

ANNUAL REPORT

2025-26

Dairy Food Safety
VICTORIA



Dairy Food Safety Victoria

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Acknowledgement of Country

DFSV 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.

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Disclosure statement

In accordance with the *Financial Management Act 1994*, I am pleased to present Dairy Food Safety Victoria's Annual Report for the year ending 30 June 2026.

Luke Wilson PSM
Chairperson
Safe Food Victoria
(former Chairperson of Dairy Food Safety Victoria)

27 August 2026

About Dairy Food Safety Victoria

Dairy Food Safety Victoria (DFSV) is the statutory authority responsible for regulating Victoria's dairy industry to safeguard public health. It implements a robust regulatory framework that underpins market access and the growth and sustainability of the Victorian dairy industry.

As a statutory authority, DFSV is accountable to the State Government of Victoria, through the Minister for Agriculture, for fulfilling its statutory responsibilities in line with government policy, and within an appropriate risk and governance framework. It licenses all dairy businesses operating in Victoria, approving and auditing compliance with food safety programs to ensure state legislation, and nationally agreed standards are maintained.

Vision

Local and global confidence in the safety of Victoria's dairy food.

Mission

To lead and deliver a regulatory assurance system for safe dairy food.

Values

Integrity: We foster trust through honesty and transparency.

Courage: We embrace bold decisions, driving change, and fostering resilience.

Collaboration: We value and engage with our stakeholders.

Accountability: We take responsibility for our actions, behaviours and results.

Charter and purpose

DFSV is a statutory authority (the Authority) established under the *Dairy Act 2000*. DFSV reports through its board to Victoria's Minister for Agriculture (the Minister).

The responsible Minister for the period from 1 July 2025 to 14 April 2026 was the Hon. Ros Spence and from 15 April 2026 to 30 June 2026 was Hon. Michaela Settle, Minister for Agriculture.

The objectives, functions and powers of DFSV are prescribed under part 2, sections 5–7 of the *Dairy Act 2000*.

Objectives of the Authority

The objectives of the Authority are to:

a. ensure that standards which safeguard public health are maintained in the Victorian dairy industry
b. ensure that it performs its functions and exercises its powers efficiently and effectively.

Functions of the Authority

The functions of the Authority are to:

a. establish, maintain and improve:
   i. the food safety standards of dairy food;
   ii. the standards of construction and hygiene of plant and equipment in a dairy manufacturing premises;
   iii. the standards of maintenance, cleanliness and hygiene of dairy transport vehicles;
b. monitor and review the standards specified in paragraph (a);
c. approve and monitor the implementation of food safety programs;
d. administer the licensing system under Part 3;
e. ensure that appropriately qualified persons are appointed as authorised officers;
f. fix and charge fees in respect of the carrying out of its functions or the exercise of its powers;
g. in consultation with the Secretary to the Department of Health or a municipal council, protect public health;
h. advise the Minister on matters relating to the administration of this Act;
i. carry out any other function that is conferred on the Authority by this Act or any other Act.

Powers of the Authority

1. Subject to this Act, the Authority has all the powers necessary to enable it to perform its functions.
2. Without limiting its other powers, the Authority may:
   a. enter into agreements or arrangements for the provision of services to the Authority or for the provision of services by the Authority;
   b. fix and change fees for carrying out its functions or the provision of its services including the services of authorised officers
   c. expend any part of its funds in carrying out its functions and powers or in paying remuneration and allowances to its members.

Snapshot

Dairy is Australia's
4th
LARGEST RURAL INDUSTRY

Dairy is Victoria's
2nd
LARGEST EXPORT INDUSTRY

>63%
OF AUSTRALIA'S MILK
is produced by Victoria's dairy farms underpinning supply for the majority of dairy exports

>2,700
DFSV LICENSEES

1,587
FARM AUDITS

2
VERIFICATION AUDITS
of each manufacturing business each year covering food safety requirements for both domestic and export markets

At a glance

Industry

2,371
FARMS

2,739
LICENCES

2% ↑
ANNUAL MILK VOLUME CHANGE
in Victoria

229
MANUFACTURERS

>63%
AUSTRALIAN MILK PRODUCED
in Victoria*

5.4b
LITRES
Total volume of milk produced in Victoria

72%
VICTORIAN CONTRIBUTION
to Australia's total dairy exports*

* Figures supplied by Dairy Australia as of 30 June 2026



Performance

NEW LICENSEES BY TYPE

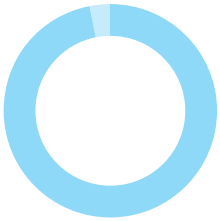
35
FARM

13
MANUFACTURER

11
DISTRIBUTORS

23
CARRIERS

97%
INDUSTRY'S CONFIDENCE
in DFSV to deliver on its regulatory obligations



NUMBER OF AUDITS

1,587
FARM

503
MANUFACTURER

34
CARRIER



Chairperson's report



Financial year 2025–26 was the final year of operation of Dairy Food Safety Victoria (DFSV) as a stand-alone entity, becoming a part of the new Safe Food Victoria (SFV) on 1 July 2026.

This year of reform called upon the board and staff of DFSV to remain focussed on the efficient delivery of high-quality food safety regulation of the Victorian dairy industry, while also preparing actively for its amalgamation into SFV.

End of the DFSV era

With the passage of the *Safe Food Victoria Act 2026* the DFSV Board and its Chief Executive Officer ceased operation on 30 June 2026. However, the staff and functions of DFSV continued into SFV, thus the emphasis on continuity throughout 2025-26.

Commencing in 2000, DFSV has pursued a path of continuous improvement in regulatory practice over its 26 years of operation. Through this time, it has worked constructively with dairy industry members throughout the supply chain from farm to production to shelf, always aware of its role as a food safety regulator and the benefits to both consumers and the dairy industry itself of maintaining the high standards that safeguard public health.

Professional governance and management of food safety regulation across such a vital industry as dairy has been key to DFSV's performance, and I would like to thank all who have made DFSV an efficient and effective regulator over that journey.

I would particularly like to thank my fellow board members through 2025-26 for their significant contributions and efforts through this period of significant change. The support provided to myself as Chairperson and to our senior leadership has been outstanding.

Year in review

DFSV has worked with stakeholders this year to deliver our regulatory obligations through compliance monitoring audits, enforcement, and licensing activities. This has included maintaining strong engagement with licensees through metropolitan, regional and online learning network forums and regular communications. I would particularly like to thank the members of the Dairy Industry Consultative Forum for their willingness to share valuable insights and vital industry perspectives.

DFSV completed a five-year review of the Dairy RegTech program, highlighting the value-generating components of that program and identifying a range of recommendations for SFV's subsequent consideration, including possible application to other sectors.

DFSV continued to work with other regulators to support and strengthen the food safety regulatory framework in Victoria and nationally. Our partnership with the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF) provided ongoing regulatory oversight of export registered businesses, which serves to support and grow export market access.

Over the past 12 months, we have been fortunate to have Andrew Chen and Allison McNamara perform the CEO role in an acting capacity. Both have diligently and capably navigated DFSV through the nuances of regulating a large and important industry during reform and modernisation of Victoria's food safety regulatory framework. On behalf of the Board, I would like to thank Allison and Andrew for their measured and considered leadership.

On behalf of the board, I would like to thank the DFSV staff for their work, dedication, and commitment in delivering professional regulatory services and working tirelessly to maintain continuity for the transition to SFV.

Finally, I would like to thank our industry participants – for being a highly professional, culturally-mature sector featuring strong relationships built on trust over the past 26 years. This collaborative but still robust approach to regulation, and to being regulated, has helped to maintain the high food safety standards required of the dairy industry.



Luke Wilson PSM
Chairperson





Performance report

This is DFSV's first year of reporting its performance under the 2025–30 Corporate Plan. The plan describes strategies to deliver DFSV's objectives, and performance indicators to measure progress against these. DFSV continued its core business as Victoria's dairy regulator, while shaping its future as an emerging leader in food safety regulation.

DFSV's strategic direction and performance also reflect the Minister for Agriculture's expectation that the authority will operate within a cohesive and contemporary regulatory framework, while meeting its primary objective of safeguarding public health and safety.

This performance report is presented as DFSV as an ongoing entity. While recognising that DFSV ceased as a stand-alone entity on 30 June 2026, the functions of DFSV continue under the auspices of Safe Food Victoria. This takes into account the strategic direction and objectives set out in Safe Food Victoria's Corporate Plan, which will guide the continued delivery of DFSV's functions within the new entity.

This report describes DFSV's activities during 2025–26.

DFSV's objectives

Objective 1.

A regulatory system that expects and acknowledges food safety culture

Objective 2.

A responsive regulator

Objective 3.

Capabilities and capacity for performance





Objective 1.

A regulatory system that expects and acknowledges food safety culture

License dairy businesses and monitor their production of safe dairy food

Under the *Dairy Act 2000*, DFSV is responsible for ensuring the regulatory standards that safeguard public health are maintained in the Victorian dairy industry.

DFSV achieves this through administering a licensing system, monitoring compliance with regulatory requirements through compliance audits, investigating notifications of food safety incidents and food complaints from members of the public and taking appropriate enforcement actions to respond to non-compliance where required. DFSV also supports the dairy industry through education, guidance materials and learning network forums where information and emerging trends are shared.

The regulatory framework and supporting policies are aligned with national regulatory food safety policy, endorsed by the Food Ministers' Meeting, with additional guidance from the Office of the Commissioner for Better Regulation (Victoria).

Licensing

DFSV licenses persons undertaking activities in Victoria prescribed by the *Dairy Act 2000*. Specifically, licences are issued in the categories of dairy farmer, carrier, manufacturer and distributor (see Table 1). To be issued a licence, an applicant must have a food safety program (if required), suitable premises and/or vehicles, and staff with the skills and knowledge to produce safe dairy food.

DFSV aims to process licence applications within 30 business days for farmers and carriers, 60 business days for distributors, and 90 business days for manufacturers. DFSV is committed to meeting these targets and works closely with applicants to achieve this.

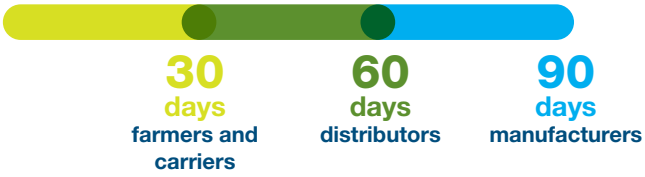


FIGURE 1. Average licence application processing times

In 2025–26 DFSV received applications for and subsequently issued 82 new licences across all licence categories. This represented 19 per cent more applications compared to the previous year. The decline trend in the number of dairy farms as shown in Table 1 is a result of a combination of economic, demographic, environmental and industry-structure factors rather than any single cause.

Compliance monitoring

DFSV monitors compliance of dairy businesses with the relevant requirements of the *Dairy Act*, the *Food Act 1984* and relevant provisions of the Australia New Zealand Food Standards Code, as described in their food safety program. Compliance monitoring involves twice-yearly audits of dairy manufacturing businesses and annual audits of dairy food carriers (bulk dairy transport businesses) by approved auditors – typically DFSV Food Safety Managers (FSMs).

For manufacturers that are export registered, compliance monitoring activities also include auditing against the relevant requirements of the *Export Control Act 2020*,

TABLE 1. Total licences by type

Licence	2021–22	2022–23	2023–24	2024–25	2025-26
Manufacturer	195	200	202	205	229
Farmer	3,051	2,796	2,812	2,496	2,371
Distributor	102	90	87	97	98
Carrier	30	31	21	21	41
Integrated*	24	23	29	27	0
Total	**3,402**	**3,140**	**3,151**	**2,846**	**2,739**

* *Integrated relates to a licensee that undertakes more than one licensable activity. In 2025–26, integrated licences were separated into their respective licence types (manufacturers and carriers) for better oversight of licence types under the* Dairy Act 2000.

including the *Export Control (Milk and Milk Products) Rules 2021*, on behalf of the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF). This arrangement is formalised through a written memorandum of understanding (MoU) between the two regulatory bodies.

As part of this arrangement, DAFF conducts an annual review of DFSV to assess its compliance with the responsibilities outlined in the MoU. The most recent review, carried out in October 2025, confirmed that DFSV met all its export food safety regulatory obligations.

When DFSV issues a new licence to a manufacturing business, it is audited within 30 days of starting operations. Subsequently, as a condition of licence, compliance audits are undertaken twice a year – the first between January and June, and the second between July and December. Any non-conformance with the site's FSP and/or legislative requirements identified during these audits typically results in a corrective action request (CAR) being issued. A CAR directs a business to review relevant elements of its operational food safety system and implement corrective actions to address the recognised failures.

DFSV utilises CARs as a risk-based, preliminary tool to address non-compliance. CARs are classified as minor, major or critical according to risk, and timeframes to respond are adjusted accordingly. A minor CAR is generally raised when the non-conformance poses no immediate risk to food safety, and its potential impact is not likely to lead to production of unsafe food. A major CAR is raised when the impact of the non-conformance may lead to production of unsafe food unless remedial action is taken within a specified period. A critical CAR is raised when an imminent and serious risk to food safety is detected, and action is required by the site on the spot.

During 2025–26, DFSV FSMs completed 503 manufacturer audits and 34 carrier audits. They raised a total of 595 CARs at manufacturers, of which 547 were minor, 47 major and 1 critical; and seven minor CARs at dairy food carriers.

DFSV approves third-party auditors to audit dairy farm licensees on its behalf. A dairy farm licensee is first audited three to six months after operations begin, and then at least once every licensing period (e.g. two years). During the 2025–26 financial year, 1,587 farm audits were completed.

Enforcement

DFSV applies a graduated, risk-based approach to enforcement action, aligned with national compliance, monitoring and enforcement policy. This approach provides a response that is proportionate to the severity of any non-compliance and food safety risk. If enforcement action is required, a range of tools are available to DFSV. These include placing a licensee under increased regulatory oversight, issuing warning letters or statutory Orders under the *Dairy Act 2000*. Depending on the seriousness of the matter, further enforcement action (such as prosecution under the *Dairy Act 2000* or the *Food Act 1984*) may be undertaken.

During the 2025–26 year, several enforcement actions were taken against five businesses. These comprised Orders under the *Dairy Act 2000*, as follows:

- **7 August 2025** — Order under section 46(2)(c) to prevent the removal of dairy food, due to installation of new production line without adequate risk assessment,
- **29 January 2026** — Order under section 46(2)(b) to stop the use of a noncompliant room for food manufacturing,
- **6 February 2026** — Order under section 46(2)(b) to stop the use of an unlicensed warehouse for the storage of packaged food ingredients,
- **29 April 2026** — Order under section 46(2)(b) to stop the use of retail operations outside scope of food safety program,
- **13 February 2026** — as part of an investigation, Orders under sections 46(2)(d) and 46(2)(b) to detail dairy food and to stop, respectively, at an unlicensed business.

Dairy export

Under its MoU with DAFF, DFSV conducts compliance audits of Victorian export-registered dairy manufacturers on DAFF's behalf. DFSV and DAFF work together to support a streamlined export certification system and aim to reduce regulatory burden on industry.

DFSV collaborates closely with DAFF on dairy export and food safety matters, including supporting DAFF during importing country reviews of Victorian dairy manufacturers. In 2025–26, two such reviews were successfully completed: one by the Ministry of Food and Drug Safety of the Republic of Korea in October 2025 and one by the United States of America Food and Drug Administration in May 2026.

DFSV coordinates the Australian Milk Residue Analysis (AMRA) Survey on behalf of DAFF. The AMRA survey provides a national, independent monitoring program that verifies the effectiveness of residue controls. It monitors the presence of agricultural and veterinary chemicals and environmental contaminants in raw milk. At the time of publication, all results for the year were below the acceptable maximum residue limits under the Australia New Zealand Food Standards Code.

Design and deliver a forward-looking dairy regulatory assurance system in collaboration with our stakeholders

During 2025–26, DFSV completed a program evaluation of Dairy RegTech, marking an important milestone after five years of implementation.

The evaluation found that Dairy RegTech successfully strengthened food safety culture within participating businesses by improving leadership engagement, encouraging proactive identification and management of food safety risks, and supporting continuous improvement. The program also fostered stronger collaboration between DFSV and industry, helping build capability and promote more transparent and constructive regulatory relationships.

The evaluation also found that the risk-based data component would require considerable rework to meet its original intent, as data-enabled assurance and regulatory efficiency outcomes were not realised in practice. As an experimental trial of new regulatory approaches, the program provided important insights into the opportunities and challenges of integrating data-driven assurance into food safety regulation, which will guide consideration of future approaches.

Food safety culture improvement was identified as the program's most valuable and enduring outcome. Insights from the evaluation will inform the future development of support programs that will embed, enhance and extend the successful elements of the program across the broader food industry.





Objective 2.

A responsive regulator

Engage and consult early with stakeholders for effective decision-making and problem-solving

Stakeholder engagement is integral to DFSV's work in developing, designing and implementing services. DFSV is committed to ensuring engagement with stakeholders aligns with the organisational values of respect, collaboration, openness, responsibility and accountability.

Collaboration with food regulatory partners and industry

Dairy Industry Consultative Forum

The Dairy Industry Consultative Forum is one of DFSV's primary industry engagement channels for feedback and consultation. Chaired by industry, the forum includes senior representatives from dairy businesses and peak bodies, including Australian Dairy Products Federation, United Dairy Farmers of Victoria/Victorian Farmers Federation, Dairy Farmers Victoria and Dairy Australia. Ongoing engagement with the Forum informs DFSV's operational priorities, strategic direction and guides the nature and scope of information provided to the dairy industry.



Environmental Health Professionals Australia

DFSV continued to work with Environmental Health Professionals Australia (EHPA) for the seventh year in 2025–26. This organisation is one of Australia's peak environmental health bodies, run by and for its members, most of whom are environmental health officers from local and state governments. EHPA host several forums across Victoria, organised by geographical regions, as well as special interest groups focused on specific topics.

DFSV actively participates in the Food Safety and Security Special Interest Group, attending meetings every two months to foster collaboration, share knowledge, and enhance operational efficiency. In addition, DFSV gave a presentation at the 2025 EHPA annual symposium on 23 October 2025 in Phillip Island, on amendments made to the *Dairy Act 2000*, which included the introduction of the new offences for the sale of raw (unpasteurised) dairy food.



Effectiveness of communication with licensees

DFSV conducted its annual licensee engagement survey in May 2026 to gauge licensees' perceptions of DFSV. The overarching objective of the survey is to assess the extent of satisfaction and confidence in DFSV's ability to deliver on its regulatory obligations, including:

- Licensees' confidence in DFSV's ability to deliver on its regulatory obligations.
- Satisfaction with the quality of communications and engagement with licensees.
- Licensees satisfaction with audit reports, on-line access.
- Licensees awareness of Dairy RegTech.
- Licensees awareness of DFSV's amalgamation into Safe Food Victoria; and
- Comparing with previous years' data to understand any emerging trends.

The 2026 licensee satisfaction results demonstrate that DFSV continues to perform strongly against its core mandate, with consistently high levels of confidence, satisfaction, and trust among licensees. Overall confidence in DFSV's ability to ensure food safety remains exceptionally high at 97 per cent reflecting the organisation's well-established reputation for rigorous regulatory oversight, thorough audit processes, and industry expertise. Licensees widely recognise DFSV as a professional and capable regulator that is responsive and effective in supporting compliance across the dairy sector.

Audit performance remains a key strength, with 97 per cent of licensees satisfied with their audit experience and universal agreement that audit reporting is timely, clear, and aligned with expectations. Communication outcomes are similarly strong, with 95 per cent of respondents satisfied and no reported dissatisfaction, highlighting DFSV's effectiveness in maintaining clear, reliable engagement with industry stakeholders.

Licensees' experience with on-line access suggests an opportunity to improve digital capability and user experience, even as overall satisfaction with licensing processes remains high, including strong results for licence application and renewal.

Overall, the results confirm DFSV's strong performance as a trusted and effective regulator, while identifying targeted opportunities to enhance digital services, strengthen stakeholder engagement, and support industry confidence through a period of organisational change.



Confidence

97% of licensees surveyed feel very or totally confident that DFSV ensures food safety standards are maintained



Satisfaction

97% of licensees surveyed felt satisfied with DFSV audit in the past year



Satisfaction

95% of respondents are satisfied DFSV is effective in maintaining clear, reliable engagement with industry stakeholders

FIGURE 2. Highlights from licensee engagement survey



Manage food issues and incidents effectively with industry, government and regulatory partners

Food incidents, such as microbiological contamination of food, can result in public health and safety risks including outbreaks of illness, as well as widespread consumer concern, and significant disruption to domestic and international trade.

Victoria's Department of Health coordinates Victoria's response to outbreaks of foodborne illness and has the power to mandate food recalls. DFSV oversees the investigative response of Victorian dairy food manufacturers to food incidents as required and oversees and monitors the site's root cause investigation and implementation of appropriate corrective and preventative actions. Officers attend the site if required, to verify the action has been taken.

Food recalls

A food recall sees a food business remove potentially unsafe food from the marketplace and the distribution chain. The Australia New Zealand Food Standards Code requires that all food businesses have robust traceability processes in place to enable the site to undertake an effective and efficient food recall if needed.

During 2025–26, one food recall was initiated in August 2025 by a DFSV-licensed manufacturer.

The voluntary recall was undertaken following the detection of milk contamination in a range of coconut yoghurts labelled as dairy-free. Although a non-dairy food product, DFSV's regulatory role extended to this manufacturer as a licensee and the contamination presented a significant food safety risk to consumers with a milk allergy or intolerance.

Microbiological investigations

During 2025–26, 51 microbiological contamination detections were reported to DFSV, all of which were investigated and managed by manufacturers with DFSV oversight. A breakdown of detections by type is presented in Table 2.

Surveillance and testing

A guidance package to support licensees in conducting food safety investigations and identifying root causes was published on the DFSV website in late 2025. It was developed from an earlier surveillance project that reviewed the outcomes of root cause analyses undertaken by licensees following reported food safety incidents.

The project found that licensees often defaulted to refresher training as a corrective action rather than fully exploring the underlying causes of procedural non-compliance, highlighting the need for stronger root cause analysis practices.

TABLE 2. 2025–26 microbiological detections in dairy products notified by type

Detections (species tested)	Number
Escherichia coli	25
Listeria monocytogenes	18
Salmonella species	3
Other *Listeria* species	3
Cronobacter species	1
Coliforms	1
Total	**51**



Consumer complaints

In 2025–26 DFSV received a total of 75 consumer complaints relating to the production or sale of dairy food (see Table 3). Follow-up action undertaken by licensees was overseen by DFSV to ensure any potential public health risks were managed appropriately.

TABLE 3. 2025–26 consumer complaints received by type

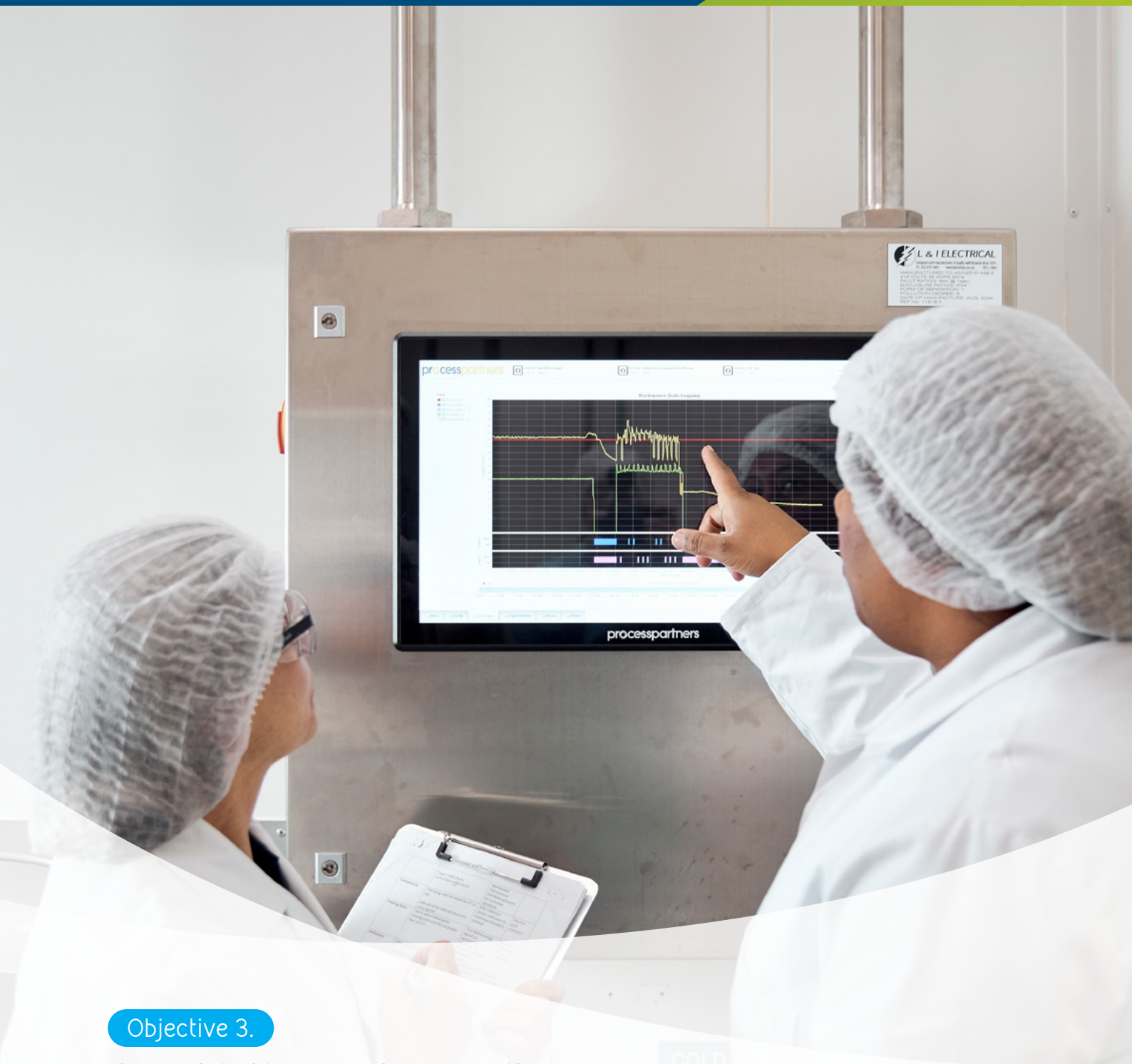
Complaint type	Number
Physical (foreign object)	23
Allergen related	14
Quality	14
Operational/Licensing	10
Microbiological	8
Labelling	2
Raw milk	2
Composition	1
Chemical	1
Total	**75**

Emerging issues

DFSV actively monitors emerging local and global food safety issues, regulatory developments, and dairy industry trends, providing regular updates to management, staff and the board and industry. Ongoing surveillance of scientific literature and other relevant information supports DFSV's understanding of the potential risks and regulatory implications associated with emerging technologies and food production systems, including cell-cultured and precision-fermented foods, as well as broader issues such as antimicrobial resistance.

Throughout the year, DFSV continued to engage and collaborate with state and national regulators and government agencies, including Agriculture Victoria, the Victorian Department of Health, other state food safety authorities, and Food Standards Australia New Zealand, through both formal and informal channels. This collaboration supports the development of contemporary, science-based and fit-for-purpose regulatory frameworks that enable innovation while maintaining robust protections for public health and food safety. It also ensures DFSV remains well positioned to respond to and regulate emerging technologies and evolving food safety challenges.





Objective 3.

Capabilities and capacity for performance

Resourced, trained and engaged team

DFSV's people and a positive, engaged organisational culture are key to achieving our strategic objectives.

Staff engagement

A resourced, engaged and well-trained team remains crucial in implementing DFSV's strategies.

DFSV staff completed the annual employment engagement survey in September 2025. Employee engagement (e.g. level of motivation and connection with DFSV) remained steady at 75 per cent. DFSV staff did not participate in the 2026 Victorian Public Sector Commission People Matter Survey due to an internal decision by the VPSC.

DFSV's engagement scores are shown in Figure 3.



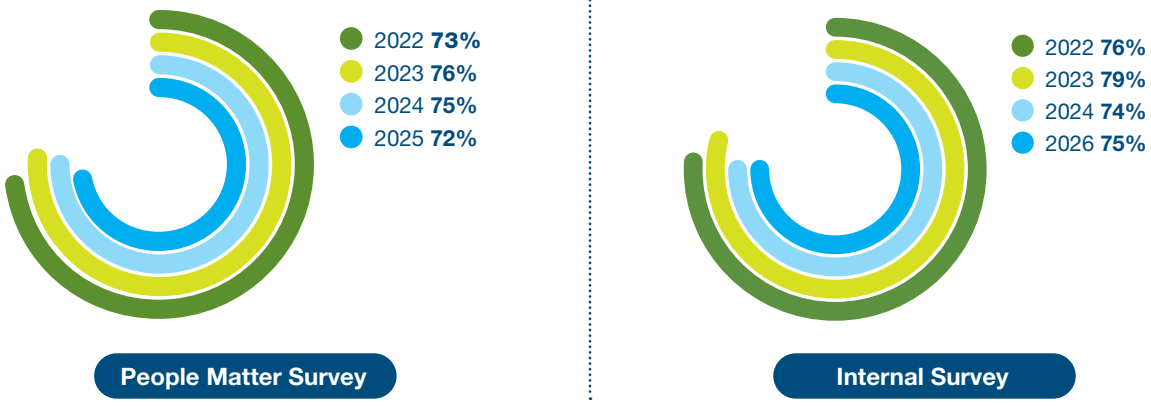


FIGURE 3. Staff engagement survey result.

Agency-wide learning and development plan

DFSV continues to run a program of learning and development for staff. This builds employees' skills via:

- Formal training such as Certificate IV in Government Investigations
- Conferences and specialist forums
- External government technical working groups
- Continuous 'on-the-job' professional development
- Organisational approach to succession planning and talent identification
- Change management training
- OHS e.g., defibrillator, first aid and CPR training

During the year, staff participated face-to-face and/or virtually in engagement opportunities including:

- Dairy export industry consultative committee
- Food Export Regulators Steering Committee
- Dairy Industry working group
- National Regulators Community of Practice 2025 National Conference: Regulation 2025 to 2050: Disruption, Change and Continuity
- Better Regulation Victoria's Regulator Forum
- Victorian Government Information Security Advisory Group
- Victorian Government Cyber Culture Working Group
- Governance Institute of Australia Governance Leadership Conference 2025
- Office of Victorian Information Commissioner Victorian Privacy Network meetings
- Food Standards Australia New Zealand (FSANZ) surveillance, evidence and analysis working group (SEAWG)
- FSANZ National Annual Food Recall Action Officers Meeting
- Agriculture Victoria 2026 Biosecurity Roundtable on Biosecurity strategy
- Implementation Subcommittee for Food Regulations (ISFR) Food Safety Auditor Guideline working group
- Environmental Health Professionals Australia (EHPA) Food Safety and Security Special Interest Group
- Presentation at the 2025 EHPA annual food symposium
- EHPA Food Forum
- Key investigation skills for environmental health professional's webinar
- Department of Agriculture, Fisheries and Forestry Manual of Importing Country Requirements re-platforming project information sessions



Enhance scientific capabilities

DFSV supports the dairy industry by helping licensees and internal stakeholders improve their understanding of food safety and build their skills. This support includes providing advice to manufacturing licensees, developing guidance materials, assisting with incident investigations, conducting site visits, and hosting learning network forums.

In 2025–26, DFSV delivered two rounds of learning network forums across five locations in Victoria, with the March/April 2026 forums also introducing an online option. Participants expressed strong interest in learning about trends emerging from DFSV audit findings, particularly through case study examples. Additional topics of interest included global recalls, new guidance materials, and regulatory updates.

The October 2025 series attracted 73 people representing 48 licensees, and the March/April 2026 series was attended by 81 people from 50 licensees. Feedback was positive, with participants valuing the forums as a trusted source of current information.

Developing a food safety program: A guide for Victorian dairy manufacturers (July 2025) was published on the DFSV website in August 2025, updating the previous edition released in 2018. The guide supports aspiring and new licensees to develop a food safety program as required for a dairy manufacturing licence and provides guidance to all licensees on the ongoing review and continuous improvement of their food safety programs.

DFSV also published the technical guidance document *A guide to managing microbiological verification testing* on its website in May 2026. The guide was developed in response to feedback from food safety managers and licensees, through learning network forums, seeking support to better understand and manage the verification requirements of the Food Standards Code.

DFSV responded to 28 technical enquiries from licensees, prospective licensees and other stakeholders during the reporting period. Most enquiries (78 per cent) related to operational issues including microbiological testing, processing, regulations and standards. Other enquiries focused on labelling (11 per cent) and general matters such as sourcing training courses.

DFSV received notification of three chemical risk assessments undertaken by industry in 2025–26. All were in response to milking cows being exposed to an agricultural chemical contaminant following treatment of a grazing pasture.

2

LEARNING NETWORK FORUM SERIES

held in 5 locations across Victoria

2

NEW TECHNICAL GUIDANCE DOCUMENTS

published on DFSV website

28

TECHNICAL ENQUIRIES

most enquiries (78%) related to operational issues



Continuously improve business processes and services

IT infrastructure

Victorian Protective Data Security Framework (VPDSF)

DFSV completed planned activities in its 2025–25 Protective Data Security Plan.

Strategic plan implementation

DFSV implemented actions from the independent strategic review of its information technology function and capability including:

- Migration of on-premises business and ICT systems to cloud hosted environments
- Improving DFSV's cyber security controls.

Digital strategy

DFSV continued to deliver under its digital strategy 2023–27 plan. In this reporting period, the following work was carried out:

Implementation of SharePoint records management system

DFSV's transition to SharePoint to replace the legacy records management system was completed. This is the final business application to be moved to a cloud environment, improving DFSV's cybersecurity and reducing infrastructure administration and maintenance burdens. Further enhancements have also been developed through the year to enhance the usability and functionality of the application including financial workflow approvals and other approval workflows.

Risk management framework

DFSV regularly reviews its risk management register and processes. In 2025–26, DFSV participated in a Victorian Managed Insurance Authority Risk Maturity Survey (self-assessment). The survey results help DFSV to review, understand and improve internal risk management culture and practices. In 2025–26, the board reviewed and approved revisions to DFSV's risk management policy, framework and risk appetite. Minor amendments to these documents updated information.

Legislative compliance

DFSV has compliance monitoring, management and reporting processes to meet its legislative obligations and responsibilities, manage related compliance risks, and conduct its activities and business lawfully and responsibly. DFSV maintains a suite of internal policies and procedures covering finance, governance, human resources, corporate, regulatory operations and science to ensure business practices meet legislative requirements.

Internal audit program

DFSV's internal audit program helps improve risk management, internal controls, governance and operational efficiency. It also ensures compliance with relevant laws, regulations, government policies, and DFSV procedures, while identifying opportunities for continuous improvement.

Following the completion of DFSV's three-year internal audit program in June 2025, DFSV's management team undertook three targeted in-house reviews. These reviews focused on assessing the fitness for purpose of DFSV's data governance framework, evaluating licensing processes against established policies and procedures, and verifying a sample of licensees declared production volumes used to determine annual licence renewal fees.

Several low-risk improvement opportunities were identified across these reviews pertaining to policy and procedural changes; with no high-risk issues identified.

Complaints management

DFSV is committed to responding to and addressing any complaints received about its services or decisions within 20 business days. DFSV received two complaints during 2025–26.

TABLE 4. Five-year financial summary

	2025–26 $	2024–25 $	2023–24 $	2022–23 $	2021–22 $
Total income from transactions	**6,661,031**	6,380,662	6,221,651	6,527,853	6,504,712
Total expenses from transactions	**(6,624,531)**	(7,134,014)	(6,147,257)	(6,255,288)	(6,733,871)
Net result from transactions	**36,500**	(753,352)	74,394	272,565	(229,159)
Other economic flows	**22,100**	(4,094)	(27,888)	10,769	47,846
Comprehensive result	**58,600**	(757,446)	46,506	283,334	(181,313)
Net cashflow from operating activities	**352,101**	(344,226)	500,940	411,026	93,503
Total assets	**7,666,236**	7,810,748	8,472,680	8,547,938	8,665,850
Total liabilities	**1,519,696**	1,722,808	1,627,294	1,749,058	2,150,304

Financial management

As a Victorian public sector agency, DFSV operates within DEECA's Portfolio Financial Management Compliance Framework to provide effective, efficient and responsible financial management of public resources.

DFSV maintains appropriate financial systems, and regularly reviews its accounting policies and procedures, to ensure ongoing compliance with the framework.

DFSV recorded an operating surplus of $58,600 for the year ended 30 June 2026, a significant favourable result compared to budget. Total revenue of $6.66 million exceeded budget by three per cent while total operating expenses of $6.62 million was six per cent below budget. The result reflects prudent financial management and disciplined expenditure control during a year of organisational transition and regulatory reform activities.

Revenue performance was supported by stronger-than-anticipated licence fee income from manufacturers, reflecting declared production volumes above forecast, and higher interest earnings resulting from increased market interest rates. Additional unbudgeted grant funding of $374,000 was received from DEECA to support regulatory reform initiatives and farm fee drought relief measures. These favourable outcomes more than offset lower revenue from farm licence fees, which were below budget due to the provision of drought relief through discounted fee rates to Victorian dairy farms.

Expenditure was well controlled across most operating categories, with total expenses remaining below budget despite targeted investments in regulatory reform and transition activities. Employee benefit expenses were lower than budget primarily due to some vacant positions not being filled. Savings were also achieved across travel, training, occupational health and safety, marketing, office administration and legal expenditure. These savings helped absorb organisational design activities associated with regulatory reform.

DFSV maintained a sound financial position while continuing to deliver its regulatory functions and support key government priorities. The favourable operating result demonstrates the organisation's capacity to manage financial pressures and emerging priorities within available resources, while the receipt of additional grant funding and careful expenditure management contributed to a stronger-than-budgeted outcome for 2025–26.

The effects of revaluations (holding gains or losses) arising from changes in market prices and other changes in the volume of assets shown under 'other economic flows' on the operating statement, are outside of DFSV's control.



Governance and organisational structure

DFSV Board

The Minister appoints the chairperson and may also appoint one member nominated by the Secretary of DEECA. The Minister appoints the members, after consideration of any recommendations of the selection committee established under the *Dairy Act 2000*.

Under section 9 of the Act, board members are appointed because of their expertise in one or more of the following areas:

- On-farm milk production
- Dairy food manufacturing
- Public health
- Food technology and safety
- Business management
- Consumer issues
- Other areas the Minister considers relevant to DFSV's functions or powers.

Each member holds office for a term not exceeding three years and is eligible for re-appointment. The current board members' terms commenced in October 2024. Mr Luke Wilson PSM, was appointed to the role of chairperson effective 12 April 2025.

The DFSV Board sets the strategic direction and oversees the organisation's management and performance, within the framework set by the Act. It is accountable to the Victorian Parliament through the Minister.



DFSV Board

as of 30 June 2026



Luke Wilson, PSM

Chairperson

Luke Wilson is an experienced public sector leader and advocate, with a long career shaping policy agenda across jurisdictions and shaping organisational policy and strategy in public sector agencies. With expertise in the agriculture, biosecurity, natural resources, fisheries, game management, emergency management and infrastructure fields, Luke has spent many years within and leading Victoria's agriculture portfolio, including numerous regulatory functions. He has also worked in South Australian and Australian Public Sector roles.

In addition to his role as chairperson, Luke is also chairperson at North East Catchment Management Authority and a board member of Victoria's Game Management Authority. He is an adjunct professor at the La Trobe University Business School and a member of several advisory boards with La Trobe University, including the La Trobe Institute for Sustainable Agriculture and Food.



Polly Bennett

Deputy Chairperson

Polly has extensive governance and leadership experience across commercial, government and not-for-profit organisations in the agribusiness, food safety, education, health, transport, ports and infrastructure sectors.

Polly is chairperson of the Greater Sydney Local Land Services Board, and a member of the Local Land Services State Board, director of the SkillsIQ Australia Board, independent member of the NSW Biofuels Expert Panel.

Polly was previously CEO of NSW Food Authority, Acting Deputy Director General of Agriculture NSW, Director of Agribusiness Development Department Primary Industries, and CEO of Australian Lot Feeders Association.



Tania Luckin

Tania operates a dairy farming business milking 600 cows in south west Victoria. She has more than 25 years' experience in successfully operating small, medium and large-scale dairy farms in Victoria and South Australia. Tania has been involved in various industry organisations at regional and national levels and has held a range of governance roles including a director of WestVic Dairy, Bonlac Supply Company, and deputy chairperson at Dairy Australia. Tania is a graduate of the Australian Institute of Company Directors.



Dr Tracey Marsden

Tracey has qualifications in veterinary science, business and public administration and adult education. She has worked in the Victorian public sector since 2014. During this time, she has led several significant legislative reforms relating to animal welfare and domestic animals. She previously worked in dairy, biosecurity and food policy. Tracey is currently director, Office of the Deputy Secretary, Corporate Services for the Department of Energy, Environment and Climate Action.



Dr Scott Crerar

Scott is an experienced senior executive with over 20 years of experience in food safety and regulation, specialising in risk assessment and management roles. He has held key positions in public health and agriculture within various federal government departments. Most recently, he led and oversaw the science and risk assessment functions at Food Standards Australia New Zealand.

Scott's international experience includes holding food safety roles in Hong Kong and New Zealand, and he has collaborated with global agencies such as the APEC Food Safety Cooperation Forum and Codex Alimentarius. He has represented Australia at both forums, notably chairing the nation's delegation to the Codex Taskforce on Antimicrobial Resistance from 2017 to 2021.

Scott has served as a director for several non-profit organisations and is currently the chairperson of Australia's Food Safety Information Council. He serves on the Hong Kong Government's Expert Advisory Committee on Food Safety.

TABLE 5. Membership of DFSV committees at 30 June 2026 (all members independent, non-executive)

Risk Management and Audit	Assists the Board to fulfil its corporate governance and statutory responsibilities in relation to financial reporting, internal control, risk management systems and internal and external audit functions.	• Polly Bennett, Committee Chair • Dr Scott Crerar • Tania Luckin
People and Culture	Assists the Board in fulfilling its statutory responsibilities in relation to people and culture, including occupational health and safety.	• Tania Luckin, Committee Chair • Dr Scott Crerar • Dr Tracey Marsden

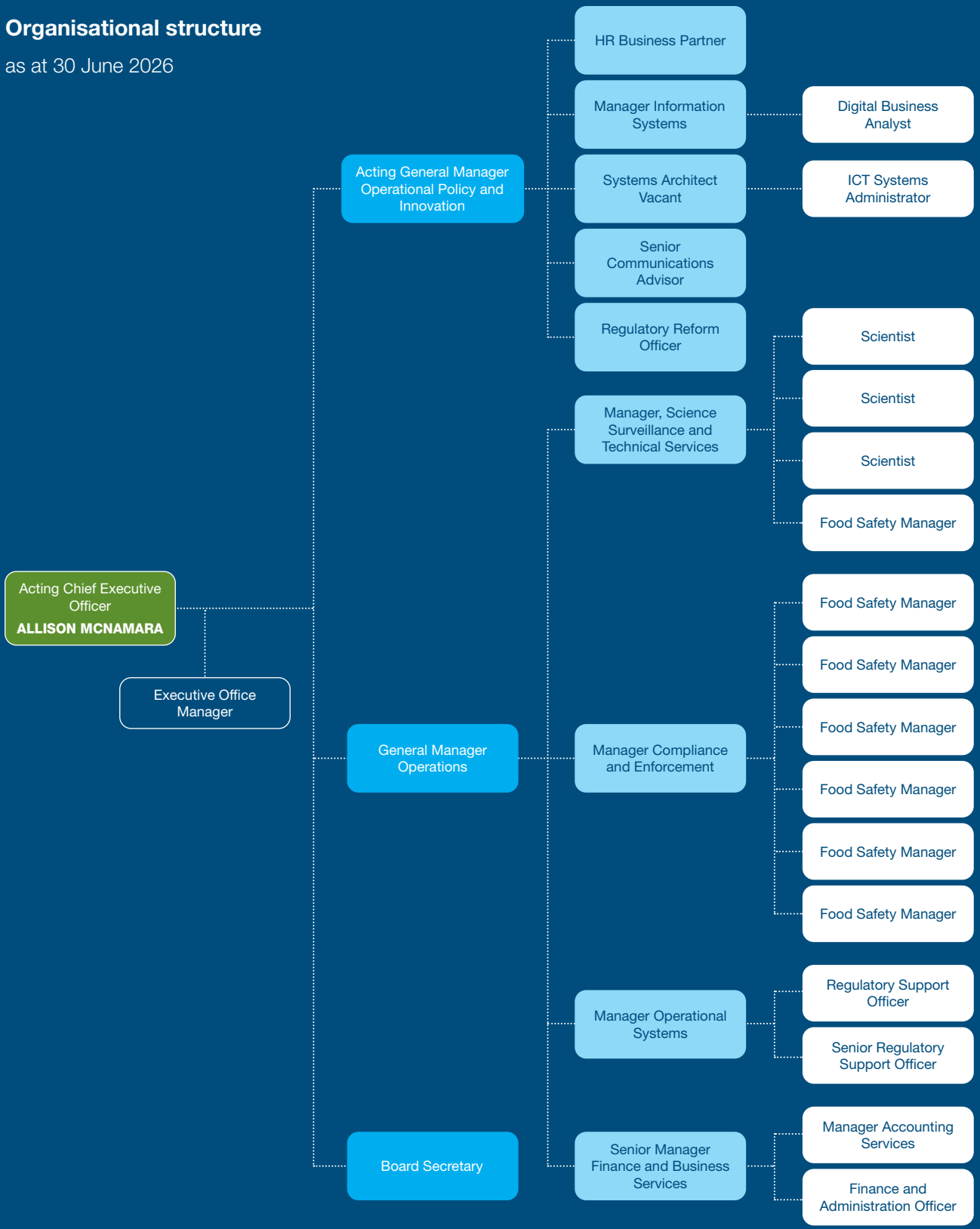
During the year, seven scheduled board meetings and eight board committee meetings were held.

TABLE 6. Attendance at board and board committee meetings in 2025–26

	Board	RMA Committee	People and Culture Committee
Board member	Number of meetings attended/(number of meetings eligible to attend)		
Luke Wilson (Chairperson)	7/7	N/A	N/A
Tania Luckin	7/7	3/4	4/4
Dr Tracey Marsden	6/7	N/A	4/4
Polly Bennett (Deputy Chairperson)	7/7	4/4	N/A
Dr Scott Crerar	7/7	¾	¾

Organisational structure

as at 30 June 2026



Occupational health and safety

DFSV continues to implement its occupational health and safety (OHS) framework. The framework identifies, mitigates and manages workplace risk to staff, ensuring the workplace remains as safe and healthy as possible.

The OHS framework includes:

- Maintaining OHS policies and procedures
- Reviewing and monitoring a hazard risk register
- Using incident and near-miss reporting processes
- Inspecting workplaces
- Health Safety and Wellbeing Committee (four meetings per year)
- OHS training
- Communicating regularly with staff and the board on health and safety matters.

DFSV has two trained contact officers (one male and one female) available to staff who can advise on issues relating to workplace behaviour and conduct such as discrimination, harassment and bullying.

In 2025–26, DFSV continued to focus on changes to the *Occupational Health and Safety Act 2004* (Vic) regarding monitoring and reporting psychosocial hazards. The OHS policy was updated to include specific mention of psychosocial hazards as well as DFSV's commitment to establishing a culture of psychological safety at the organisation.

DFSV offered various OHS-related activities to employees this year, which aimed to mitigate the risks associated with health, safety and wellbeing. These included:

- Influenza vaccination program
- Personal protective equipment and car safety equipment for field staff
- Employee assistance program
- Health and wellness products and services for employees
- New or refresher training for applicable first aid and contact officers
- Ongoing staff health and wellbeing monitoring.



Workforce data

Employment and conduct principles

DFSV administers its industrial relations framework by aligning relevant policies, procedures and organisational values with the Victorian public sector employment and conduct principles. DFSV makes employment decisions based on employee merit including at recruitment, at completion of the probationary period, and during performance assessment.

Comparative workforce data

Table 7 discloses the head count and full-time equivalent (FTE) of all active employees of DFSV, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June of the previous reporting period (2025).

TABLE 7. Summary of employment levels at 30 June 2026 and 30 June 2025

	Ongoing employees				Fixed term and casual
	Total employee headcount (HC)	Full time (HC)	Part time (HC)	FTE (full-time equivalent)	FTE
June 2026	28	21	7	25.8	0
June 2025	29	23	6	27.7	0

TABLE 8. Detail of employment levels at 30 June 2026 and 30 June 2025

	June 2026		June 2025	
	Ongoing		Ongoing	
Position	Full and part-time (headcount)	FTE	Full and part-time (headcount)	FTE
Executive	2	2	2	2
Corporate	14	12.4	15	13.9
Technical	12	11.4	12	11.8
Total	**28**	**25.8**	**29**	**27.7**

a. All figures reflect employment levels during the last full pay period in June of each year.
b. Excluded from workforce data include employees on leave without pay or absent on secondment, graduates, external contractors/consultants and temporary staff employed by employment agencies.
c. Ongoing employees includes people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
d. Employees have been correctly classified in workforce data collections.



Other disclosures

Local Jobs First

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy and Major Project Skills Guarantee Policy, which were previously administered separately.

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 $1 million or more in regional Victoria. DFSV has not undertaken any projects during the year to which the Local Jobs First Policy relates.

Disclosure of consultancy expenditure

In 2025–26, there were consultancies engaged where the total fees payable to the individual consultancies was less than $10,000. The total expenditure incurred during 2025–26 in relation to these consultancies was $38,358 (excluding GST).

Individual consultancies where the total fees payable to the consultants were $10,000 or greater are outlined in Table 9. The total expenditure incurred during 2025–26 in relation to these consultancies was $94,710 (excluding GST).

Reviews and studies expenditure

During 2025-26, three reviews were undertaken as part of the internal audit program. As these reviews were conducted in-house using existing salaried resources, no identifiable direct cost has been attributed to these reviews. Details of the reviews are outlined in Table 10.

TABLE 9. Consultancy expenditure

Consultant	Purpose of consultancy	Total approved project fee ($)	Expenditure 2025–26 ($)	Future expenditure ($)
Quantum Market Research	Annual licensee engagement survey	26,000	25,350	-
Spedding Torres and Associates	Change management program for regulatory reform	70,000	69,360	-
Totals		**96,000**	**94,710**	**-**

TABLE 10. Reviews and studies expenditure

Name of Review	Reason for review	Scope	Outcomes	Expenditure ($)	Publicly Available
Data Governance Framework	Assess fit-for-purpose Data Governance Framework	Benchmark data governance framework documentation and determine if current framework is fit-for-purpose	Low risk improvement opportunities	Not applicable	No
Licensing Process	Evaluate licensing processes against established policies and procedures	Confirm licensing processes are aligned with policies and procedures and identify any opportunities for improvement	Low risk improvement opportunities	Not applicable	No
Verification of Licensees Declared Volumes	Verify a sample of licensees declared production volumes used to determine annual licence renewal fees	Verify supporting documentation of sample licensees' production batches to confirm litres and tonnes declared for annual renewal	Low risk improvement opportunities	Not applicable	No

Information and communications technology (ICT) expenditure

Table 11 shows that in 2025–26 DFSV's total ICT expenditure was $478,733.

ICT expenditure refers to costs in providing business-enabling ICT services. It comprises business as usual (BAU) ICT expenditure and non-business as usual (non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing DFSV's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure, which primarily relates to ongoing activities to operate and maintain current ICT capability.

Disclosure of major contracts

DFSV did not enter into any major contracts during 2025–26. A 'major contract' is a contract valued at $10 million or more.

Government advertising expenditure

DFSV did not undertake a government advertising campaign in 2025–26.

Emergency procurement

In 2025–26, DFSV was not required to activate any emergency procurement, resulting in no spending on emergency procurements.

Disclosure of procurement complaints

Under the governance policy of the Victorian Government Purchasing Board (VGPB), DFSV must disclose any formal complaints relating to procurement if goods and services received through its procurement complaints management system.

DFSV did not receive any formal complaints through its procurement complaints management system in 2025–26.

TABLE 11. 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)		
478,733	**-**	**-**	**-**

Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public right of access to documents held by DFSV, including documents created by DFSV or supplied to DFSV by external parties. The FOI Act allows DFSV to refuse access, either fully or partially, to certain documents or information.

Under the FOI Act, the FOI processing time for requests is 30 days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, processing time is 45 days. Processing times may also be extended by periods of 30 days in consultation with the applicant. However, obtaining an applicant's agreement for an extension(s) cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by DFSV, under section 49A of the Act, the applicant has the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

In 2025–26, DFSV received two freedom of information requests from the public. One request was still in progress as of 30 June 2026. A decision to deny access in full in relation to the other request was made within the statutory time period. DFSV's decision is currently under review by the Office of the Victorian Information Commissioner (OVIC) as of 30 June 2026. Safe Food Victorian will be responsible for any further action arising from this action from 1 July 2026.

Making a request

FOI requests can be made in writing, identifying as clearly as possible the documents requested, and include payment of the $34.50 application fee. The fee may be waived if payment is likely to cause hardship to the applicant. Applicants can get assistance with their requests to determine the type of documents they want. Access charges may also apply once documents are processed, and a decision on access is made (for example, photocopying or search and retrieval charges).

The address for document requests to DFSV is:

- **Freedom of Information Officer**
  Safe Food Victoria
  PO Box 8221
  Camberwell North, Victoria, 3124

For more information about FOI visit **ovic.vic.gov.au**

Compliance with the Building Act

DFSV does not own or control any buildings and is therefore 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 services 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 these 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.

DFSV fulfils its requirements on competitive neutrality reporting as required under the Competition Principles Agreement and Competition and Infrastructure Reform Agreement.

Compliance with the Public Interest Disclosures Act

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make a disclosure about improper conduct or detrimental action by public officers and public bodies, including DFSV, its employees and Board members. 'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption. 'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure. The PID Act protects people who make disclosures in accordance with the PID Act, and establishes a system for investigating any matters disclosed, and initiating any necessary rectifying action.

DFSV recognises the value of transparency and accountability in its administrative and management practices and supports making disclosures that reveal improper conduct. It does not tolerate improper conduct by the organisation, its employees, officers or Board members, or taking detrimental action in reprisal against those who come forward to disclose such conduct.

DFSV has established procedures to facilitate and encourage making disclosures under the PID Act, and how DFSV will manage the welfare of persons connected with public interest disclosures.

DFSV is unable to receive public interest disclosures. A disclosure under the PID Act about improper conduct of, or detrimental action taken in reprisal for a public interest disclosure by, DFSV or its employees and board members, should be made in writing to:

- **Victorian Independent Broad-based Anti-Corruption Commission (IBAC)**
  Level 1, North Tower, 459 Collins Street
  Melbourne, Victoria 3000
  GPO Box 24234
  Melbourne, Victoria, 3001

IBAC offers online and downloadable forms which also provide for anonymous disclosures available at: **https://www.ibac.vic.gov.au/reporting-corruption/report**

For further information, please phone IBAC on 1300 735 135, or email **info@ibac.vic.gov.au**.

Environmental reporting

DFSV's environmental policy aims to maintain and, where possible improve, environmentally sustainable practices, and describes the agency's approach to responsible environmental management. DFSV has continued to promote environmental sustainability within its office and field-based operations, and has maintained the following initiatives to help reduce the organisation's environmental footprint:

- **Recycling where possible:** including paper, plastic bottles, cans, organic green waste, toner cartridges, spent batteries and obsolete ICT and office equipment.
- **Energy-saving office-based practices:** encouraging turning off lights, and a switch-off policy for computers and appliances. DFSV's electricity consumption and greenhouse gas emissions decreased by 3.8 per cent for the 2025–26 year compared to the 2023–24 year.
- **Minimising energy, water and paper use:** including using energy efficient lighting, using water efficient tap fittings and appliances, applying double-sided printing, and reducing paper use with progressive digitisation of records.
- **Transport:** reducing greenhouse gas emissions associated with DFSV's vehicle fleet by leasing hybrid fuel efficient cars, use of public transport by staff where possible, and providing cycle storage facilities for staff.
- **Purchasing:** making environmentally sound purchasing decisions for capital items and consumables, including carbon neutral paper, and appliances with high star energy efficiency ratings.

Social procurement

DFSV supports the Victorian Government's Social Procurement Framework directions and recognises we have a part to play in advancing social and sustainable outcomes for Victorians.

In 2020, DFSV developed a social procurement strategy which sets out how social and sustainable outcomes through procurement can be supported.

The strategy prioritises the following objectives, which best fit our identified procurement opportunities:

- **Supporting safe and fair workplaces:** by using suppliers that comply with industrial relations laws and promote secure employment.
- **Opportunities for disadvantaged Victorians:** by using suppliers that employ disadvantaged Victorians.
- **Sustainable Victorian regions:** by supporting local businesses in regional Victoria when travelling to licensee sites to conduct audits.
- **Environmentally sustainable outputs:** by using suppliers that adopt environmentally sustainable practices.

As part of a tender process, potential suppliers to DFSV are required to provide information on their social and sustainability activities for assessment against the above objectives. When travelling to licensee sites to conduct audits, DFSV supports local businesses in regional Victoria.

Availability of additional information on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below are kept by DFSV and available on request, subject to the provisions of the FOI Act.

1. A statement that declarations of pecuniary interests have been duly completed by all officers.
2. Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
3. Details of publications produced by the entity about itself, and how these can be obtained.
4. Details of changes in prices, fees, charges, rates and levies charged by the entity.
5. Details of any major external reviews carried out on the entity.
6. Details of major research and development activities undertaken by the entity.
7. Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
8. Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
9. Details of assessments and measures undertaken to improve the occupational health and safety of employees.
10. A general statement on industrial relations within the entity, and details of time lost through industrial accidents and disputes.
11. A list of the major committees sponsored by the entity, the purposes of each committee, and the extent to which the purposes have been achieved.
12. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

If not already available on DFSV's website or in the annual report, further information is available on request, either partially or fully by contacting:

- **The Chief Executive Officer**
  Safe Food Victoria
  PO Box 8221
  Camberwell North, VIC 3124
  or email **info@dairysafe.vic.gov.au**

Attestation for financial management compliance

Dairy Food Safety Victoria's Financial Management Compliance Attestation Statement

I, Luke Wilson, on behalf of the Responsible Body, certify that Dairy Food Safety Victoria has been granted a full exemption from the Standing Directions 2018 under the *Financial Management Act*. This exemption has been granted by the Minister for Finance on the basis Dairy Food Safety Victoria complies with the Department of Energy, Environment and Climate Action's Portfolio Financial Management Compliance Framework.

Luke Wilson PSM
Chairperson
Safe Food Victoria

27 August 2026





Financial statements

for the financial year as at 30 June 2026

How this report is structured

Dairy Food Safety Victoria (DFSV) has presented its audited general purpose financial statements for the financial year ended 30 June 2026 in the following structure, to provide users with the information about DFSV's stewardship of resources entrusted to it.

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Declaration by the Chairperson, Chief Executive Officer and Chief Finance and Officer

for the financial year as at 30 June 2026

The attached financial statements for Dairy Food Safety Victoria have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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 to the financial statements, presents fairly the financial transactions during the year ended 30 June 2026 and financial position of Dairy Food Safety Victoria at 30 June 2026.

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.

Dairy Food Safety Victoria and its Board was dissolved with effect from 1 July 2026 and its functions, assets, liabilities and responsibilities were transferred to Safe Food Victoria. As delegates of the Board of Safe Food Victoria, we — the Chairperson, Chief Executive Officer and Chief Financial Officer hereby sign this declaration and authorise the attached financial statements for issue on 27 August 2026. We have the authority to amend and reissue the financial statements in accordance with applicable legislative and regulatory requirements.

These financial statements relate solely to the financial performance, financial position and cash flows of Dairy Food Safety Victoria for the reporting period ended 30 June 2026, being the period prior to its abolition.

We authorise the attached financial statements for issue on 27 August 2026.



Luke Wilson
Chairperson
Safe Food Victoria
Melbourne
27 August 2026



Mike Gooey
Chief Executive Officer
Safe Food Victoria
Melbourne
27 August 2026



Daryl Glover
Chief Finance Officer
Safe Food Victoria
Melbourne
27 August 2026

Independent Auditor's Report

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Dairy Food Safety Victoria

Opinion	I have audited the financial report of Dairy Food Safety Victoria (the entity) which comprises the: • Balance Sheet as at 30 June 2026 • 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 material accounting policy information • Declaration in the financial statements. In my opinion, the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the Financial Management Act 1994 and Australian Accounting Standards - Simplified Disclosures.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other Information	The Board is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Annual report, (but does not include the financial report and our auditor's report thereon). Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

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Board's responsibilities for the financial report	The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the Financial Management Act 1994, 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. 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.
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.



Bendigo
31 August 2026

Kathie Teasdale
RSD Audit
as a delegate for the Auditor-General of Victoria

Comprehensive operating statement[a]

for the financial year ended 30 June 2026

	Notes	2026 $	2025 $
Income and revenue from transactions			
Licence and service fees	*2.2.1*	5,975,197	6,050,577
Grants	*2.2.2*	374,000	-
Interest income	*2.2.3*	311,767	329,885
Other income		67	200
Total income and revenue from transactions		**6,661,031**	**6,380,662**
Expenses from transactions			
Employee expenses	*3.1.1*	4,632,163	4,676,956
Depreciation and amortisation	*4.1.2 & 4.2*	244,128	266,992
Product testing and laboratory evaluation expense	*3.2*	493,163	436,179
Interest expense	*6.3*	14,904	19,816
Other operating expenses	*3.3*	1,240,173	1,734,071
Total expenses from transactions		**6,624,531**	**7,134,014**
Net result from transactions (net operating balance)		**36,500**	**(753,352)**
Other economic flows included in net result			
Net gain on non-financial assets[b]		2,091	682
Other gains/(loss) from other economic flows	*8.2*	20,009	(4,776)
Total other economic flows included in net result		**22,100**	**(4,094)**
Comprehensive result		**58,600**	**(757,446)**

The accompanying notes form part of these financial statements.

Notes:
a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.
b. 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

Balance sheet[a]

as at 30 June 2026

	Notes	2026 $	2025 $
Assets			
Financial assets			
Cash and deposits	*6.1*	7,193,360	7,085,332
Receivables	*5.1.1*	67,565	87,012
Total financial assets		**7,260,925**	**7,172,344**
Non-financial assets			
Property, plant and equipment	*4.1*	362,800	601,587
Intangible assets	*4.2*	-	5,341
Prepayments		42,511	48,257
Total non-financial assets		**405,311**	**655,185**
Total assets		**7,666,236**	**7,827,529**
Liabilities			
Payables	*5.2.1*	272,478	315,616
Employee related provisions	*3.1.2*	1,004,384	934,976
Lease liabilities	*6.3*	242,834	488,997
Total liabilities		**1,519,696**	**1,739,589**
Net assets		**6,146,540**	**6,087,940**
Equity			
Contributed capital		1,800,000	1,800,000
Accumulated surplus		4,346,540	4,287,940
Net worth		**6,146,540**	**6,087,940**

The accompanying notes form part of these financial statements.

Notes:
a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Cash flow statement[a]

for the financial year ended 30 June 2026

	Notes	2026 $	2025 $
Cashflow from operating activities			
Receipts			
Receipts received from customers		6,002,406	6,043,697
Receipts from Government		374,000	-
Interest received		308,301	334,650
Goods and services tax received from the ATO[b]		101,652	128,715
Total receipts		**6,786,359**	**6,507,062**
Payments			
Payments to suppliers and employees		(6,419,354)	(6,831,472)
Interest and other costs of finance paid		(14,904)	(19,816)
Total payments		**(6,434,258)**	**(6,851,288)**
Net cash flows provided by / (used in) operating activities		**352,101**	**(344,226)**
Cash flows from financing activities			
Repayment of principal portion of lease liabilities[c]		(244,073)	(230,287)
Net cash flows used in financing activities		**(244,073)**	**(230,287)**
Net increase / (decrease) in cash and cash equivalents		108,028	**(574,513)**
Cash and cash equivalents at the beginning of the financial year		7,085,332	7,659,845
Cash and cash equivalents at the end of the financial year	*6.1*	**7,193,360**	**7,085,332**

The accompanying notes form part of these financial statements.

Notes:

a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting

b. GST received from the Australian Taxation Office is presented on a net basis.

c. DFSV has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

Statement of changes in equity[a]

for the financial year ended 30 June 2026

	Contributed capital $	Accumulated surplus $	Total equity $
Balance as at 30 June 2024	**1,800,000**	**5,045,386**	**6,845,386**
Net result for the 2024/25 year	-	(757,446)	(757,446)
Balance as at 30 June 2025	**1,800,000**	**4,287,940**	**6,087,940**
Net result for the 2025/26 year	-	58,600	58,600
Balance as at 30 June 2026	**1,800,000**	**4,346,540**	**6,146,540**

The accompanying notes form part of these financial statements.

Notes:
a. This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Notes to financial statements

for the financial year ended 30 June 2026

1. About this report

Dairy Food Safety Victoria (DFSV) is a statutory authority of the State of Victoria, established pursuant to an order made by the Premier under the *Dairy Act 2000*. Its principal address is:

- **Dairy Food Safety Victoria**
  Level 2, 969 Burke Road
  Camberwell VIC 3124

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

Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

The accrual basis of accounting has been applied in preparing 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 financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements 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 applying Australian Accounting Standards (AAS) that have significant effects on the financial statements and estimates are disclosed in the note under the heading: 'Significant judgement or estimates'.

These financial statements cover DFSV as an individual reporting entity and include all the controlled activities of DFSV. There is no entity consolidated into DFSV.

DFSV's operations are expected to cease following the amalgamation of DFSV into Safe Food Victoria on 1 July 2026 (refer Note 8.8 Subsequent events). The financial statements have been prepared on a going concern basis as management has assessed that DFSV will be able to meet its obligations as they fall due during the transition period and complete an orderly transfer of its operations and resources to Safe Food Victoria. Management has considered the impact of the amalgamation in determining the appropriate basis of preparation, accounting treatments and disclosures included in these financial statements.

All amounts in the financial statements have been rounded to the nearest $1 unless otherwise stated.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

Notes to financial statements *(cont.)*

2. Funding delivery of our services

Objectives and funding

DFSV objectives are to ensure that standards which safeguard public health are maintained in the Victorian dairy industry and to ensure that it performs its functions and exercises its powers efficiently and effectively.

DFSV fixes and charges fees for its services, including annual licence fees, and audit and inspection fees. In addition, costs for the Australian Milk Residue Analysis (AMRA) survey are recovered from the Department of Agriculture, Fisheries and Forestry.

Significant judgement:

DFSV has made the judgement that amounts received in relation to Licence and Service fees revenue should be recognised under *AASB 15 Revenue from Contracts with Customers* (refer Note 2.2.1). And amounts received in relation to Grants should be recognised under *AASB 1058 Income of Not-for-Profit Entities* (refer Note 2.2.2).

2.1 Summary of revenue and income that funds the delivery of our services

	Notes	2026 $	2025 $
Licence and service fees revenue	*2.2.1*	5,975,197	6,050,577
Grants	*2.2.2*	374,000	-
Interest income	*2.2.3*	311,767	329,885
Other income		67	200
Total revenue and income from transactions		**6,661,031**	**6,380,662**

Revenue and income that fund delivery of DFSV's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.2 Income from transactions

DFSV derives revenue and income from the following major sources, and recognises it under the following accounting standards:

2.2.1 Licence and service fees

	2026 $	2025 $
Licence fees	4,908,474	5,016,689
Audit and inspection fees	466,752	448,322
Income relating to the AMRA survey	599,971	585,566
Total licence and service fees revenue	**5,975,197**	**6,050,577**

Revenue included in the table above are transactions that DFSV has determined to be classified as revenue from contracts with customers in accordance with *AASB 15 Revenue from Contracts with Customers*.

Revenue is measured based on the consideration specified in the contract with the customer. DFSV recognises revenue when it transfers control of a service to the customer — i.e. when, or as, the performance obligations for the services to the customer are satisfied. For the above sources of revenue:

- Licence fees are recognised, using the exemptions permitted under AASB 15, at the date the licence is issued. This has been determined to be the date of invoice. As a result, no contract assets or contract liabilities arise from this income stream.
- Audit and inspection fees, and AMRA survey revenue is recognised under AASB 15, at the point of completion of the service of conducting an audit or performing the survey. Any income arising from services performed, which has not been invoiced at the reporting date, is recognised as a contract asset; but invoiced income in respect of services performed is recognised as a receivable.

Licence fees

Statutory revenue is within scope of AASB 15 due to its enforceable nature. When an agreement is in scope of AASB 15, the transaction price is determined as the price to which DFSV is expected to be entitled to receive.

For manufacturer license fees, there are no variable considerations involved in any of the revenue streams. Therefore, DFSV has applied the exemption available under AASB 15 for short-term licenses. As a result, DFSV have chosen to recognise revenue from these licenses at the date they are issued, which is the same as the invoice date.

However, farm licence fees are not considered short-term and revenues are recognised when received over the term of licence (two years).

Audit and inspection fees

Audit and inspection fees are receivable for specific activities performed by DFSV, under powers given to it under the Dairy and Food Acts, and therefore are accounted for under AASB 15. The transaction price in these agreements is the agreed fee per audit, inspection or survey, with no variable nor other complex component. DFSV recognises revenue from these sources once the related activity has been completed.

2.2.2 Grants

	2026 $	2025 $
Grant funding for farm sector drought relief	224,000	-
Grant funding for food regulation consolidation	150,000	-
Total grants	**374,000**	**-**

Grants recognised under AASB 1058

DFSV has determined that the income of not-for-profit entities in the table above is recognised under AASB 1058 on the basis that it has been earned under arrangements that are either not enforceable or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations or that are not enforceable, is recognised when DFSV has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, DFSV recognises any related contributions by owners, increases in liabilities, decreases in assets or revenue ('related amounts') in accordance with other Australian Accounting Standards.

2.2.3 Interest income

Interest income includes interest received on cash held in bank accounts. Refer to 7.1.1 for information on interest income.

Notes to financial statements *(cont.)*

3. The cost of delivering services

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

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

3.1 Expenses incurred in delivery of services

	Notes	2026 $	2025 $
Employee benefit expenses	*3.1.1*	4,632,163	4,676,956
Product testing and laboratory evaluation expenses	*3.2*	493,163	436,179
Other operating expenses	*3.3*	1,240,173	1,734,071
Total expenses incurred in delivery of services		**6,365,499**	**6,847,206**

3.1.1 Employee expenses in the comprehensive operating statement

	2026 $	2025 $
Salaries, annual leave and long service leave	3,879,650	3,863,227
Defined contribution superannuation expense	450,308	427,100
Other employee-related costs (FBT, payroll tax and WorkCover)	294,047	286,591
Termination payments	8,158	100,038
Total employee and board member expenses	**4,632,163**	**4,676,956**

Employee expenses include all costs related to employment including wages and salaries, board and committee fees, payroll and fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

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

Employees of DFSV are entitled to receive superannuation benefits, and DFSV contributes to defined contribution superannuation plans. DFSV is also required to make contributions to the Vision Super defined benefit plan for former employees in the event that the plan is assessed as being in a deficiency position.

The Vision Super defined benefits plan provides benefits based on members years of service and final average salary. DFSV does not recognise any defined benefit liability in respect to this plan as the plan is administered by Vision Super and any actuarial risk associated with the plan is borne by the participating employers collectively.

In the event that an actuarial review identifies a funding shortfall, participating employers, including DFSV, are required to contribute amounts necessary to address the shortfall. Superannuation contributions paid or payable for the reporting period are recognised as employee benefits expense in the comprehensive operating statement of DFSV.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when DFSV is demonstrably committed to a termination without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. This includes any staff that have received a payment that falls within this definition including payment in lieu of notice or any other payments such as severance or lump sum redundancy.

3.1.2 Employee-Related Provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2026 $	2025 $
Current provisions		
Annual leave	160,497	170,419
Long service leave	543,073	494,184
Provision for on-costs	132,398	124,290
Total current provisions for employee benefits	**835,968**	**788,893**
Non-current provisions		
Employee benefits	141,539	122,874
On-costs	26,877	23,209
Total non-current provisions	**168,416**	**146,083**
Total provisions for employee benefits	**1,004,384**	**934,976**

Wages and salaries, annual leave and personal leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because DFSV does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As DFSV expects the liabilities to be wholly settled within 12 months of the reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as DFSV does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for personal leave as all personal leave is non-vesting and it is not considered probable that the average personal leave taken in the future will be greater than the benefits accrued in the future. As personal leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Unconditional LSL is disclosed as a current liability (refer current provisions table above); even where DFSV 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.

The components of this current LSL liability are measured at:

- **undiscounted value** — if DFSV expects to wholly settle within 12 months or
- **present value** — if DFSV does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability (refer non-current provisions table above). 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 is measured at present value.

Notes to financial statements *(cont.)*

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

3.2 Product testing and laboratory evaluation expense

	2026 $	2025 $
Testing and evaluation	440,342	397,003
Packaging and transport of samples	52,821	39,176
Total product testing and laboratory evaluation expenses	**493,163**	**436,179**

Product testing and laboratory evaluation expense relate to coordination of the Australian Milk Residue Analysis (AMRA) Survey conducted by DFSV on behalf of the Department of Agriculture, Fisheries and Forestry (DAFF). These costs are fully recovered from DAFF.

3.3 Other operating expenses

	2026 $	2025 $
Bad and doubtful debts	1,243	-
General administration	38,061	60,738
General insurance (including motor vehicles insurance)	255,182	246,481
Information technology (refer to Note 3.4)	478,733	489,867
Occupancy (excluding operating rental lease)	75,784	75,271
Professional services (consultancies, contractors, legal, recruitment)	239,111	603,445
Staff related (non-labour)	49,946	136,596
Travel (excluding motor vehicle operating leases)	102,113	121,673
Total other operating expenses	**1,240,173**	**1,734,071**

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.

The following lease payments have been recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months;
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which has been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

3.4 Accounting for Software as a Service (SaaS) Arrangement

SaaS arrangements which give DFSV rights to access a software provider's platform over the term of a contract. Under SaaS arrangements, DFSV does not recognise an intangible asset in respect of the right to access the software, where the contract does not provide DFSV with the right to the future economic benefits derived from the underlying software.

In respect of SaaS arrangements, software licence fees, and any associated costs which are not distinct from the underlying licence fee and recognised within operating expenses over the term of the service contract. Other costs, such as data conversion and testing, user training, and any customisation and configuration costs which are distinct from the licence, are recognised as an operating expense when the services in question are received.

4. Key assets available to support output delivery

DFSV controls assets and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources purchased by DFSV 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	
	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $
Leasehold improvements	275,579	275,579	(151,358)	(127,105)	124,221	148,474
Office equipment and furniture	256,841	285,088	(213,330)	(224,784)	43,511	60,304
Total plant and equipment	**532,420**	**560,667**	**(364,688)**	**(351,889)**	**167,732**	**208,778**
Right-of-use assets						
Property	618,491	618,491	(525,717)	(402,019)	92,774	216,472
Vehicles	222,131	222,131	(119,837)	(45,794)	102,294	176,337
Total right-of-use assets	**840,622**	**840,622**	**(645,554)**	**(447,813)**	**195,068**	**392,809**
Total right-of-use assets, plant and equipment	**1,373,042**	**1,401,289**	**(1,010,242)**	**(799,702)**	**362,800**	**601,587**

Items of plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. The asset capitalisation threshold for recording assets is $2,000.

Refer to Note 7.3 for additional information on fair value determination of plant and equipment.

Right-of-Use assets – initial measurement

DFSV 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

Right-of-use assets are subsequently measured at cost less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability. DFSV depreciates the right-of-use assets on a straight-line basis from the lease

Notes to financial statements *(cont.)*

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. Impairment of right-of-use assets is determined and accounted for in accordance with AASB 136 *Impairment of Assets*.

Impairment of right-of-Use assets

DFSV has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Impairment of property, plant and equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.1.1 Depreciation and amortisation

All property, plant and equipment assets 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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Class of asset	Useful life of asset
Leasehold improvements	Life of lease term (5 years)
Furniture	5 to 10 years
Office equipment	3 to 10 years
Software	3 to 10 years

Right-of-Use assets are depreciated on a straight-line basis over their lease term; 3 years for vehicles, and 5 years for property.

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

Property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

At least annually management undertake an assessment for impairment indicators.

4.1.2 Reconciliation of movement in carrying amount of property, plant and equipment

	Leasehold improvements $	Office equipment & furniture $	Right-of -use Property $	Right-of-use Vehicles $	Total $
Opening balance 1 July 2025[a]	**148,474**	**60,304**	**216,472**	**176,337**	**601,587**
Disposals	-	(28,247)	-	-	**(28,247)**
Depreciation	(24,253)	(16,793)	(123,698)	(74,043)	**(238,787)**
Depreciation on disposals	-	28,247	-	-	**28,247**
Closing balance 30 June 2026	**124,221**	**43,511**	**92,774**	**102,294**	**362,800**

Notes:

a. As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2025, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.3

4.2 Intangible assets

	Software Intangibles 2026 $	Software Intangibles 2025 $
Gross carrying amount		
Opening balance	338,078	402,979
Disposals/write-back of assets no longer in use[(i)]	(154,249)	(64,901)
Closing balance	**183,829**	**338,078**
Accumulated amortisation		
Opening balance	(332,737)	(378,500)
Amortisation expense	(5,341)	(19,138)
Disposals/write-back of assets no longer in use[(i)]	154,249	64,901
Closing balance	**(183,829)**	**(332,737)**
Net book value at end of financial year	**-**	**5,341**

Notes:
(i) Represents software primarily relating to a legacy records management system and business application software no longer in use.

Initial recognition

Purchased intangible assets are software and are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. The asset capitalisation threshold for recording assets is $5,000. 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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale
b. an intention and ability to complete the intangible asset and use or sell it
c. the intangible asset will generate probable future economic benefits
d. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
e. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent measurement

Intangible assets with finite useful lives are amortised as an ‘expense from transactions’ on a straight-line basis over their useful lives. Intangible assets have useful lives of between three and five years.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested for impairment whenever an indication of impairment is identified.

Notes to financial statements *(cont.)*

5. Other assets and liabilities

This section sets out other assets and liabilities that arose from DFSV's operations.

5.1 Other assets

5.1.1 Receivables

	2026 $	2025 $
Current receivables		
Contractual		
Trade debtors[a]	18,067	46,146
Accrued interest	27,661	24,195
Other receivables	1,137	200
Statutory		
GST input tax credits recoverable	20,700	16,471
Total current receivables	**67,565**	**87,012**

Note:
a. The average credit period for receivables is 30 days. No interest is charged on receivables.

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts, though they are recognised and measured similarly to contractual receivables (except for impairment); but are not classified as financial instruments for disclosure purposes. DFSV applies AASB 9 for initial measurement of the statutory receivables, so they are initially recognised at fair value plus any directly attributable transaction costs.

Contract assets

Contract assets relate to DFSV's right to consideration in exchange for services transferred to customers for works completed but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when DFSV issues an invoice to the customer.

Other than trade receivables shown in Note 5.1.1 DFSV had no contract assets relating to contracts with customers as at the reporting date.

5.1.2 Impairment of financial assets

DFSV records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. DFSV's contractual receivables and statutory receivables are subject to AASB 9 impairment assessment.

Contract assets recognised applying AASB 15 also subject to impairment requirements of AASB 9.

Contractual receivables at amortised cost

DFSV applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. DFSV has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on DFSV's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

5.2 Other liabilities

5.2.1 Payables

	2026 $	2025 $
Current payables		
Contractual		
Supplies and services[a]	154,529	154,586
Employee benefit accruals and on-costs	-	62,799
Statutory		
Payroll PAYG payable	87,914	68,328
Payroll tax payable	13,493	13,122
GST payable	16,542	16,781
Total current payables	**272,478**	**315,616**

Note:
a. The average credit period for payables is 30 days.

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. They represent accounts payable and accrued liabilities for goods and services provided to DFSV prior to the end of the financial year that are unpaid, and arise when DFSV becomes obliged to make future payments in respect of the purchase of those goods and services; and
- **statutory payables**, that are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Due to the short-term nature of current payables, their carrying value is assumed to approximate their fair value and maturity dates are one month or less.

6. Financing our operations

This section provides information on the sources of finance utilised by DFSV during its operations, along with other information related to financing activities of DFSV. This section includes disclosures of balances that are financial instruments. Notes 7.1 and 7.3 provide additional, specific financial instruments disclosures.

Notes to financial statements *(cont.)*

6.1 Cashflow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank. DFSV's bank accounts are held in the Central Banking System (CBS) as required under the *Standing Directions 2018*.

	2026 $	2025 $
Cash and cash equivalents		
Cash on hand	7	300
Cash at bank	7,193,353	7,085,032
Total cash and deposits disclosed in the balance sheet	**7,193,360**	**7,085,332**

6.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value and inclusive of GST. 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. DFSV did not have commitments at the reporting date.

6.3 Leases

Leases are classified as financial instruments. Interest bearing liabilities are classified at amortised cost and recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Terms and Conditions of leases

	Weighted average interest rate (%)	Carrying amount ($)	Maturity dates			
			Less than 1 month ($)	1-3 months ($)	3 months – 1 yr ($)	1-5 years ($)
2026						
Lease liabilities	4.0%	242,834	21,295	42,801	141,946	36,792
Total		**242,834**	**21,295**	**42,801**	**141,946**	**36,792**
2025						
Lease liabilities	4.0%	488,997	20,034	40,266	185,863	242,834
Total		**488,997**	**20,034**	**40,266**	**185,863**	**242,834**

DFSV 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.

Interest expense

	2026 $	2025 $
Interest on lease liabilities	14,904	19,816
Total interest expense	**14,904**	**19,816**

Interest expense is recognised in the period in which it is incurred. DFSV recognises leasing costs immediately as an expense.

6.3.1 Right-of-use assets

DFSV leases a property, office equipment, and various motor vehicles. The lease contracts are typically made for fixed periods of 1–5 years with the exception of the property lease which has an option to renew for a further 5 years.

- Leases of IT equipment with contract terms of 1-3 years are leases of low-value items. DFSV has elected not to recognise right-of-use assets and lease liabilities for these leases.
- Vehicles and a property lease are recognised on balance sheet: a right-of-use asset, representing DFSV's right to use the leased assets, and an associated lease liability, representing its obligation to pay the contractual payables.

Right-of-use property leases

DFSV holds one lease for premises at Camberwell for a five-year term from 1 April 2022 to 31 March 2027, with fixed rate annual rental increases of 3 per cent. The incremental borrowing rate applicable to this lease, used to discount the future lease payments to present value, was determined as 4%.

Right-of-use vehicle leases

DFSV leases vehicles for use by staff primarily on 3-year contracts. Vehicles vary in exact specifications but represent similar assets over a similar period. The agreements include fixed and variable payments, where the variable payments depend on kilometres driven in excess of a contractual maximum. Only fixed rental payments have been included in the valuation of the lease liability and right-of-use asset recognised per vehicle.

6.3.2 Expenses recognised for short-term leases and leases of low-value assets

The following amounts are recognised as expense relating to short-term leases and leases of low-value assets:

	2026 $	2025 $
Expense relating to leases of low-value assets	7,424	7,424
Total amount recognised as an expense	**7,424**	**7,424**

DFSV has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss included within general administration of 'other operating expenses' (see note 3.3) on a straight-line basis over the lease term.

6.3.3 Recognition and measurement of leases as a lessee

For any new contracts entered into, DFSV considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition DFSV assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to DFSV and for which the supplier does not have substantive substitution rights
- whether DFSV has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and DFSV has the right to direct the use of the identified asset throughout the period of use
- whether DFSV has the right to make decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Notes to financial statements *(cont.)*

Lease liability: initial measurement

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 if that rate is readily determinable or DFSV's incremental borrowing rate.

Lease payments included in the measurement of lease liabilities comprise:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if DFSV is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease liability: subsequent measurement

Subsequent to initial measurement, the lease liability (the liability) will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

DFSV has elected to account for short-term leases (i.e. of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

DFSV presents right-of-use assets as 'property plant equipment' (refer to note 4.1). Lease liabilities are presented as lease liabilities in the balance sheet (refer to note 6.3).

Future lease payments (including low value asset leases)

	2026 $	2025 $
Future lease payments		
Not longer than 1 year	211,183	268,491
Longer than 1 year but not longer than 5 years	37,368	250,407
Total future lease payments	**248,551**	**518,898**
Less future finance charges	(5,717)	(20,620)
Present value of lease payment	**242,834**	**498,278**

7. Financial instruments, contingencies and valuation judgements

It is often necessary for DFSV to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instruments specific information, as well as those items that are contingent in nature or require a higher level of judgement to be applied.

7.1 Financial instruments specific disclosures

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 DFSV'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 assets

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 DFSV to collect the 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.

DFSV recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the right to receive cash flows from the asset has expired.

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they are 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 with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. DFSV recognises the following liabilities in this category:

- payables (excluding statutory payables)
- lease liabilities.

Derecognition of financial liabilities

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

Notes to financial statements *(cont.)*

7.1.1 Financial instruments – net gain/(loss) on financial instruments by category

2026	Carrying amount $	Net gain/ (loss) $	Total interest income / (expense) $	Impairment loss $
Financial assets at amortised cost:				
Cash at bank	7,193,360	-	311,767	-
Receivables[a]	46,865			-
Total financial assets at amortised cost	**7,240,225**	**-**	**311,767**	**-**
Financial liabilities at amortised cost:				
Payables[a]	154,529	-	-	-
Lease liabilities	242,834	-	(14,904)	-
Total financial liabilities at amortised cost	**397,363**	**-**	**(14,904)**	**-**

Note:
a. The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

2025	Carrying amount $	Net gain/ (loss) $	Total interest income / (expense) $	Impairment loss $
Financial assets at amortised cost:				
Cash at bank	7,085,332	-	329,885	-
Receivables[a]	70,541	-	-	-
Total financial assets at amortised cost	**7,155,873**	**-**	**329,885**	**-**
Financial liabilities at amortised cost:				
Payables[a]	154,586	-	-	-
Lease liabilities	488,997	-	(19,816)	-
Total financial liabilities at amortised cost	**643,583**	**-**	**(19,816)**	**-**

Note:
a. The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed and, if quantifiable, are measured at their nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

DFSV currently has a Bank Guarantee facility with Commonwealth Bank of Australia for $77,400 (2025: $77,400) relating to the leased premises which expires 31 March 2027. Guarantees issued on behalf of DFSV are financial instruments because, although authorised under statutes terms and conditions for each financial guarantee, may vary and are subject to an agreement.

There are no legal or any other claims that creates a contingency for DFSV at the end of this reporting period (2025:Nil).

7.3 Fair value determination

This section sets out information on how DFSV determines fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Property, plant and equipment are carried at fair value, with the exception of right-of-use assets arising under AASB 16, which are measured using the cost model.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

DFSV determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

DFSV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.3.1 Fair value determination: Non-financial physical assets and liabilities

Valuation techniques and significant assumptions of non-financial physical assets measured at fair value

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities amended AASB 13 Fair Value Measurement by adding Appendix F Australian implementation guidance for not-for-profit public sector entities. Appendix F explains and illustrates the application of the principles in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

DFSV considers that the carrying amount of financial instrument 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.

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

Notes to financial statements *(cont.)*

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold, fair value is determined using the current replacement cost method.

Vehicles (right-of-use assets) are valued using the current replacement cost method. DFSV acquires new vehicles and disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by an external fleet management provider which determines relevant depreciation rates during use to reflect the utilisation of the vehicles.

Description of significant assumptions applied to fair value measurement:

2025 and 2026	Valuation technique	Significant assumptions	Range (weighed average)
Right-of-use building lease	Current replacement cost	Useful life of leasehold premises	5 years
Right-of-use vehicles leased	Current replacement cost	Useful life of leased vehicles	3 years
Leasehold improvements	Current replacement cost	Useful life of leasehold improvements	5 years
Office equipment and furniture	Current replacement cost	Cost per unit	$650 - $51,070 ($6,227)
		Useful life of items	3 – 10 years

8. Other disclosures

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

8.1 Ex gratia expenses

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

There were no ex-gratia expenses incurred during the financial year ended 30 June 2026 (2025:nil).

8.2 Other economic flows included in the net result

Other economic flows are changes in the value of an asset or liability that do not result from transactions.

Net gains/(losses) on non-financial assets include the net value of impairment losses, and any gains or losses on disposal at the date of disposal, determined after deducting any proceeds from the carrying value of the asset.

Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

8.3 Changes in accounting policy

Right-of-use assets

DFSV has made a change in accounting policy to change the measurement basis from the revaluation model to the cost model for the subsequent measurement of right-of-use assets arising from market leases, in accordance with the updated requirements under FRD 104.

Previously, DFSV had measured all right-of-use assets arising from market leases using the revaluation model under AASB 13. Following the change in accounting policy, DFSV will measure all right-of-use assets using the cost model. Right-of-use assets measured using the cost model are held at cost less accumulated depreciation and impairment and any

adjustments for remeasurement of lease liability. Periodic revaluations are not required; however, the cost model requires annual impairment assessments in accordance with AASB 136.

Upon adoption of the cost model, DFSV has applied a modified retrospective approach. The approach takes the right-of-use asset's carrying amounts recorded under the revaluation model as at 30 June 2025 as the right-of-use asset's opening balances on application of the cost model.

Accordingly, the comparative information presented is not restated and is reported at the previously determined fair value.

DFSV is not required to make any adjustments to right-of-use assets arising from significantly below-market leases, including peppercorn leases, as DFSV already measures these right-of-use assets using the cost model in accordance with AASB 16 and FRD 104, and are thus not impacted as a result of this accounting policy change.

On transition to the cost model, there was no impact on DFSV's financial statements. No impairment was identified by DFSV for the right-of-use asset held as at 30 June 2026.

8.4 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 Ministers and Accountable Officers in DFSV are as follows:		
Minister for Agriculture	The Hon. Ros Spence	1 July 2025 to 14 April 2026
Minister for Agriculture	The Hon. Michaela Settle	15 April 2026 to 30 June 2026
Acting Chief Executive Officer	Andrew Chen	1 July 2025 to 19 September 2025
Acting Chief Executive Officer	Allison McNamara	20 September 2025 to 30 June 2026

Remuneration

Remuneration received or receivable by the Accountable Officers in connection with the management of DFSV during the reporting period was in the range: $280,000 – $290,000 (2025: $430,000 – $439,000).

The individuals who held the positions of Responsible Officers, other than the Minister and the Accountable Officer in DFSV are as follows:

Governing Board

Luke Wilson (Chairperson)	1 July 2025 – 30 June 2026
Polly Bennett	1 July 2025 – 30 June 2026
Scott Crerar	1 July 2025 – 30 June 2026
Tania Luckin	1 July 2025 – 30 June 2026
Tracey Marsden	1 July 2025 – 30 June 2026

Notes to financial statements *(cont.)*

Remuneration received or receivable by the governing board and the accountable officers in connection with the management of DFSV during the year was in the following ranges:

	2026 No.	2025 No.
Income band		
$1,000 – $9,999	-	2
$10,000 – $19,999	1	6
$20,000 – $29,999	2	-
$30,000 – $39,999	-	1
$50,000 – $59,999	1	-
$60,000 – $69,999	1	-
$80,000 – $89,999	-	1
$210,000 – $219,999	1	-
$340,000 – $349,999	-	1
Total numbers	**6**	**11**
Total remuneration	**$398,613**	**$556,431**

The above table excludes Board member Tracey Marsden who is remunerated by the Department of Energy, Environment and Climate Action.

8.5 Remuneration of executives

The number of senior executive service members, other than Ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits (as defined in AASB 119 *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. Accordingly, remuneration is determined on an accrual basis.

Remuneration of executives	2026	2025
Total remuneration[a]	$276,288	$366,342
Total number of executives	2	2
Total annualised employee equivalents[b]	1.0	1.5

Notes:
a. The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.6).
b. Annualised employee equivalent is based on the time fraction worked over the reporting period.

8.6 Related parties

Related parties of DFSV include all key management personnel and their close family members and personal business interests, the Department of Energy, Environment and Climate Action (DEECA) and Treasury Corporation Victoria (TCV).

Board members are reimbursed for expenses incurred in attending board and committee meetings, and for other incidental costs on terms and conditions no more favourable than those with which it is reasonable to expect DFSV would have adopted if dealing with the Board members and executives at arm's length in similar circumstances.

Board member Tracey Marsden is employed by the DEECA as Director, Office of the Deputy Secretary Corporate Services. Tracey Marsden is not remunerated by DFSV but the dollar value of attending DFSV board meetings would be equivalent to the standard remuneration amount that a Board member receives set by the Department of Premier and Cabinet.

Key management personnel of DFSV includes the Portfolio Ministers, board members, the accountable officer (ref Note 8.4 Responsible persons), and members of the executive team as follows:

- General Manager, Operations — Andrew Chen (20 September 2025 – 30 June 2026).
- General Manager, Operational policy and Innovation — Allison McNamara (1 July 2025 – 19 September 2025).

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the States Annual Financial Report.

Total compensation of key management personnel	2026 $	2025 $
Total	**674,900**	**922,773**

Note that KMPs are also reported in the disclosure of responsible persons and remuneration (Notes 8.4 for the Board and the Accountable Officer and 8.5 for Executives).

Transactions with key management personnel

Outside of normal citizen type transactions with DFSV, there were no related party transactions that involved key management personnel, their close family members and their personal business interests, other than that listed below. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.7 Remuneration of auditors

Victorian Auditor-General's Office	2026 $	2025 $
Audit of the financial statements	31,700	30,100
Total remuneration of auditors	**31,700**	**30,100**

8.8 Subsequent events

The policy in connection with recognising subsequent events, that are, for events that occur between the end of the reporting period and the date when the financial statements are authorised for issue is as follows:

- adjustments are made to amounts recognised in the financial statements where those events provide information about conditions that existed at the reporting date; and/or
- disclosure is made where the events relate to conditions that arose after the end of the reporting period that are considered to be of material interest.

On 1 July 2026, the *Safe Food Victoria Act 2026* came into operation, pursuant to a proclamation published in the Victoria Government Gazette No. S 326 on 16 June 2026.

As a result of the commencement of the *Safe Food Victoria Act 2026*, Dairy Food Safety Victoria was abolished with effect from 1 July 2026, and the regulatory responsibilities were transferred to Safe Food Victoria, a newly established statutory authority.

In accordance with the legislative arrangements, employees, operational responsibilities and associated assets and liabilities were transferred to Safe Food Victoria from 1 July 2026. As the operations of DFSV are continuing subsequent to transfer to the new entity, the financial statements have been prepared on a going concern basis.

As these changes occurred after the reporting date of 30 June 2026, they are considered a non-adjusting event under Australian Accounting Standards. Accordingly, no adjustments have been made to the amounts recognised in these financial statements as at 30 June 2026. The financial effect of the transfer and abolition arrangements relates to the 2026–27 financial year.



Appendix 1: Disclosure index

The annual report of Dairy Food Safety Victoria is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Ministerial Directions & Financial Reporting Directions		
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Charter and purpose		
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FRD 21 Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report 67
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