

MILK AUTHORITY OF THE
AUSTRALIAN CAPITAL
TERRITORY

ANNUAL REPORT
1999-2000

Australian Capital Territory Government



Annual Report Contact Officer

John Robertson

Secretary

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Secretary's Letter of Transmittal

30 August 2000

Mr Gary Humphries MLA
Treasurer
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Treasurer,

Section 59(1) of the *Financial Management Act 1996* ("FMA") requires the Milk Authority of the ACT to prepare a report of its operations as soon as practicable after 30 June in each year, including financial statements in respect of that year in the form prescribed by section 59(2)-(4) of the FMA.

The *Chief Minister's Annual Report Directions for 1999/00* ("the Directions"), issued under the *Annual Reports (Government Agencies) Act 1995* ("Annual Reports Act") supported by the FMA, provides that:

- the Authority must submit the financial statements to the Auditor General for audit by 7 August 2000; and
- the Authority must submit to the Minister responsible for the Authority, by 8 September 2000, the Authority's 1999/00 Annual Report, including the audited financial statements.

The last report of the Authority covered the 1998/99 financial year.

This report has been prepared under paragraph 8(5)(a) of the *Annual Reports Act* and in accordance with the requirements referred to in the Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Authority. It outlines the operations of the Authority for the year ended 30 June 2000 and includes audited financial statements for that period.

The Authority has pleasure in submitting its report for the year ended 30 June 2000.

I hereby certify that this Annual Report is an honest and accurate account of the operations of the Milk Authority of the ACT during the year ended 30 June 2000 and that it complies with the Directions.

Section 14 of the *Annual Reports Act* requires that you cause a copy of the Report to be laid before the Legislative Assembly within six sitting days of receiving the Report.

Following commencement of the *Milk Authority (Repeal) Act 2000*, the Authority was abolished with effect from 1 July 2000. As a result, this is the Authority's last annual report.

Yours sincerely,

(signed)
John Robertson
Secretary

MILK AUTHORITY OF THE ACT

STATUTORY INFORMATION

Organisation

Milk Authority of the Australian Capital Territory

Enabling Legislation

Milk Authority Act 1971 (“MAA”)

Ministerial Responsibilities

Mr Gary Humphries MLA

Treasurer

All of the MAA, except Parts III and IV

Mr Brendan Smyth MLA

Minister for Urban Services

Parts III & IV of the MAA, except Section 38

Mr Michael Moore MLA

Minister for Health & Community Care

Section 38 of the MAA

Minister’s Powers

Section 18A - *Milk Authority Act 1971*

The Minister may give directions to the Authority with respect to the general policy to be adopted by the Authority and the Authority shall comply with any directions so given.

No ministerial directions were given to the Milk Authority during 1999/00.

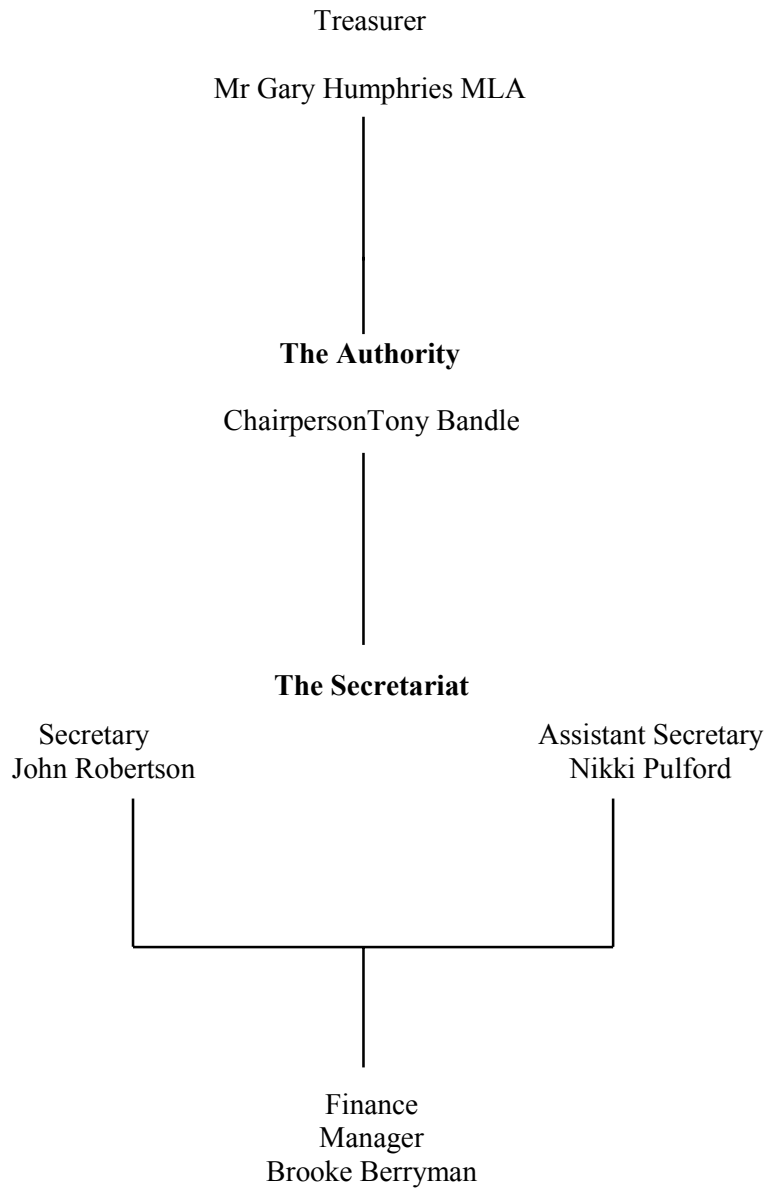
Powers, Functions and Objects of the Authority

Section 16 - *Milk Authority Act 1971*

- (1) Subject to subsection (2), the functions of the Authority are, in accordance with but subject to this Act, to engage in, regulate and control the supply, sale and distribution of milk in the Territory.
- (2) For the purpose of subsection (1), regulation of the sale of milk includes regulation of the charges that may be made in connection with the sale of milk.

MILK AUTHORITY OF THE ACT

Organisational Structure as at 30 June 2000



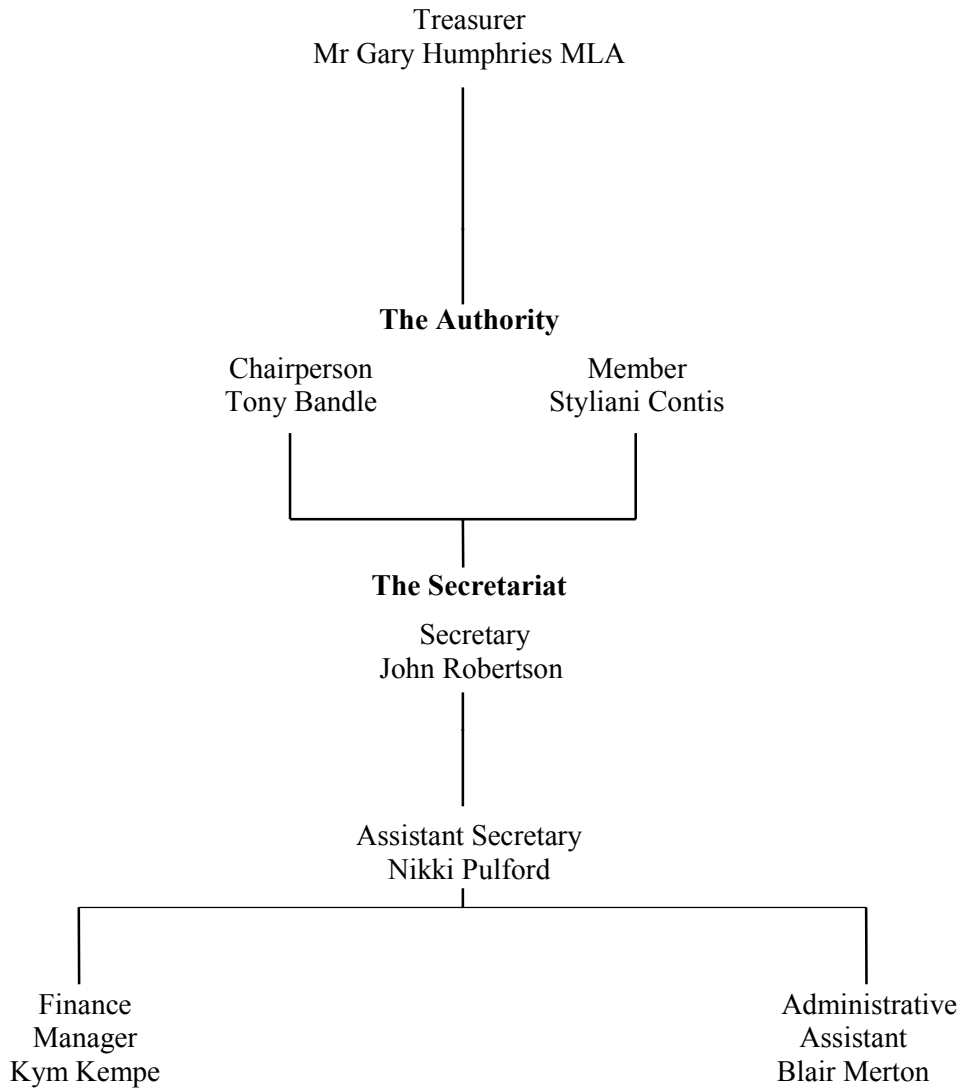
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MILK AUTHORITY OF THE ACT

Organisational Structure as at 1 July 1999



Part A

Activities Report 1999/00

Our Mission

To consistently deliver excellent service and a wide range of high quality, low priced milk products and to foster investment in the industry.

Overview and Major Achievements

This report covers the financial year 1999/00.

The Authority continued to meet its objectives as summarised in the Mission Statement and attended to the matters listed below:

- There were no disruptions to the supply of fresh milk, 6 days per week.
- At 30 June 2000, 128 milk products (111 products last year), across the four product stables of regular milk, low-fat milk, reduced-fat milk and flavoured milk, were available on the ACT milk market. Prices for ACT milk products were generally the lowest in Australia.
- Total milk sales during 1999/00 fell below 1998/99 levels by 2.99% to 31.13m Litres. Based on a population of 311,189, this equates to a per capita consumption level of 100.04L (103.58L last year). The national average per capita consumption level estimate for 1999/00 was 101 Litres (102L last year).
- Legislative Amendments to the *Milk Authority Act 1971*, passed on 16 February 1999, changed the role of the Authority to the following:
 - to engage in the supply and sale of milk in the Territory ; and
 - to administer contracts between the Authority and industry participants.
- In March a vendor rationalisation scheme was undertaken to assist with the upcoming deregulation on 1 July 2000. The Authority facilitated an auction whereby vendors choosing to exit the market could sell their runs and receive a subsidy from the Authority. The Belconnen Depot was sold to assist with the funding of the scheme.
- The *Milk Authority (Repeal) Act 2000*, passed on 25 May 2000 took effect on 1 July 2000, this was the final step towards deregulation following a review of the *Milk Authority Act 1971*. The Authority ceased to exist from 1 July and the ACT now has a deregulated milk industry.



Sales

Table 1 outlines sales by product for 1998/99 and 1999/00 and shows that sales fell by 2.99% over that time.

The per capita consumption level fell from 103.58 Litres to 100.04 Litres. This remains above the NSW level, which is in

the high-80's and above the national average estimate of 101 Litres per head (around 102L last year). The national figure includes UHT consumption whereas the ACT figure does not.

Table 1 – Sales by Product Type (Litres)			
	1998/99	1999/00	Change
Regular Milk	19,315,964	18,835,886	-2.49%
Low- and Reduced-Fat Milk	11,004,484	10,669,066	-3.05%
Total White Milk	30,320,448	29,504,952	-2.69%
Flavoured Milk	1,627,120	1,618,588	-8.08%
TOTALS	32,090,633	31,132,072	-2.99%
Population	309,800	311,189	0.45%
Per Capita Consumption	103.58	100.04	-3.42%

Milk Packaging

Table 2 outlines sales by packaging type in 1998/99 and 1999/00.

It shows a reduction of 4.37% or 1.01m units, in waste generated by milk packaging during 1999/00.

The number of plastic bottles expressed as a percentage of total packaging has declined over the current year, there has been an offsetting rise in the percentage of paper board cartons purchased.

Table 2 – Sales by Container Type (Number of Units)			
	1998/99	1999/00	Change
Liquid paper board cartons	11,705,229	11,309,627	-3.38%
Plastic bottles	11,423,760	10,813,907	-5.34%
Other	28,505	22,396	-21.43%
TOTALS	23,157,494	22,145,930	-4.37%
Average Pack Size	1.42L	1.41L	-0.70%

Purchases

Table 3 shows that the Authority's bulk milk purchases for 1999/00, under contracts expiring on 30 June 2000, were 1.30% below 1998/99.

Table 4 outlines the prices paid for bulk supplies of milk for 1998/99 and 1999/00.

Table 3 – Bulk Milk Purchases (Litres)			
	1998/99	1999/00	Change
All Suppliers	31,678,688	31,268,175	-1.30%

Table 4 – Comparative Supplier Details				
	1998/99		1999/00	
	Market Share (%)	Cents per Litre	Market Share (%)	Cents per Litre
The Bega Co-operative Society Limited	52.20	43.79	53.97	43.79
Murray Goulburn Co-operative Company Limited	44.01	44.70	41.86	44.70
Goldenholm Dairy Pty Limited	3.79	50.05	4.18	50.05
Total Market Share	100.00		100.00	
Weighted Average Price		44.43		46.45

Prices

Previously, under section 16A of the *Milk Authority Act 1971*, the Authority set the **maximum** retail prices and **maximum** intra-industry transfer prices for milk sold in the ACT.

Following amendments to the MAA in February 1999, regulatory responsibility for price controls was transferred to the Treasurer.

During 1999/00 the increase in the consumer price index for milk and cream in the ACT was 2%, equal to the increase in the national weighted average consumer price index for milk and cream.

The price of a 1L carton of whole milk increased from \$1.15 (set in 1997) to \$1.22 on 1 October 2000.

Authority Board

The Authority held 12 general meetings during the year.

At 30 June 2000 the Authority board comprised of the Chairperson.

The Chairperson's appointment expired on 30 June 2000 following passage of the *Milk Authority (Repeal) Act 2000*, on 25 May 2000.

Authority Secretariat

Due to the transfer and discharge of regulatory responsibilities to other Departments and the changed role of the Authority in 1998/99, the remaining permanent staff members had left the

Authority in late September 1999. Staff from the Department of Treasury and Infrastructure now fill the statutory roles of Secretary and Assistant Secretary and the role of Finance Manager.

Financial Operations

The Authority's 1999/00 net operating profit before abnormal items was \$453,274 (1998/99 - \$261,741) after abnormal items \$139,858 (during 1998/99 there was no abnormal items.) The 1999/00 result compares to the budget outcome of \$297,000 disclosed in the *Budget Estimates 1999-00* (Budget Paper No 4) of the ACT Government.

The abnormal item in 1999/00 was the sum of subsidy payments made to home vendors choosing to exit the market under

the rationalisation scheme.

The Authority paid a dividend to the ACT Government of \$228,000 for 1999/00. The previous year's dividend provision of \$130,870 was also paid in 1999/00.

The Authority maintains its financial records under the accrual accounting convention.

The Industry

During 1999/00 the Authority continued to manage the supply and sale of bulk raw milk in the Territory but no longer has responsibility for regulatory functions or the marketing and promotion of the brand name Canberra Milk.

The Milk Industry continued to supply a wide range of high quality milk products (128 at 30 June 2000), generally available at the lowest prices in Australia, and designed to meet the individual needs of consumers.

Consumers continued to enjoy a reliable supply during the year.

Following commencement of the provisions of the *Milk Authority (Repeal) Act 2000*, all milk industry specific regulation has been removed and the market is fully deregulated.

The Authority records its sincere appreciation to the management and staff of all participants in the ACT milk industry for their continued good service during 1999/00.

Table 5 – Product Range as at 30 June 2000

Product	Cartons	Plastic	Other
Canberra Milk	175ml 300ml 600ml 1L	2L 3L	10L
Canberra Gold		1.25L	
Canberra HiLo	1L	2L	
Shape	1L	2L	
Lite White	1L	2L 3L	
Farmers Best	1L	2L	
Canberra Skim	600ml 1L	2L	
Cappuccino Plus		2L	
Woolworths Milk	300ml 600ml 1L	2L 3L	
Woolworths Lite	1L	2L 3L	
Woolworths Skim	600ml 1L		
Pura	300ml 600ml 1L	1.1L 1.5L 2L 3L	
Pura Gold		1.5L	
Pura Lite Start	600ml 1L	1.1L 2L	
Pura Edge	1L		
Pura Tone	1L	1.1L 2L	
Riverina Fresh	300ml 600ml 1L	2L	10L
Riverina Fresh Lite	1L	2L	
Riverina Fresh Skim	600ml 1L	2L	
Moove – Chocolate	300ml 600ml	2L	
Moove – White Chocolate	300ml 600ml		
Moove – Strawberry	300ml 600ml	2L	
Moove – Iced Coffee	300ml 600ml		
Moove – Smooth Caramel	300ml 600ml	2L	
Oak Classic – Chocolate	375ml 600ml	1.25L	

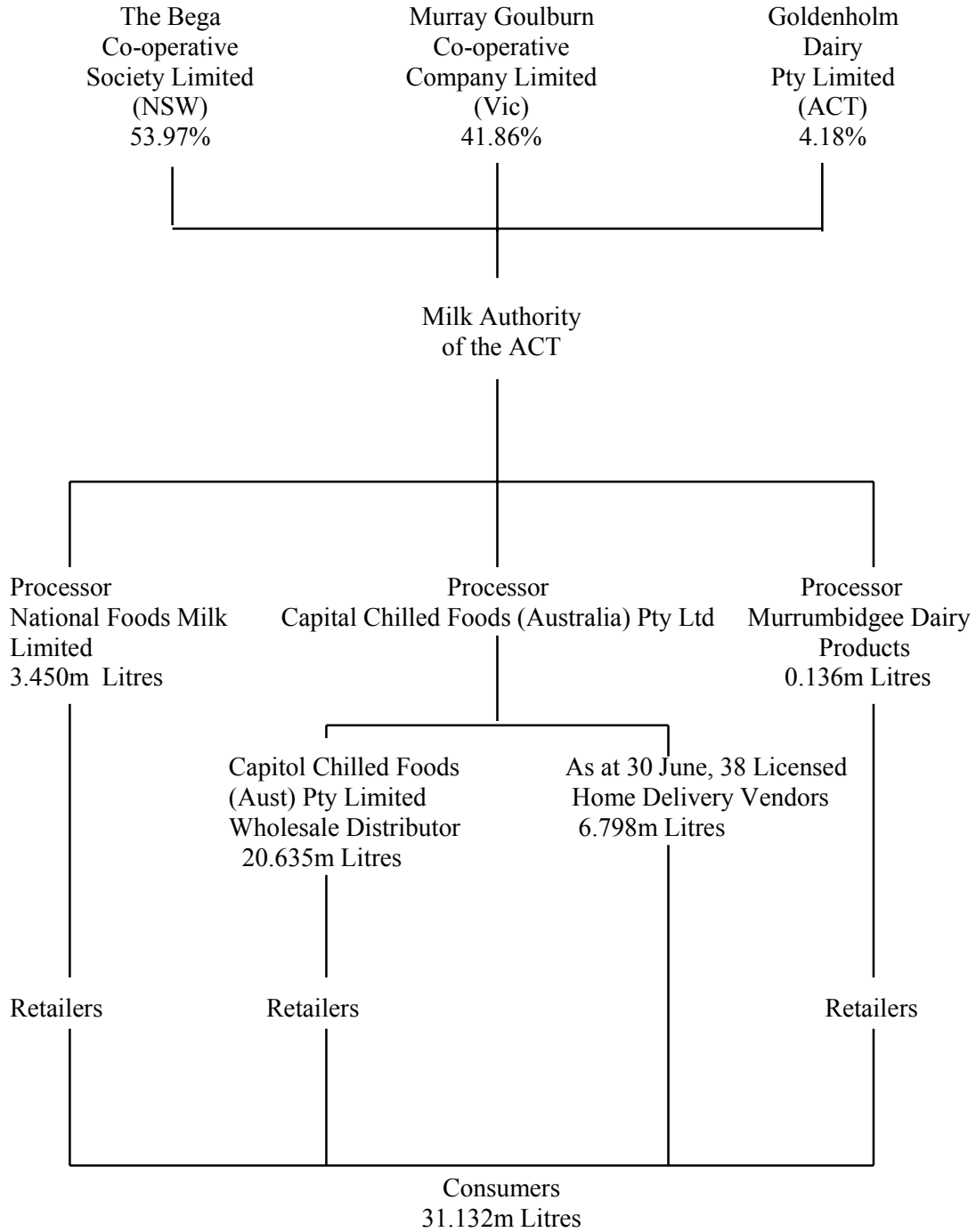
Oak Classic – Strawberry	375ml 600ml	1.25L	
Oak Classic – Iced Coffee	375ml 600ml	1.25L	
Oak Classic – Vanilla Malt	375ml 600ml	1.25L	
Oak Dare – Dark Jamaican Chocolate		500ml	
Oak Dare – Espresso Coffee		500ml	
Oak Dare – Caramel Rush		500ml	
Oak Dare – Wicked Chocolate		500ml	
Oak Just Natural – Malt, Honey & Chocolate		500ml	
Classic Strawberry	300ml	500ml 2L	
Classic Vanilla Malt	300ml	500ml 1L	
Classic Coffee Latte		500ml	
Classic Chocolate	300ml	500ml 2L	
Milo	300ml 500ml		
Feel Good Chocolate	375ml		
Feel Good Coffee	375ml		
IC Iced Coffee	300ml 600ml	500ml 2L	
Gary Coffee	300ml 600ml		
Gary Banana	300ml 600ml		
Gary Chocolate	300ml 600ml	2L	
Gary Strawberry	300ml 600ml	2L	
Riverina Fresh Chocolate	300ml 600ml	500ml 2L	
Riverina Fresh Chocolate Lite		500ml	
Riverina Fresh Coffee	300ml 600ml	500ml	
Riverina Fresh Coffee Lite		500ml	
Riverina Fresh Banana		500ml	
Riverina Fresh Strawberry	300ml 600ml	500ml	

ACT Milk Industry Structure 1999/00

SUPPLIERS

31.268m Litres

Contracts expire 30 June 2000



Milk Processing and Wholesale Distribution

Capitol Chilled Foods (Australia) Pty Limited (“CCFA”) undertakes processing and packaging activities in the ACT and provides wholesale distribution services to non-residential premises in the ACT (contract expired on 30 June 2000.)

National Foods Milk Limited entered the ACT milk market for the first time from 1 July 1998. Since then it has introduced 57 new products into the retail milk sector and has captured an 11.41% share of the

sales market. The renewed contract expired on 30 June 2000.

Murrumbidgee Dairy Products (“MDP”) followed shortly after, entering the market on 11 September 1998, introducing a further 25 products into the market. They now have a market share of 4.38%. This leaves CCFA as the primary provider. The renewed contract with MDP expired on 30 June 2000.

Home Delivery

At 30 June 2000, there were 38 licensed home delivery vendors operating in Canberra (69 at 30 June 1999). From that date vendor licencing controls were removed and vendors were subject to broader health regulatory requirements.

Amendments to the *Milk Authority Act 1971*, passed 16 February 1999, transferred the responsibility for home vendor zones and licensing from the Milk Authority to the Minister for Urban Services.

During 1999/00, the Milk Authority facilitated a process to enable vendors wishing to exit the industry ahead of deregulation to do so. This process resulted in a substantial increase in the vendor licence activity for the year. During 1999/00, a total of 35 vendor

licence transfers were approved by the Minister for Urban Services, compared to 2 in the previous year.

Table 6 provides the sales data through the home vending sector and Table 7 provides the sector’s market share data.

The decline in the home vending sector continued, with sales falling by 1.4m Litres, or 16.72%. The average sales per vendor fell from 118,429L (across 69 vendors) in 1998/99 to 111,619L (across 61 vendors - the year’s average) in 1999/00.

However, other factors such as consumers’ changing shopping habits, increasing shopping convenience and a growing number of retailers selling milk have also contributed to the declining trend.

Table 6 – Sales by Industry Sector (Litres)			
	1998/99	1999/00	Change
Retail Sector	23,914,651	24,323,321	+1.71%
Home Vending Sector	8,175,982	6,808,751	-16.72%
TOTALS	32,090,633	31,132,072	-2.99%

Table 7 – Industry Sector Market Shares			
	1998/99	1999/00	Change
Retail Sector	74.52%	78.13%	+4.84%
Home Vending Sector	25.48%	21.87%	-14.16%
TOTALS	100.00%	100.00%	

Marketing and Promotions

Following the *Milk Authority (amendment) Act 1999*, the Authority no longer directly undertakes marketing and sponsorship activities.

However, through the “Canberra Milk”

trademark licence agreement with Capitol Chilled Foods and as a stakeholder in the Conference of Australian Milk Authorities (CAMA), the Authority continued to contribute to industry marketing.

Future Direction

Following the commencement of the *Milk Authority (Repeal) Act 2000*, passed on 25 May 2000, the Authority ceased to exist from 1 July 2000.

The offices of Secretary and Assistant Secretary continue to exist for certain purposes, primarily related to reporting on the Authority’s 1999/00 activities, until

the offices are abolished on 31 December 2000 or an earlier date as published in the ACT Government Gazette by the Minister.

The Authority itself has and will not undertake any activities during 2000/01. Under these circumstances this report will be the final report for the Milk Authority of the ACT.



Conference of Australian Milk Authorities (CAMA)

The Authority maintained its participation in CAMA during the year and was represented at all meetings held.

CAMA considers issues relating to the national and international milk industries, including sales trends and marketing strategies.

CAMA continued to oversee the development of the industry's national generic white milk advertising campaigns and, through its membership of CAMA and representation on CAMA's Promotions Working Party, the Authority was able to provide input to that process.

Consistent with the national movement to deregulate the milk industry, CAMA has been wound up and will not operate in 2000/01.

Performance Indicators

Section 59 of the *Financial Management Act 1996* requires the Authority to include in the financial statements a statement of its performance in achieving the objectives specified in the Statement of Intent for the year. This statement is included in Part B of this Annual Report.



Part B

Financial Statements

1999/00

MILK AUTHORITY OF THE AUSTRALIAN CAPITAL TERRITORY

Statement of Responsibility for the Year Ended 30 June 2000

I, the undersigned, state that the Secretary of the Milk Authority of the Australian Capital Territory (“the Authority”) is the Chief Executive Officer for the purpose of the *Financial Management Act 1996* and, accordingly, is responsible for the preparation of the Authority’s financial statements.

In taking responsibility for the preparation of the financial statements, the Secretary exercised his judgement based on his opinion that:

1. at the date hereof, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
2. the financial statements of the Authority have been made out in accordance with the provisions of Section 59 of the *Financial Management Act 1996* and as outlined in Note 1(a) to the financial statements for the year ended 30 June 2000.

In my opinion the Authority’s financial statements:

1. fairly reflect the financial operations and service performance of the Authority during the year ended 30 June 2000; and
2. fairly reflect the financial position of the Authority as at 30 June 2000.

Dated 30 August 2000.

(signed)
J Robertson
Secretary

AUDITOR GENERAL
Australian Capital Territory

INDEPENDENT AUDIT REPORT

MILK AUTHORITY OF THE ACT

To Members of the Legislative Assembly for the Australian Capital Territory

GENERAL

I have audited the financial statements of the Milk Authority of the ACT for the year ended 30 June 2000. The statements that were forwarded to me by the Milk Authority of the ACT consists of the following financial statements together with the notes thereto:

Financial Statements consisting of

- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flows, and

Statement of Performance

The preparation and presentation of the financial statements, and the information contained therein, is the responsibility of the Milk Authority of the ACT.

My responsibility is to express an opinion on the financial statements based on my audit as required by Section 61 of the *Financial Management Act 1996*.

**FINANCIAL STATEMENTS OTHER THAN THE STATEMENT OF
PERFORMANCE**

AUDIT SCOPE

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements in Australia, so as to present a view of the Milk Authority of the ACT which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

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The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the accompanying Profit and Loss Statement, Balance Sheet and Statement of Cash Flows of the Milk Authority of the ACT present fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Milk Authority of the ACT as at 30 June 2000 and the results of its operations and its cash flows for the year.

STATEMENT OF PERFORMANCE

AUDIT SCOPE

I have conducted my audit of the Statement of Performance in accordance with Australian Auditing Standards to form an opinion based on a reasonable level of assurance. My procedures included examination, on a test basis, of evidence supporting figures and other disclosures in the performance statement and the evaluation of the policies adopted in arriving at those figures and disclosures. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Statement of Performance has been prepared in accordance with the *Financial Management Act 1996* and fairly represents the indicated performance.

The audit opinion expressed in the report has been formed on the above basis.

AUDIT OPINION

In my opinion the accompanying Statement of Performance of the Milk Authority of the ACT is prepared in accordance with the *Financial Management Act 1996* and fairly represents the indicated performance of the Milk Authority of the ACT for the year ended 30 June 2000.

(Signed)
John A Parkinson
Auditor-General
26 September 2000

MILK AUTHORITY OF THE AUSTRALIAN CAPITAL TERRITORY

Profit And Loss Statement for the Year Ended 30 June 2000

	Notes	2000	1999
Sales		\$14,603,199	\$15,351,048
Less: Cost of Sales		13,869,147	14,074,073
Net Revenue from Trading		734,052	1,276,975
Interest Received		58,888	61,584
Miscellaneous Income	2	29,979	53,780
Trade Mark Licensing Fees		40,000	6,666
Trade Mark User Fees		0	1,804
Total Operating Revenue		862,919	1,400,809
Depot Expenses	3	158,100	254,850
Administrative Expenses	4	244,089	629,543
Promotions Expenses	5	0	254,675
Total Operating Expenses		402,189	1,139,068
Operating Profit (Loss)		460,730	261,741
Abnormal Items	6	(320,872)	0
Operating Profit (Loss) After Abnormal Items	7	139,858	261,741
Retained Profits at Beginning of Financial Year		716,874	586,003
Total Available for Appropriation		856,732	847,744
Appropriations			
Dividend Payable to ACT Government		228,000	130,870
Aggregate Amounts Transferred to Reserves		0	0
Total Appropriations		228,000	130,870
Retained Profits at End of Financial Year		\$628,732	\$716,874
The accompanying notes form an integral part of these statements.			

MILK AUTHORITY OF THE AUSTRALIAN CAPITAL TERRITORY

Balance Sheet as at 30 June 2000

	Notes	Budget	2000	1999
Current Assets				
Cash	8	\$674,000	\$696,325	\$585,859
Receivables	9	559,000	735,675	749,799
Other	10	5,000	35,208	11,597
Total Current Assets		1, 238,000	1,467,208	1,347,255
Non-Current Assets				
Property, Plant and Equipment	11	247,000	9,567	255,712
Intangibles	12	7,000	6,686	6,686
Total Non-Current Assets		254,000	16,253	262,398
Total Assets		1,492,000	1,483,461	1,609,653
Current Liabilities				
Creditors and Borrowings	13	563,000	854,729	799,986
Provisions	14	242,000	0	92,793
Total Current Liabilities		805,000	854,729	892,779
Non-Current Liabilities				
Provisions		20,000	0	0
Total Non-Current Liabilities		20,000	0	0
Total Liabilities		825,000	854,729	892,779
Net Assets		\$667,000	\$628,732	\$716,874
Authority's Equity				
Retained Profits		\$667,000	\$628,732	\$716,874
Total Authority's Equity		\$667,000	\$628,732	\$716,874

The accompanying notes form an integral part of these statements

MILK AUTHORITY OF THE AUSTRALIAN CAPITAL TERRITORY

Statement of Cash Flows for the Year Ended 30 June 2000

	Budget	2000 Inflows (Outflows)	1999 Inflows (Outflows)
Cash Flows from Operating Activities (Footnote 1)			
Receipts from Customers	\$14,546,000	\$14,663,642	\$15,179,460
Payments to Suppliers and Employees	(14,276,000)	(14,488,259)	(15,064,721)
Interest Received	50,000	58,888	61,827
Net Cash Provided by Operating Activities	320,000	234,271	176,566
Cash Flows from Investing Activities			
Payment for Property, Plant & Equipment	0	0	(18,613)
Proceeds from Sale of Equipment	0	235,065	58,382
Net Cash Provided by Investing Activities	0	235,065	39,769
Cash Flows from Financing Activities			
Dividend Paid	(98,000)	(358,870)	(87,000)
Distributions to Government	0	0	(200,000)
Net Cash Used in Financing Activities	(98,000)	(358,870)	(287,000)
Net Increase (Decrease) in Cash Held	222,000	110,466	(70,665)
Cash at the Beginning of the Year	452,000	585,859	656,524
Cash at the End of the Year	\$674,000	\$696,325	\$585,859

	2000	1999
Reconciliation of Cash		
Cash	\$696,325	\$585,859
	\$696,325	\$585,859
Reconciliation Of Net Cash Provided By Operating Activities To Operating Profit		
Operating Profit or Loss	\$139,858	\$261,741
Depreciation	11,083	28,435
(Profit)/Loss on sale of Non Current Assets	(3)	(6,343)
Change in Assets and Liabilities		
(Increase)/Decrease in Receivables	7,458	(260,129)
(Increase)/Decrease in Other Current Assets	(16,945)	3,569
Increase/(Decrease) in Creditors & Borrowings	185,613	126,035
Increase/(Decrease) in Current Provisions	(92,793)	59,965
Increase/(Decrease) in Non-Current Provisions	0	(36,707)
	\$234,271	\$176,566

Footnote 1 - Certain line item budget figures are aggregated for the purpose of this report.

MILK AUTHORITY OF THE AUSTRALIAN CAPITAL TERRITORY

Statement of Performance
for the Year Ended 30 June 1999

1999/00 Statement of Intent – Performance Criteria

- **Target: To provide processors with adequate supplies of fresh milk.**

Outcome – Achieved through contractual arrangements. Purchase contracts with Goldenholm Dairy in the ACT, Bega Cooperative in NSW and Murray Goulburn Cooperative in Victoria were signed on 10 May 1999.

- **Target: Seek to ensure raw milk quality complies with national standards.**

Outcome – Achieved. Both Goldenholm Dairy and Bega Cooperative are audited by NSW Safefoods to ensure they meet safety and quality standards. Murray Goulburn Cooperative is also subject to regular audits by the Victorian Dairy Industry Authority.

- **Target: To ensure promotional activities meet contractual obligations.**

Outcome – Achieved. Capitol Chilled Foods have spent \$487,502 on the promotion of Canberra Milk since the inception of the contract on 1 May 1999. This expenditure has sponsored many organisations, including the Canberra Brumbies and the SouthCare Helicopter Rescue Service, providing a beneficial balance between sporting and broader community interests.

MILK AUTHORITY OF THE AUSTRALIAN CAPITAL TERRITORY

Notes to and Forming Part of the Financial Statements for the Year Ended 30 June 2000

Note 1 Accounting Policies

(a) Form and Standard of Financial Statements

The financial statements have been made out in accordance with the *Financial Management Act 1996* which provides that the financial statements be prepared in accordance with generally accepted accounting principles.

(b) Historical Cost Convention

The accounts have been prepared under the Historical Cost Convention and have not been adjusted to take into account changing money values or current valuations of non-current assets or their impact on the operating results. Accounting policies adopted are consistent with those applied in the previous year.

(c) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Authority has passed control of the goods or other assets to the buyer.

Interest revenue is recognised at the time that it becomes receivable to the Authority.

(d) Depreciation

Fixed assets are generally depreciated using the prime cost method over their estimated useful life. Assets costing less than \$300 are fully expended in the year of acquisition.

(e) Cash

For the purposes of the Statement of Cash Flows, the Authority considers cash to include cash on hand, in banks, and investments in money market instruments.

Note 2 Miscellaneous Income

Administration of Jervis Bay
Profit on Disposal of Non-Current Assets
Promotional Receipts
Other

	2000	1999
	\$2,000	\$2,000
	3	6,343
	20,520	23,761
	7,456	21,676
	\$29,979	\$53,780

	2000	1999
Note 3		
<i>Depot Expenses</i>		
Depreciation	\$4,127	\$6,527
Electricity and Water	8,515	11,221
Insurance	7,160	1,080
Management	124,218	220,038
Rates and Taxes	2,990	4,572
Repairs and Maintenance	6,903	4,856
Security	3,000	5,265
Telephone	1,187	1,291
	\$158,100	\$254,850
Note 4		
<i>Administrative Expenses</i>		
Advertising and Publications	\$0	\$2,536
Audit (Note 16)	21,950	9,500
Bank Fees and Government Charges	8,905	9,764
Cleaning	0	1,786
Conferences and Meetings	3,169	6,341
Consultancy	0	32,016
Contractors	34,835	47,358
Depreciation	6,956	21,908
Entertainment	0	7,576
Fringe Benefits Tax	500	6,708
Legal Expenses	7,406	38,476
Long Service Leave	0	1,873
Maintenance of Office Machines	1,098	1,962
Members Sitting Fees & Superannuation (Note 17)	30,912	48,004
Office Rental	4,745	56,482
Postal Expenses	214	1,914
Printing, Stationery and Office Expenses	2,346	10,005
Staff Costs	5,606	255,626
Vehicle Running Costs	0	7,734
Secretariat Allocation	104,123	26,421
Other	11,325	35,553
	\$244,089	\$629,543
Note 5		
<i>Promotional Expenses</i>		
Advertising	0	\$2,634
Promotions	0	69,454
Sponsorships	0	91,342
Staff Costs	0	47,183
Other	0	44,062
	\$0	\$254,675
Note 6		
<i>Abnormal Items</i>		
Vendor Rationalisation Payment*	(320,872)	0
Total Abnormal Items	\$(320,872)	\$0

*The abnormal expense of \$320,872 was a total of the payments made by the Authority to home vendors exiting the market under the Vendor Rationalisation Scheme.

Note 7 Operating Result Compared to Budget

Revenue

User Charges – Non ACT Government
Interest

Total Revenue

Expenses

Employee Expenses
Depreciation and Amortisation
Other Expenses

Total Expenses

Abnormal Items

Abnormal expense*

Operating Result

	Budget	2000
	\$14,542,000	\$14,673,178
	50,000	58,888
	14,592,000	14,732,066
	140,000	36,518
	19,000	11,083
	14,136,000	14,223,735
	14,295,000	14,271,336
	0	320,872
	\$297,000	\$139,858

Note 8 Cash - Invested With

As at 30 June 2000

Reserve Bank of Australia
Cash On Hand
Shareholdings -
Non-Listed Companies - Coamas Pty Limited
1 Class G Ordinary \$1 Share

As at 30 June 1999

Reserve Bank of Australia
Cash On Hand
Shareholdings -
Non-Listed Companies - Coamas Pty Limited
1 Class G Ordinary \$1 Share

Amount	Interest Rate (%)	Maturity Date
\$696,325	5.65%	At Call
0		
1		
\$696,326		
\$585,859	4.40%	At Call
0		
1		
\$585,860		

Note 9 Receivables

Trade Debtors
Provision for Doubtful Debts

	2000	1999
	\$735,675	\$757,255
	0	(7,456)
	\$735,675	\$749,799

*The Abnormal expense of \$320,872 was a payment made by the Authority to home vendors exiting the market under the Vendor Rationalisation Scheme.

	2000	1999
Note 10		
Other Current Assets		
Accrued Income	\$6,667	\$11,247
Prepayments	28,541	350
	35,208	11,597
Note 11		
Non-Current Assets, Property, Plant and Equipment		
Building, at Cost	0	\$311,255
Less – Accumulated Depreciation	0	130,727
Written Down Value	0	180,528
Leasehold Land, at Cost	0	45,000
Less – Accumulated Amortisation	0	0
Written Down Value	0	45,000
Office Furniture, Fittings and Equipment, at Cost	26,899	128,936
Less – Accumulated Depreciation	17,332	98,752
Written Down Value	9,567	30,184
Depot Plant and Equipment, at Cost	0	104,779
Less – Accumulated Depreciation	0	104,779
Written Down Value	0	0
Total Written Down Value	\$9,567	\$255,712
Aggregate Depreciation Allocated		
Building, at cost	4,127	6,527
Leasehold Land, at cost	0	0
Office Furniture, Fittings and Equipment, at Cost	6,956	21,908
Depot Plant and Equipment, at Cost	0	0
Total Depreciation Expense	\$11,083	\$28,435

The useful life used in 1999/00 for the Building depreciation was 50 years. The average useful life used in 1999/00 for the Office Furniture, Fittings and Equipment class of asset was 3.5 years. All depreciation in 1999/00 was recognised as an expense.

	2000	1999
Note 12		
Non-Current Assets, Intangibles		
Trademark "Canberra Milk", at cost	\$6,686	\$6,686
Note 13		
Creditors And Borrowings		
Trade Creditors	\$841,943	\$636,475
Sundry Creditors and Accruals	12,786	32,641
Government Dividend Declared	0	130,870
	\$854,729	\$799,986

Note 14 Current Provisions

Provision for Annual Leave
 Provision for Leave Loading
 Provision for Long Service Leave
 Provision for Promotional Rebate
 Provision for Superannuation

	2000	1999
	\$0	\$1,330
	0	293
	0	0
	0	90,491
	0	679
	\$0	\$92,793

Note 15 Financial Instruments

(a) Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Interest rate risk

The following table details the Authority's exposures to interest rate risk as at the reporting date.

2000	Average Interest %	Variable Interest Rate \$	Fixed Interest Rate Maturity		Non Interest Bearing \$	Total \$
			Less than 1 year	1 to 5 years		
Financial Assets						
Cash	5.65%	696,325	-	-	-	696,325
Accrued Income					6,667	6,667
Receivables	-	-	-	-	735,675	735,675
		<u>696,325</u>	<u>-</u>	<u>-</u>	<u>742,342</u>	<u>1,438,667</u>
Financial Liabilities						
Creditors & accruals	-	-	-	-	854,729	854,729
Provisions	-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>854,729</u>	<u>854,729</u>
1999						
Financial Assets						
Cash	4.40%	585,859				585,859
Accrued Income					11,247	11,247
Receivables	-	-	-	-	749,799	749,799
		<u>585,859</u>	<u>-</u>	<u>-</u>	<u>761,046</u>	<u>1,346,905</u>
Financial Liabilities						
Creditors & accruals	-	-	-	-	799,986	799,986
Provisions	-	-	-	-	92,793	92,793
		<u>-</u>	<u>-</u>	<u>-</u>	<u>892,779</u>	<u>892,779</u>

(c) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial report.

Note 16 Auditors Remuneration

The total cost in respect of the annual audit for the year ended 30 June 2000 was \$10,450 (1998/99: \$9,500). There are additional audit expenses of \$4,500 for a handover audit conducted by the Auditor General's Office last year and \$7,000 for a special audit conducted by Deloitte Touche Thomatsu this year.

Note 17 Members Remuneration

The members of the Milk Authority during the period of the report were:

Styliani Contis (1 July 1999 to 23 October 1999)
Anthony Bandle (Chairperson – 1 July 1999 to 30 June 2000)

The total of their remuneration including superannuation was \$30,912.

Number of Members	Income Band
	\$
1	0 - 10,000
1	20,001 - 30,000

Note 18 Superannuation

The Milk Authority of the Australian Capital Territory contributed to the Public Sector Superannuation Scheme at the rate of 11.6% of the relevant superannuable salaries during the 1999/00 financial year. An additional contribution of up to 3% of salaries was made in accordance with the *Superannuation (Productivity Benefit) Act 1988*.

The Authority ceased to provide for liability arising from the *Superannuation Benefit (Interim Arrangement) Act 1988* from 1 July 1990 as contributions have been paid direct to Commonwealth Funds Management Ltd from that date.

Note 19 Overdraft Facility

The Authority has a draw down facility with the ACT Government with a limit of \$200,000. The facility was not utilised during 1999/00.

Note 20 Subsequent Events

Subsequent to 30 June 2000 the ACT Milk Authority was wound up. The ACT Legislative Assembly passed the *Milk Authority (Repeal) Act 2000* on 25 May 2000. The Act commences from 1 July 2000. At this time all assets and liabilities of the Milk Authority that existed at 30 June 2000 vest in the Territory as per the Act. The operations of the Authority only continue to the extent outlined in the Act. The operations subsequent to 30 June 2000 are limited to:

- Preparing and providing of the Annual report
- Preparing annual financial statements; and
- Causing the financial statements of the Authority to be audited and tabled.

Part C

Whole of Government

1999/00

Key Issues

Customer Focused Public Service

The Commitment to Service Statement was publicly available throughout 1999/00. The statement provides information on who the Authority is, what it does, who its customers are, what customers can expect from the Authority, where customers can obtain further information and what customers can do if they have suggestions or complaints.

Regulatory Reform

Part A of this Annual Report deals with the ACT Government's review of the *Milk Authority Act 1971* pursuant to its obligations under the Competition Principles Agreement. The comprehensive review recommended a phased reform. To facilitate the reform amendments to the governing legislation were passed by the Assembly on 16 February 1999. The final stage of the reform was the *Milk Authority (Repeal) Act 2000* which the ACT Legislative Assembly passed on 25 May 2000.

Fraud Prevention

The Authority monitors any risk of exposure to fraud in conjunction with the annual audit undertaken by the ACT Auditor General. Procedures are implemented to minimise any areas of fraud risk that may be identified by either the Authority or the Auditor-General.

No fraudulent activity was detected during 1999/00 (1998/99 - nil).

Equal Employment Opportunity

The Authority's *Equal Employment Opportunity Policy Statement* is consistent

with ACT Government guidelines.

There were no EEO-related grievances brought during the year.

The EEO Policy Statement indicates that the Authority will achieve its EEO objectives when:

1. subject to the availability of suitable training courses, all staff are offered opportunities for personal and professional development training at least once during each financial year;
2. expenditure by the Authority on staff training is at least equal to 1.5% of its staff salaries cost;
3. subject to the merit principle, gender balance is achieved in the staffing structure;
4. subject to the merit principle, the present number of employees recruited from designated groups is at least maintained; and
5. the Authority's EEO policy statement is distributed to all staff initially and whenever it is updated.

The Authority's performance against these indicators was not measured during 1999/00 as the Authority's only employee, a part-time officer, left the Authority's employment in September 1999. The Authority's administrative responsibilities have been discharged by officers of the Department of Treasury and Infrastructure (1 male, 2 female) and relevant EEO information and objectives have been pursued in the context of that department's responsibilities.

Resources

Staffing Profile.

As at 30 June 2000, the Authority employed no staff.

However, one Senior Executive Service officer and one Senior Officer from the Department of Treasury and Infrastructure,

fill the roles of Secretary and Assistant Secretary, respectively, on a part time basis. An officer of the department similarly fulfils the role of Finance Manager.

An organisational chart describing the positions appears on page vii.

Workers' Compensation

There were no claims for workers' compensation during the 12 months to 30 June 2000. No claims were open at that date.

Training and Staff Development

There was no staff training or development in 1999/00 funded by the Authority.

Consultancy and Contractor Services

One contractor service was employed during the year. This service was provided

by Hays Personnel Services for the provision of financial management services from 1 July 1999 to 22 December 2000 at a cost of \$34,835.

Capital Works Management

The Authority did not engage in any capital works projects during 1999/00 (1998/99 - nil).

Passenger Vehicles

The Authority did not own or lease any passenger vehicles during 1999/00.

Statutory Requirements

Occupational Health and Safety

The Authority's *OH&S Policy Statement* and its *Rehabilitation Policy Statement* are consistent with the OH&S standards of the ACT Public Service.

No staff suffered industrial accidents during the year.

Commissioner for the Environment

There were no transactions between the Commissioner and the Authority during 1999/00.

Public Interest Disclosure

During 1999/00 the Authority was included in the Department of Treasury and Infrastructure's Public Interest Disclosure.

The Authority received no public interest disclosures during 1999/00.

Government Contractual Debts (Interest) Act 1994

None of the Authority's contracts specifies that this Act does not apply.

Freedom of Information

The Authority received one Freedom of Information request during 1999/00 (one in 1998/99).

The Statutory Information page earlier in this Annual Report outlines the name of the organisation, its functions, powers and enabling legislation.

Avenues for public participation in decision-making exist at public inquiries of the Authority, in market research projects and through other avenues on which comment is sought.

The Authority holds several basic categories of documents: those that are freely available to the public on request and without charge; those that are part of a public register and are available to the public on request and without charge; and all other kinds of documents that may be available under the FOI Act.

Documents available free of charge include Annual Reports, Statements of Intent, information brochures, etc.

Information that may be available from the public record includes information about the ACT milk industry, the Authority's operations, etc.

Other kinds of documents that may be available under the FOI Act include:

- general files containing public, internal and inter-departmental correspondence;

- agendas and minutes of meetings of the Authority and other committees and background papers;
- policy statements;
- personnel files and recruitment documents;

- photographs and videos; and
- finance and accounting records.

Enquiries about Freedom of Information may be directed to the Authority at the address and telephone number appearing on page v.

Ecologically Sustainable Development (ESD)

The Milk Authority has been operating out of the Department of Treasury and Infrastructure building since March 1999. The following is an extract of the departments “ESD” activities.

Office Based Activities (The department currently occupies a purely office-based environment.)		
Item	Description	Environmental/Economic/Social Outcome
1. Energy	Office based lighting, air conditioning and electrical equipment.	Electrical use is minimised through after-hours timed air conditioning control and automatic energy saving features standard on all office based IT equipment.
	Energy audits	The DTI OH&S Committee are developing an auditing checklist for the building in relation to energy levels. Air conditioning, office lighting and energy consumption initiatives will be included in the audit process.
2. Water	Kitchen water supplies and cleanliness.	Purified and boiled water is available in all staff kitchens, enhancing cleanliness and minimising electrical heating costs. Dishwashers are also provided to efficiently wash kitchen utensils, cutlery and crockery in bulk.
3. Consumables	Printer paper, printer toner.	Recycled consumables such as paper and printer toner are used in all units within the department, effectively minimising landfill waste.
4. Disposables	Paper, cardboard, food waste.	Clearly marked bins for the disposal of food waste and biodegradable products are located in all staff kitchens. Paper and cardboard recycling bins are located in all staff kitchens and designated hoppers are in use in the Canberra Nara Centre basement for the removal of waste products, reducing landfill waste.

Other Matters

Inquiries by Legislative Assembly Committees

There were no Assembly inquiries into the Authority during 1999/00.

Legislation

As discussed above the *Milk Authority (Repeal) Act 2000*, was passed on the 25 May 2000. As of 1 July 2000 the Milk Authority ceased to exist.

Redundancy Program Results

The Authority paid no redundancies during 1999/00 (one in 1998/99.)



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