268	98	1,996,020	247	7,447
South East	287,880,000	39,103	81	3,554,074	483	7,362
<b>Annual South Australian Totals</b>						
2021	499,110,000	69,089	198	2,520,756	349	7,224
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

**Dairysafe specific objectives and performance**

Agency objectives	Indicators	Performance	Outcome
<b>1. Leading food safety regulation</b>	i. Tiered verification system ii. Recognition of standards iii. Audit rating by customers iv. Less audit activity and expense for customers v. Export auditor authorisation achieved vi. Policy position on additional schemes supported vii. Valued thought leadership viii. Valued contribution to policy & protocols	Audit burden for dairy processors based on risk and compliance outcomes  Dairysafe conducts joint export audits with the Commonwealth Department of Agriculture, Water and the Environment (DAWE)  MoU <sup>1</sup> with DAWE finalised. DAWE training of Dairysafe staff completed. Export audits due to commence in 2 <sup>nd</sup> half of 2021  Positive contribution to consultation processes on national Food Regulation Modernisation project; Submission provided to SA Productivity Commission's inquiry into food regulation  National antibiotic management policy endorsed	✓   ✓  ✓  ✓  ✓
<b>2. Connecting the industry</b>	i. Industry supports development of information platform ii. Industry values Dairysafe's information platform iii. Positive industry partnership iv. Effective communications plan v. Risk and trends program established	Communications Plan endorsed by Board in May 2021  Communication of dairy food safety learnings provided via multiple mechanisms - E-news; Bulletins; email; webinars, and Website  <ul style="list-style-type: none"> <li>○ Bulletins – 4 issued</li> <li>○ E-news – 4 editions published: 44.25% open rate (industry average 21%)</li> <li>○ Website – further development, including access to digitised Business Continuity Model and listeria training webinars</li> </ul>	✓  ✓  ✓  ✓  ✓

<sup>1</sup> Memorandum of Understanding

Agency objectives	Indicators	Performance	Outcome
		<ul style="list-style-type: none"> <li>o Email comm's</li> </ul> Stakeholder survey completed in June 2021 provides positive indication of industry and stakeholder support	✓ ✓
<b>3. Inspiring a food safety culture</b>	i. Minimum skills & knowledge pre-requisites established as conditions of accreditation ii. Advisory program meets stakeholder expectations iii. Learning pathway/s available iv. Co-ownership Model adopted	'Dairysafe Food Safety Culture Award' included in the 2021 SA Dairy industry awards - \$5,000 education, training and development grant	✓
<b>4. Building industry and consumer confidence</b>	i. Education & technical program in place ii. Suite of regulation support tools established iii. Learning development pathways in place iv. Dairysafe industry awards are valued v. Business Continuity Model used by farmers vi. SA ranked #1 in quality and safety benchmarks	Facilitated successful development of online pasteurisation course Five industry workshops on listeria management delivered June 2021 Four listeria management webinars completed and available on website Processor web-based Business Continuity Model completed and available on website Funding secured to develop farm business continuity tool. <b>NIL</b> foodborne illness associated with SA dairy products <b>NIL</b> trade and consumer level recalls <b>NIL</b> antibiotic residue in dairy products <b>NIL</b> dairy products with pathogens at retail level	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

Agency objectives	Indicators	Performance	Outcome
		<p>Industry compliant with regulatory standards</p> <ul style="list-style-type: none"> <li>○ <b>NIL</b> critical non-conformance found at audit</li> <li>○ Reduction in non-compliance identified at audit</li> <li>○ 250 audits completed</li> </ul> <p>Timely and professional management of food safety incidents with positive outcomes</p> <ul style="list-style-type: none"> <li>○ 16 incidents managed – <b>NIL</b> negative outcomes</li> </ul> <p>Effective management of dairy sector complaints</p> <ul style="list-style-type: none"> <li>○ 5 complaints effectively managed</li> </ul>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>
<p><b>5. Organisation capabilities to deliver</b></p>	<p>i. Auditor/regulator development program established</p> <p>ii. Technical development training program in place</p> <p>iii. Stakeholders value the Dairysafe partnership</p> <p>iv. Technology &amp; data is a strength</p> <p>v. Dairysafe acknowledged as innovative</p> <p>vi. Stakeholders value Dairysafe communications</p> <p>vii. Robust business risk management program</p> <p>viii. Dairysafe's industry knowledge is valued</p>	<p>Dairysafe QMS IT system developed and commissioned</p> <p>Staff self-led strength-based performance development plans implemented</p> <p>Staff member completed 'Audit Heat Treatment Process' certificate</p> <p>Staff maintain nationally recognised auditor scopes for all industry sectors</p> <p>Technical Manager completed 'Graduate Certificate in Public Sector Management'</p> <p>Dairysafe risk management framework developed, endorsed and implemented</p> <p>Industry profile established for farm and processor sectors</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>

Agency objectives	Indicators	Performance	Outcome
		Continued certification of Dairysafe’s regulatory management system to the international ISO 9001:2015 Quality Standard	✓

**Corporate performance summary - Dairysafe Board outcomes**

**Governance**

- The Board developed and endorsed the Dairysafe Risk Management Framework 2021-2024
- Dairysafe developed and implemented it’s Procurement Framework in accordance with Treasurer’s Instruction 18
- DASA/Dairysafe Records Disposal Schedule 2020/12 v1 was developed and subsequently approved by the State Records Council and is compliant with requirements of the *State Records Act 1997*
- Monthly financial reporting was provided to every Board meeting
- A positive budget outcome was achieved for 2020-2021
- There was a **NIL** increase to dairy industry accreditation fees
- Full compliance with reporting Government reporting requirements was achieved, and no matters were brought to Dairysafe’s attention
- The Auditor General’s Department assessment returned an unadjusted and unqualified audit of Dairysafe’s financial statements
- The Dairysafe Employee Handbook was reviewed and updated
- 100% of staff have up to date Performance Management and Development Plans
- One staff member completed the Graduate Certificate in Business (Public Sector Management) with QUT
- 8 scheduled Board meetings were completed
- Standing Board meeting agenda items included:
  - Businesses seeking accreditation / revocation of accreditation
  - Finance reports
  - Industry compliance reporting
  - Work, Health & Safety
  - Chief Executives Report
  - Director Conflict of Interest

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- Policy development and review - 3 policies were reviewed, amended and endorsed; 13 policies were reviewed & endorsed
- Dairysafe's FOI & Confidentiality policy has been reviewed against the government protocols for freedom of information requests provided by State Records. The policy has subsequently been amended to ensure consistency with the protocols.
- A Board performance review was completed

### **Industry Leadership & Development**

- Dairysafe formally approved 3 processor company farm food safety programs
- Dairysafe provided 5 local and regional industry workshops on 'Managing the risk of *Listeria monocytogenes* in dairy manufacture'
- Dairysafe developed a webinar series on 'Managing the risk of *Listeria monocytogenes* in dairy manufacture'
- Dairysafe developed a listeria training evaluation tool for industry to enhance skills and knowledge in this critically important aspect of dairy manufacture
- 4 industry farm food safety programs were approved

### **Work, Health & Safety**

- The Dairysafe WH&S Site Safety Management Plan was reviewed and endorsed
- Dairysafe's Risk Register was reviewed and amended
- Covid-19 management arrangements, including policy and procedures, were reviewed, updated, and maintained
- An active WH&S policy development and review program is in place
- 9 Work, Health & Safety policies were reviewed and endorsed
- There were **NIL** workplace injury claims
- There were **NIL** improvement notices

### **Strategy**

- The Board developed and endorsed the Dairysafe 2021-2024 Strategic Directions
- Budget strategy was completed for the 2021-2022 financial year

### **Communication & Engagement**

- 4 E-news editions were published

**Employment opportunity programs**

<b>Program name</b>	<b>Performance</b>
	Dairysafe did not recruit any employees through a public sector wide employment opportunity program.

**Agency performance management and development systems**

<b>Performance management and development system</b>	<b>Performance</b>
<p>Employee Performance Management and Development (PMD)</p>	<p>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').</p> <p>The PMD documentation ('Agreement') and process is based on templates provided by the Office of the Commissioner for Public Sector Employment.</p> <p>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.</p> <p>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.</p> <p>Ongoing informal one-on-one meetings are held with staff to discuss work priorities, personal support and well-being, training and Work, Health &amp; 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.</p> <p><b>100%</b> of Dairysafe FTE's completed the PMD process over the 2020-2021 reporting period.</p>
<p>Dairysafe maintains the following policies for managing poor performance and misconduct:</p> <ul style="list-style-type: none"> <li>• Fraud and Corruption Policy</li> <li>• Staff Code of Conduct Policy</li> <li>• Termination of Employment Policy</li> <li>• Sexual Harassment Policy</li> </ul>	<p>There were <b>NO</b> instances where these policies were required to be applied during the 2020-2021 reporting period for 100% of Dairysafe FTE's.</p>

**Work health, safety and return to work programs**

<b>Program name</b>	<b>Performance</b>
<p>Work Health and Safety program</p>	<p>WHS is a routine Board meeting agenda item.</p> <p>WHS features as an agenda item on monthly staff meetings.</p> <p>Dairysafe maintains a Site Safety Management Plan to ensure appropriate scheduling of all WH&amp;S activities covering the following elements:</p> <ul style="list-style-type: none"> <li>• worksite inspections</li> <li>• WHS consultation</li> <li>• site induction &amp; visitor management</li> <li>• incident reporting</li> <li>• emergency evacuation</li> <li>• first aid</li> <li>• travelling for work</li> <li>• remote or isolated work</li> <li>• external site visits</li> <li>• personal protective equipment</li> <li>• electrical test and tag</li> </ul> <p>Staff are encouraged to report any WHS incidents, issues or near misses.</p>
<p>Policy and procedure review</p>	<p>All policies remain effective in providing a rigorous framework for the safety of Dairysafe employees. The WH&amp;S policies approved and/or reviewed during this period, include:</p> <ul style="list-style-type: none"> <li>- Emergency plans</li> <li>- Covid-19 Pandemic Policy, Risk Assessment &amp; Work Arrangements</li> <li>- External site visits</li> <li>- Driving</li> <li>- Work, health, and safety policy</li> <li>- Fatigue</li> <li>- Farm environment</li> <li>- Remote work</li> <li>- Travelling for work</li> </ul>

<b>Workplace injury claims</b>	Current year 2020-21	Past year 2019-20	% 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)

<b>Work health and safety regulations</b>	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Number of notifiable incidents ( <i>Work Health and Safety Act 2012, Part 3</i> )	0	0	0%
Number of provisional improvement, improvement and prohibition notices ( <i>Work Health and Safety Act 2012 Sections 90, 191 and 195</i> )	0	0	0%

<b>Return to work costs**</b>	Current year 2020-21	Past year 2019-20	% Change (+ / -)
Total gross workers compensation expenditure (\$)	0	0	0%
Income support payments – gross (\$)	0	0	0%

\*\*before third party recovery

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

**Executive employment in the agency**

<b>Executive classification</b>	<b>Number of executives</b>
Chief Executive Officer	1

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 Dairysafe. The information is unaudited. Full audited financial statements for 2020-2021 are attached to this report in Appendix A.

Total operating income for Dairysafe in 2020-2021 was \$794K, down 0.25% from 2019-2020, but favourable to budget by \$64K mainly due to additional accreditation fees resulting from increased milk production of 1.25%.

Expenditure increased by 1.44% from 2019-2020, but was favourable to budget by \$18K, due mainly to reduced costs associated with contracted audits, printing & stationary, recruitment costs and legal fees. There was a net positive result of \$17K for 2020-2021 which was favourable to budget by \$82K.

Liabilities on 30 June 2021 totalled \$274K principally payables and employee entitlements. This resulted in a 29.4% increase in total equity of Dairysafe from \$2,602K in 2019-2020 to \$3,368K in 2020-2021 principally due to the sale and subsequent purchase of property assets.

<b>Statement of Comprehensive Income</b>	<b>2020-21 Budget \$000s</b>	<b>2020-21 Actual \$000s</b>	<b>Variation \$000s</b>	<b>Past year 2019-20 Actual \$000s</b>
Total Income	730	794	64	796
Total Expenses	(795)	(777)	(18)	(766)
<b>Net Result</b>	<b>(65)</b>	<b>17</b>	<b>82</b>	<b>30</b>
Net revenue from SA Government	-	-	-	<b>65</b>
Gain on disposal of fixed Assets	-	749	749	-
<b>Total Comprehensive Result</b>	<b>(65)</b>	<b>766</b>	<b>831</b>	<b>95</b>

<b>Statement of Financial Position</b>	<b>2020-21 Budget \$000s</b>	<b>2020-21 Actual \$000s</b>	<b>Variation \$000s</b>	<b>Past year 2019-20 Actual \$000s</b>
Current assets	478	2252	1774	636
Non-current assets	2187	1390	(797)	2146
<b>Total assets</b>	<b>2665</b>	<b>3642</b>	<b>977</b>	<b>2782</b>
Current liabilities	67	196	129	95
Non-current liabilities	64	78	14	85
<b>Total liabilities</b>	<b>131</b>	<b>274</b>	<b>143</b>	<b>180</b>
<b>Net assets</b>	<b>2534</b>	<b>3368</b>	<b>834</b>	<b>2602</b>
<b>Equity</b>	<b>2534</b>	<b>3368</b>	<b>834</b>	<b>2602</b>

**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**

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

**Consultancies with a contract value above \$10,000 each**

<b>Consultancies</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
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**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
All contractors below \$10,000 each - combined	Various	\$28,488

**Contractors with a contract value above \$10,000 each**

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
M & S Food Consultants	Preparation & delivery of 5 industry workshops, materials and 4 webinars	\$18,382
Cindie Smart Consulting	Communications planning and delivery, including	\$15,048

<b>Contractors</b>	<b>Purpose</b>	<b>\$ Actual payment</b>
	Enews production, distribution and web publication	
Biz Hub Australia	Development of QMS database and mobile auditing capability, and provision of IT services	\$35,992
Rob DiMonte	Strategic planning & risk management services, including industry consultation, stakeholder facilitation workshop, Board workshops & strategy development	\$14,520
	Total	\$83,942

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 and, in 2020-2021, undertook a comprehensive review of risk and developed and endorsed the Dairysafe Risk Management Framework 2021-2024. The Board routinely reviews 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'
  - 'Procurement, 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.

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- 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.

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
<i>Primary Produce (Food Safety Schemes) (Dairy) Regulations 2017</i>	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 2020-2021 Annual Report satisfies the above requirement.

### Reporting required under the *Carers' Recognition Act 2005*

Not applicable to Dairysafe

## Public complaints

### Number of public complaints reported

<b>Complaint categories</b>	<b>Sub-categories</b>	<b>Example</b>	<b>Number of Complaints 2020-21</b>
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

<b>Complaint categories</b>	<b>Sub-categories</b>	<b>Example</b>	<b>Number of Complaints 2020-21</b>
Service quality	Information	Incorrect, incomplete, outdated 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
		<b>Total</b>	<b>0</b>

<b>Additional Metrics</b>	<b>Total</b>
Number of positive feedback comments	Feedback comments captured as part of Dairysafe 2021 stakeholder survey
Number of negative feedback comments	Feedback comments captured as part of Dairysafe 2021 stakeholder survey
Total number of feedback comments	Feedback comments captured as part of Dairysafe 2021 stakeholder survey
% complaints resolved within policy timeframes	No formal complaints received

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

### **Service Improvements**

In line with PC039 - Complaint Management in the South Australian Public Sector, agencies are required to assess and monitor the performance of their Complaint Management System annually. Identifying trends, measuring customer service quality and make service improvements.

Dairysafe's regulatory management system is certified to the international ISO 9001:2015 quality management standard. As part of the certified system Dairysafe uses several methods to gauge stakeholder satisfaction, which include, but are not restricted to:

- analysis of stakeholder surveys
- client complaints
- analysis of feedback from peak industry bodies

Dairysafe undertakes a stakeholder survey every 2 years. Complaints, opportunities for improvement and trends identified from the stakeholder feedback are reported to the Dairysafe Board.

## **2021 Dairysafe Stakeholder survey**

Survey issued – 3<sup>rd</sup> June 2021 **(2019 stakeholder survey results are provided in bold as a comparison)**

Stakeholder recipients – 291 **(2019 result – 260)**

Responses received – 80 or 27.5% **(2019 result – 74 or 28%)**

**Q1.** Overall, how satisfied are you with the quality of communications from Dairysafe?

- 36.3% very satisfied **(2019 result – 23%)**
- 90% satisfied to very satisfied **(85%)**
- 10% neither satisfied nor dissatisfied **(14%)**
- 0% dissatisfied **(1% dissatisfied)**

**Q2.** Dairysafe is a reliable source of food safety advice.

- 36.7% strongly agree **(2019 result – 19%)**
- 90% agree or strongly agree **(80%)**
- 10% neither agree nor disagree **(20%)**

**Q3.** I have found the Dairysafe website to be informative and useful.

- 15% strongly agree **(2019 result – 4%)**
- 60% agree or strongly agree **(38%)**
- 0% strongly disagree **(7%)**

**Q4.** Can you provide any suggestions on how Dairysafe can improve its website?

- 10.4% Yes
- 89.6% No

**Q5.** Have you had reason to engage with or use Dairysafe's technical support?

- 30.4% (24) Yes
- 69.6% No

**Q6.** If so, how satisfied are you with Dairysafe's technical support?

- 24 of those that have engaged (100%) are satisfied to very satisfied

**Q7.** The frequency of Dairysafe's audits is sufficient to ensure dairy businesses adhere to the food safety standards.

- 80.5% agree to strongly agree **(2019 result – 84%)**
- 3.9% disagree **(4%)**

**Q8.** The Dairysafe audit process provides value to food safety standards at dairy businesses.

- 81.5% agree to strongly agree **(2019 result – 66%)**
- 2.6% disagree **(4%)**

**Q9.** How confident are you in Dairysafe as a food safety standards regulator?

- 30% extremely confident **(2019 result – 19%)**
- 82% very confident to extremely confident **(77%)**
- 1 (1.3%) not so confident **(1.5%)**

**Compliance Statement**

Dairysafe is compliant with Premier and Cabinet Circular 039 – complaint management in the South Australian public sector	Y
Dairysafe has communicated the content of PC 039 and the agency’s related complaints policies and procedures to employees.	Y

**Appendix A: Audited financial statements 2020-21**

## Certification of the Financial Statements

We certify that the:

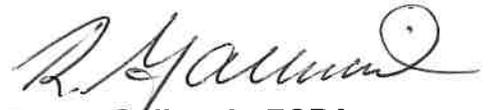
- financial statements of the Dairy Authority of South Australia (trading as Dairysafe):
  - are in accordance with the accounts and records of the Authority; and
  - comply with relevant Treasurer's instructions; and
  - comply with relevant accounting standards; and
  - present a true and fair view of the financial position of the Authority at the end of the financial year and the result of its operations and cash flows for the financial year.
- internal controls employed by the Dairy Authority of South Australia for the financial year over its financial reporting and its preparation of financial statements have been effective.



**Roseanne Healy**  
Chair



**Geoff Raven**  
Chief Executive Officer



**Rocco Galluccio FCPA**  
Chief Financial Officer

Dated 8<sup>th</sup> September 2021

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June 2021

	Note No.	2021 \$'000	2020 \$'000
<b>Income</b>			
Fees and charges	2.1	778	751
Interest	2.2	10	8
Grant income		-	65
Other income	2.3	6	37
Net gain from disposal of property, plant and equipment	2.4	749	-
<b>Total income</b>		<b>1543</b>	<b>861</b>
<b>Expenses</b>			
Employee benefits expenses	3.3	590	496
Supplies and services	4.1	81	119
Depreciation and amortisation	4.2	18	15
Property expenses	4.3	12	27
Travelling expenses		18	11
Other expenses	4.4	58	98
<b>Total expenses</b>		<b>777</b>	<b>766</b>
<b>Net Result</b>		<b>766</b>	<b>95</b>
<b>Total Comprehensive Result</b>		<b>766</b>	<b>95</b>

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 2021

	Note No.	2021 \$'000	2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6.1	2230	567
Receivables	6.2	17	49
Prepaid expenses		5	20
<b>Total current assets</b>		<b>2252</b>	<b>636</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	1342	2126
Intangible assets	5.3	48	20
<b>Total non-current assets</b>		<b>1390</b>	<b>2146</b>
<b>Total assets</b>		<b>3642</b>	<b>2782</b>
<b>Current liabilities</b>			
Payables	7.1	48	23
Employee benefits	3.4	111	47
Other current liabilities	7.2	37	25
<b>Total current liabilities</b>		<b>196</b>	<b>95</b>
<b>Non-current liabilities</b>			
Payables	7.1	3	3
Employee benefits	3.4	75	82
<b>Total non-current liabilities</b>		<b>78</b>	<b>85</b>
<b>Total liabilities</b>		<b>274</b>	<b>180</b>
<b>Net Assets</b>		<b>3368</b>	<b>2602</b>
<b>Equity</b>			
Retained earnings		3368	516
Asset revaluation surplus		-	2086
<b>Total equity</b>		<b>3368</b>	<b>2602</b>

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 2021

	<b>Asset Revaluation surplus \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total Equity \$'000</b>
Balance at 30 June 2019	2086	421	2507
<b>Total comprehensive result for 2019-20</b>	<b>-</b>	<b>95</b>	<b>95</b>
Balance at 30 June 2020	<b>2086</b>	<b>516</b>	<b>2602</b>
Net result for 2020-21	-	766	766
<b>Total comprehensive result for 2020-21</b>	<b>-</b>	<b>766</b>	<b>766</b>
Transfer between equity components	(2086)	2086	-
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>3368</b>	<b>3368</b>

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 2021

	Note No.	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
<b>Cash inflows</b>			
Fees and charges		823	764
Interest received		10	8
Other receipts		6	102
<b>Cash generated from operations</b>		<b>839</b>	<b>874</b>
<b>Cash outflows</b>			
Employee benefits payments		(528)	(485)
Payment for supplies and services		(136)	(286)
<b>Cash used in operations</b>		<b>(664)</b>	<b>(771)</b>
<b>Net cash provided by operating activities</b>		<b>175</b>	<b>103</b>
<b>Cash flows from investing activities</b>			
<b>Cash inflows</b>			
Proceeds from sale of property, plant and equipment		2853	-
<b>Cash Generated from investing activities</b>		<b>2853</b>	<b>-</b>
<b>Cash outflows</b>			
Purchase of property plant and equipment		(1332)	-
Purchase of intangibles		(33)	(18)
Capitalised Expenses		-	(20)
<b>Cash used in investing activities</b>		<b>(1365)</b>	<b>(38)</b>
<b>Cash provided by investing activities</b>		<b>1488</b>	<b>(38)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1663</b>	<b>65</b>
Cash and cash equivalents at 1 July		567	502
<b>Cash and cash equivalents at 30 June</b>		<b>2230</b>	<b>567</b>

The accompanying notes form part of these financial statements.

## 1. About Dairy Authority of South Australia

Dairy Authority of South Australia (Dairysafe) is a 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 with reduced disclosure requirements.

For the purpose of preparing the financial statements, the Authority is a not-for-profit entity. 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 some physical audits for farm and processor have been carried out via remote electronic means.

## 2. 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.

<b>2.1 Fees and charges</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Accreditation fees	778	751
<b>Total fees and charges</b>	<b>778</b>	<b>751</b>

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.

<b>2.2 Interest</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest	10	8
<b>Total interest revenues</b>	<b>10</b>	<b>8</b>

<b>2.3 Other income</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Rental income	6	37
<b>Total other income</b>	<b>6</b>	<b>37</b>

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

<b>2.4 Net gain from disposal of property, plant and equipment</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Property, plant and equipment:</u>		
Net proceeds from disposal	2852	-
Less carrying amount of assets disposed	(2103)	-
<b>Net gain from disposal of assets</b>	<b>749</b>	<b>-</b>

### 3. Board, committees and employees

#### 3.1 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 2020-21 and \$217 000 in 2019/20.

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 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account under section 6 of the *Parliamentary Remunerations Act 1990*.

#### 3.2 Board Members

Members during the 2021 financial year were:

Ms RC Healy  
Mr M Connor  
Mr G Kamencak (appointed 1 July 2020)

#### Board remuneration

	2021 \$'000	2020 \$'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
<b>Total number of members</b>	<b>3</b>	<b>3</b>

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

#### 3.3 Employee benefits expenses

	2021 \$'000	2020 \$'000
Salaries and wages	433	377
Long Service Leave	21	1
Annual leave	38	28
Skills and Experience Retention Leave	3	2
Employment on-costs-superannuation*	51	44
Board fees	44	44
<b>Total employee benefits expenses</b>	<b>590</b>	<b>496</b>

\* 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.

<b>Executive Remuneration</b>	<b>2021 No</b>	<b>2020 No</b>
The number of employees whose remuneration received or receivable falls within the following bands:		
\$154 001 to \$174 000	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

The total remuneration received by those employees for the year was \$170 000 (\$169 000).

The table includes all employees whose normal remuneration was equal to or greater than the base executive remuneration level during the year. Remuneration of the employees reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits and fringe benefits and any fringe benefits tax paid or payable in respect of those benefits as well as any termination benefits for employees who have left DairySafe.

### **3.4 Employee benefits - liability**

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b><u>Current</u></b>		
Accrued salary and wages	10	6
Long service leave	34	-
Annual leave	60	35
Skills and retention experience leave	7	6
<b>Total current employee benefits</b>	<b>111</b>	<b>47</b>
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b><u>Non-current</u></b>		
Long service leave	75	82
<b>Total non-current employee benefits</b>	<b>75</b>	<b>82</b>
<b>Total employee benefits</b>	<b>186</b>	<b>129</b>

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 10.1.

## 4. Expenses

Employee benefits expenses are disclosed in note 3.3.

<b>4.1 Supplies and services</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Computing and communications	11	14
External audit costs *	-	40
Printing and stationery	20	23
Subscriptions	4	3
Legal fees	2	11
Industry workshops	19	16
Strategic development	15	-
Other	10	12
<b>Total supplies and services</b>	<b>81</b>	<b>119</b>

\*During the year there were no external auditors contracted to carry out the regular audits of accredited dairy businesses. All Audits were carried out by Dairysafe staff.

<b>4.2 Depreciation and amortisation</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment	14	15
Intangible assets	4	-
<b>Total depreciation and amortisation</b>	<b>18</b>	<b>15</b>

All non-current assets not held for sale with 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 and amortisation are calculated on a straight-line basis. Property, plant and equipment and intangible assets depreciation and amortization are calculated over the estimated useful life of the follows:

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

### 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.

<b>4.3 Property expenses</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Repairs and maintenance	1	8
Rates and taxes	9	9
Other	2	10
<b>Total property expenses</b>	<b>12</b>	<b>27</b>

<b>4.4 Other expenses</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Audit fees	9	9
Insurance	7	6
Staff training	5	16
Fringe benefits tax	10	10
Workplace health and safety	2	2
Relocation & accommodation	11	18
Other	14	37
<b>Total other expenses</b>	<b>58</b>	<b>98</b>

## 5. Non-financial assets

### 5.1 Property, plant and equipment by asset class

Property plant and equipment comprises owned tangible assets. The assets presented below do not meet the definition of investment property.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Land and buildings</u></b>		
Land at fair value	900	2100
Buildings at fair value	353	-
<b>Total land and buildings</b>	<b>1253</b>	<b>2100</b>
<b><u>Plant and equipment</u></b>		
Plant and equipment at cost (deemed fair value)	109	178
Accumulated depreciation at the end of the period	(20)	(152)
<b>Total plant and equipment</b>	<b>89</b>	<b>26</b>
<b>Total property, plant and equipment</b>	<b>1342</b>	<b>2126</b>

### 5.2 Property, plant and equipment owned by the Dairysafe

Property, plant and equipment owned by Dairysafe with a value equal to or in excess of \$5 000 is capitalised, otherwise it is expensed. Property, plant and equipment owned by the Authority is recorded at fair value.

#### Impairment

Property, plant and equipment owned by Dairysafe has 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.

<b>Reconciliation 2020-2021</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at 1 July 2020	2100	26	2126
Acquisitions	1253	80	1333
Disposals	(2100)	(3)	(2103)
Depreciation	-	(14)	(14)
<b>Carrying amount at 30 June 2021</b>	<b>1253</b>	<b>89</b>	<b>1342</b>

<b>5.3 Intangible assets</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Computer software</b>		
Purchased computer software	84	52
Accumulated amortisation	(36)	(32)
<b>Total computer software</b>	<b>48</b>	<b>20</b>

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 or internal development of software is capitalised only when the expenditure meets the definition and recognition criteria and when the amount of expenditure is greater than or equal to \$5 000.

<b>Reconciliation 2020-2021</b>	<b>Other computer software</b>
	<b>\$'000</b>
Carrying amount at the beginning of the period	20
Additions at cost	32
Amortisation	(4)
<b>Carrying amount at 30 June 2021</b>	<b>48</b>

## 6. Financial assets

<b>6.1 Cash and cash equivalents</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	2230	567
<b>Total cash and cash equivalents</b>	<b>2230</b>	<b>567</b>

<b>6.2 Receivables</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Accreditation fees	14	1
Trade receivables	3	48
<b>Total current receivables</b>	<b>17</b>	<b>49</b>

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.

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

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.

## 7. Liabilities

Employee benefits liabilities are disclosed in note 3.4.

### 7.1 Payables

<u>Current</u>	2021 \$'000	2020 \$'000
Trade payables	29	9
Accrued expenses	10	9
Employment on-costs*	9	5
<b>Total current payables</b>	<b>48</b>	<b>23</b>
<u>Non - Current</u>		
Employment on-costs*	3	3
<b>Total non-current payables</b>	<b>3</b>	<b>3</b>
<b>Total payables</b>	<b>51</b>	<b>26</b>

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-costs

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 remained unchanged

from the 2020 rate of 42% and the average factor for calculation of employer superannuation on-costs has changed from the 2020 rate of 9.8% to 10.1%. 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.

<b>7.2 Other Liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accreditation fees received in advance	37	24
Rent received in advance	-	1
<b>Total current other liabilities</b>	<b>37</b>	<b>25</b>

## **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.

### **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. Outlook**

### **9.1. 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.

The Authority is not aware of any contingent assets or contingent liabilities.

### **9.2. Events after balance date**

There has not been any significant event after balance.

## **10. Measurement and risk**

### **10.1. 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 increased from 2020 (0.75%) to 2021 (1.25%).

This increase in the bond yield, which is used as the rate to discount future long service leave cash flows, results in a decrease 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 left unchanged the salary inflation rate for 2021 from 2020 rate (2.5%) for long service leave liability. As a result, there is no net financial effect resulting from changes in the salary inflation rate.

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

## **10.2. 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 as a part of a restructure of administrative arrangements, then the assets are recognised at book value (i.e. the amount recorded by the transferor public authority immediately prior to the restructure).

### **Revaluation**

Property, plant and equipment, other than right-of-use assets, is subsequently measured at fair value after allowing for accumulated depreciation.

The revaluation process is reviewed by the Chief Executive Officer and Chief Finance Officer and the Board every five years.

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 Practising 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 owned by Dairysafe 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 have not been revalued. The carrying value of these items is deemed to approximate fair value.

## **10.3. Financial instruments**

### **Financial risk management**

Risk management is managed by the Dairysafe Board. Dairysafe's risk management policies are in accordance with the *SA Government Risk Management Guide 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.

<b>Category of financial asset and financial liability</b>	<b>2021 Carrying amount/ Fair value (\$'000)</b>	<b>2020 Carrying amount/ Fair value (\$'000)</b>
<b><u>Financial assets</u></b>		
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	2230	567
<b>Financial assets at amortised cost</b>		
Receivables	17	49
<b>Total financial assets</b>	<b>2247</b>	<b>616</b>
<b><u>Financial liabilities</u></b>		
<b>Financial liabilities at amortised cost</b>		
Payables	38	14
<b>Total financial liabilities</b>	<b>38</b>	<b>14</b>



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 (the Authority) for the financial year ended 30 June 2021.

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 2021, 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 2021
- a Statement of Financial Position as at 30 June 2021
- a Statement of Changes in Equity for the year ended 30 June 2021
- a Statement of Cash Flows for the year ended 30 June 2021
- 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 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.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the entity's ability to continue as a going concern. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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 31(1)(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 2021.

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
- conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 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**  
20 September 2021