

FOOD STANDARDS AUSTRALIA NEW ZEALAND

Entity Resources and Planned Performance

Food Standards Australia New Zealand

Health Portfolio Entity

FSANZ

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Section 1: Entity Overview and Resources

1.1 Strategic Direction Statement

The Australian Government aims to ensure that Australia's food supply is safe and well managed in order to minimise the risk of adverse health events.

Food Standards Australia New Zealand (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.

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 expand 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.

Through the operation of treaty arrangements, some food standards developed by FSANZ are implemented as food standards in New Zealand.

Food standards are implemented through multi-jurisdictional arrangements with the Australian, New Zealand and State and Territory 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, maintains national food composition and food consumption databases, and provides advice to the Department of Agriculture and Water Resources to assist that Department to control imported foods.

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*. Operational details are contained in the Corporate Plan, which is available on the FSANZ website.

1.2 Entity Resource Statement

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by Outcome (Government strategic policy objectives) and by Administered (on behalf of the Government or the public) and Departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (i.e. appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: FSANZ Resource Statement – Budget Estimates for 2016-17 as at Budget May 2016

	2015-16 Estimated actual \$'000	2016-17 Estimate \$'000
Opening balance/cash reserves at 1 July	11,742	12,297
Funds from Government		
Annual appropriations		
Ordinary annual services ¹		
Outcome 1	17,257	17,184
Other services ²		
Equity injection	-	-
Total annual appropriations	17,257	17,184
Amounts received from related entities³		
Amounts from the Portfolio Department	-	-
Amounts from other entities	-	-
Total amounts received from related entities	-	-
Total funds from Government	17,257	17,184
Funds from other sources		
Interest	320	320
Sale of goods and services	100	100
Other	1,573	1,573
Total funds from other sources	1,993	1,993
Total net resourcing for FSANZ	30,992	31,474
	2015-16	2016-17
Average staffing level (number)	111	108

All figures are GST exclusive.

¹ Appropriation Bill (No. 1) 2016-17.

² Appropriation Bill (No. 2) 2016-17.

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

This section is not applicable to FSANZ.

Section 2: Outcomes and Planned Performance

Government Outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their Outcome statements. Entities are required to identify the programs which contribute to Government Outcomes over the Budget and forward years.

Each Outcome is described below together with its related programs. The following provides detailed information on expenses for each Outcome and program, further broken down by funding source.

Note: From 1 July 2015, performance reporting requirements in the Portfolio Budget Statements sit alongside those required under the Enhanced Commonwealth Performance Framework. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity’s corporate plan and annual performance statement – included in Annual Reports from October 2016 – to provide an entity’s complete performance story.

2.1 Budgeted Expenses and Performance

Outcome 1: 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

Linked Programs

Commonwealth entity and linked program	Contribution to Outcome 1 made by linked programs
Department of Health Program 2.4: Preventive Health and Chronic Disease Support	The Department of Health has strategic responsibility for the development of policies that ensure Australia’s food supply is safe and that Australians have access to information to make informed choices about the food they consume.
Department of Agriculture and Water Resources Program 2.1: Biosecurity and Export Services	The Department of Agriculture and Water Resources administers the Imported Food Program, which includes managing the risks to human health and regulating imported food for compliance with Australian food standards. This program contributes to the effectiveness of the Australian food regulatory system which provides confidence to the community that the food supply is safe.

Budgeted Expenses for FSANZ

This table shows how much the entity intends to spend (on an accrual basis) on achieving the Outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted Expenses for FSANZ

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward Year 1 \$'000	2018-19 Forward Year 2 \$'000	2019-20 Forward Year 3 \$'000
Program 1.1: Food regulatory activity and services to the Minister and Parliament					
Revenue from Government					
Ordinary annual services ¹	17,257	17,184	17,301	17,431	17,546
Revenues from independent sources	2,169	2,169	2,169	2,350	2,350
Operating deficit (surplus)	-	-	-	-	-
Total expenses for Program 1.1	19,426	19,353	19,470	19,781	19,896
Total expenses for Outcome 1	19,426	19,353	19,470	19,781	19,896
	2015-16	2016-17			
Average staffing level (number)	111	108			

¹ Appropriation Bill (No. 1) 2016-17.

Table 2.1.2: Performance Criteria for FSANZ

Table 2.1.2 below details the performance criteria for each program associated with Outcome 1.¹ It also summarises how each program is delivered and where 2016-17 Budget measures have created new programs or materially changed existing programs.

Outcome	1: 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
Program	1.1: Food Regulatory Activity and Services to the Minister and Parliament 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. FSANZ develops evidence-based food regulatory measures, coordinates trans-jurisdictional food regulatory activities, and provides information about food regulation in order to enhance confidence in food for sale.
Purpose	To contribute to the cooperative food regulatory system by developing evidence-based standards, providing evidence-based advice, coordinating regulatory responses and providing information about food standards. ²
Delivery	Program activities, intended to benefit the Australian community, will be delivered under the following program objectives: A. Ensuring effective, evidence-based food standards B. Coordinating food regulation to protect public health and safety C. Providing food-related information
Program objective	
A. Ensuring 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 2016-17, FSANZ will continue to progress reviews of several standards covering infant formula products, microbiological limits in foods and maximum residue limits for chemicals in food.	

¹ Progress against the performance criteria published in the 2015-16 Portfolio Budget Statements will be reported in the 2015-16 FSANZ Annual Report.

² This is an abbreviated version of the purpose text that will be reflected in the 2016-17 FSANZ Corporate Plan.

Qualitative performance criteria	2016-17 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.
Food regulatory measures developed by FSANZ are approved by the Australia and New Zealand Ministerial Forum on Food Regulation. ³	Food regulatory measures are considered by the Forum in accordance with the schedule outlined in the FSANZ Work Plan.
Program objective	
B. Coordinating food regulation to protect public health and safety	
<p>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.</p> <p>In the event of a major food incident, FSANZ will coordinate the national response under the National Food Incident Response Protocol.</p> <p>In 2016-17, FSANZ will continue to work with jurisdictions to implement improvements to surveillance and to the food recall protocols and enhance the effectiveness of traceability requirements.</p>	
Qualitative performance criteria	2016-17 Reference point or target
Manage the operation of the Bi-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 Bi-National Food Safety Network and, when appropriate, the National Food Incident Response Protocol.
FSANZ makes a valuable contribution to ensuring that the food regulatory system is implemented consistently. ⁴	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). ⁵

³ This performance criterion has been revised to provide a criterion that more appropriately measures FSANZ's contribution in the legislated system for developing food regulatory measures.

⁴ This performance criterion has been revised to provide a criterion that more appropriately measures FSANZ's contribution and relies on established accountability mechanisms.

⁵ 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



Program objective	
C. Providing food-related information	
<p>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 website⁶ and engages social media to provide information for the community, industry, and other stakeholders about how the Australia New Zealand Food Standards Code operates.</p> <p>FSANZ's success, as a primary, trusted source of information about food and food safety, will be measured via stakeholder satisfaction surveys.</p> <p>In 2016-17, FSANZ will continue to participate in the ongoing implementation of the whole-of-government response to the <i>Labelling Logic: Review of Food Labelling Law and Policy (2011)</i>.⁷</p>	
Qualitative performance criteria	2016-17 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 outstanding recommendations 12 and 34.
FSANZ is recognised as the primary source of information about food standards and food regulation in Australia and New Zealand.	Stakeholders consistently report a high level of satisfaction with FSANZ and the information it provides.
Material changes to Program 1.1 resulting from the following measures:	
There are no material changes to Program 1.1 resulting from measures.	

⁶ Available at: www.foodstandards.gov.au

⁷ Available at: www.foodlabellingreview.gov.au/internet/foodlabelling/publishing.nsf/content/labelling-logic

Section 3: Budgeted Financial Statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016-17 Budget year, including the impact of Budget measures and resourcing on financial statements.

3.1 Budgeted Financial Statements

3.1.1 Differences Between Entity Resourcing and Financial Statements

This section is not applicable to FSANZ.

3.1.2 Explanatory Notes and Analysis of Budgeted Financial Statements

An analysis of FSANZ's budgeted financial statements for 2016-17 is provided below.

Departmental Resources

Income Statement

FSANZ has projected a breakeven Budget in 2016-17 and the forward years.

Revenues

Appropriation revenue in 2016-17 has decreased from 2015-16 largely reflecting the impact of previous increased efficiency dividends on the agency.

Revenue from other sources of \$2.2 million in 2016-17 is expected to remain stable next year than increase slightly 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 2016-17 is anticipated to be \$19.4 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 2015-16 actuals with staff reductions largely offsetting salary increases. Supplier expenses will increase in line with cost recovery increases for paid applications.

Balance Sheet

Non-financial assets are reducing across future years as assets are depreciated over their useful life.

Employee provisions are expected to remain stable.

3.2 Budgeted Financial Statements Tables

Table 3.1: Comprehensive Income Statement (showing net cost of services for the period ended 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
EXPENSES					
Employee benefits	14,337	14,437	14,434	14,432	14,429
Supplier expenses	3,984	3,811	3,931	4,244	4,362
Depreciation and amortisation	1,105	1,105	1,105	1,105	1,105
Total expenses	19,426	19,353	19,470	19,781	19,896
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	1,930	1,930
Total own-source revenue	2,169	2,169	2,169	2,350	2,350
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	2,169	2,169	2,169	2,350	2,350
Net cost of (contribution by) services	17,257	17,184	17,301	17,431	17,546
Revenue from Government	17,257	17,184	17,301	17,431	17,546
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: Budgeted Departmental Balance Sheet (as at 30 June)

	2015-16 Estimated actual \$'000	2016-17 Budget \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	12,297	12,621	13,121	13,621	13,621
Trade and other receivables	440	616	616	616	616
Total financial assets	12,737	13,237	13,737	14,237	14,237
Non-financial assets					
Land and buildings	483	503	523	543	543
Property, plant and equipment	557	507	457	407	407
Intangibles	1,950	1,480	1,010	540	540
Other	123	123	123	123	123
Total non-financial assets	3,113	2,613	2,113	1,613	1,613
Total assets	15,850	15,850	15,850	15,850	15,850
LIABILITIES					
Payables					
Suppliers	754	754	754	754	754
Other payables	2,420	2,420	2,420	2,420	2,420
Total payables	3,174	3,174	3,174	3,174	3,174
Interest bearing liabilities					
Leases	327	327	327	327	327
Total interest bearing liabilities	327	327	327	327	327
Provisions					
Employees	4,433	4,433	4,433	4,433	4,433
Other provisions	326	326	326	326	326
Total provisions	4,759	4,759	4,759	4,759	4,759
Total liabilities	8,260	8,260	8,260	8,260	8,260
Net assets	7,590	7,590	7,590	7,590	7,590
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	3,665	3,665	3,665	3,665	3,665
Total equity	7,590	7,590	7,590	7,590	7,590

**Table 3.3: Departmental Statement of Changes in Equity — Summary of Movement
(Budget year 2016-17)**

	Retained earnings	Asset revaluation reserve	Contributed equity/ capital	Total equity
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2016				
Balance carried forward from previous period	3,665	2,102	1,823	7,590
Surplus (deficit) for the period	-	-	-	-
Appropriation (equity injection)	-	-	-	-
Estimated closing balance as at 30 June 2017	3,665	2,102	1,823	7,590

Table 3.4: Budgeted Departmental Statement of Cash Flows (for the period ended 30 June)

	Estimated actual 2015-16 \$'000	Budget estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000	Forward estimate 2019-20 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	100	100	100	100	100
Appropriations	17,257	17,184	17,301	17,431	17,546
Interest	320	320	320	320	320
Net GST received	519	519	519	519	519
Other cash received	1,573	1,573	1,749	1,930	1,930
Total cash received	19,769	19,696	19,989	20,300	20,415
Cash used					
Employees	14,273	14,437	14,434	14,432	14,429
Suppliers	3,872	3,811	3,931	4,244	4,362
Net GST paid	519	519	519	519	519
Total cash used	18,664	18,767	18,884	19,195	19,310
Net cash from (or used by) operating activities	1,105	929	1,105	1,105	1,105
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	550	605	605	605	1,105
Total cash used	550	605	605	605	1,105
Net cash from (or used by) investing activities	(550)	(605)	(605)	(605)	(1,105)
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	324	500	500	-
Cash and cash equivalents at the beginning of the reporting period	11,742	12,297	12,621	13,121	13,621
Cash and cash equivalents at the end of the reporting period	12,297	12,621	13,121	13,621	13,621

Table 3.5: Departmental Capital Budget Statement (for the period ended 30 June)

	Estimated actual 2015-16 \$'000	Budget estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000	Forward estimate 2018-19 \$'000	Forward estimate 2019-20 \$'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	605	605	605	1,105
Total acquisitions of non-financial assets	550	605	605	605	1,105
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	550	605	605	605	1,105
Total cash used to acquire assets	550	605	605	605	1,105

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

Table 3.6: Statement of Asset Movements (Budget year 2016-17)

	Buildings	Other property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2016				
Gross book value	1,656	1,765	4,216	7,637
Accumulated depreciation amortisation and impairment	(1,173)	(1,208)	(2,266)	(4,647)
Opening net book balance	483	557	1,950	2,990
CAPITAL ASSET ADDITIONS				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity	-	-	-	-
By purchase - internal resources	200	100	305	605
Total additions	200	100	305	605
Other movements				
Depreciation/amortisation expense	(180)	(150)	(775)	(1,105)
Total other movements	(180)	(150)	(775)	(1,105)
As at 30 June 2017				
Gross book value	1,856	1,865	4,521	8,242
Accumulated depreciation amortisation and impairment	(1,353)	(1,358)	(3,041)	(5,752)
Closing net book balance	503	507	1,480	2,490