



ANNUAL REPORT 2020-2021



Declaration

27 August 2021

The Hon. Mary-Anne Thomas, MP
Minister for Agriculture
Level 20, 1 Spring Street
MELBOURNE VIC 3002

Dear Minister

PrimeSafe proudly acknowledges Victoria's Aboriginal communities and their rich culture and pays respect to their Elders past and present. We acknowledge Aboriginal people as Australia's first people and as the Traditional Owners and custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us.

We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

In accordance with the *Financial Management Act 1994*, I am pleased to present PrimeSafe's Annual Report for the year ending 30 June 2021.

Yours sincerely



Alison Stone
Chair

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Snapshot of PrimeSafe

Who we are



10 Board Members



1 CEO



3 Managers

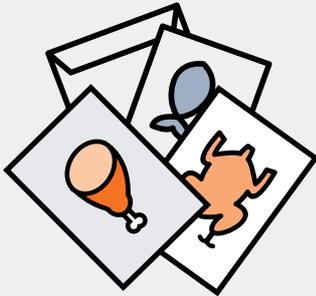


13 Staff



Independent auditors

Here are some of the ways PrimeSafe supported businesses and had a positive impact on food safety:



1072

new licences issued to meat, poultry and seafood businesses

3,797

third-party audits conducted at licensed businesses

92

free food safety programs provided to businesses

6

new information support materials published on our website

3,250

enquiries answered within <24 hrs

298

complaints investigated relating to licensees' food safety



4

risk assessments conducted on alternative processing techniques

80

enforcement actions taken

2

prosecution proceedings initiated

Our purpose

PrimeSafe safeguards the health of all consumers by making sure that meat and seafood businesses produce food that is safe to eat

PrimeSafe is a specialist regulator responsible for ensuring compliance with Australian Standards for food safety across the meat, poultry, seafood and pet food industries. PrimeSafe also plays a critical role in monitoring compliance with Australian Standards for animal welfare.

At PrimeSafe, our primary objective is the provision of safe and wholesome meat, poultry and seafood and pet food that is fit for purpose. We do this through our comprehensive food safety compliance arrangements that centre on licensing and audit. PrimeSafe places high priority on supporting businesses to understand and achieve compliance with food safety requirements, and this underpins our ongoing focus on developing a strong food safety culture.

PrimeSafe is committed to maintaining strong and respectful relationships with businesses and provides regular opportunities for constructive engagement. This helps us to keep abreast of business needs and industry trends and innovations. We also partner with industry

stakeholders and work closely with state and federal government agencies and food safety regulators to improve and achieve positive food safety outcomes. This includes the Department of Jobs, Precincts and Regions (DJPR), the Department of Health (DH), the Department of Treasury and Finance (DTF) and the Commonwealth Department of Agriculture, Water and the Environment (DAWE).

During 2020-2021, our main priority was to maintain PrimeSafe's critical food safety functions and keep staff, auditors and workers safe during the COVID-19 pandemic. In addition, we focussed on leveraging and expanding our investments in technology, to improve the efficiency and effectiveness of our regulatory programs. This will ensure we keep delivering regulatory services that are low-cost, support innovation and continue to meet community expectations for food safety and animal welfare.



Key highlights 2020-2021

We are moving online to improve efficiency and save businesses time and money

“Digital transformation is now reshaping all aspects of society and the food industry is no exception.”

Australia’s Foodborne Illness Reduction Strategy 2018-2021+

6

PrimeSafe’s most critical capital asset is its Licensing Management System (LMS), a database that is used to manage all PrimeSafe’s food safety regulatory functions, including licensing, monitoring of compliance via audit, consumer complaints, general enquiries and enforcement actions.

During 2020-2021, PrimeSafe completed a major upgrade to the LMS valued at \$1.25 million, which transformed the LMS into a highly configured and well supported Salesforce application. This upgrade has significantly improved the automation of our administrative processes, allowing businesses to manage their licence applications and payments online, via a licensee portal. Auditors now directly report non-compliance information and view audit schedules online via an auditor portal.

In the first three months of the LMS upgrade PrimeSafe reduced manual administrative processes by 25% and aims to achieve a 75% reduction by the end of 2022.

Further enhancements to the LMS are planned for the next three years, with the aim of creating a fully automated licence approval and renewal process. This will increase PrimeSafe’s efficiency, decrease administrative time and costs for businesses and help to create a more efficient, responsive and digitally enabled food safety system, which is a key objective of the Victorian Government’s Agriculture Strategy.

PrimeSafe is using remote audit technology and other COVIDSafe work practices, which keeps businesses open and workers and our staff safe

PrimeSafe's technology investments have been instrumental in ensuring the continuous delivery of our critical food safety services during the COVID-19 pandemic.

Having integrated remote auditing techniques into our compliance monitoring program in March 2020, PrimeSafe was able to quickly and seamlessly transition from on-site to remote auditing in 2020-2021, in response to COVID-19 restrictions.

During 2020-2021, PrimeSafe's third-party auditors completed over 700 remote audits of licensed facilities. PrimeSafe inspectors conducted hundreds of remote inspections for new licence applications and surveillance and also conducted remote audits at wildcatch and aquaculture facilities. Remote auditing allowed PrimeSafe inspectors and third-party auditors to maintain monitoring of food safety compliance,

while not being required to attend any exposure sites. In this reporting period, there were zero COVID-19 cases among staff and third-party auditors and no foodborne illness outbreaks attributed to licensees.

Recognising the value remote auditing adds to our compliance program, we are working with other regulators, agencies and technology specialists to review, refine and improve remote auditing techniques.

Continued flexibility, adaptation and safety in response to the COVID-19 pandemic

PrimeSafe's operating model ensures that it can be nimble and swift in responding to changing conditions caused by COVID-19. This ensures food safety standards continue to be upheld across the meat, seafood, poultry and pet food sectors.

During 2020-2021, PrimeSafe responded to the changing conditions caused by the COVID-19 pandemic by implementing a risk-based COVID-19 incident management plan. This entailed:

- transitioning to remote audits and inspections
- focussing on critical incidents such as pathogen notifications and foodborne illness investigations
- ensuring third party auditors and PrimeSafe inspectors complete personal safety risk assessments prior to all site visits.

PrimeSafe's COVID-19 incident management plan also includes measures to maintain safety in the office, including: staff rosters, provision of personal protective equipment to staff, maintaining hygiene/cleaning rosters and facilitating remote working arrangements through investment in personal devices, video-conferencing equipment and cloud-based software, to allow remote access to and management of data.

Supporting industry growth and facilitating innovation in food processing

Following the launch of the pilot Kangaroo Harvesting Program (KHP) in 2019, on 28 January 2021 the *Wildlife Act 1975* was amended to allow kangaroos to be harvested for human consumption, provided they are processed at PrimeSafe licensed facilities.

PrimeSafe facilitated this initiative by creating four new licence categories: Game Meat Processing Facilities (Premises), Game Meat Processing Facility (Field Depots), Game Meat Processing Facility (Harvest Vehicle) and Field Harvesters. As at 30 June 2021, PrimeSafe had issued 130 game meat processing licences, which is a 1,325% increase in game licenses compared to 30 June 2020.

To ensure game meat is safe for human consumption, PrimeSafe monitors licensees compliance with the requirements of AS 4464:2007 Australian Standard for the Hygienic Production of Wild Game Meat for Human Consumption and requires that carcasses that are harvested for human consumption are transported and processed separately from those that are processed for pet food.

During 2020-2021, PrimeSafe facilitated growth and innovation in the meat and seafood sectors by developing a free food safety program for shellfish aquaculture businesses and by conducting food safety risk assessments on the following four alternative food processing techniques: rinse and chill of beef, cold smoking of fish, listeria testing for biltong products and freeze dried pet meat.

Contributing to Australia's Foodborne Illness Reduction Strategy 2018-21+ to safeguard public health and enhance consumer confidence

As Victoria's specialist food safety regulator, PrimeSafe has been collaborating with state and territory health, agriculture and food safety authorities and industry organisations to implement Australia's Foodborne Illness Reduction Strategy 2018-21+ ('the FIR Strategy').

While foodborne illness management currently occurs at a jurisdictional and individual business level, it is recognised that a nationally consistent approach is required to effectively reduce foodborne illness.

The FIR Strategy was created in consultation with industry and all jurisdictions and provides a framework for reducing two leading causes of foodborne illness in Australia, Campylobacter and Salmonella.

The FIR strategy involves multiple interventions that target all points of the food supply chain that contribute to pathogen levels, from the farm to the consumer.

The key interventions proposed by the FIR strategy aim at:

- enhancing engagement and collaboration through national industry-specific forums
- building a strong food safety culture across the food industry
- improving consumer and industry education on safe food handling practices
- improving data collection and sharing systems
- revising national standards to deliver better food safety outcomes.

In accordance with the FIR strategy, PrimeSafe, DH and DJPR are working together to develop a coordinated approach to reducing illness caused by salmonella, Campylobacter and Listeria. During 2020-2021, the working group used a targeted approach to Salmonellosis by tracing the exact genotype of bacteria from human cases to farms. This enabled the development of genotype specific vaccines for poultry that removed virulent Salmonella genotypes from the food supply chain. In addition, PrimeSafe continues to provide information to businesses on listeria through its food safety forums and eNews publications.



Chair's message



Alison Stone
Chair

As Chair of the PrimeSafe Board, I am pleased to present PrimeSafe's Annual Report for 2020-2021.

During 2020-2021, COVID-19 continued to have a major impact on the people of Victoria, Australia and across the world. The ability of individuals to manage their day to day lives and face the ongoing challenges of the pandemic has been nothing short of remarkable.

Against this context, it has been a strong year for PrimeSafe with delivery of the Corporate Plan 2020-2025 on-track despite the complexity of the COVID-19 pandemic. Importantly, PrimeSafe remained focussed on upholding the food safety regulatory system with the continued use of remote audits, inspections and providing information services. Accordingly, I am pleased to report that during 2020-2021, there were no foodborne disease outbreaks attributed to a PrimeSafe licensee.

The meat, seafood and poultry sectors have demonstrated significant resilience throughout the year and continued to supply product to markets, while remaining focussed on food safety standards and maintaining customer confidence in our food. While the impacts of the COVID-19 pandemic have been varied, overall consumer demand has been maintained and slightly increased in some areas.

I have continued to meet (virtually) with PrimeSafe's key industry stakeholders across the meat, seafood and poultry sectors and regulators, including DFSV and government agencies. Through these discussions, I've gained insights into innovations underway across the sectors and heard first-hand how businesses have adapted to the key challenges facing the food industry.

I am also pleased to report that PrimeSafe delivered the requirements of the Statement of Expectations of the Minister for Agriculture as detailed in this report. The Board looks forward to a revised Statement of Expectations following the review of the framework by the Department of Treasury and Finance.

My thanks to all Board members for maintaining a strong focus on the oversight of our key regulatory responsibilities, strategic risks both current and emerging, and especially for their attention to detail in monitoring the risks to industry and PrimeSafe in a dynamic environment

As the term of six members expired on 30 June 2021, I would particularly like to thank three outgoing members – Jan Bowman who Chaired the Governance Committee, and Jennifer McDonald and Peter Giddy who both served on the Audit and Risk Management Committee. Their expertise, professionalism and experience greatly enhanced the Board's capability, and I wish them well in their new and ongoing endeavours. On 1st October 2020 the Board welcomed Mark Wray as a new Director along with the reappointment of Dr Bernadette Northeast and Chris Turner.

I would also like to thank Dr Brendan Tatham and the staff of PrimeSafe for their professionalism and ongoing commitment and dedication to food safety and best practice regulation.

I look forward to working with the new members of the Board in the coming year in delivering and promoting our Corporate Plan's key message "*Food safety is everybody's business*".

CEO's report



Dr Brendan Tatham
Chief Executive Officer

I am pleased to report that PrimeSafe has once again delivered its legislated functions and strategies in accordance with the Board's Corporate Plan 2020-2025, with no foodborne illness attributed to a licensee.

With the support of the Board, PrimeSafe enhanced food safety regulatory arrangements with the use of remote audits and other safety measures to protect auditors, PrimeSafe staff and businesses, while maintaining our surveillance and enforcement functions.

Everyone at PrimeSafe has adapted to the challenges of the COVID-19 pandemic. From our unique perspective as an industry specialist food safety regulator, we were able to facilitate collaboration between government and industry, which improved understanding of the impacts of COVID-19 on businesses and facilitated adaptation to changing circumstances.

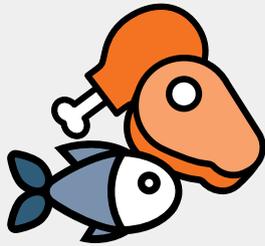
During the year, the LMS was redeveloped so that it now integrates all PrimeSafe's functions and activities into a single database. This is the largest investment ever made by PrimeSafe and it has modernised business processes and migrated interactions with licensees to an on-line platform. A survey of licensee technology needs revealed strong support for the on-line approach, with telephone contact remaining an option for communication, especially for detailed discussion about technical matters. The LMS will continue to be enhanced, with food safety culture and automated monitoring activities planned.

PrimeSafe continues to support Victorian Government policy initiatives, especially the Agriculture Strategy that was released during the year. For its part, PrimeSafe has continued engagement with the Australian Government about the implementation of new export legislation and we are working with DAWE on revised arrangements for monitoring domestic food safety at licensed facilities that also export. The new export legislation provides a significant opportunity to improve the efficiency of food safety monitoring in Victoria, by integrating domestic, export and proprietary quality assurance arrangements.

I thank the Chair and Board for their continued commitment and support and for the oversight and strategy that guides PrimeSafe's continuous improvement. I also thank the staff and auditors for their dedication and contribution, especially by continuing to pivot to new ways of doing things at a moment's notice during the COVID-19 pandemic.

During 2020-2021, PrimeSafe has ensured food safety and animal welfare outcomes that enhance consumer confidence in the Victorian meat and seafood industries, while also facilitating industry prosperity and growth in a very difficult environment. Congratulations and well done to all on a great year, and I commend to you the 2020-2021 PrimeSafe Annual Report.

PrimeSafe's objectives



OBJECTIVES 1-3

Meat, poultry and seafood are safe for human consumption, animal welfare is protected, and pet food is fit for purpose

PrimeSafe has an established, integrated, well balanced and effective regulatory system to control and monitor compliance with food safety and animal welfare requirements in legislation and Australian Standards. The key components of PrimeSafe's regulatory system are: licensing, monitoring through third-party audits, enforcement, information and support services, complaints investigations and surveillance.

In each of these components, PrimeSafe takes a risk-based approach, which ensures that our regulatory activities are targeted, proportionate to food safety risks and impose minimum regulatory burden on businesses.

Indicator: Number of foodborne illness outbreaks attributed to licensee

Target: 0 **2020/21 Result:** 0

Indicator: Number of animal welfare incidents attributed to a licensee

Target: 0 **2020/21 Result:** 1

Indicator: Number of pet food incidents attributed to a licensee

Target: 0 **2020/21 Result:** 0



OBJECTIVE 4

Businesses have a strong food safety culture

PrimeSafe's Information and Support Services team provides technical advice and educational materials to businesses, with the aim of improving awareness, understanding and compliance with food safety requirements.

These services deliver PrimeSafe's strategy of building a strong food safety culture across all industry sectors. A strong food safety culture results in better food safety outcomes, reduces regulatory costs to businesses and maintains consumer confidence and industry growth.

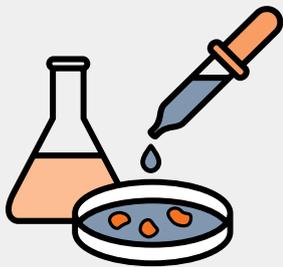
PrimeSafe's web-based materials are simple, easy to read and easy to access, with some information provided in multiple languages. The three main types of information available on the PrimeSafe website are:

- fact sheets and Frequently Asked Questions (FAQs) - practical information on licence applications and conditions
- PrimeNotes - technical information on safe food processing practices and procedures
- e-News - up-to-date information on latest innovations, events and government policy and programs.

Indicator: % response to Licensee culture audit survey

Target: 50%

2020/21 Result: Not assessed (survey in progress)



OBJECTIVE 5

Facilitate prosperity and innovation

PrimeSafe's Corporate Plan 2020-2025 highlights the importance of ensuring that regulatory arrangements enable businesses to thrive and prosper while at the same time meeting food safety obligations.

To this end, PrimeSafe commits to minimising regulatory burden and providing services that facilitate product and process innovations in the food industry. We do this by using our expertise in food safety science and technologies to conduct food safety risk assessments on novel products and alternative manufacturing processes proposed by industry and by developing enhanced food safety procedures when required.

This work enables the industry to grow while continuing to maintain high food safety standards and consumer confidence.

Indicator: Number of approved alternative techniques

Target: N/A **2020/21 Result:** 2



OBJECTIVE 6

PrimeSafe is respected as an efficient industry specialist regulator

As a trusted specialist regulator, PrimeSafe makes an important contribution to the supply of safe food to Victorian consumers.

In order to maintain trust in our expertise and regulatory services, we are continuously improving our IT systems and are committed to the development of our staff. In 2020-2021, PrimeSafe completed a major upgrade of the LMS and is transitioning to cloud-based and digitised systems, which will improve access to data and facilitate remote working arrangements. To further enhance capacity and capability, during 2020-2021 PrimeSafe staff completed professional development activities, including: lead food safety auditing, software upskilling, data storytelling and visualization and performance measurement.

Indicator: Results of stakeholder satisfaction survey - % satisfied

Target: 90%

2020/21 Result: 96%
(March 2020 survey results)

Measuring our performance

PrimeSafe measures its performance against the objectives, measures and targets outlined in the Minister for Agriculture's Statement of Expectations (SOE), and the PrimeSafe Corporate Plan 2020-2025. This drives continuous improvement as a best practice regulator.

Licensee compliance with Australian Standards for food safety, animal welfare and pet food is assured through monitoring and surveillance

DELIVERABLES AND PERFORMANCE MEASURES

Maintain credible licencing systems: During 2020–2021, PrimeSafe approved a total of 1072 new licences, of which 825 were MTVs, and 92% were approved within the target timeframe of 30 days. The total number of PrimeSafe licensees is 7,562 and approximately 98% (or 7,286) are small businesses (less than 20 employees). The number of licences in each licence category is outlined at Table 1 at page 20.

Maintain an effective risk-based monitoring and compliance system: PrimeSafe's JAS-ANZ accredited third-party auditors conducted 3,797 audits at licensed facilities during 2020-2021, with 3,085 audits conducted on-site and around 700 audits conducted remotely. Around 96% of licensee audits recorded full compliance and 4% recorded a major or critical non-conformance. A non-conformance is categorised as 'major' if it is likely to compromise food safety if no remedial action is taken, and categorised as 'critical' if it has a substantial and immediate impact on food safety and warrants immediate corrective action. Over the last 5 years, the number of major and critical non-conformances detected at audit has remained at around 4%. The types of major and critical non-conformances detected at audit in 2020-2021 are described at Figure 3, page 22.

Conduct targeted surveillance at licensed facilities: PrimeSafe's surveillance program involves unannounced inspections and online surveillance. Due to COVID-19 restrictions, surveillance inspections were conducted remotely from July to December 2020. The type, number and results of surveillance inspections are detailed below:

- 72 animal welfare inspections were conducted at facilities handling live animals (abattoirs, poultry processors and pet meat processors), of which two recorded a major or critical non-compliance

- 206 inspections were conducted to monitor usage of sulphur dioxide (SO₂) in red meat. Due to COVID-19 restrictions, 21 of these inspections involved assessment via meat home delivery services. There were no findings of non-compliance
- 12 inspections were conducted at facilities that had more than one major or critical non-compliance in the previous 12 months and no non-conformances were recorded
- two online surveillance exercises were completed, involving an investigation of 46 businesses in total and one business was found to be operating illegally without a licence.

Maintained a targeted, risk-based enforcement program: During 2020-2021, PrimeSafe issued 80 enforcement actions, which comprised the following: 46 Intensified Audit Frequencies; 24 Increased Audit Schedules (operate for 12 months); eight prohibition notices; and two prosecution proceedings for breaches of the *Seafood Safety Act 2003*.

Provide timely management of complaints: PrimeSafe triaged and resolved 369 complaints during the reporting period, of which 298 involved licensed facilities, 68 involved unlicensed facilities, two involved PrimeSafe service delivery and one involved a third-party auditor. Of the 298 complaints relating to licensees, nine complaints were substantiated as causing foodborne illness, but did not result in an outbreak. An outbreak requires two or more connected cases.

- 100% of service delivery and auditor complaints were triaged within <24 hours and resolved within <30 days
- 100% of complaints about licensees were triaged within <24hours and 49% of the complaints were resolved within <30 days. A substantial proportion of licensee complaints could not be resolved within the target timeframe of < 30 days due to matters beyond PrimeSafe's control, including COVID-19 restrictions that prevented on-site inspections and delayed action by licensees.

Monitor auditor performance, capability, and review complaints in order to ensure continuous improvement in audit management: During 2020-2021, PrimeSafe held eight meetings with Conformity Assessment Bodies to discuss auditor issues and ensure consistency in auditor practices. We investigated one complaint about auditor performance which was substantiated and addressed by requiring the auditor concerned to undertake refresher (calibration) training. The issue that was the subject of the complaint was discussed with all auditors to ensure shared learning.

OUTCOMES

Prevention of foodborne illness outbreaks through early detection and effective management of non-compliance

The welfare of animals is protected and the ability of businesses to conduct lawful activities involving live animals is maintained

Consumers have confidence in the safety and wholesomeness of meat and seafood

Consistency in licensing and auditing ensures fairness and maintains trust in the credibility of PrimeSafe's regulatory arrangements



Licensees and PrimeSafe collaborate on information to assist compliance with regulatory requirements

DELIVERABLES AND PERFORMANCE MEASURES

Provide timely advice and information to licensees and stakeholders: PrimeSafe received 3,250 inquiries during the reporting period, of which 700 involved requests for technical advice. All of the inquiries were answered within <24 hours.

Enhance understanding of food safety requirements across the meat and seafood sectors and assist compliance: PrimeSafe conducted an online food safety forum for businesses in March 2021, on food safety culture, listeria management and Good Manufacturing Processes (GMP). We also created six new information support materials that are available on our website. They include: two fact sheets ('Starting a New Business' and 'Mobile Abattoirs'), a guideline on meat and seafood transportation and three editions of eNews (September 2020, December 2020 and May 2021). PrimeSafe currently has 2,472 subscribers to the eNews. During 2020-2021, 177,071 clicks were recorded on the PrimeSafe website, of which 83.4% were returning visitors and 16% were new visitors.

Assist businesses to develop food safety quality assurance programs that meet domestic requirements: PrimeSafe provided 92 free food safety programs to businesses and developed an additional two complex programs on a fee-for-service basis. The latter covered complex processing activity relating to the manufacture of small goods and harvesting and retailing oysters.

Listen to feedback from licensees and stakeholders and respond to their needs: PrimeSafe conducts a biennial survey of licensee satisfaction which provides licensees with an opportunity to provide feedback on our services. The survey was last issued in 2020 and will be issued again in 2022. The survey responses received in 2020 were used to guide the selection of topics we covered in our food safety forum in March 2021 and in the eNews editions for 2020-2021. PrimeSafe also provides businesses and stakeholders with opportunities to communicate their ideas and views through our consultative committees. A meeting of the Meat Industry Communication Committee was held in May 2021.

OUTCOMES

Businesses have better understanding of food safety requirements, which makes compliance easier

The food safety culture across the industry is strengthening and improving food safety performance

PrimeSafe is strengthening its relationships with businesses and stakeholders

PrimeSafe is maintaining its reputation as a trusted, specialist regulator

PrimeSafe achieves best practice governance and regulatory practice through contemporary policies and the delivery of legislated functions

DELIVERABLES AND PERFORMANCE MEASURES

Facilitate the development of new processing techniques and novel foods by conducting risk assessments: PrimeSafe's food safety scientists conducted four risk assessments on alternative processes during 2020-2021, which related to: freeze dried pet meat, rinse and chill of beef, cold smoking fish and listeria testing of biltong products. Two processes were approved: cold smoking fish and listeria testing of biltong products.

Maintain the Reduced Audit Program to encourage and reward superior performance in food safety: PrimeSafe's Reduced Audit Program provides an opportunity to all licensees that demonstrate sustained superior performance in managing their food safety programs, to apply for a reduced audit schedule. During 2020-2021, 13 businesses participated in PrimeSafe's Reduced Audit Program, of which 12 (or 92%) have International Organization for Standardization (ISO) accreditation and are automatically eligible to participate in the program.

Commence a review of all PrimeSafe policies to ensure they are contemporary and effective: In 2020-2021, PrimeSafe commenced a three-year review of Board policies that will strengthen governance and ensure our policies align with principles of best regulatory practice.

Review our licence categories and fees to ensure we reduce unnecessary regulatory burden: PrimeSafe's review of licence categories and regulatory burden in 2020-2021 focussed on businesses that are licensed by PrimeSafe and also registered by DAWE to export. PrimeSafe and DAWE are working towards introducing streamlined monitoring arrangements for these businesses that will avoid duplication of auditing and save time and money. PrimeSafe expects to complete a memorandum of understanding with DAWE on new monitoring arrangements, in the second half of 2021.

OUTCOMES

Food safety culture grows as businesses are incentivised and rewarded for superior food safety performance

More product and process innovations are emerging that meet consumer demands

The reputation of Victoria's meat and seafood businesses improves and the industry grows

PrimeSafe maintains credibility, through integrity and accountability

Continuous improvement through corporate and business planning

DELIVERABLES AND PERFORMANCE MEASURES

Move towards digitisation and automated systems to reduce administrative burden on businesses:

PrimeSafe completed a significant upgrade to its LMS which creates efficiencies by automating administrative processes.

Collaborate with our key stakeholders to ensure effective and coordinated delivery of Victoria's food safety system:

During 2020-2021, PrimeSafe worked closely with DJPR and DH on legislative and policy reforms to deliver the objectives of the Agriculture Strategy for Victoria (Strong, Innovative, Sustainable: A new strategy for agriculture in Victoria). PrimeSafe also collaborated with Dairy Food Safety Victoria (DFSV) and DTF on projects to build a food safety culture across the industry. Other areas of collaboration are discussed at page 24.

Recruit and retain highly skilled staff:

All PrimeSafe staff are selected through a rigorous and competitive recruitment process that complies with relevant legislation and applies public sector employment principles, to ensure candidates are evaluated fairly and equitably and based on merit. PrimeSafe is committed to being an employer of choice and retaining its staff. During the 2020-2021 reporting period, PrimeSafe retained all staff and recruited four new staff members to assist with implementation of IT upgrades.

Support and protect the health and wellbeing of staff:

In response to the ongoing COVID-19 pandemic, PrimeSafe's focus in 2020-2021 has been on maintaining staff safety through a range of measures including: provision of personal protective equipment (face masks, face shields, hand sanitisers), access to ergonomic assessments, vaccines (flu, Q Fever and COVID-19) and training on resilience and wellbeing and defensive driving for operational staff. To protect against conflicts of interest, all staff are provided with guidance on how to respond to offers of gifts and a register of all offers of hospitality or gifts is published on our website. PrimeSafe reviewed its OH&S policy in 2020-2021 and maintained a OH&S incident reporting system. There were no workplace injuries reported for the 2020-2021 period.

OUTCOMES

Businesses save time and money through PrimeSafe's automated licence and payment processes

Food safety is regulated in a coordinated and consistent manner

Minister for Agriculture receives timely and comprehensive advice

PrimeSafe continuously improves efficiency and effectiveness of its operations and achieves best regulatory practice



In challenging times, licensed meat and seafood businesses continue to provide safe food for Victorian consumers

New licences

Figure 1 - new licenses issued per category for 2020-2021 reporting period

Total number licenses issued in each key category

	2020-21
Meat transport vehicles	825
Game facilities	106
Retail butcher shops	55
Further meat processing facilities	28
Seafood retailers	24
Seafood processing facilities	14
Wildcatch businesses	9
Pet food establishments	6
Aquaculture businesses	3
Export abattoirs	1
Domestic abattoirs	1
Poultry processing facilities	0
Prime tallow processing facilities	0
Inedible rendering facilities	0
Pet meat processing facilities	0
TOTAL	1072

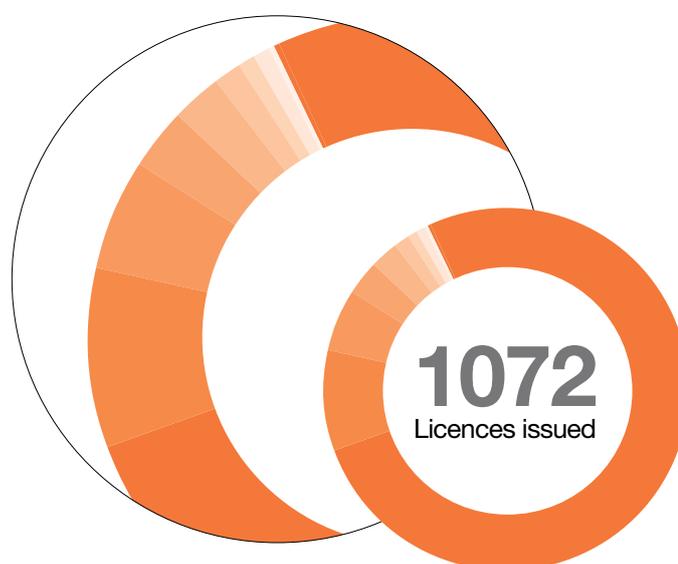


Table 1 - licence numbers per category for last five years, 2016-2021

Total no. licences per category	2020-21	2019-20	2018-19	2017-18	2016-17
Export abattoirs	25	24	22	22	20
Domestic abattoirs	15	15	19	17	19
Poultry processing facilities	19	20	20	20	21
Further meat processing facilities	339	339	342	350	352
Retail butcher shops	860	857	885	904	927
Prime tallow processing facilities	2	2	2	2	3
Game facilities	130	38	1	1	1
Inedible rendering facilities	9	9	9	9	9
Pet meat processing facilities	10	10	11	11	12
Pet food establishments	58	56	55	57	54
Seafood processing facilities	155	152	155	155	149
Seafood retailers	197	190	194	195	195
Aquaculture businesses	14	15	17	19	18
Wildcatch businesses	121	132	127	188	191
Meat transport vehicles	5,608	5,610	5,424	5,291	5,212
TOTAL	7,562	7,469	7,302	7,264	7,197

Animals processed

Table 2 - number of animals processed per category in 2020-2021
(for domestic market only)

Animal type	2020-21
Cattle	255,522
Calves	2,977
Sheep	146,197
Lambs	2,199,713
Pigs	294,294
Goats	23,948
Deer (farmed)	304
Deer (game)	655
Emu-Ostriches	817
Rabbits (farmed)	6,947
Rabbits (game)	21,558
Alpaca-Llama	6
Buffalo	86
Kangaroo	55,876



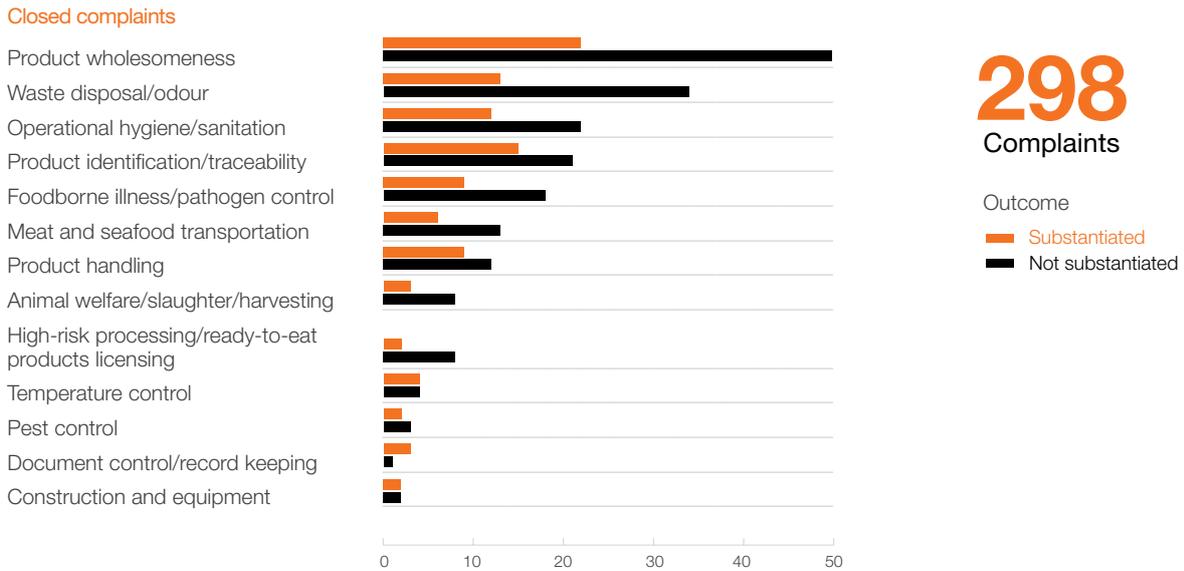
21

Table 3 - number of animals processed (domestic and export) for last five years 2016-2021

	2020-21	2019-20	2018-19	2017-18	2016-17
Cattle	1,633,866	1,892,619	2,190,363	1,503,910	1,248,811
Calves	228,168	333,726	360,165	290,185	252,009
Sheep	2,345,540	3,353,106	4,376,920	3,607,096	2,780,174
Lambs	9,829,016	10,406,553	11,485,296	11,918,241	10,063,199
Pigs	1,210,017	1,174,335	1,191,168	1,152,889	1,179,934
Goats	542,087	711,988	750,498	977,563	1,044,017
Deer (farmed)	1,522	1,423	3,338	2,634	2,678
Deer (game)	655	490	-	-	-
Emu-Ostriches	1,827	4,405	3,575	4,023	5,058
Rabbits (farmed)	6,947	6,586	-	-	-
Rabbits (game)	21,558	4,196	-	-	-
Alpaca-Llama	6	8	-	-	-
Buffalo	86	463	-	-	-
Kangaroo	55,876	35,934	31,247	30,632	34,309

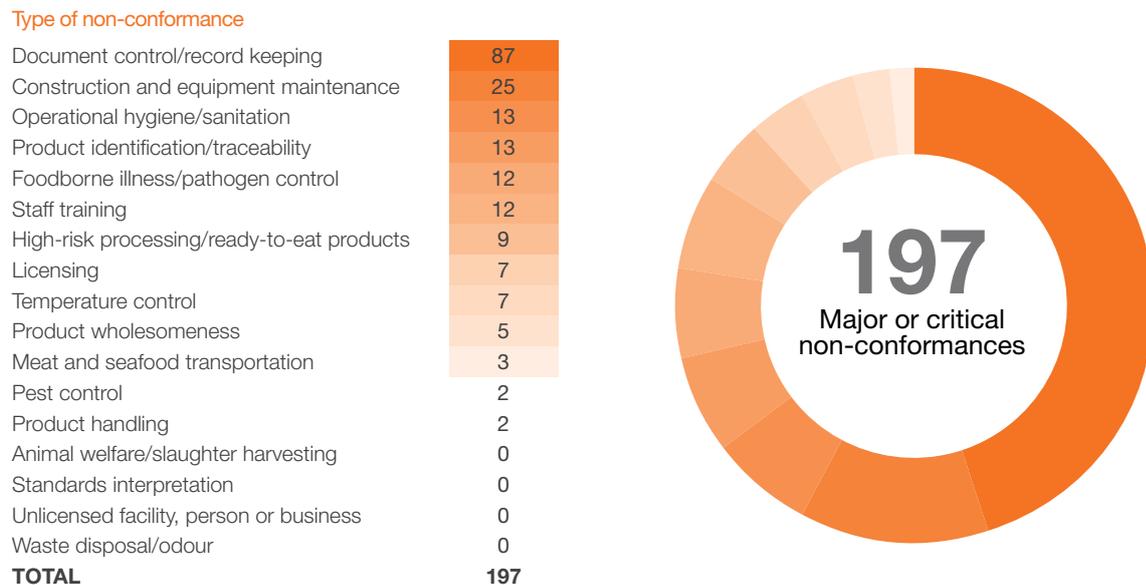
Major and critical non-conformances detected through complaints investigation

Figure 2 - non-compliance detected through investigation of complaints relating to licensees during 2020-2021



Major and critical non-conformances detected at audit

Figure 3 - types of major and critical non-conformances detected at audit



Responding to government priorities

The Victorian Government's Agriculture Strategy 2020 outlines a commitment to developing a more efficient, responsive and digitally enabled food safety system. PrimeSafe is helping to achieve this goal through the following activities:

Working with businesses to build a food safety culture

A food safety culture is the shared values, beliefs and norms that influence the thinking and behaviour of employees towards food safety.

The food safety culture within Victorian food businesses varies greatly ranging from low maturity, where businesses are reactive and aim for basic compliance, to high maturity, where businesses are proactive and use advanced risk management frameworks. In 2020-2021, PrimeSafe announced the development of a food safety culture program (FSCP) to assist businesses to strengthen their food safety culture and move to a higher level of maturity. The centrepiece of the FSCP is a food safety maturity model, which is a diagnostic tool showing the key components of food safety culture and different levels of maturity. PrimeSafe will use this tool to assess the food safety culture maturity in each business, identify gaps and weaknesses and provide advice on how businesses can improve and track their progress.

Although participation in PrimeSafe's FSCP will be voluntary, businesses will be encouraged to take part, as a strong FSCP can improve compliance at audits and reduce costs associated with enforcement action, product reworking and product recalls.

Over the last decade, there has been growing interest in food safety culture among research and industry organisations and government bodies, both nationally and internationally. PrimeSafe is well placed to draw from and build on existing knowledge, ideas and models in this area.

PrimeSafe is currently exploring opportunities for using a digital platform to facilitate implementation of the PrimeSafe FSCP. This will enable businesses to collect and send to PrimeSafe real-time data that demonstrates compliance with food safety requirements. The move towards digitisation under the FSCP will greatly improve understanding and management of food safety risks and has the potential to also reduce regulatory costs to businesses.

Active engagement with businesses and industry and government stakeholders

PrimeSafe has always recognised that constructive engagement and strong working relationships with industry and government stakeholders is essential to achieving positive food safety outcomes.

During 2020-2021, PrimeSafe commenced implementation of a new stakeholder engagement strategy and communication strategy, which expands and intensifies PrimeSafe's engagement activities. This includes more frequent consultative committee meetings and surveys and a biannual PrimeSafe communique. During the reporting period, PrimeSafe surveyed licensees on their experience using the upgraded LMS to renew their licences online. This feedback will guide ongoing improvements to the licensee portal. In the second half of 2021, PrimeSafe will be surveying licensees on the proposed FSCP and licensees and third-party auditors will both be surveyed on remote auditing. The survey responses received on remote auditing will guide refinements to PrimeSafe's remote auditing program and will be shared with state and national working groups that are currently reviewing remote auditing.

Working closely with other regulators

As a member of the Victorian Food Regulators Forum (VFRF), PrimeSafe works closely with other regulators to deliver Victoria's food safety system. The full membership of the VFRF includes: the DJPR (Agriculture Victoria Division), DH (Food Safety Regulation Unit), Municipal Association of Victoria (representing Victoria's 79 local councils), Dairy Food Safety Victoria and PrimeSafe.

During 2020-2021, PrimeSafe collaborated with members of the VFRF on action to address salmonella outbreaks and on salmonella prevention and mitigation strategies.

PrimeSafe also collaborates with regulators in other jurisdictions, including the Australian Government on the development of new standards for food safety and animal welfare.

In association with the implementation of the new *Export Control Act 2020*, which commenced in March 2021, PrimeSafe and DAWE are working towards updating the monitoring arrangements for Victorian based licensed businesses that are also registered for export. The main objective is to strengthen and improve consistency in the monitoring of compliance with domestic food safety standards while also minimising regulatory burden for businesses.

Improving efficiency and food safety through digitisation

In March 2021, PrimeSafe completed a significant upgrade to the LMS and has committed to further investment that will expand automation of its administration functions, improve the efficiency of PrimeSafe's service delivery and make it faster and easier for businesses to manage their licences and payment processes.

The new LMS benefits PrimeSafe by providing easy access to data on audits, Corrective Action Requests, inspections, enforcement action, sanctions, and complaints, which will improve business intelligence. PrimeSafe recognises that digitisation will also play an important role in the delivery of its FSCP.

Technological innovation in food safety monitoring will improve connectivity between PrimeSafe and licensed businesses, provide fast and easy access to food safety data that can be used to better predict and improve management of risks, and will also encourage innovative businesses to become leaders in food safety over the coming years.



Organisational structure, people and governance

PrimeSafe is a statutory authority established in 2003 under the *Meat Industry Act 2003*. Its functions, powers and responsibilities are outlined in the *Meat Industry Act 1993* and the *Seafood Safety Act 2003*. The PrimeSafe Board is the governing body and reports to the Minister for Agriculture on the delivery of PrimeSafe’s legislative functions, responsibilities and objectives.

VISION

Strong consumer confidence in the safety of Victoria’s meat, poultry and seafood through industry quality assurance.

MISSION

Advance and regulate food safety in Victorian meat, poultry, seafood and pet food industries through credible quality assurance systems and services that also support opportunities for industry growth and innovation.

OUR VALUES



Responsible and accountable

We will use sound judgment and make clear, transparent and consistent decisions. We will do what we say and will be accountable for our actions.



Responsive and respectful

We will actively monitor and respond to feedback from businesses so that we can improve our services. We will treat staff and stakeholders with respect and dignity.



Risk-based and reasonable

We will make risk-based decisions and take proportionate regulatory action that is necessary to protect public health and encourage compliance.



Efficient and effective

We are committed to delivering regulatory services in a timely and effective manner in order to reduce costs to businesses.



Integrity

We will be impartial, act fairly and make decisions that are supported by evidence.

Legislative powers and regulatory functions

PrimeSafe is established under the *Meat Industry Act 1993* and the *Seafood Safety Act 2003*. PrimeSafe has all the powers necessary to enable it to perform its functions. Section 44 of the *Meat Industry Act 1993* lists the following functions:

- to control and keep under review the standards of meat, poultry meat and game meat produced for consumption or sale within the State
- to control and keep under review the standards of the construction and hygiene of plant and equipment in a meat processing facility
- to control and keep under review the standards of construction, maintenance, cleanliness and hygiene of meat transport vehicles
- to ensure that appropriately qualified persons are authorised as inspectors to licence meat processing facilities
- subject to the regulations, to determine categories of licenses
- to approve quality assurance programs and to monitor the implementation of those programs
- in consultation with the Secretary of the DH or a municipal council, to protect public health
- to fix and charge fees in respect of the carrying out of any of its functions or the exercise of any of its powers
- to carry out the functions conferred on the Authority by the *Seafood Safety Act 2003* or the regulations made under that Act
- to carry out any other function that is conferred on the Authority by the *Meat Industry Act 1993* or the regulations or by any other Act or the regulations made under any other Act.

Australian Standards for food safety and animal welfare

The Victorian Government is a signatory to the national food regulation system and has adopted Australian Standards for food safety and animal welfare wherever available. PrimeSafe is responsible for monitoring and enforcing compliance with Australian Standards at all licensed facilities.

Copies of the Australian Standards are available on the PrimeSafe website primesafe.vic.gov.au and are listed below:

- AS 4696:2007 Australian Standard for the Hygienic Production and Transportation of Meat and Meat Products for Human Consumption
- AS 4465:2005 Australia Standard for Construction of Premises and Hygienic Production of Poultry Meat for Human Consumption
- Standard 4.2.2 Primary Production and Processing Standard for Poultry Meat
- AS 4466:1997 Australian Standard for Hygienic Production of Rabbit Meat for Human Consumption
- AS 4464:2007 Australian Standard for the Hygienic Production of Wild Game Meat for Human Consumption
- AS 5010:2001 Australian Standard for Hygienic Production of Ratite (Emu/Ostrich) Meat for Human Consumption
- AS 5011:2001 Australian Standard for Hygienic Production of Natural Casings for Human Consumption
- AS 5008:2007 Australian Standard for Hygienic Rendering of Animal Products
- PISC Technical Report 88 - Amended 2009 Standard for the Hygienic Production of Pet Meat

- A Guide to the Implementation and Auditing of HACCP SCARM Report 60
- Australian Meat Regulators Group Guideline 2020:1 Alternative Techniques guideline Schedule 2 (Procedures for Post-Mortem Inspection) and Schedule 3 (Ante-Mortem and Post-Mortem Dispositions).

PrimeSafe Board

PrimeSafe Board members

The PrimeSafe Board consists of at least eight and no more than ten members who are appointed by the Minister for Agriculture under the *Meat Industry Act 1993*. The Minister for Agriculture was Jaclyn Symes MP (1 July 2020-2021 December 2020) and the Hon Mary-Anne Thomas MP (22 December 2020 - 30 June 2021).

Board responsibilities

The key responsibilities of the Board are:

- setting the broad strategy, objectives and performance targets for PrimeSafe
- review of PrimeSafe's progress towards achievement of specific goals
- risk management for all key business and operational risks
- review of the internal financial and operational control arrangements of PrimeSafe to ensure that they remain effective and current
- approval of strategic plans, the annual accounts and PrimeSafe's policies
- Chief Executive Officer selection, appointment, succession planning and performance assessment
- oversight of the management of PrimeSafe by the Chief Executive Officer to ensure it operates effectively and has a culture of compliance and best practice business performance in all areas of operations, financial, human resource, risk management and asset management.

Board members

On 30 June 2021, PrimeSafe farewelled three Board members, Jan Bowman, Jennifer McDonald and Peter Giddy, and also farewelled Tom Fazio, an external member of the Audit and Risk Management Committee. They each made a valuable contribution to PrimeSafe, and we wish them well.

For the 2020-2021 financial year, the PrimeSafe Board members were:

Alison Stone (Chair)
Chris Turner (Deputy Chair)
Jan Bowman
Paul Conway
Peter Giddy
Noel Kelson
Jennifer McDonald
Stacey McKenna
Dr Bernadette Northeast
Mark Wray (from 1 October 2020)

Board committees

The Board has established three committees to assist the Board in meeting its statutory responsibilities: the Audit and Risk Management Committee, the CEO Appointment and Remuneration Committee, and the Governance Committee. The responsibilities and members of each Committee during 2020-2021 are outlined below.

Audit and Risk Management Committee

The Audit and Risk Management Committee acts as an independent advisory service to the PrimeSafe Board and assists in the effective discharge of the following responsibilities:

- Fulfilling statutory and fiduciary responsibilities relating to the accounting and financial reporting practices of the PrimeSafe Board
- Oversight of the Victorian Auditor-General's report of PrimeSafe
- Providing advice to the PrimeSafe Board regarding risks to the Authority.

The Audit and Risk Management Committee members during 2020-2021 were:

Chris Turner (Chair)
Tom Fazio
Peter Giddy
Noel Kelson
Jennifer McDonald

Governance Committee

The Governance Committee is responsible for reviewing PrimeSafe's governance arrangements and making recommendations to achieve and maintain best practice with respect to:

- Board governance policies and documents
- Board operational policies and guidelines
- Board performance reviews, Director development and succession

The Governance Committee members during 2020-2021 were:

Jan Bowman (Chair)
Jennifer McDonald
Stacey McKenna
Dr Bernadette Northeast

CEO Appointment and Remuneration Committee

The CEO Appointment and Remuneration Committee (CARC) assists the PrimeSafe Board to determine the following matters:

- Appointment and total remuneration payable to the CEO
- Objectives and deliverables for the CEO

The CARC members during 2020-2021 were:

Alison Stone (Chair)
Jan Bowman
Dr Bernadette Northeast
Chris Turner

Table 4 - Board meetings and attendance

	Board (eligible)	Audit and Risk Management Committee (eligible)	Governance Committee (eligible)	CEO Appointment and Remuneration Committee
Alison Stone	6 (6)	-	-	2 (2)
Chris Turner	6 (6)	4 (4)	-	2 (2)
Noel Kelson	6 (6)	4 (4)	-	-
Stacey McKenna	6 (6)	-	3 (4)	-
Jennifer McDonald	6 (6)	4 (4)	4 (4)	-
Paul Conway	4 (6)	-	-	-
Jan Bowman	6 (6)	-	4 (4)	2 (2)
Peter Giddy	6 (6)	2 (4)	-	-
Dr Bernadette Northeast	6 (6)	-	4 (4)	2 (2)
Mark Wray	5 (5)	-	-	-
Tom Fazio*	-	3 (4)	-	-

* Mr Fazio was an external member of the Audit and Risk Management Committee.

PrimeSafe Board members

ALISON STONE (CHAIR)

Alison Stone brings a wealth of experience in governance, industry and stakeholder relations, and in shaping strategic direction in regulatory and operational businesses across primary industries, land and emergency management. She has held senior executive positions in the Victorian, Australian and NSW governments and is a Graduate of the Institute of Company Directors. Alison has a strong record of achievement over several decades on Government Boards and Advisory Councils and is currently a member of the Australian Government's Forest Industry Advisory Council and Vice President for Riding for the Disabled in NSW. Alison is an active partner in a prime lamb and farm-stay property in the western Otways.

JANETTE BOWMAN

Janette has extensive experience in environmental health and public health and was previously Assistant Director in the Victorian Department of Health. She has held leadership roles in water policy and water regulation, Legionnaires' disease control, climate change adaptation and health risk management. She has extensive experience in state and national strategies to protect health and prevent illness including advice and information to industry, professionals, and the community. She was awarded a Public Service Medal in September 2009 and the National Emergency Medal in April 2013.

PAUL CONWAY

Paul is Secretary of the Australasian Meat Industry Employees Union (AMIEU), Vice President of the Federal Body of the AMIEU and a Federal Council Member. Paul is also a Council Delegate of the Geelong Trades Hall. Paul has over 37 years experience in the meat industry and is a certified training provider of Union Good Governance Training to Victorian AMIEU Committee of Management representatives. He is also the Secretary of the Meat Industry Employees' Superannuation Fund.

PETER GIDDY

Peter has extensive experience and understanding of the food processing sector in Australia, as well as supply and marketing to a wide range of domestic and export markets across many food sales channels. He has led profit and growth of Australian food companies for the last 20 years. These industries include integrated agricultural companies involved in dairy and pork both at the farm base level, and further processing. His current role is CEO of Spiess Australia, the largest processor of slow cured air-dried meats in Australia.

He has also held previous director positions representing the food Industry in Western Australia, as well as government funded agricultural research also in Western Australia.

NOEL KELSON

Noel has been involved in the Australian meat processing sector since 1971 working in government in inspection and compliance. During this period, he has participated within the significant changes executed by the Victorian meat industry including the transition from direct regulatory control to a quality assured outcome. In 1995 Noel left the public service to become the quality assurance manager for the Warrnambool based Midfield Meat International, joining with the management group to achieve export registration, servicing in addition to strong domestic demand, 84 international destinations with beef and sheep meat products. Noel has maintained a strong interest in industry matters and is currently a serving Board member of the Australian Meat Industry Council, a Trustee Director of the Australian Meat Industry Superannuation Trust, and a Director upon the Board of the Australian Meat Processor Corporation.

JENNIFER MCDONALD

Jennifer has extensive experience in government administration, regulation, organisational governance and public policy operating at a senior executive at local, state and international levels. After working with CSIRO and in Victorian local government community services for 20 years, she worked in the food safety field as the manager responsible for food regulation and population health at the then Victorian Department of Human Services. Before joining the PrimeSafe Board in January 2018, she spent four years as CEO of Dairy Food Safety Victoria.

STACEY MCKENNA

Stacey is currently the Manager – Programs and Systems for the Australian Meat Industry Council (AMIC). Stacey has spent her career in the meat industry including roles in processing, retail, and smallgoods manufacturing organisations. She has an extensive background in Food Safety, Quality Assurance systems, Workplace Training and Human Resources. She also holds qualifications in human resources, meat technology and agribusiness.

DR BERNADETTE NORTHEAST

Bernadette has postgraduate qualifications in fisheries management and aquaculture and a strong background in commercial fishing and seafood production. Bernadette has extensive governance experience across a range of government and private sectors and demonstrated expertise in stakeholder engagement. Bernadette is the Independent Chair of the Wimmera Southwest Family Violence Partnership, Deputy Chair of Victorian Fisheries Authority, Deputy Vice Chair of South West Healthcare and Chair of Australian Institute of Company Directors Great South Coast Committee. Bernadette is also a Graduate Member of the Australian Institute of Company Directors.

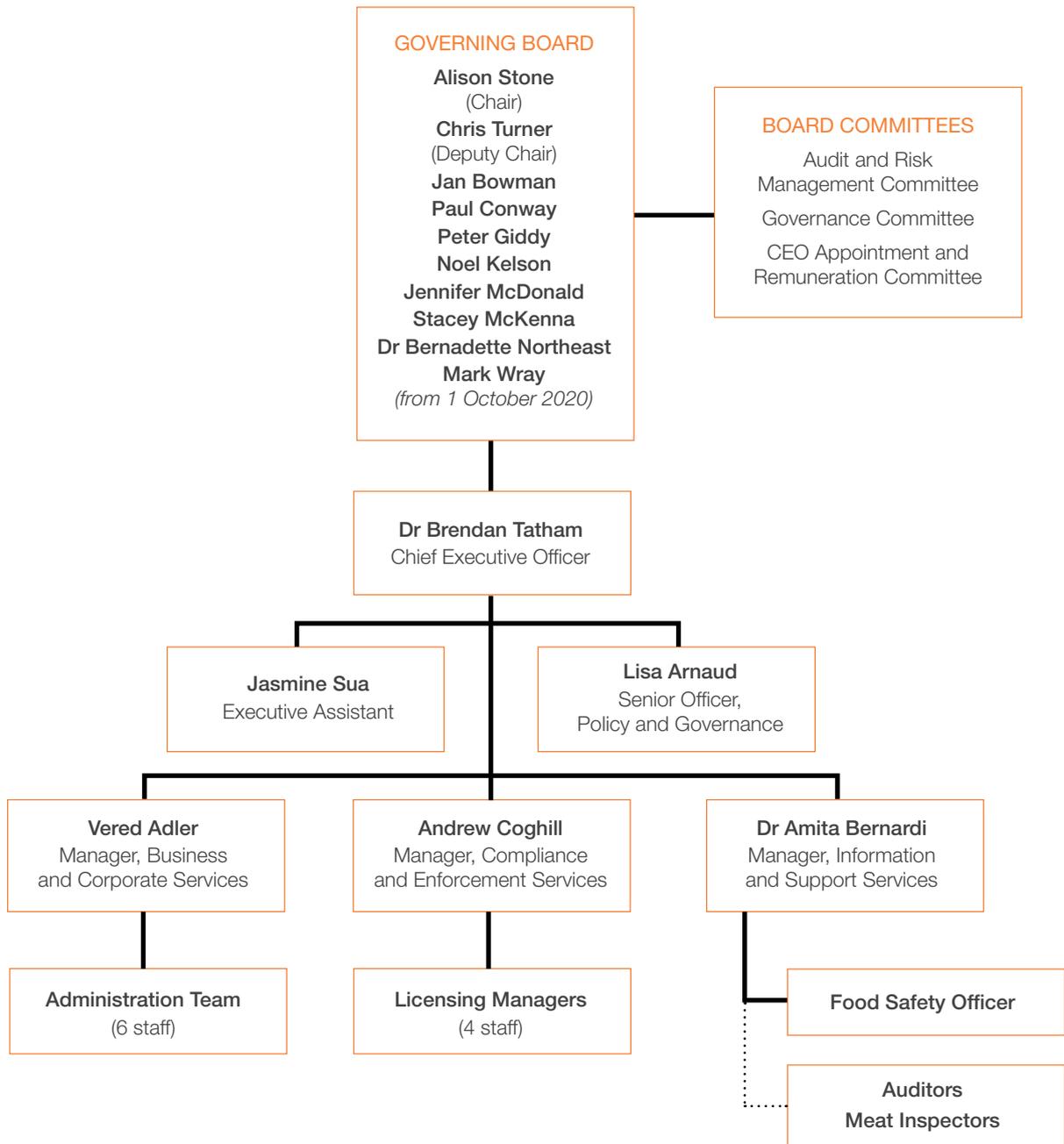
CHRIS TURNER

Chris Turner has been involved in the chicken industry for more than 40 years. He has operated at a senior level running fully integrated chicken operations including growing, processing sales and distribution. He has also run cooking operations, which dealt with all protein types including beef, pork and fish. He has been the previous president of both the national and Victorian Chicken Meat Council and has represented the poultry industry on various committees and liaison groups. He has been a previous board member in 2000–2003 and 2017–2020. He has a wealth of experience in operating small and large business. He is also a board member of the Northern Health Foundation.

MARK WRAY

Mark is an experienced Agribusiness Executive with an outstanding track record in chicken, pork, beef, lamb and seafood vertical supply chains. Mark's perspective on contemporary agribusiness is informed by roles as Chairman Arcadian Organic Meat, previously CEO and CFO of Craig Mostyn Group and CFO Steggles. Mark completed a B.Ag.Sc from Adelaide University in 1983 and was admitted as a Solicitor of Supreme Court of NSW in 1999, and is currently a Fellow of the Australia Society of Certified Practising Accountants and Member of the AICD.

Organisational structure



CEO and Management

DR BRENDAN TATHAM, CEO

Brendan was appointed Chief Executive Officer of PrimeSafe in December 2013. He is responsible for administering the regulation of food safety in the red meat, poultry and seafood industries in Victoria, and the delivery of a broad range of strategic food safety issues.

Brendan has substantial experience from leadership roles in the public sector, including meat industry research and development, food safety and supply chain security, emergency management and regulatory compliance. He has worked across a range of industries and coordinated at the state level, the management of major incidents including counter terrorism and emergency management in food safety, biosecurity, natural disaster, mining and energy sectors. He has also managed infringement and prosecution services, compliance and enforcement policy, and skills development within government.

Brendan has an Honours Degree in Agricultural Science and a PhD in Biotechnology.

VERED ADLER, MANAGER, BUSINESS AND CORPORATE SERVICES

Appointed in May 2021, Vered is a CPA qualified Finance Manager with extensive experience in chartered accounting, private sector, not-for-profit and public sector. Having worked in engineering/construction, hospitality, retail, and healthcare sectors Vered brings a wealth of experience and best practice in finance and business management. Vered is responsible for the management of financial, information technology, human resource, and statutory functions of PrimeSafe.

ANDREW COGHILL, MANAGER, COMPLIANCE AND ENFORCEMENT SERVICES

Andrew joined PrimeSafe in 2006 and was appointed Manager, Compliance and Enforcement Services in March 2014. Andrew oversees the regulatory management of the meat, poultry and seafood industries in Victoria, and has significant experience interpreting and applying legislation and standards within a regulatory environment. Andrew holds a Bachelor of Commerce.

DR AMITA BERNARDI, MANAGER, INFORMATION AND SUPPORT SERVICES

Amita joined PrimeSafe in April 2014 having had over 30 years experience in the private food sector. With a broad range of compliance expertise and a strong background in quality assurance and product development, Amita currently oversees the development and delivery of key information and support services for licensees and the general public. She also oversees the arrangement between PrimeSafe and third-party conformity assessment bodies, and meat inspectors at Tier 1 meat processing facilities. Amita holds a PhD in Food Science.

Financial summary

Table 5 – Five year financial summary

	2021 \$	2020 \$	2019 \$	2018 \$	2017 \$
Total income from transactions	3,244,157	3,139,830	3,025,144	2,852,972	2,258,240
Total expenses from transactions	3,262,636	2,745,779	2,799,728	2,495,336	2,077,151
Net result from transactions	(18,479)	394,051	225,416	357,636	181,089
Net result for the period	(9,169)	390,880	217,201	360,363	185,110
*Net cash flow from operating activities	181,987	721,113	475,376	699,813	600,034
Total assets	5,070,632	5,088,096	4,320,323	3,968,389	3,406,040
Total liabilities	3,077,778	3,086,073	2,703,561	2,568,827	2,366,841
Net worth	1,992,854	2,002,023	1,616,762	1,399,562	1,039,199

*Significant change in cash flow between 2020 and 2021 was due to the implementation in 2021 of the redeveloped LMS.

Workforce and executive data

Table 6 – Full-time equivalents (FTE) staffing trends from 2017 to 2021(i)

2021	2020	2019	2018	2017
16.6	11.5	12.9	12.7	9.8

Table 7 – Details of employment levels in June of 2020 and 2021(i)

	2021						2020					
	All employees		Ongoing			Fixed Term & Casual	All employees		Ongoing			Fixed Term & Casual
	Head count	FTE	Full-time (head count)	Part-time (head count)	FTE	FTE	Head count	FTE	Full-time (head count)	Part-time (head count)	FTE	FTE
Gender												
Men	5	5	2	0	2	3	4	4	1	0	1	3
Women	12	11.6	6	0	6	5.6	8	7.5	6	2	5.5	2
Self-described	0	0	0	0	0	0	0	0	0	0	0	0
Total	17	16.6	8	0	8	8.6	12	11.5	7	2	6.5	5
Age												
25-34	4	4	1	0	1	2	2	2	1	0	1	1
35-44	5	5	4	0	4	2	5	4.6	2	1	2.6	2
45-54	5	4.6	2	0	2	2.6	2	2	2	0	2	0
55-64	3	3	1	0	1	2	3	2.9	2	1	0.9	2
Total	17	16.6	8	0	8	8.6	12	11.5	5	1	6.5	5

Note: (i) All figures reflect employment levels during the last full pay period in June of each year.
(ii) Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies.
(iii) Increase in staff in 2021 compared to 2020 was due to LMS redevelopment project implementation.

Executives

During 2020-2021, PrimeSafe did not have any employees in the position of Executive Officer, as defined at Part 3, Division 5 of the *Public Administration Act 2004*.

The number of executives employed at PrimeSafe during the reporting period is based on the number of executive positions that are occupied at the end of the financial year. Note 8.3 in the Financial statement lists the number of executives and amount of remuneration paid to executives over the course of the reporting period. The Financial statement does not distinguish between executive levels and does not disclose vacant positions or include the Accountable Officer (Chief Executive Officer). To assist readers, this disclosure is reconciled at section 8.2 of the Financial statement.

Table 8 – Reconciliation of executive numbers

	2021	2020	2019	2018
Executives with total remuneration over \$100,000 (Financial Statement Note 8.3)	0	0	0	0
Vacancies	0	0	0	0
Accountable Officer (Chief Executive Officer)	1	1	1	1
Separations	0	0	0	0
Total executive numbers at 30 June	1	1	1	1

Required disclosures

As a statutory authority, PrimeSafe is required to report on its compliance with the following legislation, policies and principles.

Local jobs first

The *Local Jobs First Act 2003* brings together the Victorian Industry Participation Policy (VIPP) and the Major Projects Skills Guarantee (MPSG). Departments and public sector bodies are required to apply the Local Jobs First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more. PrimeSafe did not have any projects where the VIPP or MPSG applied during 2020–2021.

- Investment in technology to increase automation and digitisation and transition to cloud-based computing. IT investment has improved PrimeSafe’s overall sustainability, by reducing paper usage and waste, and decreasing energy consumption associated with printing.
- Commenced converting its fleet to hybrid vehicles, in accordance with the Victorian Government’s motor vehicle policy and purchasing guidelines
- Supported regional business and employment through procurement of regional services (accommodation, food, other services) during inspections conducted in regional Victoria.

In 2021-2022, PrimeSafe will comprehensively review and update its procurement policy and procedures to fully align with the procurement principles of the Victorian Government Purchasing Board (VGPB) and the Victorian Government’s SPF. Through this policy review, PrimeSafe will ensure that its procurement practices achieve best practice with respect to probity, accountability and value for money, and deliver positive, social and environmental outcomes.

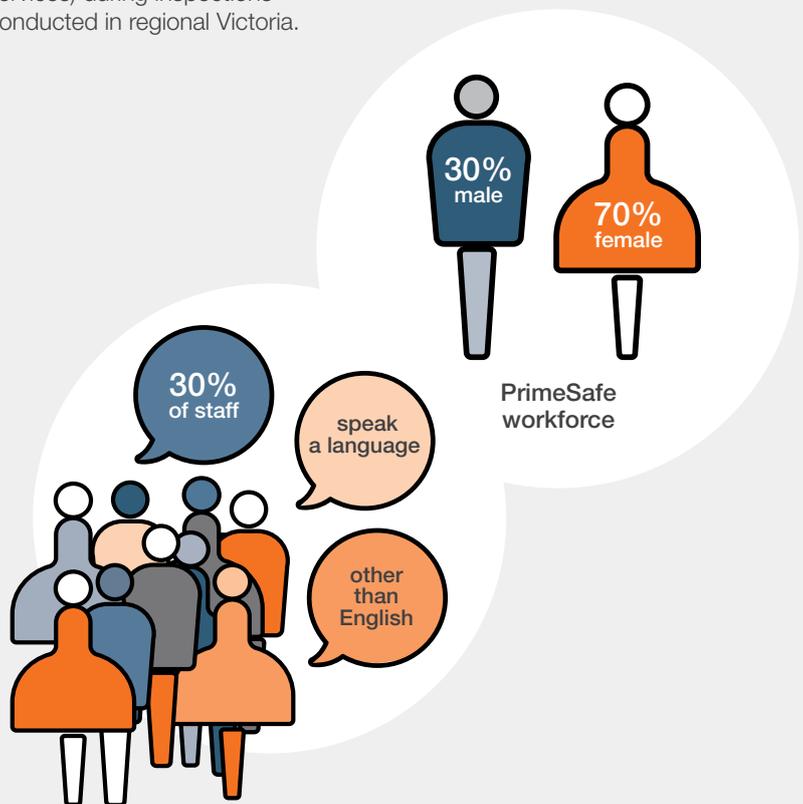
Social Procurement Framework

PrimeSafe is fully committed to supporting the Victorian Government’s Social Procurement Framework (SPF) and contributing to the advancement of social and sustainable outcomes for all Victorians.

During 2020-2021, PrimeSafe prioritised the following three SPF objectives:

- womens equality and safety
- safe and fair work practices
- environmentally sustainable business practices

These priorities were chosen due to the high degree of alignment with PrimeSafe’s procurement activities and values. PrimeSafe demonstrated its commitment to SPF objectives through the following activities:



Government advertising expenditure

PrimeSafe did not undertake a government advertising campaign during 2020–2021.

Consultancy expenditure

In 2020-2021, PrimeSafe did not engage any consultants where the fees payable were less than \$10,000. Three consultants were engaged where the fees payable were \$10,000 or more. Details of these consultancies are outlined at Table 9. The total expenditure on consultancies during 2020-2021 was \$97,971 (excl. GST).

Information and communication technology (ICT) expenditure

ICT expenditure refers to PrimeSafe's costs in providing business enabling ICT services during the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to activities that extend or enhance PrimeSafe's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability. Details of PrimeSafe's expenditure on ICT during this reporting period are outlined at Table 10.

Table 9 - Consultancy expenditure

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2020-21 (excl. GST)	Future expenditure (excl. GST)
Bartley Consulting Pty Ltd	Communication and stakeholder satisfaction research 2020	\$50,000.00	\$48,971.00	\$0.00
Finspec - Lakewood Court Investment Pty Ltd	Corporate development	\$13,950.00	\$13,950.00	\$0.00
Thoughtpost Governance Pty Ltd	Board performance review	\$40,000.00	\$35,050.00	\$0.00

Table 10 - ICT expenditure

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
\$335,682	\$852,639	\$466,790	\$385,849

Disclosure of major contracts

PrimeSafe did not enter into or award any major contracts (valued at \$10 million or more) during 2020-2021.

Freedom of information (FOI)

The *Freedom of Information Act 1982* (the FOI Act) allows the public a right of access to documents held by PrimeSafe. During 2020-2021, PrimeSafe did not receive any FOI requests.

Making an FOI request

FOI requests can be lodged online at foi.vic.gov.au. An application fee of \$29.60 applied for the year end 30 June 2021. Access charges may also be payable if the document pool is large, and the search for material, time consuming. Access to documents may be obtained through written request to the Manager, Business and Corporate Services, as detailed in Section 17 of the FOI Act. In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Requests for the documents in the possession of PrimeSafe should be addressed to:

**Manager, Business and Corporate Services
PrimeSafe
PO Box 2057
SOUTH MELBOURNE VIC 3205**

Requests can also be lodged online at foi.vic.gov.au. Access charges may also apply once documents have been processed and a decision on access is made; for example, photocopying and search and retrieval charges. Further information regarding FOI requests can be found at foi.vic.gov.au.

Compliance with the *Building Act 1993*

PrimeSafe does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure that where public service providers compete, or potentially compete with the private sector, any advantage arising solely from their government ownership is removed, if it is not in the public interest. Government businesses are required to cost and price services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service. PrimeSafe continues to implement and apply this principle in its business undertakings.

Public interest disclosures

The *Public Interest Disclosure Act 2012* (the PID Act) encourages and assists people to make disclosures of improper conduct by public officers and public bodies. The PID Act provides protection to people who make disclosures in accordance

with the PID Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken. PrimeSafe does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial risk to public health and safety or the environment. PrimeSafe will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible. No disclosures of improper conduct by PrimeSafe or its employees were made during the 2020-2021 reporting period.

Making a public interest disclosure

A member of the public can make a public interest disclosure about PrimeSafe, or its Board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria on the contact details provided below.

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

**Address: Level 1, North Tower,
459 Collins Street,
MELBOURNE VIC 3000**

**Postal address: IBAC,
GPO Box 24234,
MELBOURNE VIC 3001**

Phone: 1300 735 135

Website: ibac.vic.gov.au

Email: See the website above for the secure email disclosure process which also provides for anonymous disclosures.

PrimeSafe has established procedures to protect a person who makes a public interest disclosure about PrimeSafe, its Board members or employees from detrimental action in reprisal for making the disclosure. PrimeSafe's procedures are accessible on the PrimeSafe website at primesafe.vic.gov.au.

Carers Recognition Act 2012 (Vic)

PrimeSafe has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012* (CRA). These include:

- ensuring staff have an awareness and understanding of the care relationship principles set out in the CRA; and
- considering the care relationships principles set out in the CRA when setting policies and providing services e.g. reviewing the employment policy to ensure flexible working arrangements and leave provisions to ensure that these comply with the principles in the CRA.

Additional information available on request

In compliance with the requirements of the Standing Directions 2018 under the *Financial Management Act 1994*, details in respect of the items listed below have been retained by PrimeSafe and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary

- c) details of publications produced by PrimeSafe about the activities of PrimeSafe, and where they can be obtained
- d) details of changes in prices, fees, charges, rates and levies charged by PrimeSafe for its services, including services that are administered
- e) details of any major external reviews carried out on PrimeSafe
- f) details of assessments and measures undertaken to improve the occupational health and safety of employees, not otherwise detailed in the Report of Operations
- g) details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement
- h) a general statement on industrial relations within PrimeSafe and details of time lost through industrial accidents and disputes, which are not otherwise detailed in the Report of Operations.

The above information is available on request from:

**Manager, Business and Corporate Services
PrimeSafe
PO Box 2057
SOUTH MELBOURNE VIC 3205**

Attestation for financial management compliance with Standing Direction 5.1.4

I, Alison Stone, on behalf of PrimeSafe, certify that PrimeSafe has no Material Compliance Deficiency with respect to the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions.

The PrimeSafe Audit and Risk Management Committee has verified this.



Alison Stone
Chair

27 August 2021

Asset Management Accountability Framework (AMAF) maturity statement

PrimeSafe conducted a self-assessment of the level of asset management maturity within the organisation for 2020-2021. The self-assessment is based on requirements in the following categories:

- leadership and accountability
- planning
- acquisition
- operation

In the self-assessment for 2020-2021, PrimeSafe achieved a target maturity rating of 'competence', meaning its systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirements, including a continuous improvement process to expand system performance above AMAF minimum requirements.



Financial Statements

How this report is structured

PrimeSafe has presented its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about PrimeSafe's stewardship of resources entrusted to it.

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PrimeSafe declaration

In accordance with a resolution of the Board of PrimeSafe, we declare that the attached financial statements for PrimeSafe have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of PrimeSafe as at 30 June 2021.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue.



Alison Stone

Chair

Melbourne
27 August 2021



Brendan Tatham

Chief Executive Officer

Melbourne
27 August 2021



Vered Adler

Chief Financial Officer

Melbourne
27 August 2021

Independent Auditor's Report

To the Board of PrimeSafe

<p>Opinion</p>	<p>I have audited the financial report of PrimeSafe (the entity) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • PrimeSafe declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Board's responsibilities for the financial report</p>	<p>The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit 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 the 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 the 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 entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board'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 my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the 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.

I communicate with the Board regarding, 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 my audit.

MELBOURNE
3 September 2021



Simone Bohan
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	<i>Notes</i>	2021 \$	2020 \$
Income from transactions			
Licence and registration fees	2.1	3,090,822	3,026,185
Interest income	2.1	16,965	47,149
Other income	2.2	136,370	66,496
Total income from transactions		3,244,157	3,139,830
Expenses from transactions			
Employee expenses	3.2	1,695,358	1,387,247
Board and committee fees	3.2	231,444	228,133
Depreciation	4.1.2	175,930	198,438
Interest expense	6.1.2	9,899	14,665
Amortisation	4.2	41,251	34,658
Other operating expenses	3.3	1,108,754	882,638
Total expenses from transactions		3,262,636	2,745,779
Net result from transactions (net operating balance)		(18,479)	394,051
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.1	9,310	(3,171)
Total other economic flows included in net result		9,310	(3,171)
Comprehensive result		(9,169)	390,880

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

Balance sheet

AS AT 30 JUNE 2021

	<i>Notes</i>	2021 \$	2020 \$
Assets			
Financial assets			
Cash and cash equivalents	6.2	1,912,793	2,607,818
Receivables	5.1	130,549	40,497
Investments and other financial assets	4.3	1,995,000	1,645,000
Total financial assets		4,038,342	4,293,315
Non-financial assets			
Property, plant and equipment	4.1	327,735	481,366
Intangible assets	4.2	607,496	262,898
Prepayments		97,059	50,517
Total non-financial assets		1,032,290	794,781
Total assets		5,070,632	5,088,096
Liabilities			
Payables	5.2	250,241	219,560
Lease liability	6.1	177,808	305,982
Deferred income	5.3	2,293,440	2,228,435
Provisions	3.2.3	356,289	332,096
Total liabilities		3,077,778	3,086,073
Net assets		1,992,854	2,002,023
Equity			
Accumulated surplus/(deficit)		1,431,999	1,441,168
Contributed capital		560,855	560,855
Net worth		1,992,854	2,002,023

The balance sheet should be read in conjunction with the notes to the financial statements.

Cash flow statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Receipts from licence holders and other sources		3,107,955	3,074,181
Receipts from government		130,000	40,000
Goods and services tax recovered from the ATO ^(a)		124,358	127,697
Interest received		21,887	60,562
Payments to suppliers and employees		(3,192,314)	(2,566,662)
Interest expense on lease liability		(9,899)	(14,665)
Net cashflows from operating activities	6.2	181,987	721,113
Proceeds from sale of property, plant and equipment		25,000	21,139
Withdrawal from term deposits		-	350,000
Investment in term deposits		(350,000)	-
Payments for property, plant and equipment		(58,361)	(78,419)
Payments for intangible assets		(385,849)	(122,399)
Net cashflows from investing activities		(769,210)	170,321
Repayment of principal lease liabilities		(107,802)	(103,801)
Net cashflows from financing activities		(107,802)	(103,801)
Net increase/decrease in cash held		(695,025)	787,633
Cash and cash equivalents at the beginning of the financial year		2,607,818	1,820,185
Cash and cash equivalents at the end of financial year	6.2	1,912,793	2,607,818

The cash flow statement should be read in conjunction with the notes to the financial statements.

Note:

(a) GST paid to the Australian Taxation Office is presented on a net basis.

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Accumulated Surplus \$	Contributions by Owner \$	Total \$
Balance at 1 July 2019	1,050,288	560,855	1,611,143
Net result for the year	390,880	-	390,880
Balance at 30 June 2020	1,441,168	560,855	2,002,023
Net result for the year	(9,169)	-	(9,169)
Balance at 30 June 2021	1,431,999	560,855	1,992,854

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

1. About this report

The financial statements cover PrimeSafe as an individual reporting entity.

PrimeSafe operates under the provisions of the *Meat Industry Act 1993* and the *Seafood Safety Act 2003*.

Its principal address is:

PrimeSafe
150 Albert Road
SOUTH MELBOURNE VIC 3205

A description of the nature of PrimeSafe's operations and its principal activities is included in the Organisational Profile and Report of Operations, which does not form part of these financial statements.

Statement of Compliance

These general purpose financial statements have been prepared on a going concern basis in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AAS) which include interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Sector Financial Reporting*.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

These annual financial statements were authorised for issue by the Board of PrimeSafe on 27 August 2021.

Basis of Accounting Preparation and Measurement

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention, unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS that have significant effects on the financial statements and estimates relate to:

- the fair value of leasehold improvements, plant and equipment (refer to Note 7.3); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.2.3).

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

2. Funding delivery of our services

Objectives and Funding

The mission of PrimeSafe is to advance and regulate food safety in Victorian meat, poultry, seafood and pet food industries through credible quality assurance systems and services that also support opportunities for industry growth and innovation.

This is achieved through the following outcomes:

- meat, seafood and poultry are safe for all consumers
- protection of animal welfare
- recognition of comprehensive food safety and QA systems
- industry growth through innovation and market access
- governance and resources for sustainable service delivery; and
- PrimeSafe is the preferred food safety regulator.

PrimeSafe is funded by the payment of licence fees from the meat, poultry and seafood industries in Victoria.

2.1 Summary of income that funds our service delivery

		2021	2020
	Notes	\$	\$
Licence and registration fees		3,090,822	3,026,185
Interest		16,965	47,149
Other income	2.2	136,370	66,496
Total income from transactions		3,244,157	3,139,830

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

Licence Fees

Revenue from licence fees is recognised on a straight-line basis over the performance period to which the licences relate, with the prepaid portion recorded as a liability (deferred income) in line with AASB 15. This deferred income is a current liability and will be recognised as income in the next financial year.

Registration Fees

Registration fees for registering meat inspectors are recognised upon receipt of income.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

2.2 Other income

	2021	2020
	\$	\$
Government funding and grants	130,000	40,000
Review and audit fees	2,320	6,168
Court costs received	-	7,000
Sundry income	4,050	13,328
Total other income	136,370	66,496

Government Funding and Grants

Australian Government grants and contributions are recognised as income in accordance with AASB 15 where there is an enforceable contract with the customer and the conditions are sufficiently specific to enable determination if the conditions have been satisfied. Where sufficiently specific performance obligations do not exist, revenue is recognised upon receipt in line with AASB 1058.

Other Income

Other income includes review and audit fees, court costs received and bad debt reversals. Court costs are recognised when PrimeSafe receives notification of an entitlement. All other income is recognised in the period that the service occurs.

3. The cost of delivering services

This section provides an account of the expenses incurred by PrimeSafe in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note, the cost associated with provision of services are recorded.

3.1 Expenses incurred in delivery of services

		2021	2020
	Notes	\$	\$
Employee benefit expenses	3.2	1,695,358	1,387,247
Board and committee fees	3.2	231,444	228,133
Other operating expenses	3.3	1,108,754	882,638
Total expenses incurred in delivery of services		3,035,556	2,498,018

Expenses from transactions are recognised as they are incurred and reported in the financial year to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

3.2 Employee and board member benefits

3.2.1 Employee and board member benefits in the comprehensive operating statement

	2021	2020
	\$	\$
Employee expenses		
Salaries and wages	1,556,187	1,264,798
Superannuation expense	139,171	122,449
Total employee expenses	1,695,358	1,387,247
Board and committee fees		
Member fees	161,795	164,014
Superannuation expense	15,370	15,581
Recruitment fees	37,400	30,000
Meeting and travel expenses	16,879	18,538
Total board and committee fees	231,444	228,133

Employee expenses

These expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

Board and committee fees

These expenses include all costs related to director fees including wages and salaries, superannuation, recruitment, meeting and travel expenses for board members.

3.2.2 Superannuation

Employees and directors of PrimeSafe are entitled to receive superannuation benefits and PrimeSafe contributes to accumulating contribution plans. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of PrimeSafe.

The amounts expensed in relation to employee superannuation contributions made by PrimeSafe are as follows:

	2021	2020
	\$	\$
Accumulating contribution plans:		
VicSuper	32,679	39,722
Other	133,817	98,308
Total accumulating contribution plans	166,496	138,030

Superannuation

The amount recognised in the comprehensive operating statement is the employer contributions for members of accumulated superannuation plans that are paid or payable during the reporting period.

3.2.3 Employee benefits in the balance sheet

Provisions are recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2021	2020
	\$	\$
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	103,478	76,545
Unconditional and expected to settle after 12 months	25,869	19,136
Long service leave		
Unconditional and expected to settle within 12 months	39,409	37,287
Unconditional and expected to settle after 12 months	119,802	110,429
Provisions for on-costs		
Unconditional and expected to settle within 12 months	23,196	17,934
Unconditional and expected to settle after 12 months	24,130	20,805
Total current provisions for employee benefits	335,884	282,136
Non-current provisions		
Employee benefits	17,489	43,016
On-costs	2,916	6,944
Total non-current provisions for employee benefits	20,405	49,960
Total provisions for employee benefits	356,289	332,096

Employee Benefits

Provisions are recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits annual leave are all recognised in the provision for employee benefits as 'current liabilities', because PrimeSafe does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- undiscounted value – if PrimeSafe expects to wholly settle within 12 months; or
- present value – if PrimeSafe does not expect to wholly settle within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where PrimeSafe does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction through employee expenses.

Employee Benefits On-Costs

Provisions for on-costs such as payroll tax, workers' compensation and superannuation are recorded separately from the provision for employee benefits.

3.3 Other operating expenses

	2021	2020
	\$	\$
Other operating expenses		
Motor vehicle and travelling costs	41,192	76,377
Computer costs	200,446	85,322
Communication costs	17,486	21,718
Insurance	32,637	30,079
Legal fees	111,877	74,122
Consultancies	72,986	42,000
Recruitment fees	40,929	31,212
Service fees	435,707	329,016
Printing and postage	51,702	63,232
Industry and government liaison	1,970	17,817
Lease payments and operating costs	45,753	56,277
Other supplies and consumables	56,069	54,950
Bad debt from transactions	-	516
Total other operating expenses	1,108,754	882,638

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

Other supplies and consumables include costs such as bank charges, office supplies, stationery, archiving and cleaning.

4. Key assets available to support service delivery

PrimeSafe controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources purchased by PrimeSafe to be utilised for delivery of those outputs.

Fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

4.1 Total property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Buildings at fair value (right-of-use)	383,789	451,158	(221,334)	(159,785)	162,455	291,373
Leasehold improvements at fair value	82,810	82,810	(75,414)	(73,250)	7,396	9,560
Plant and equipment at fair value	238,397	230,209	(213,101)	(194,962)	25,296	35,247
Motor vehicles at fair value	240,346	229,238	(107,758)	(84,052)	132,588	145,186
	945,342	993,415	(617,607)	(512,049)	327,735	481,366

Recognition and measurement

Items of property, plant and equipment are measured initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined using the depreciated replacement cost method.

For all assets measured at fair value, the current use is considered the highest and best use.

Right-of-use assets

PrimeSafe recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets - subsequent measurement

PrimeSafe depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment.

The right-of-use assets are also subject to revaluation.

During the year the buildings lease was modified resulting in a re-measurement of the lease liability and right-of-use asset. This resulted in an adjustment to both the asset and liability of \$20,372.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

4.1.1 Reconciliation of movements in carrying amounts

	Motor vehicles Total	Plant and equipment \$	Leasehold improvements \$	Buildings (right-of-use) \$	\$
Opening balance 1 July 2020	145,186	35,247	9,560	291,373	481,366
Additions	50,173	8,188	-	-	58,361
Disposals	(15,690)	-	-	-	(15,690)
Remeasurement of right-of-use assets	-	-	-	(20,372)	(20,372)
Depreciation	(47,080)	(18,140)	(2,164)	(108,546)	(175,930)
Closing balance 30 June 2021	132,589	25,295	7,396	162,455	327,735
Opening balance 1 July 2019 ^(a)	159,176	50,633	11,724	404,161	625,694
Additions	56,207	22,211	-	-	78,418
Disposals	(24,308)	-	-	-	(24,308)
Depreciation	(45,889)	(37,597)	(2,164)	(112,788)	(198,438)
Closing balance 30 June 2020	145,186	35,247	9,560	291,373	481,366

^(a) Balances adjusted on 1 July 2019 in line with modified retrospective implementation of AASB 16.

4.1.2 Depreciation

	2021 \$	2020 \$
Buildings at fair value (right-of-use)	108,546	112,788
Leasehold improvements at fair value	2,164	2,164
Plant and equipment at fair value	18,140	37,598
Motor vehicles at fair value	47,080	45,889
	175,930	198,438

Depreciation

Plant and equipment, and other non-financial physical assets (excluding items under operating leases) that have finite useful lives are depreciated.

Depreciation is calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Right-of use assets are depreciated over the shorter of the asset's useful life and the lease term.

The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset class	Useful life
Buildings (right-of-use)	2 years
Leasehold improvements	9 years
Plant and equipment	3-10 years
Motor vehicles	5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term.

4.2 Intangible assets

	2021 \$	2020 \$
Gross carrying amount		
Opening balance	601,938	479,539
Additions	385,849	122,399
Disposals	(275,998)	-
Closing balance	711,789	601,938
Accumulated amortisation		
Opening balance	(339,040)	(304,382)
Amortisation of intangible produced assets	(41,251)	(34,658)
Disposals	275,998	-
Closing balance	(104,293)	(339,040)
Net book value at end of financial year	607,496	262,898

Recognition and measurement

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to PrimeSafe.

Intangible assets with finite useful lives are amortised as an expense from transactions on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The typical estimated useful lives for intangible assets for current and prior years is three years.

The estimated useful lives, and amortisation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 4.5.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

4.3 Investments and other financial assets

	2021	2020
	\$	\$
Current investments and other financial assets		
Term deposits:		
Australian dollar term deposits greater than three months	1,995,000	1,645,000
Total current investments and other financial assets	1,995,000	1,645,000

4.4 Revaluation of assets

Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Asset carrying values are considered to approximate their fair value, and no revaluation adjustments were required during the 2021 financial year (2020: Nil).

See Note 7.3 for further information regarding fair value determination.

4.5 Impairment of assets

At the end of each reporting period, PrimeSafe assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

During the 2021 financial year, no assets were impaired (2020: Nil).

5. Other assets and liabilities

This section sets out other assets and liabilities in PrimeSafe.

5.1 Receivables

	2021	2020
	\$	\$
Current receivables		
Contractual		
Accrued investment income	3,843	8,765
Other receivables	58,742	4,500
	62,585	13,265
Statutory		
GST input tax credit recoverable	67,964	27,232
	67,964	27,232
Total receivables	130,549	40,497

Receivables consist of:

- contractual receivables, which include debtors in relations to court cost recoveries, and accrued investment income; and
- statutory receivables, such as amounts owing from the ATO for Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impaired receivables. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

Collectability of trade receivables is reviewed on an ongoing basis. Bad debts which are known to be uncollectible are written off and classified as a transaction expense. A provision for impaired receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

Refer to Note 7.1.3 for ageing analysis of receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

5.2 Payables

	2021	2020
	\$	\$
Current payables		
Contractual		
Supplies and services(i)	156,568	155,422
Other payables	33,835	12,045
	190,403	167,467
Statutory		
FBT payable	11,864	11,518
PAYG payable	33,407	28,961
SGC payable	14,567	11,614
	59,838	52,093
Total payables	250,241	219,560

Note:

(i) The average credit period is 30 days. No interest is charged on the other payables for the first 30 days from the date of the invoice.

Payables consist of:

- contractual payables, such as accounts payable and accrued expenses. These represent liabilities for goods and services provided to PrimeSafe prior to the end of the financial year that are unpaid, and arise when PrimeSafe becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Due to the short-term nature of the current payables, their carrying value is assumed to approximate their fair value.

Refer to Note 7.1.4 for aging analysis of payables.

5.3 Deferred income

	2021	2020
	\$	\$
Deferred income	2,293,440	2,228,435
Total deferred income	2,293,440	2,228,435

The revenue from licence and registration fees is recognised over the performance period to which the licences relate, with the prepaid portion recorded as deferred income. The deferred income is a current liability and will be recognised as income in the next financial year.

6. Financing our operations

This section provides information on the sources of finance utilised by PrimeSafe during its operations, along with other information related to financing activities of PrimeSafe.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

6.1 Leases

	2021	2020
	\$	\$
Lease liability		
Current lease liability		
Right-of-use lease liabilities	110,176	111,855
Non current lease liability		
Right-of-use lease liabilities	67,632	194,127
Total lease liability	177,808	305,982

PrimeSafe recognises lease liabilities relating to one office tenancy including multiple car parking spaces. The lease contracts are typically made for fixed periods of 2 years with an option to renew the lease after that date. Lease payments are renegotiated at every option period to reflect market rentals.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, else at PrimeSafe's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification.

6.1.1 Right-of-use assets

Right-of-use assets are presented in note 4.1

6.1.2 Amounts recognised in the Comprehensive Operating Statement

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2021	2020
	\$	\$
Interest expense on lease liabilities	9,899	14,665
Total amount recognised in the Comprehensive Operating Statement	9,899	14,665

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

6.1.3 Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2021 relating to leases:

	2021	2020
	\$	\$
Total cash outflow for leases	117,701	118,466

6.2 Cash flow information

Cash and deposits, including cash equivalents, comprise of cash on hand and cash at bank, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2021	2020
	\$	\$
a) Reconciliation of cash and cash equivalents		
Cash on hand	300	300
Cash at bank	1,912,493	2,257,518
Short term deposits	-	350,000
Balance as per cash flow statement	1,912,793	2,607,818

Term deposits of \$1,995,000 as recorded on the balance sheet as at 30 June 2021 have not been included in cash and cash equivalents due to the deposits having maturity dates of over three months as shown in Note 4.3.

	2021	2020
	\$	\$
b) Reconciliation of net result for the period		
Net result for the period	(9,169)	390,880
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	(9,310)	3,171
Depreciation of non-current assets	175,930	198,438
Amortisation of non-current assets	41,251	34,658
Movement in assets and liabilities:		
(Increase)/decrease in receivables	(90,052)	21,213
(Increase)/decrease in prepayments	(46,542)	(3,778)
Increase/(decrease) in payables	30,681	46,269
Increase/(decrease) in deferred income	65,005	20,932
Increase/(decrease) in provisions	24,193	9,330
Net cash flows from operating activities	181,987	721,113

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2021	2020
	\$	\$
Capital expenditure commitments payable		
Less than one year	64,677	-
Total capital expenditure commitments	64,677	-
Operating and lease commitments payable		
Less than one year	71,378	-
Longer than one year but not longer than five years	-	-
Total operating and lease commitments	71,378	-
Intangible assets commitments payable		
Less than one year	-	403,920
Total intangible asset commitments	-	403,920
Total commitments (inclusive of GST)	136,055	403,920
Less GST recoverable from the Australian Taxation Office	12,369	36,720
Total commitments for expenditure (exclusive of GST)	123,686	367,200

Intangible asset commitments payable relate to an existing contract for the development of the new LMS system.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

7. Risks, contingencies and valuation judgements

PrimeSafe is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for PrimeSafe related mainly to fair value determination.

7.1 Financial instruments

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of PrimeSafe's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by PrimeSafe to collect contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

PrimeSafe recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits.

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost. Financial instrument liabilities measured at amortised cost include all of PrimeSafe's contractual payables and lease liabilities.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Table 7.1.1: Financial instruments: Categorisation

	Cash	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
	\$	\$	\$	\$
2021				
Contractual financial assets				
Cash and cash equivalents	1,912,493	-	-	1,912,493
Accrued interest	-	3,843	-	3,843
Other receivables	-	58,742	-	58,742
Term deposits	-	1,995,000	-	1,995,000
Total contractual financial assets	1,912,493	2,057,585	-	3,970,078
Contractual financial liabilities				
Payables				
Supplies and services	-	-	156,568	156,568
Other payables	-	-	33,835	33,835
Lease liabilities	-	-	177,808	177,808
Total contractual financial liabilities	-	-	368,211	368,211
2020				
Contractual financial assets				
Cash and cash equivalents	2,607,518	-	-	2,607,518
Accrued interest	-	8,765	-	8,765
Other receivables	-	4,500	-	4,500
Term deposits	-	1,645,000	-	1,645,000
Total contractual financial assets	2,607,518	1,658,265	-	4,265,783
Contractual financial liabilities				
Payables				
Supplies and services	-	-	155,422	155,422
Other payables	-	-	12,045	12,045
Lease liabilities	-	-	305,982	305,982
Total contractual financial liabilities	-	-	473,449	473,449

Note:

The total amounts here exclude statutory amounts (e.g. amounts owing from GST input tax credit recoverable and taxes payable).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Credit risk

Credit risk arises from the contractual financial assets of PrimeSafe, which comprise cash and deposits, and non-statutory receivables. Credit risk is measured at fair value and is monitored on a regular basis.

PrimeSafe does not engage in hedging for its contractual financial assets and obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements represents PrimeSafe's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Table 7.1.2: Credit quality of contractual financial assets that are neither past due nor impaired

	Financial institutions (AAA credit rating)	Other	Total
	\$	\$	\$
2021			
Cash and cash equivalents	1,912,493	-	1,912,493
Term deposits	1,995,000	-	1,995,000
Accrued investment income	3,843	-	3,843
Other receivables	-	58,742	58,742
Total contractual financial assets	3,911,336	58,742	3,970,078
2020			
Cash and cash equivalents	2,607,518	-	2,607,518
Term deposits	1,645,000	-	1,645,000
Accrued investment income	8,765	-	8,765
Other receivables	-	4,500	4,500
Total contractual financial assets	4,261,283	4,500	4,265,783

Note:

The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from GST input tax credit recoverable).

Table 7.1.3: Maturity analysis of contractual financial assets

	Carrying amount	Not past due and not impaired			Past due but not impaired	
		Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2021						
Receivables						
Accrued investment income	3,843	3,843	-	-	-	-
Other receivables	58,742	54,242	-	-	-	4,500
Investments and other contractual financial assets						
Cash and cash equivalents	1,912,493	1,912,493	-	-	-	-
Term deposits	1,995,000	1,995,000	-	-	-	-
Total	3,970,078	3,965,578	-	-	-	4,500
2020						
Receivables						
Accrued investment income	8,765	8,765	-	-	-	-
Other receivables	4,500	-	-	-	3,000	1,500
Investments and other contractual financial assets						
Cash and cash equivalents	2,607,518	2,607,518	-	-	-	-
Term deposits	1,645,000	1,645,000	-	-	-	-
Total	4,265,783	4,261,283	-	-	3,000	1,500

Note:

The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from GST input tax credit recoverable).

Liquidity risk

Liquidity risk is the risk that PrimeSafe would be unable to meet its financial obligations as and when they fall due. PrimeSafe operates under the Government Fair Payments Policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

PrimeSafe's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. PrimeSafe manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet short-term obligations; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

PrimeSafe's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The carrying amount of PrimeSafe's payables represents PrimeSafe's maximum exposure to liquidity risk. All payables are likely to mature within one month.

The following table discloses the contractual maturity analysis for PrimeSafe's contractual financial liabilities.

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Table 7.1.4: Maturity analysis of contractual financial liabilities

	Maturity dates					
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	Greater than 1 year
	\$	\$	\$	\$	\$	\$
2021						
Payables						
Supplies and services	156,568	156,568	156,568	-	-	-
Other payables	33,835	33,835	33,835	-	-	-
Lease liabilities	177,808	177,808	8,888	17,859	83,429	67,632
Total	368,211	368,211	199,291	17,859	83,429	67,632
2020						
Payables						
Supplies and services	155,422	155,422	155,422	-	-	-
Other payables	12,045	12,045	12,045	-	-	-
Lease liabilities	305,982	305,982	9,002	18,131	84,722	194,127
Total	473,449	473,449	176,469	18,131	84,722	194,127

Note:

The carrying amounts disclosed here exclude statutory amounts (e.g. GST payables).

Foreign exchange risk

PrimeSafe trades in Australian Dollars only so there is no exposure to foreign exchange risk.

Market risk

PrimeSafe's exposure to market risk is through interest rate risk.

Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

PrimeSafe has minimal exposure to cash flow interest rate risks through its cash and term deposits.

PrimeSafe manages this risk by mainly undertaking fixed-rate or non-interest-bearing financial instruments with relatively even maturity profiles. Management has concluded that cash at bank is a financial asset that can be left at a floating rate without necessarily exposing PrimeSafe to significant bad risk.

Table 7.1.5: Interest rate exposure of financial instruments

	Interest rate exposure				
	Weighted average interest rate	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
2021	%	\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	0.21%	1,912,493	-	1,912,493	-
Receivables:					
Accrued interest	0.43%	3,843	3,843	-	-
Other receivables		58,742	-	-	58,742
Investments and other contractual financial assets:					
Term deposits	0.43%	1,995,000	1,995,000	-	-
Total financial assets		3,970,078	1,998,843	1,912,493	58,742
Financial liabilities					
Payables:					
Supplies and suppliers		156,568	-	-	156,568
Other payables		33,835	-	-	33,835
Lease liabilities		177,808			177,808
Total financial liabilities		368,211	-	-	368,211
2020					
Financial assets					
Cash and cash equivalents	0.21%	2,607,518	350,000	2,257,518	-
Receivables:					
Accrued interest	1.19%	8,765	8,765	-	-
Other receivables		4,500	-	-	4,500
Investments and other contractual financial assets:					
Term deposits	1.19%	1,645,000	1,645,000	-	-
Total financial assets		4,265,783	2,003,765	2,257,518	4,500
Financial liabilities					
Payables:					
Supplies and suppliers		155,422	-	-	155,422
Other payables		12,045	-	-	12,045
Lease liabilities		305,982			305,982
Total financial liabilities		473,449	-	-	473,449

Note:

The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from GST input credit recoverable and GST payables).

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Sensitivity disclosure analysis and assumptions

PrimeSafe cannot be expected to predict movements in market rates and prices. Sensitivity analysis determined that a movement of 50 basis points up and 50 basis points down (2020: 50 up and 50 down) in market interest rates (AUD) would not have a material impact on PrimeSafe's net result and equity for each category of financial instrument held by PrimeSafe at the end of the reporting period if the movements were to occur.

7.2 Contingent assets and contingent liabilities

PrimeSafe did not have any contingent assets or contingent liabilities as at 30 June 2021 (2020: Nil).

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of PrimeSafe.

Fair value hierarchy

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Consistent with AASB 13 *Fair Value Measurement*, PrimeSafe determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

PrimeSafe considers that the carrying amount of financial instrument assets and financial liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Financial assets and liabilities

The following table shows that the fair values of all of the contractual financial assets and liabilities are the same as the carrying amounts.

Table 7.3.1: Fair value of financial instruments measured at amortised cost

	Carrying amount	Fair value	Carrying amount	Fair value
	2021	2021	2020	2020
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,912,493	1,912,493	2,607,518	2,607,518
Receivables				
Accrued investment income	3,843	3,843	8,765	8,765
Other receivables	58,742	58,742	4,500	4,500
Investment and other contractual financial assets				
Term deposits	1,995,000	1,995,000	1,645,000	1,645,000
Total financial assets	3,970,078	3,970,078	4,265,783	4,265,783
Financial liabilities				
Payables				
Supplies and services	156,568	156,568	155,422	155,422
Other payables	33,835	33,835	12,045	12,045
Total financial liabilities	190,403	190,403	167,467	167,467

Note:

The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from GST input credit recoverable, and GST payables).

Non-financial assets

Property, plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2021. For all assets measured at fair value, the current use is considered the highest and best use.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Table 7.3.2: Fair value measurement hierarchy for assets as at 30 June 2021

	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$	\$
Buildings (right-of-use)	162,455	-	-	162,455
Leasehold improvements at fair value	7,396	-	-	7,396
Plant and equipment at fair value	25,296	-	-	25,296
Motor vehicles at fair value	132,588	-	-	132,588
Total of plant, equipment and vehicles at fair value	327,735	-	-	327,735

Note:

(i) Classified in accordance with the fair value hierarchy.

Table 7.3.3: Fair value measurement hierarchy for assets as at 30 June 2020

	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
	\$	\$	\$	\$
Buildings (right-of-use)	291,373	-	-	291,373
Leasehold improvements at fair value	9,560	-	-	9,560
Plant and equipment at fair value	35,247	-	-	35,247
Motor vehicles at fair value	145,186	-	-	145,186
Total of plant, equipment and vehicles at fair value	481,366	-	-	481,366

Note:

(i) Classified in accordance with the fair value hierarchy.

Refer to Note 4.1.1 for movements in property, plant and equipment assets.

Table 7.3.4: Description of significant unobservable inputs to Level 3 valuations

2021	Valuation technique	Significant unobservable inputs
Buildings (right-of-use)	Depreciated straight-line cost	Useful life of the lease
Vehicles	Depreciated straight-line cost	Useful life of vehicles
Plant and equipment	Depreciated straight-line cost	Useful life of plant and equipment
Leasehold improvements	Depreciated straight-line cost	Useful life of leasehold improvements

The significant unobservable inputs have remained unchanged from 2020.

Net revaluation decreases are recognised in 'Other economic flows – other movements in equity' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'Other economic flows – other movements in equity' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. Any asset revaluation surplus is not normally transferred to accumulated funds on de-recognition of the relevant asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

8. Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise for the understanding of this financial report.

8.1 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

	2021	2020
	\$	\$
Net gain/(loss) on non-financial assets		
Gain/(loss) on disposal of property, plant and equipment	9,310	(3,171)
Total net gain/(loss) on non-financial assets	9,310	(3,171)
Total other economic flows included in net result	9,310	(3,171)

Net gain/(loss) on non-financial assets

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Net gain/(loss) on disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

8.2 Responsible persons

In accordance with the Ministerial Directions issued by the *Minister for Finance under the Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of Responsible Persons and Accountable Officer are as follows:

Governing Board

Director	Ms Janette Bowman	1 July 2020 to 30 June 2021
Director	Mr Paul Conway	1 July 2020 to 30 June 2021
Director	Mr Peter Giddy	1 July 2020 to 30 June 2021
Director	Ms Jennifer McDonald	1 July 2020 to 30 June 2021
Director	Mr Noel Kelson	1 July 2020 to 30 June 2021
Director	Ms Stacey McKenna	1 July 2020 to 30 June 2021
Director	Dr Bernadette Northeast	1 July 2020 to 30 June 2021
Director	Mr Chris Turner	1 July 2020 to 30 June 2021
Director	Mr Mark Wray	1 October 2020 to 30 June 2021
Chair	Ms Alison Stone	1 July 2020 to 30 June 2021

Accountable Officers

Chief Executive Officer	Dr Brendan Tatham	1 July 2020 to 30 June 2021
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Other Responsible Persons

Minister for Agriculture	Jaclyn Symes, MP	1 July 2020 to 1 December 2020
Minister for Agriculture	The Hon Mary-Anne Thomas, MP	1 December 2020 to 30 June 2021

Remuneration	2021	2020
Governing Board		
\$0 - 9,999	2	-
\$10,000 - 19,999	7	9
\$20,000 - 29,999	-	-
\$30,000 - 39,999	-	1
\$40,000 - 49,999	1	-
Accountable Officer		
\$260,000 - 269,999	-	1
\$270,000 - 279,000	1	-
Total numbers	11	11
Total amount (includes base and total remuneration)	461,607	452,699

The compensation detailed above excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the financial statements of the Parliamentary Services. For information regarding related party transactions for Ministers, the register of members' interests is publicly available from parliament.vic.gov.au/publications/register-of-interests.

8.3 Remuneration of executives and payments to other personnel

Remuneration of executives

There were no persons who held a position of Executive Officer as defined by the *Public Administration Act 2004* for the year ended 30 June 2021.

8.4 Related parties

PrimeSafe is a statutory authority of the State of Victoria. PrimeSafe is a wholly owned and controlled entity of the Victorian Government. Related parties of PrimeSafe include:

- all key management personnel, their close family members and personal business interests
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

PrimeSafe received funding from the following:

	2021	2020
	\$	\$
Department of Treasury and Finance	130,000	-
Department of Jobs, Precincts and Regions	-	40,000
Total	130,000	40,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

8.4.1 Key management personnel

Key management personnel of PrimeSafe includes all Responsible Persons as listed in Note 8.2. Compensation comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

	2021	2020
	\$	\$
Compensation of KMPs		
Short-term employee benefits	418,576	409,404
Post-employment benefits	37,184	37,449
Other long-term benefits	5,847	5,846
Total	461,607	452,699

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service benefit or deferred compensation.

8.4.2 Transactions with key management personnel and other related parties

Certain directors are PrimeSafe licensees and therefore remit licence fees to PrimeSafe on normal commercial terms and conditions. There were no transactions outside the normal course of business during the financial year between the directors and PrimeSafe.

Compensation comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

8.5 Remuneration of auditors

	2021	2020
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	17,500	18,000
	17,500	18,000

8.6 Subsequent events

Events after the reporting period

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of PrimeSafe, the results of those operations, or the state of affairs of PrimeSafe in future financial years.

8.7 Australian accounting standards issued that are not yet effective

Certain new and revised accounting standards and interpretations have been issued but are not effective for the 2020-2021 reporting period. These accounting standards, as listed below, have not been applied to these financial statements:

Standard/interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2020-2021 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- *AASB 17 Insurance Contracts.*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2020-7 Amendments to Australian Accounting Standards – COVID-19-Rent Related Concessions: Tier 2 Disclosures.*
- *AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform – Phase 2.*
- *AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.*

8.8 Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are recognised net of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

Commitments and contingent assets and liabilities are also stated inclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Disclosure index

The annual report of PrimeSafe is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of PrimeSafe's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
MINISTERIAL DIRECTIONS		
Report of operations - FRD guidance		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	26
FRD 22I	Purpose, functions, powers and duties	5, 27
FRD 8D	Departmental objectives, indicators and outputs	12-18
FRD 22I	Initiatives and key achievements	6-9
FRD 22I	Nature and range of services provided	14-18
Management and structure		
FRD 22I	Organisational structure	32
Financial and other information		
FRD 8D	Performance against output performance measures	N/A
FRD 8D	Budget portfolio outcomes	N/A
FRD 10A	Disclosure index	80
FRD 12B	Disclosure of major contracts	38
FRD 15E	Executive officer disclosures	35
FRD 22I	Employment and conduct principles	18
FRD 22I	Occupational health and safety policy	18
FRD 22I	Summary of the financial results for the year	34
FRD 22I	Significant changes in financial position during the year	N/A
FRD 22I	Major changes or factors affecting performance	N/A
FRD 22I	Subsequent events	51
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	38
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	38
FRD 22I	Statement on Competitive Neutrality Policy	38
FRD 22I	Application and operation of the <i>Protected Disclosure Act 2012</i>	38
FRD 22I	Application and operation of the <i>Carers Recognition Act 2012</i>	39
FRD 22I	Details of consultancies over \$10,000	37
FRD 22I	Details of consultancies under \$10,000	37
FRD 22I	Disclosure of government advertising expenditure	37
FRD 22I	Disclosure of ICT expenditure	37
FRD 22I	Statement of availability of other information	36
FRD 24D	Reporting of office-based environmental impacts	36

Legislation	Requirement	Page reference
FRD 25D	Local Jobs First	36
FRD 29C	Workforce data disclosures	34
SD 5.2	Specific requirements under Standing Direction 5.2	2

Compliance attestation and declaration

SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	39
SD 5.2.3	Declaration in report of operations	2

Financial statements - FRD guidance

Declaration

SD 5.2.2	Declaration in financial statements	44
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Other requirements under Standing Directions 5.2

SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	51
SD 5.2.1(a)	Compliance with Standing Directions	51
SD 5.2.1(b)	Compliance with Model Financial Report	51

Other disclosures as required by FRDs in notes to the financial statements*

FRD 9B	Departmental disclosure of administered assets and liabilities by activity	N/A
FRD 11A	Disclosure of ex gratia expenses	N/A
FRD 13	Disclosure of parliamentary appropriations	N/A
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other personnel (contractors with significant management responsibilities) in the financial report	76, 77
FRD 103I	Non-financial physical assets	57
FRD 110A	Cash flow statements	49, 64
FRD 112D	Defined benefit superannuation obligations	N/A
FRD 114C	Financial instruments - general government entities and public non-financial corporations	66, 67
FRD 120O	Accounting and reporting pronouncements applicable to the 2020-2021 reporting period (June 2021)	51

* Note: References to FRDs have been removed from the disclosure index if the specific FRDs do not contain requirements that are of the nature of disclosure.

Legislation

<i>Freedom of Information Act 1982</i>	38
<i>Building Act 1983</i>	38
<i>Public Interest Disclosure Act 2012</i>	38
<i>Local Jobs First Act 2003</i>	36
<i>Carers Recognition Act 2012</i>	39
<i>Disability Act 1993</i>	N/A
<i>Financial Management Act 1994</i>	51







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