

**FOOD STANDARDS AUSTRALIA
NEW ZEALAND**

FSANZ

Food Standards Australia New Zealand

Health and Ageing Portfolio Agency

Section 1: Agency Overview and Resources	376
1.1: Agency Overview	376
1.2: Agency Resources	377
1.3: 2008-09 Budget Measures.....	377
Section 2: Agency Outcomes and Planned Performance	378
2.1: Summary of Outcome, Agency Resourcing, Outputs and Performance Information	378
Section 3: Budgeted Financial Statements	385
3.1: Explanatory Tables	385
3.2: Analysis of Budgeted Financial Statements	386
3.3: Budgeted Financial Statements Tables	387
3.4: Notes to the Financial Statements	391

Section 1: Agency Overview and Resources

1.1: AGENCY OVERVIEW

Food Standards Australia New Zealand (FSANZ) is established as an independent statutory agency under the *Food Standards Australia New Zealand Act 1991* (FSANZ Act 1991). FSANZ sets food standards working within an integrated food regulatory system involving the governments of Australia and New Zealand, and the Australian states and territories.

FSANZ objectives, in developing or reviewing food standards as set down in legislation, are to: protect public health and safety; ensure the provision of adequate information relating to food to enable informed consumer choice; and prevent misleading and deceptive conduct. FSANZ develops joint food standards, and codes of practice with industry, covering the content and labelling of food sold in Australia and New Zealand. FSANZ also develops Australia-only food standards addressing food safety issues, including requirements for primary production and maximum residue limits for pesticides and veterinary medicines. All measures are designed to impose the minimum regulatory burden necessary for the maintenance of a safe food supply and to adequately inform consumers.

In addition to its standards development work, FSANZ undertakes a range of other functions in Australia on behalf of the Australian Government to underpin the food regulatory system, including: national coordination of food surveillance and food recalls; provision advice to consumers; research; and support for the Australian Quarantine and Inspection Service in the control of imported foods.

FSANZ maintains strong collaborative arrangements with its government partners, industry, consumer organisations, public health bodies and other key stakeholder groups to maximise community support for its work and public confidence in its regulatory decisions. This assists FSANZ in achieving an appropriate balance between the requirements necessary to maintain a safe food supply system, the desire of consumers to have adequate information to make informed choices about the food they buy, and the imperative for the food industry to remain internationally competitive.

Summary of Agency Outcome and Output Groups

The products and services delivered by FSANZ that contribute to the achievement of its outcome are summarised in Table 1.1.1.

Table 1.1.1: Agency Outcome and Output Groups

Outcome	Output Groups
A Safe Food Supply and Well-Informed Consumers	Output Group 1 – Regulatory Activity
	Output Group 2 – Services to the Minister and Parliament

1.2: AGENCY RESOURCES

Table 1.2.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by departmental classification.

The total resourcing for FSANZ in the 2008-09 Budget is \$26.157 million.

Table 1.2.1: FSANZ Resource Statement

	Estimate of prior year amounts available in 2008-09 \$'000	Proposed at Budget 2008-09 \$'000	Total Estimate 2008-09 \$'000	Estimated Appropriation Available 2007-08 \$'000
Opening Balance/Reserves at Bank	5,700	-	5,700	-
REVENUE FROM GOVERNMENT				
Ordinary Annual Services				
Outcome: A safe food supply and well-informed consumers	-	17,185	17,185	18,093
Total Ordinary Annual Services	-	17,185	22,885	18,093
Other Services				
Non-Operating	-	12	12	630
Total Other Services	-	12	12	630
Total Annual Appropriations	-	17,197	28,597	18,723
Payments from Related Entities				
Amounts from the portfolio department	-	-	-	-
Amounts from other agencies	-	-	-	-
Total Related Entities	-	-	-	-
Total Funds from Government	-	17,197	28,597	18,723
FUNDS FROM OTHER SOURCES				
Interest	-	830	830	830
Sale of goods and services	-	600	600	1,340
Other	-	1,830	1,830	1,816
Total Funds from Other Sources	-	3,260	3,260	3,986
Total Net Resourcing for FSANZ	-	20,457	26,157	22,709

1.3: 2008-09 BUDGET MEASURES

Section 1.3 is not applicable to FSANZ in 2008-09.

Section 2: Agency Outcomes and Planned Performance

The Australian Government requires agencies to measure their intended and actual performance in terms of outcomes. Government outcomes are the results, impacts or consequences of actions by the Government on the Australian community. Agencies are required to identify the output groups that demonstrate their contribution to Government outcomes over the coming year.

This section summarises output groups, specifying the performance indicators and targets used to assess and monitor the performance of FSANZ in achieving Government outcomes.

Outcome 1 – A Safe Food Supply and Well-Informed Consumers

2.1: SUMMARY OF OUTCOME, AGENCY RESOURCING, OUTPUTS AND PERFORMANCE INFORMATION

Outcome Summary

The Australian Government is committed to improving the health and well-being of all Australians by ensuring a safe food supply and well-informed consumers in Australia. Safe food and well-informed consumers will assist in maintaining and improving the health of the community while contributing to an internationally competitive food industry. FSANZ assists in achieving this objective through the development of evidence-based food standards supported by collaborative arrangements with stakeholders such as primary producers and processors, manufacturers, retailers, consumer organisations and public health bodies.

Food standards developed by FSANZ are based on risk analysis using the best available scientific evidence.

Key Strategic Directions

- Continue to develop and maintain effective food standards.
- Further improve the evidence-base for food standards setting.
- Collaborate with regulatory partners in producing an effective and seamless food regulatory system.
- Strengthen and evaluate levels of engagement with consumers and other stakeholders.
- Strengthen the capacity to identify and provide an effective and timely response to current and emerging issues related to food.

Major Activities

Effective Food Standards

The Australian Government is committed to improving the health and well-being of Australians through the development of effective food standards that deliver safe food to the Australian community. FSANZ, as the food standards setting agency for the Government, works within an integrated food regulatory system involving the governments of Australia and New Zealand, and the Australian states and territories and is responsive to the needs and requirements of its key stakeholders.

In 2008-09, FSANZ will seek to finalise primary production and processing standards, and associated codes of practice, for poultry meat and a food safety program standard for catering operations to the general public.

FSANZ will also seek to finalise a number of applications relating to the approval of genetically modified foods, food additives and processing aids. FSANZ will continue to progress the development of primary production and processing standards for raw milk and raw milk cheeses, plants and plant products, and meat and meat products. Work is expected to commence on a review of labelling provisions and nutrient reference values in the Food Standards Code.

The major challenge for FSANZ will be ensuring that its resources and processes can deliver the expected outcomes in an increasingly challenging environment of industry innovation, technological changes in food production and processing, and heightened consumer expectation about the safety and quality of food.

Funding for this major activity is sourced from Output Group 1 – Regulatory Activity.

Evidence-Based Standards

The Australian Government food standards setting is underpinned by the FSANZ Act 1991. This ensures that standards developed as part of the food regulatory system are consistent with the best available scientific evidence and other relevant information.

In 2008-09, FSANZ will further advance the implementation of its Science Strategy 2006-09 that encompasses a systematic review of the agency's risk assessment processes and scientific expertise, and the collection of nutrient and economic data. FSANZ will collaborate with other organisations to obtain and share data and methodology through a variety of mechanisms including the Science Network Forum.

FSANZ will also liaise closely with overseas regulatory agencies and international bodies such as the World Health Organization, the Codex Alimentarius Commission, and the Food and Agriculture Organization. These relationships assist FSANZ in gaining access to the latest international developments on food standards to ensure consistency with international approaches. This, in turn, assists Australian industry to maintain and increase opportunities for trade.

A continuing challenge for FSANZ is to maintain ready access to the necessary scientific, economic and consumer behaviour evidence to underpin the standards development process. FSANZ will seek to meet this challenge through a combination of strategies including retention of in-house expertise, and establishing and maintaining close alliances with a range of national and international experts.

Funding for this major activity is sourced from Output Group 1 – Regulatory Activity.

Collaborating Effectively with Regulatory Partners

FSANZ's role in supporting the Australian Government objective of improving the health and well-being of Australians through a robust and effective food regulatory system is complex, as it involves managing relationships with Australian, State and Territory, local and New Zealand governments.

During 2008-09, FSANZ will manage its collaboration with regulatory partners through a range of mechanisms including the Jurisdictional Forum (a FSANZ-specific consultative group), participation at meetings of high-level inter-governmental committees (Food Regulation Standing Committee and the Implementation Steering Committee) and regular bilateral consultations. Regulatory partners also have the opportunity to provide input to FSANZ's work through the public consultation processes established for developing and/or reviewing food standards.

The major benefit to the community of close collaboration between FSANZ and its regulatory partners is consistency of approach to the development and implementation of national food standards. This, in turn, maximises the potential for achieving the desired public health outcomes.

The major challenge for FSANZ will be to ensure these consultative mechanisms remain effective and efficient.

Funding for this major activity is sourced from Output Group 1 – Regulatory Activity and Output Group 2 – Services to the Minister and Parliament.

Consumers and Other Stakeholders

The Australian Government, through FSANZ, will prioritise stakeholder engagements to strengthen community and industry awareness of, and participation in, food standards setting processes. This is important to ensure confidence in the robustness of Australia's food standards and their effective adoption.

During 2008-09, FSANZ will maintain and enhance its relationship with key stakeholder groups through formal consultative mechanisms such as the Consumer Liaison Committee and the Retailers and Manufacturers Liaison Committee. Stakeholders also have the opportunity to provide input to FSANZ's work through the public consultation processes established for developing and/or reviewing standards.

In addition to formal consultative mechanisms, FSANZ will continue to consult bilaterally with stakeholder groups on specific issues. FSANZ also has in place a number of mechanisms to engage the broader community such as the website, dedicated telephone lines for easy community access, mail outs, and regular face-to-face meetings with consumers and stakeholders.

FSANZ is committed to responding to the needs of consumers and stakeholders, and will continue to identify and implement better approaches to stakeholder engagement in 2008-09 through a range of measures, including the use of technologies, such as website upgrades, to maximise opportunities for sharing of information, and consulting with consumers and stakeholders.

The major challenge for FSANZ will be to manage stakeholders' expectations of their influence over standards development. FSANZ will do this by ensuring our consultation

processes allow us to consider consumer and stakeholder views, along with all the other factors we must take into consideration.

Funding for this major activity is sourced from Output Group 1 – Regulatory Activity.

Identification and Response to Emerging Scientific Issues

The Australian Government, through FSANZ, is committed to responding to emerging scientific issues. To meet this commitment, FSANZ is engaged in several fora, including: the Science Network Forum; the International Chemicals Safety Liaison Group; and international bodies such as the Codex Alimentarius Commission, the World Health Organization, and the Food and Agriculture Organization. FSANZ also has formal information exchange agreements with a number of overseas food standards setting bodies.

In 2008-09, FSANZ will provide stakeholders with regular reports on new scientific initiatives addressing food-related issues. FSANZ will continue discussions with stakeholders in key matters such as the management of low levels of agricultural and veterinary chemicals, chemical contaminants, intolerance to food additives, and microbiological contamination in food.

The major challenge for FSANZ in 2008-09 will be to continue to respond to emerging issues in a timely manner. FSANZ will actively monitor scientific developments in Australia and overseas, and build on the established relationships it has with other relevant scientific and regulatory bodies.

Funding for this major activity is sourced from Output Group 1 – Regulatory Activity.

FSANZ Resourcing

Table 2.1.1 shows how the 2008-09 Budget appropriations translate to total resourcing for FSANZ, including revenue from government (appropriations), revenue from other sources, and the total price of outputs.

Table 2.1.1: Total Resources for FSANZ

	2008-09 Total estimate of available resources \$'000	2007-08 Estimated actual \$'000
Output Group 1:		
Departmental Outputs		
Regulatory Activity	17,013	17,995
Revenues from other sources	3,227	3,762
Subtotal for Output Group 1	20,240	21,757
Output Group 2:		
Departmental Outputs		
Services to the Minister and Parliament	172	182
Revenues from other sources	33	224
Subtotal for Output Group 2	205	406
Total Resources for Food Standards Australia New Zealand	20,445	22,163
	2008-09	2007-08
Average Staffing Level (Number)	137	137

Contribution of Administered Programs

There are no administered programs for FSANZ in 2008-09.

Contribution of Departmental Outputs

Output Group 1 – Regulatory Activity

Regulation, through food standards, is a critical component of the overarching framework to deliver safe food to the Australian community. The outputs delivered under this output group include the delivery of activities to ensure effective and appropriate food standards and regulatory measures, and informed stakeholders who engage in, and contribute to, the food standards setting process.

Outputs also include activities to enhance organisational capability and capacity to support the timeliness and rigour of FSANZ's food standards setting process, and to maintain best practice corporate governance arrangements.

The output group's contribution to the outcome is measured by timely development of standards and regulatory measures, stakeholder and consumer engagement in the food standards setting process, and improved organisational capabilities and governance arrangements.

Output Group 2 – Services to the Minister and Parliament

FSANZ's enabling legislation requires it to report to the Australian Parliament through the Minister with portfolio responsibility for FSANZ. The outputs delivered under this output group include Ministerial and Parliamentary briefings and reports, and an annual report to Parliament on FSANZ's operation under the FSANZ Act 1991.

The output group's contribution to this outcome is measured by the timely provision of accurate, relevant and satisfactory briefings to the Parliamentary Secretary.

Performance Information for FSANZ

Performance information for output groups relating to FSANZ are summarised in Table 2.1.2.

Table 2.1.2: Key Performance Information for FSANZ

Performance Information for Departmental Outputs

Indicator	2008-09 Reference Point or Target
Output Group 1 – Regulatory Activity	
Effective and appropriate food standards and regulatory measures underpinned by rigorous evidence-based risk assessments.	All standards to be developed within designated timeframes and supported by evidence-based risk assessments.
Informed stakeholders and consumers who engage in, and contribute to, the food standards setting process.	High levels of engagement by and satisfaction of stakeholders and consumers with the performance of FSANZ.
Enhanced organisational capability and capacity to support the timeliness and rigour of FSANZ's standard setting processes.	All applications managed within statutory timeframes.
Improved, relevant and compliant better practice corporate governance arrangements in place, reflected in the FSANZ Corporate Governance Strategy.	Total compliance with statutory and other external reporting requirements.
Output Group 1 Resourcing: \$20.240m	

Indicator	2008-09 Reference Point or Target
Output Group 2 – Services to the Minister and Parliament	
Timely, accurate and relevant ministerial and parliamentary briefings measured by Parliamentary Secretary satisfaction.	Satisfaction of the Parliamentary Secretary with the quality and timeliness of advice provided.
Output Group 2 Resourcing: \$20.445m	

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements that provide a comprehensive snapshot of agency finances for the Budget year 2008-09. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between the agency and outcome resource statements, movements in administered funds, special accounts and Government Indigenous expenditure.

3.1: EXPLANATORY TABLES

3.1.1: Reconciliation of Total Available Appropriation and Outcomes

3.1.2: Movement of Administered Funds Between Years

3.1.3: Special Accounts

3.1.4: Australian Government Indigenous Expenditure

Section 3.1 is not applicable to FSANZ.

3.2: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of FSANZ's budgeted financial statements for 2008-09 is provided below.

Departmental Resources

Income Statement

FSANZ has projected a breakeven position in 2007-08. This trend is expected to continue in the forward years.

Revenues

Appropriation revenues are anticipated to remain stable in the forward years

Revenue from other sources of \$3.260 million in 2008-09 is expected to remain stable across the forward years. The revenue from other sources is received primarily from the New Zealand Government (\$1.7 million), cost recovery arrangements for the processing of paid applications to amend the food standards code (\$0.6 million), interest (\$0.83 million) and other (\$0.13 million).

Expenses

Expenditure in 2007-08 is anticipated to be \$22.079 million due to the higher workload being experienced by FSANZ.

Employee expenses will increase across the forward years to reflect collectively agreed pay increases.

Supplier expenses will decrease from 2007-08 to 2008-09 and are expected to continue to decrease in the forward years.

Depreciation and amortisation expenses are expected to increase in 2008-09 and the forward years in line with increased capital expenditure in 2007-08.

Balance Sheet

The cash balance is expected to slightly increase over the forward years.

Property Plant and Equipment increased in 2007-08 in line with projected capital expenditure. A decrease is then anticipated across future years as the assets continue to provide service over their useful lives.

Employee provisions are expected to increase over the forward years continuing the trend in recent years.

3.3: BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.3.1: Budgeted Departmental Income Statement (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
INCOME					
Revenue					
Revenues from Government	18,093	17,185	17,547	17,735	17,953
Goods and services	1,340	600	600	600	600
Interest	830	830	830	830	830
Other	1,816	1,830	1,834	1,838	1,842
Total Revenue	22,079	20,445	20,811	21,003	21,225
Gains					
Other	-	-	-	-	-
Total Gains	-	-	-	-	-
Total Income	22,079	20,445	20,811	21,003	21,225
EXPENSE					
Employees	13,702	14,042	14,518	15,013	15,477
Suppliers	8,137	6,033	5,923	5,619	5,377
Depreciation and amortisation	240	370	370	371	371
Total Expenses	22,079	20,445	20,811	21,003	21,225
Surplus/(Deficit)	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.3.2: Budgeted Departmental Balance Sheet (as at 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
ASSETS					
Financial Assets					
Cash and equivalents	5,700	5,912	6,135	6,361	6,579
Trade and other Receivables	288	300	300	300	300
Total Financial Assets	5,988	6,212	6,435	6,661	6,879
Non-Financial Assets					
Land and buildings	1,005	905	815	734	660
Infrastructure, plant and equipment	500	450	405	365	328
Intangibles	20	15	10	5	-
Other	100	100	100	100	100
Total Non-Financial Assets	1,625	1,470	1,330	1,203	1,088
Total Assets	7,613	7,682	7,765	7,864	7,967
LIABILITIES					
Interest Bearing Liabilities					
Leases	67	52	37	22	7
Total Interest Bearing Liabilities	67	52	37	22	7
Provisions					
Employees	3,576	3,683	3,793	3,907	4,025
Other	250	250	250	250	250
Total Provisions	3,826	3,933	4,043	4,157	4,275
Payables					
Suppliers	1,229	1,191	1,191	1,191	1,191
Other	397	400	400	400	400
Total Payables	1,626	1,591	1,591	1,591	1,591
Liabilities included in disposal groups held for sale	-	-	-	-	-
Total Liabilities	5,519	5,576	5,671	5,770	5,873
Net Assets	2,094	2,106	2,094	2,094	2,094
EQUITY					
Parent Entity Interest					
Contributed equity	1,391	1,391	1,391	1,391	1,391
Reserves	325	325	325	325	325
Retained surpluses or accumulated deficits	378	378	378	378	378
Total Parent Entity Interest	2,094	2,094	2,094	2,094	2,094
Total Equity	2,094	2,094	2,094	2,094	2,094
Current assets	6,088	6,312	6,535	6,761	6,979
Non-current assets	1,525	1,370	1,230	1,103	988
Current liabilities	4,947	4,987	5,064	5,145	5,229
Non-current liabilities	572	589	607	625	644

Table 3.3.3: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	Estimated actual 2007-08 \$'000	Budget estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000
OPERATING ACTIVITIES					
Cash Received					
Goods and services	1,276	681	690	690	690
Appropriations	18,093	17,173	17,547	17,735	17,953
Interest	780	780	780	780	780
Other	2,243	2,269	2,261	2,265	2,269
Total Cash Received	22,392	20,903	21,278	21,470	21,692
Cash Used					
Employees	12,940	13,935	14,408	14,899	15,359
Suppliers	8,494	6,553	6,417	6,101	5,859
Total Cash Used	21,434	20,488	20,825	21,000	21,218
Net Cash from or (Used by)					
Operating activities	958	415	453	470	474
INVESTING ACTIVITIES					
Cash Used					
Purchase of property, plant and equipment	817	215	230	244	256
Total Cash Used	817	215	230	244	256
Net Cash from or (Used by)					
Investing Activities	(817)	(215)	(230)	(244)	(256)
FINANCING ACTIVITIES					
Cash Received					
Appropriations - contributed equity	630	12	-	-	-
Total Cash Received	630	12	-	-	-
Net cash from or (Used by)					
Financing Activities	630	12	-	-	-
Net Increase or (Decrease)					
in Cash Held	771	212	223	226	218
Cash at the beginning of the reporting period	4,929	5,700	5,912	6,135	6,361
Cash at the End of the Reporting Period	5,700	5,912	6,135	6,361	6,579

Table 3.3.4: Departmental Statement of Changes in Equity — Summary of Movement (Budget year 2008-09)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening Balance as at 1 July 2008					
Balance carried forward from previous period	378	-	325	1,391	2,094
Surplus (deficit) for the period	-	-	-	-	-
	378				
Transactions with Owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	12	12
Other:					
Restructuring	-	-	-	(12)	(12)
Sub-Total Transactions with Owners	-	-	-	-	-
Estimated Closing Balance as at 30 June 2009	378	-	325	1,391	2,094

3.4: NOTES TO THE FINANCIAL STATEMENTS

The budgeted financial statements for FSANZ are prepared for the Budget year, previous year and three forward years.

Departmental Financial Statements

Budgeted Departmental Income Statement (for the period ended 30 June)

This statement provides a picture of the expected financial results for FSANZ by identifying full accrual expenses and revenues. This highlights whether FSANZ is operating at a sustainable level.

Budgeted Departmental Balance Sheet (as at 30 June)

The statement shows the financial position of FSANZ. It enables decision-makers to track the management of FSANZ's assets and liabilities.

Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

Budgeted cash flows as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by characterising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Statement of Changes in Equity – Summary of Movement (Budget year 2008-09)

This table shows the movements in equity during the Budget year.

