

FOOD STANDARDS AUSTRALIA NEW ZEALAND

Entity Resources and Planned Performance

Food Standards Australia New Zealand

Health Portfolio Entity

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Section 1: Entity Overview and Resources

1.1 Strategic Direction Statement

The Australian Government, through Food Standards Australia New Zealand (FSANZ), aims to ensure that Australia's food supply is safe and well managed in order to minimise the risk of adverse health events.

FSANZ was established by the Australian Government to achieve the goals of: a high degree of confidence in the quality and safety of food that is available in Australia and New Zealand; an effective, transparent and accountable regulatory framework within which industry can work efficiently; the provision of adequate information about food to support informed food choices; and the harmonisation of food standards in Australia and New Zealand, and internationally.

Through the operation of treaty arrangements, FSANZ also develops some food standards for New Zealand.

Food standards are implemented through multi-jurisdictional arrangements with the Australian and New Zealand Governments that are overseen by the Australia and New Zealand Ministerial Forum on Food Regulation.

FSANZ also coordinates national food surveillance and food recall activities, provides advice to the Department of Agriculture to assist that Department to control imported foods, and maintains national food composition and food consumption databases.

The role and functions of FSANZ are set out in the *Food Standards Australia New Zealand Act 1991*. FSANZ is a Corporate Commonwealth Entity under the *Public Governance, Performance and Accountability Act 2013*.

1.2 Entity Resources

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and by administered and departmental classifications.

Table 1.1: FSANZ Resource Statement – Budget Estimates for 2015-16 as at Budget May 2015

| | Estimated available appropriation | Estimate of prior year amounts available in | Proposed at Budget | Total estimate |
|---|-----------------------------------|---|--------------------|-------------------|
| | 2014-15 \$'000 | 2015-16 \$'000 | 2015-16 \$'000 | 2015-16 \$'000 |
| Opening balance/reserves at bank | 10,360 | 10,915 | - | 10,915 |
| FUNDS FROM GOVERNMENT | | | | |
| Ordinary annual services¹ | | | | |
| Outcome 1 | 17,479 | - | 17,257 | 17,257 |
| Total ordinary annual services | 17,479 | - | 17,257 | 17,257 |
| Other services² | | | | |
| <i>Non-operating</i> | - | - | - | - |
| Total other services | - | - | - | - |
| Total annual appropriations | 17,479 | - | 17,257 | 17,257 |
| Payments from related entities³ | | | | |
| Amounts from the Portfolio | | | | |
| Department | - | - | - | - |
| Amounts from other agencies | - | - | - | - |
| Total payments | - | - | - | - |
| Total funds from Government | 17,479 | - | 17,257 | 17,257 |
| FUNDS FROM OTHER SOURCES | | | | |
| Interest | 320 | - | 320 | 320 |
| Sale of goods and services | 100 | - | 100 | 100 |
| Other | 1,749 | - | 1,749 | 1,749 |
| Total other sources | 2,169 | - | 2,169 | 2,169 |
| Total net resourcing for FSANZ | 30,008 | 10,915 | 19,426 | 30,341 |

All figures are GST exclusive.

The FSANZ is not directly appropriated as it is a Corporate Commonwealth entity. Appropriations are made to the Department of Health, which are then paid to the FSANZ and are considered 'departmental' for all purposes.

1 Appropriation Bill (No. 1) 2015-16.

2 Appropriation Bill (No. 2) 2015-16.

3 Funding provided by a Government entity that is not specified within the annual appropriation bills as a payment to the corporate entity.

1.3 Budget Measures

Section 1.3 is not applicable to FSANZ.

Section 2: Outcomes and Planned Performance

2.1 Outcomes and Performance Information

A safe food supply and well-informed consumers in Australia and New Zealand, including through the development of food regulatory measures and the promotion of their consistent implementation, coordination of food recall activities and the monitoring of consumer and industry food practices

Outcome Strategy

The Australian Government aims to ensure that all Australians have access to a safe food supply and adequate, accurate information to make informed choices about the food they consume.

Regulation is a critical component of the cooperative framework established to deliver safe food in Australia. Food standards developed by FSANZ are based on risk analysis using the best available scientific and other relevant evidence. FSANZ supports the Australian Government to build consumer confidence in food regulation by improving communication with technical and non-technical audiences. FSANZ will continue to promote the use of the internet and other electronic communication tools to enhance its consultation on standards development and the provision of information about food safety and food regulation.

In 2015-16, FSANZ will continue to work with jurisdictions to implement improvements to surveillance and recall protocols, extend the operation of the National Food Incident Response Protocol to include New Zealand, and enhance the effectiveness of traceability requirements.

FSANZ Budgeted Expenses and Resources

Table 2.1 provides an overview of the total expenses for FSANZ by programme.

Table 2.1: Budgeted Expenses for FSANZ

| | 2014-15 Estimated actual \$'000 | 2015-16 Budget \$'000 | 2016-17 Forward Year 1 \$'000 | 2017-18 Forward Year 2 \$'000 | 2018-19 Forward Year 3 \$'000 |
|--|--|-----------------------------|--|--|--|
| Programme 1.1: Food regulatory activity and services to the Minister and Parliament | | | | | |
| Revenue from Government | | | | | |
| Appropriations through the Portfolio Department | 17,479 | 17,257 | 17,124 | 17,244 | 17,393 |
| Revenues from independent sources | 2,169 | 2,169 | 2,169 | 2,169 | 2,350 |
| Operating deficit (surplus) | - | - | - | - | - |
| Total for Programme 1.1 | 19,648 | 19,426 | 19,293 | 19,413 | 19,743 |
| Total expenses for Outcome 1 | 19,648 | 19,426 | 19,293 | 19,413 | 19,743 |
| | 2014-15 | 2015-16 | | | |
| Average staffing level (number) | 102 | 109 | | | |

Programme 1.1: Food Regulatory Activity and Services to the Minister and Parliament

Programme Objectives

Ensure effective, evidence-based food standards

The Australian Government established FSANZ to develop effective, evidence-based food standards. FSANZ is committed to developing standards with regard to food regulation policies established by the Australia and New Zealand Ministerial Forum on Food Regulation, along the whole of the food supply chain, to help ensure that food in Australia and New Zealand is safe and suitable to eat or drink.

In 2015-16, FSANZ will progress reviews of several standards covering infant formula products, microbiological limits in foods and maximum residue limits for chemicals in food.

Coordinate food regulation to protect public health and safety

The Australian Government aims to ensure that the regulatory coordination activities of FSANZ are conducted with the primary objective of protecting public health and safety. FSANZ will continue to coordinate food recalls across all Australian States and Territories through the Food Industry Recall Protocol and Government Food Recall Protocol. FSANZ will also undertake surveillance activities.

In the event of a major food incident, FSANZ will coordinate the national response under the National Food Incident Response Protocol.

Provide food-related information

A key element in enabling consumers and other stakeholders to make informed decisions about food is through the provision of adequate information. FSANZ maintains a website¹ that contains information for the community, industry, and other stakeholders about how the Australia New Zealand Food Standards Code operates. Increasingly, FSANZ is using social media to deliver food related information.

In December 2011, the Council of Australian Government's Legislative and Governance Forum on Food Regulation agreed its response to the final report of the independent panel for the *Labelling Logic: Review of Food Labelling Law and Policy (2011)*. In 2015-16, FSANZ will continue to provide technical evaluation and advice, review standards, or develop proposals based on the whole-of-government response to recommendations made in the report.

¹ Available at: www.foodstandards.gov.au

Programme 1.1: Deliverables

Qualitative Deliverables for Programme 1.1

Ensure effective, evidence-based food standards

| Qualitative Deliverable | 2015-16 Reference Point or Target |
|---|--|
| Food regulatory measures are considered in a timely manner. | Applications are assessed within 12 months or less as required by the FSANZ Act. |

Coordinate food regulation to protect public health and safety

| Qualitative Deliverable | 2015-16 Reference Point or Target |
|--|--|
| Manage the operation of the National Food Safety Network and coordinate major food incidents under the National Food Incident Response Protocol. | Deliver efficient and effective food incident management through the National Food Safety Network and, when appropriate, the National Food Incident Response Protocol. |

Provide food-related information

| Qualitative Deliverable | 2015-16 Reference Point or Target |
|---|--|
| Participate in the ongoing implementation of the whole-of-government response to the <i>Labelling Logic</i> report. | Provide technical evaluation and advice to support the whole-of-government response in relation to recommendations 6, 12, 17, 26, 34 and 47. |

Quantitative Deliverables for Programme 1.1

Provide food-related information

| Quantitative Deliverable | 2014-15 Revised Budget | 2015-16 Budget Target | 2016-17 Forward Year 1 | 2017-18 Forward Year 2 | 2018-19 Forward Year 3 |
|---|------------------------|-----------------------|------------------------|------------------------|------------------------|
| Consumer and Public Health Dialogue meetings. | 2 | 2 | 2 | 2 | 2 |

Programme 1.1: Key Performance Indicators

Qualitative Key Performance Indicators for Programme 1.1

Coordinate food regulation to protect public health and safety

| Qualitative Indicator | 2015-16 Reference Point or Target |
|--|--|
| Food recalls are effectively coordinated through information sharing and the use of the Food Industry Recall Protocol and Government Food Recall Protocol. | FSANZ's coordination role is effectively demonstrated in the annual report on recall activities, (including evaluation outcomes) to States and Territories, through the Implementation Subcommittee for Food Regulation (ISFR). ² |

Ensure effective, evidence-based food standards

| Qualitative Indicator | 2015-16 Reference Point or Target |
|---|---|
| Food standards are developed with regard to food regulation policy. | The Australia and New Zealand Ministerial Forum on Food Regulation does not seek review of standards approved by FSANZ. |

Quantitative Key Performance Indicators for Programme 1.1

Coordinate food regulation to protect public health and safety

| Quantitative Indicator | 2014-15 Revised Budget | 2015-16 Budget Target | 2016-17 Forward Year 1 | 2017-18 Forward Year 2 | 2018-19 Forward Year 3 |
|---|------------------------|-----------------------|------------------------|------------------------|------------------------|
| Industry satisfaction with FSANZ's recall coordination role. ³ | > 95% | > 95% | > 95% | > 95% | > 95% |

² ISFR was set up by the Food Regulation Standing Committee to foster a consistent approach across jurisdictions to implementing and enforcing food regulation. More information about the ISFR is available at: www.health.gov.au/internet/main/publishing.nsf/Content/foodsecretariat-isc9.htm

³ Based on the assistance and information provided by FSANZ, and the timeliness in which FSANZ acts upon the information provided.

Provide food-related information

| Quantitative Indicators | 2014-15 Revised Budget | 2015-16 Budget Target | 2016-17 Forward Year 1 | 2017-18 Forward Year 2 | 2018-19 Forward Year 3 |
|--|-------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Stakeholder engagement, measured by the number of: | | | | | |
| <ul style="list-style-type: none"> • stakeholders receiving information via website publications and social media;⁴ and • unique visitors to the FSANZ website. | 5,500 | 52,000 | 57,000 | 60,000 | 62,000 |
| | 850,000 | 850,000 | 850,000 | 850,000 | 850,000 |

⁴ The 2015-16 and forward year targets have been increased to reflect a revision in methodology for counting, which calculates the combined total of FSANZ’s social media followers (approx. 17,000), Food Safety News subscribers (approx. 6,000), website analytics, and distribution figures on publications. The updated figures more accurately reflect social media interaction.

Section 3: Explanatory Tables and Budgeted Financial Statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015-16 Budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and Australian Government Indigenous expenditure.

3.1 Explanatory Tables

3.1.1 Movement of Administered Funds Between Years

Section 3.1.1 is not applicable to FSANZ.

3.1.2 Special Accounts

Section 3.1.2 is not applicable to FSANZ.

3.1.3 Australian Government Indigenous Expenditure (AGIE)

Section 3.1.3 is not applicable to FSANZ.

3.2 Budgeted Financial Statements

3.2.1 Differences in Entity Resourcing and Financial Statements

Section 3.2.1 is not applicable to FSANZ.

3.2.2 Analysis of Budgeted Financial Statements

An analysis of FSANZ's budgeted financial statements for 2015-16 is provided below.

Departmental Resources

Income Statement

FSANZ has projected a breakeven budget in 2015-16 and the forward years.

Revenues

Appropriation revenue in 2015-16 has decreased from 2014-15 largely reflecting the impact of previous increased efficiency dividends on the agency.

Revenue from other sources of \$2.169 million in 2015-16 is expected to remain stable over the forward years. The revenue from other sources is received primarily from the New Zealand Government, cost recovery arrangements for the processing of paid applications to amend the food standards code and interest.

Expenses

Expenditure in 2015-16 is anticipated to be \$19.426 million which is lower than the prior year and in line with the reduction in departmental appropriation.

Employee expenses are anticipated to remain in line with 2014-15 actuals reflecting a stable workforce and no changes in salaries. Supplier expenses will remain stable. This trend is expected to continue over the forward years.

Balance Sheet

Intangible assets increased in 2014-15 reflecting the upgrading of key databases and data modelling systems. A decrease is anticipated across future years as these assets are depreciated over their useful life.

Employee provisions are expected to remain stable.

3.2.3 Budgeted Financial Statements Tables

Table 3.2.1: Comprehensive Income Statement (showing net cost of services) for the period ended 30 June

| | Estimated actual 2014-15 \$'000 | Budget estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 |
|--|--|---|--|--|--|
| EXPENSES | | | | | |
| Employee benefits | 14,298 | 14,337 | 14,337 | 14,337 | 14,337 |
| Supplier expenses | 4,245 | 3,984 | 3,851 | 3,971 | 4,301 |
| Depreciation and amortisation | 1,105 | 1,105 | 1,105 | 1,105 | 1,105 |
| Total expenses | 19,648 | 19,426 | 19,293 | 19,413 | 19,743 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Revenue | | | | | |
| Sale of goods and rendering of services | 100 | 100 | 100 | 100 | 100 |
| Interest | 320 | 320 | 320 | 320 | 320 |
| Other revenue | 1,749 | 1,749 | 1,749 | 1,749 | 1,930 |
| Total revenue | 2,169 | 2,169 | 2,169 | 2,169 | 2,350 |
| Gains | | | | | |
| Other | - | - | - | - | - |
| Total gains | - | - | - | - | - |
| Total own-source income | 2,169 | 2,169 | 2,169 | 2,169 | 2,350 |
| Net cost of (contribution by) services | 17,479 | 17,257 | 17,124 | 17,244 | 17,393 |
| Revenue from Government | 17,479 | 17,257 | 17,124 | 17,244 | 17,393 |
| Surplus (Deficit) | - | - | - | - | - |
| Surplus (Deficit) attributable to the Australian Government | - | - | - | - | - |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Changes in asset revaluation reserves | - | - | - | - | - |
| Total other comprehensive income (loss) | - | - | - | - | - |
| Total comprehensive income (loss) attributable to the Australian Government | - | - | - | - | - |

Table 3.2.2: Budgeted Departmental Balance Sheet (as at 30 June)

| | Estimated actual 2014-15 \$'000 | Budget estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 |
|---|--|---|--|--|--|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 10,915 | 11,470 | 11,794 | 12,294 | 12,794 |
| Receivables | 339 | 339 | 515 | 515 | 515 |
| Total financial assets | 11,254 | 11,809 | 12,309 | 12,809 | 13,309 |
| Non-financial assets | | | | | |
| Land and buildings | 800 | 600 | 620 | 640 | 660 |
| Property, plant and equipment | 625 | 675 | 625 | 575 | 525 |
| Intangibles | 2,409 | 2,004 | 1,534 | 1,064 | 594 |
| Other | 213 | 213 | 213 | 213 | 213 |
| Total non-financial assets | 4,047 | 3,492 | 2,992 | 2,492 | 1,992 |
| Total assets | 15,301 | 15,301 | 15,301 | 15,301 | 15,301 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 644 | 580 | 580 | 580 | 580 |
| Other payables | 1,146 | 1,146 | 1,146 | 1,146 | 1,146 |
| Total payables | 1,790 | 1,726 | 1,726 | 1,726 | 1,726 |
| Interest bearing liabilities | | | | | |
| Leases | 405 | 405 | 405 | 405 | 405 |
| Total interest bearing liabilities | 405 | 405 | 405 | 405 | 405 |
| Provisions | | | | | |
| Employees | 5,466 | 5,530 | 5,530 | 5,530 | 5,530 |
| Other provisions | 312 | 312 | 312 | 312 | 312 |
| Total provisions | 5,778 | 5,842 | 5,842 | 5,842 | 5,842 |
| Total liabilities | 7,973 | 7,973 | 7,973 | 7,973 | 7,973 |
| Net assets | 7,328 | 7,328 | 7,328 | 7,328 | 7,328 |
| EQUITY | | | | | |
| Contributed equity | 1,823 | 1,823 | 1,823 | 1,823 | 1,823 |
| Reserves | 2,102 | 2,102 | 2,102 | 2,102 | 2,102 |
| Retained surpluses or accumulated deficits | 3,403 | 3,403 | 3,403 | 3,403 | 3,403 |
| Total equity | 7,328 | 7,328 | 7,328 | 7,328 | 7,328 |

**Table 3.2.3: Departmental Statement of Changes in Equity — summary of movement
(Budget year 2015-16)**

| | Retained earnings | Asset revaluation reserve | Contributed equity/ capital | Total equity |
|---|----------------------|---------------------------------|-----------------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Opening balance as at 1 July 2015 | | | | |
| Balance carried forward from previous period | 3,403 | 2,102 | 1,823 | 7,328 |
| Surplus (deficit) for the period | - | - | - | - |
| Appropriation (equity injection) | - | - | - | - |
| Estimated closing balance as at 30 June 2016 | | | | |
| | 3,403 | 2,102 | 1,823 | 7,328 |

**Table 3.2.4: Budgeted Departmental Statement of Cash Flows
(for the period ended 30 June)**

| | Estimated actual 2014-15 \$'000 | Budget estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 |
|---|--|---|--|--|--|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Goods and services | 100 | 100 | 100 | 100 | 100 |
| Appropriations | 17,479 | 17,257 | 17,124 | 17,244 | 17,393 |
| Interest | 320 | 320 | 320 | 320 | 320 |
| Net GST received | 519 | 519 | 519 | 519 | 519 |
| Other cash received | 1,749 | 1,573 | 1,573 | 1,749 | 1,930 |
| Total cash received | 20,167 | 19,769 | 19,636 | 19,932 | 20,262 |
| Cash used | | | | | |
| Employees | 14,234 | 14,273 | 14,337 | 14,337 | 14,337 |
| Suppliers | 4,309 | 3,872 | 3,851 | 3,971 | 4,301 |
| Net GST paid | 519 | 519 | 519 | 519 | 519 |
| Total cash used | 19,062 | 18,664 | 18,707 | 18,827 | 19,157 |
| Net cash from (or used by) operating activities | 1,105 | 1,105 | 929 | 1,105 | 1,105 |
| INVESTING ACTIVITIES | | | | | |
| Cash used | | | | | |
| Purchase of property, plant and equipment | 550 | 550 | 605 | 605 | 605 |
| Total cash used | 550 | 550 | 605 | 605 | 605 |
| Net cash from (or used by) investing activities | (550) | (550) | (605) | (605) | (605) |
| FINANCING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Contributed equity | - | - | - | - | - |
| Total cash received | - | - | - | - | - |
| Net cash from (or used by) financing activities | - | - | - | - | - |
| Net increase (or decrease) in cash held | 555 | 555 | 324 | 500 | 500 |
| Cash and cash equivalents at the beginning of the reporting period | 10,360 | 10,915 | 11,470 | 11,794 | 12,294 |
| Cash and cash equivalents at the end of the reporting period | 10,915 | 11,470 | 11,794 | 12,294 | 12,794 |

Table 3.2.5: Departmental Capital Budget Statement (for the period ended 30 June)

| | Estimated actual 2014-15 \$'000 | Budget estimate 2015-16 \$'000 | Forward estimate 2016-17 \$'000 | Forward estimate 2017-18 \$'000 | Forward estimate 2018-19 \$'000 |
|--|--|---|--|--|--|
| CAPITAL APPROPRIATIONS | | | | | |
| Equity injections - Bill 2 | - | - | - | - | - |
| Total capital appropriations | - | - | - | - | - |
| Total new capital appropriations represented by: | | | | | |
| Purchase of non-financial assets | - | - | - | - | - |
| Total items | - | - | - | - | - |
| PURCHASE OF NON-FINANCIAL ASSETS | | | | | |
| Funded by capital appropriations - equity injection ¹ | - | - | - | - | - |
| Funded internally from departmental resources | 550 | 550 | 605 | 605 | 605 |
| Total acquisitions of non-financial assets | 550 | 550 | 605 | 605 | 605 |
| RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE | | | | | |
| Total purchases | 550 | 550 | 605 | 605 | 605 |
| Total cash used to acquire assets | 550 | 550 | 605 | 605 | 605 |

1 Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

Table 3.2.6: Statement of Asset Movements (Budget year 2015-16)

| | Buildings | Other property, plant and equipment | Intangibles | Total |
|---|--------------|---|--------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| As at 1 July 2015 | | | | |
| Gross book value | 1,656 | 1,601 | 4,050 | 7,307 |
| Accumulated depreciation/amortisation and impairment | (856) | (976) | (1,641) | (3,473) |
| Opening net book balance | 800 | 625 | 2,409 | 3,834 |
| CAPITAL ASSET ADDITIONS | | | | |
| Estimated expenditure on new or replacement assets | | | | |
| By purchase - appropriation equity | - | - | - | - |
| By purchase - internal resources | 150 | 200 | 200 | 550 |
| Total additions | 150 | 200 | 200 | 550 |
| Other movements | | | | |
| Depreciation/amortisation expense | (350) | (150) | (605) | (1,105) |
| Total other movements | (350) | (150) | (605) | (1,105) |
| As at 30 June 2016 | | | | |
| Gross book value | 1,806 | 1,801 | 4,250 | 7,857 |
| Accumulated depreciation/amortisation and impairment | (1,206) | (1,126) | (2,246) | (4,578) |
| Closing net book balance | 600 | 675 | 2,004 | 3,279 |