



Business and administration

National Residue Survey 2008–2009

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ADMINISTRATIVE AND BUSINESS SUPPORT

Overview

The administrative and business support program provides the governance functions that support the delivery of all National Residue Survey (NRS) residue testing activities. The cost of this program is divided proportionately between all NRS residue testing programs.

Outputs

The outputs of the administrative and business support program are:

- provision of all business services required for the efficient conduct of NRS, including governance, financial, risk, contract and human resource management
- provision of accountable financial support services to industry clients and the Australian Government
- ongoing monitoring of levy rates and consultation with industries concerning necessary changes
- cost-effective management of the acquisition of samples, sample distribution and database management
- legislation management
- national and international communication, including an annual report to Parliament.

The administrative and business support program works towards the achievement of the following measures:

- transparent, effective and efficient operation of all financial reporting, auditing and management systems for NRS, industry clients and the Australian Government
- effective and efficient management of staffing and staff performance
- efficient reviews and adjustment of levy arrangements consistent with Australian Government guidelines, in consultation with participating industries
- cost-effective and efficient management of the collection of samples, their transfer to laboratories and receipt of analytical data
- efficient and effective management of analytical data entry to the NRS database
- efficient and effective management of staffing levels and staff performance
- delivery of high quality, timely publications.

Financial management

Industry funds

NRS funds are managed in accordance with the *National Residue Survey Administration Act 1992* and the *Financial Management and Accountability Act 1997*. Each participating industry is consulted on the level of reserve within its Industry Equalisation Account (IEA) it wishes to maintain, with the aim of providing for contingencies while at the same time making the best use of industry funds. Tendering and contractual arrangements for the procurement of goods and services, particularly analytical testing, are managed in accordance with the Australian Government's *Commonwealth Procurement Guidelines*.

NRS programs are operated on a full cost-recovery basis, with the costs of services funded by the relevant industries. If new activities are required by an industry already involved with NRS, in most cases existing industry funds could be used to support the new activity while adjusted levy arrangements are established. However, when a new service is required by an industry not already funding an NRS project, funding for that service must be established before it can commence. Depending on circumstances, this could be achieved by the implementation of a levy, coupled with a direct payment to initiate residue testing activities. NRS advises and consults with industry if changes to levy rates are required.

Inputs and allocation of costs

Externally-funded laboratory evaluations operate as independent projects and are funded under contractual arrangements with relevant industries. Other residue testing costs incurred by NRS, except those associated with community service obligations, are recovered through industry-based levies or direct payments by industry.

Costs associated with laboratory performance and business support programs form part of the indirect costs of other projects and an appropriate proportion of the expense is included in the costs of those projects. Indirect costs are attributed proportionately to projects, taking into account sample numbers and staff time.

Risk management

Possible fluctuation in demand for services

The major risk for NRS is the potential for major fluctuations in the demand for services: this could result in over- or under-utilisation of NRS expertise and resources.

Large increases in demand could occur within the following scenarios:

- government initiatives requiring the monitoring of a large, previously unmonitored, sector of production
- the establishment of a trade-driven requirement for a substantial new activity within a short timeframe
- the identification of a residue with the potential to cause a threat to trade, for which an extensive residue testing project would be needed at short notice
- the recovery of an industry from a significant production setback (e.g. drought, disease, market closures, industry restructures) leading to increased production levels to counter low incomes in previous years.

Large decreases in demand could occur if current participating industries withdraw from NRS or suspend activities due to monetary constraints or changed market entry requirements.

Contracted laboratories

Another important potential risk is the failure of a contracted laboratory to properly identify or measure a chemical residue, particularly one with high consumer or trade sensitivity. To minimise the possibility of this happening, a comprehensive laboratory proficiency testing program is run in parallel with NRS testing activities.

Information technology

A low risk is associated with information technology (IT) support for NRS, particularly the database that holds all residue results. The database is used for reporting results to industry, and Australian, state or territory authorities within tight timeframes, and is also used to generate recipient-created tax invoices for laboratory testing. The Australian Government Department of Agriculture, Fisheries and Forestry outsources most of its IT services, including the maintenance of network hardware and software. The department has defined service levels and activities (including regular data backups) as a component of these service levels that reduce the risk of losing data.

The NRS database is maintained by an external IT service provider, who ensures that the data tables are backed up each night.

Summary

The risks outlined above, should they occur, could pose problems in the areas of finance, analytical capability and staffing. The magnitude of risks associated with new commodities or analytical requirements is situation-specific. However, in all but extreme circumstances, NRS is well-placed and well-structured to respond quickly and effectively to any new requirements for residue testing services.

During 2008–2009, NRS management continued to assess critically any emerging technical, business and security risks that had the potential to impact adversely on its ability to deliver required residue testing services to stakeholders.

Staffing

NRS has a flexible mix of appropriately qualified permanent and contract staff to match the requirements of the projects, and is actively engaged in the professional development and performance management of staff. Through performance agreements, coupled with ongoing appraisal and development, NRS management seeks to ensure it has the committed and skilled staff it needs to achieve its objectives efficiently and effectively.

Outsourced service delivery

Through the department, NRS receives a number of corporate services, including information technology, financial transaction processing, legal services, human resources services and property management. In-kind assistance is provided by inspection staff from AQIS, who collect samples on behalf of NRS at export abattoirs. In addition to the contracted laboratories providing analytical services for NRS, an external information technology provider maintains the NRS database. The NRS annual report is also written, designed and printed by external providers.

Data protection and privacy

NRS holds an extensive database of residue data in a wide range of commodities. The database can be drawn on by participating industries and governments for the purposes of gaining or maintaining market access or for the setting and review of standards.

Data release is carefully managed under the 'Release of Information' requirements of the *National Residue Survey Administration Act 1992* (the Act) to ensure confidentiality and privacy. Information released to a relevant authority or appropriate person is used only for the purpose of monitoring, traceback or regulation of residues and contaminants.

The results of NRS residue monitoring projects are provided to participating industries and are published each year in the annual report. Information from NRS projects that identifies particular people or their property is released only to government authorities (i.e. Australian, state or territory government authorities responsible for the monitoring or regulation of agricultural and veterinary chemical residues and contaminants), or to individuals (non-regulatory persons) approved by the department as being appropriate persons to be granted access to the information under paragraph 11(2) (b) of the Act.

Fraud control

NRS operates under the fraud control plan of the department. The administrative arrangements for NRS involve additional responsibilities for financial management and the control of assets. Fraud management strategies have been developed for five areas identified as requiring scrutiny:

- building security (high risk)
- purchasing (including use of the Australian Government credit card) and payment of accounts (high risk)
- investment of industry funds (medium risk)
- asset control (medium risk)
- access to commercial-in-confidence information (low risk).

Key features of the overall strategy include segregating duties to prevent individuals carrying sole financial responsibility for transactions, enhancing the degree of independent checks on financial transactions, and raising staff awareness in order to prevent fraud. As insurance against external fraud, NRS generates and reconciles invoices from the laboratories (its main service providers) against actual test results received, thereby preventing double or unsubstantiated invoicing.

No instances of fraud were detected during 2008–2009.

Outlook

The current database is about 10 years old, and has been adapted over time to improve and extend its functionality, but the current system can support only a paper-based approach to sample recording and management. This restriction means that it is difficult to introduce improvements in effectiveness, efficiency and automation, while at the same time risk exposure is amplified. Plans are underway to redevelop the NRS database and information management system to include web-based applications that improve data links between NRS, sample collectors, sample handlers, analytical laboratories and participating industries. In cooperation with the departmental information technology area, NRS has developed business specifications for a redeveloped NRS database system. During 2009–2010, IT specialists will be contracted to prepare design specifications for the new system and commence software development.

NRS expects to achieve ISO 9001: 2008 accreditation in the next financial year.

Performance

PERFORMANCE INDICATOR ONE	
Operation of all financial reporting, auditing and management systems is transparent, effective, and efficient.	
Achievements	
NRS quality assurance program	The purpose of the NRS quality assurance program is to maintain and improve, where practicable, the effectiveness and efficiency of all NRS operations. It covers the development of monitoring plans, the support of export certification and the domestic trade of animal products. Consultation with industry stakeholders ensures that all quality and operational aspects of NRS activities meet domestic and internationally accepted scientific standards, as well as NRS, industry and government requirements. NRS has a dedicated quality assurance officer to carry out the program and expects to achieve <i>ISO 9001: 2008</i> accreditation in the next financial year.
Management of IEAs in the NRS Special Account	Funds in the NRS Special Account continued to be managed in accordance with the <i>National Residue Survey Administration Act 1992</i> and the <i>Financial Management and Accountability Act 1997</i> . NRS has continued to consult with each participating industry on the level of the relevant IEA it wishes to maintain in the NRS Special Account, with the aim of providing for contingencies while ensuring the best use of industry funds.
Management of tendering and contractual arrangements	NRS has continued to manage tendering and contractual arrangements for the supply of services in accordance with the Australian Government's <i>Commonwealth Procurement Guidelines</i> .
Risk assessment and control strategy	NRS prepared a risk assessment and control strategy for each of the participating industries' commodities based on financial, administrative and business aspects.
Commodities' financial statements and budgets	NRS provided financial statements and budgets to industry for the financial year 2007–2008. The expected financial outcomes for 2008–2009 and budgets for 2009–2010 were discussed with each industry's representative body to ensure the financial sustainability of each industry program.
Annual contracts for residue monitoring under direct payment	NRS provided residue analyses through direct payment contracts for the commodities almond, camel, and two aquaculture species (abalone and freshwater crayfish).
Outsourced service delivery	NRS received several corporate services through the department, including information technology, financial transactions processing, legal services, human resources services and property management. NRS contracted the maintenance of the NRS database to an external IT provider; and the production of the NRS annual report, a legal requirement under the Act, to external contractors.

PERFORMANCE INDICATOR TWO

Management of staffing and staff performance management is effective and efficient.

Achievements

Staffing levels and skills	NRS requires an appropriate and flexible mix of staff with technical and administrative skills. Contract staff are used to meet short-term needs. Through performance agreements, coupled with ongoing appraisal and development, NRS ensures that it has the committed and skilled staff needed to achieve its objectives efficiently and effectively. Human resource and other resource management matters are included in the business unit of the Division of Product Integrity, Animal and Plant Health. The director of NRS oversees NRS's financial and business support activities.
Employment conditions	All NRS staff are employed under the department's Collective Agreement 2006–2009, and are bound by its terms and conditions

PERFORMANCE INDICATOR THREE

Review and adjustment of levy arrangements is conducted efficiently and is consistent with Australian Government guidelines.

Achievements

Review of operative levy rates	NRS consulted with all industries to ensure that current IEAs in the NRS Special Account were adequate to cater for residue monitoring projects conducted in 2008–2009, and into the future. During 2008–2009, the levies paid by each industry were monitored continually and assessed using forecast production levels.
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PERFORMANCE INDICATORS FOUR AND FIVE

Collection of samples, transfer of samples to laboratories and receipt of analytical data is managed efficiently; and Entering of analytical data is achieved within one working day of receipt.

Achievements

Automated functions through the NRS database	The generation of sample requests, data receipt, payment to service providers, and data storage, processing and retrieval is automated by the NRS database. NRS arranges for samples to be sent directly to specified laboratories or to the NRS central receipt and dispatch facility for aggregation, repacking and forwarding to laboratories.
	Laboratories report analytical results to NRS electronically. Results are entered onto the database and checked by NRS staff.
Database upgrade	Business specifications for the redeveloped NRS database system were completed. Design specifications and software development will be undertaken during 2009–2010.
Sample collection and data management: random monitoring	Sample requests for random monitoring projects are generated by NRS. Details of the samples are sent to collection points for action. During 2008–2009, NRS coordinated the collection, dispatch and analysis of 21 142 samples for the animal and plant random residue monitoring programs. Results from the analytical laboratories were entered into the NRS database.
Sample collection and data management: targeted monitoring	NRS collected analytical results from 588 samples from the targeted monitoring, compliance testing and residue prevention projects. These results were entered into the NRS database within one day of receipt. Samples are collected according to specific project rules and NRS is responsible only for processing laboratory results and their dispatch to appropriate authorities.
Storage of results	Results of all chemical analyses are stored in the NRS database which is backed up each night.
Reporting of residue detections	During 2008–2009, NRS reported the detection of all residues of pesticides and veterinary medicines and environmental contaminants above Australian Standards to appropriate regulatory authorities within agreed timeframes to enable required actions to be taken, including prompt traceback investigations.

PERFORMANCE INDICATOR SIX

Delivery of high quality and timely publications.

Achievements

The National Residue Survey Annual Report 2007–2008	The Minister approved tabling of the <i>National Residue Survey Annual Report 2007–2008</i> on 23 October 2008. It was tabled in the Senate on 30 October 2008 and in the House of Representatives on 10 November 2008. Following tabling, the report was distributed by mail to approximately 300 stakeholders, and a web-friendly version was added to the NRS website.
NRS results reporting	The use of tabular formats simplifying commodity results has continued, with care also being given to the consistency of chemical naming across commodities. Commodity reports are generated automatically from the NRS database.
NRS brochure	<p>The NRS brochure was published both on paper and electronically on the web. It provides a summary of results from all NRS residue testing programs, to give participating industries summaries of the compliance of their products with appropriate standards. NRS staff distributed copies of the brochure to industry and at residue conferences, on visits to grain terminals and other sites of importance. NRS laboratory assessment staff also used the brochures on visits to laboratories and on field audits. Copies are available for visitors to the NRS offices.</p> <p>NRS also developed eight industry-specific summary brochures, following requests from the industries concerned.</p>
Awareness-raising articles	NRS submitted articles concerning relevant projects to Onions Australia, the Tree Fruit Journal and the Australian Macadamia Society Bulletin.
Conference papers	<p>NRS staff presented papers at the Grains Council Executive Meeting (March 2009), and the Onions Australia Annual General Meeting (May 2009).</p> <p>The following papers were presented at international residue conferences:</p> <ul style="list-style-type: none"> • <i>An Australian approach to chemical residue management: concepts, programs and results</i> was presented to the Latin American Pesticide Residue Workshop 2009, (Santa Fe, Argentina, 8–11 June 2009). • <i>The Australian National Residue Survey and registration of veterinary medicines</i> was presented to the 15th Congress of the Federation of Asian Veterinary Associations, Bangkok, Thailand (26–30 October 2008). • <i>Australian maximum residue limits, pesticide registration and residue monitoring</i> was presented to the California specialty crops council maximum residue limits workshop 2009, San Francisco (2–4 June 2009). • <i>An Australian approach to chemical residue and contaminant management</i> was presented at the Third International Food Safety Symposium, Hangzhou, China (29 October–2 November 2008). • <i>Implementation of an Australian mycotoxin program in grains</i> was presented to the World Mycotoxin Forum, Noordwijk, the Netherlands (17–19 November 2008).
Food standards for key international markets	NRS continues to publish and update international maximum residue limit (MRL) tables on the NRS website.

COMMUNITY SERVICE OBLIGATION FUNDING

Overview

The Australian Government provides funding for community service obligations (CSO) that contribute to broader government and community objectives, and international commitments. CSO funds enable NRS officers to develop synergies between industry-funded projects and activities in Australian and international forums, for the mutual benefit of industry and government. NRS input into departmental and other government projects is also funded through CSO.

Appropriation funding is provided to NRS for residue-related project work that falls outside the cost-recovered residue monitoring projects and surveillance, compliance and residue prevention projects of participating industries.

Community service obligation activities include:

- advising ministers and assisting them to provide high-quality service to the public
- providing scientific information to the department on product residue issues
- participating in and providing technical input to relevant national and international committees such as the Australian Government Primary Industries Ministerial Council, the Australia New Zealand Food Regulation Ministerial Council and their associated standing committees, the National Association of Testing Authorities and the Codex Alimentarius Commission
- facilitating cooperation and information exchange between NRS and the Australian, state and territory government authorities that are involved in residue-related activities
- complying with government legislative requirements and contributing to the effectiveness of relevant government policies
- conducting residue-related investigations in the public interest.

Outputs

NRS community service outputs are:

- policy and technical advice to the Australian Government and associated government and territory agencies
- provision of appropriate residue-related expertise to national and international committees
- participation in, development of, and compliance with general government legislative and administrative requirements
- management of relevant levy-related legislation
- reports on, and input into, policy development for emerging residue issues relevant to NRS
- participation in residue-related investigations in the public interest.

Performance

PERFORMANCE INDICATOR ONE

Timely provision of high quality policy and technical advice to ministers and relevant Australian Government agencies.

Achievements

Policy advice	All NRS policy and technical advice to the minister was of high quality, accurate and timely. For example, advice was given to the minister regarding the <i>National Residue Survey Operational and Expenditure Plan 2009–2010</i> .
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PERFORMANCE INDICATOR TWO

Effective participation in the Codex Alimentarius Commission and other national and international forums.

Achievements

Representation on Codex Alimentarius Commission committees	NRS was represented on three Australian delegations to international Codex committees as detailed below.
Codex Committee on Residues of Veterinary Drugs in Foods (CCRVDF)	During 2008–2009, a NRS officer became the Australian delegation leader to CCRVDF. Duties included coordinating preparation of the Australian brief and attending the 18th session of CCRVDF (Natal, Brazil 11–15 May 2009).
Codex Committee on Pesticide Residues (CCPR)	A NRS officer continued as the Australian delegation leader for the 41st meeting of CCPR (Beijing, China, 20–25 April 2009). The NRS officer prepared the Australian brief in cooperation with the delegation members. In addition, the NRS officer oversaw the CCPR Electronic Working Group on Priorities, and chaired the CCPR plenary session on prioritisation of chemical evaluations.
Codex Committee on Methods of Analysis and Sampling (CCMAS)	A NRS officer was the Australian delegation leader to the meeting of CCMAS (Balatonalmadi, Hungary, 9–13 March 2009) and provided input into the development of Australia's position on a number of issues relevant to NRS, in particular; the acceptance of analytical methods, the establishment of performance criteria for analytical methods and the resolution of disputes over analytical results. Another NRS officer attended the meeting for succession planning purposes.
International conferences, symposia and workshops	<p>NRS presented papers at the following international meetings:</p> <ul style="list-style-type: none"> the Latin American Pesticide Residue Workshop 2009 (Santa Fe, Argentina, 8–11 June 2009). The conference focused on national residue monitoring programs and scientific advances on residue analysis. A NRS officer presented a paper as an invited speaker. the 15th Congress of the Federation of Asian Veterinary Associations (Bangkok, Thailand, 26–30 October 2008). A NRS officer presented a paper as an invited speaker. the California Specialty Crops Council Maximum Residue Limits Workshop 2009 (San Francisco, 2–4 June 2009). A NRS officer presented papers as an invited speaker. the Third International Food Safety Symposium (Hangzhou, China, 29 October–2 November 2008). the World Mycotoxin Forum (Noordwijk, the Netherlands, 17–19 November 2008.)

PERFORMANCE INDICATOR THREE

Productive working relationships with relevant Australian, state and territory government authorities on residue management issues.

Achievements

National Association of Testing Authorities (NATA) accreditation	NRS continues to be accredited with NATA as a proficiency testing provider.
Meetings and teleconferences	NRS liaised with residue coordinators for meat and plant products of regulatory authorities within the state and territory governments. The key issues addressed were: traceback investigation agreements, information-sharing on respective residue testing projects, and communication strategies to facilitate responses to international residue violation matters.
Advice on violations of food standards	During 2008–2009 there were several international residue-related trade incidents where the Department required technical advice from NRS.

PERFORMANCE INDICATOR FOUR

Effective and efficient management of levy-related legislation, general legislative issues and other government business relevant to NRS.

Achievements

Levy consultation with industry	NRS completed a full review of levy receipts for 2007–2008 and consulted with industry concerning the need to maintain industry IEAs in the NRS Special Account at levels that would sustain their testing projects for 2008–2009 and beyond. As a result, it was agreed that no NRS-initiated changes to levies were required.
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PERFORMANCE INDICATOR FIVE

Effective and efficient conduct of investigations on residue-related issues yielding national benefits.

Achievements

Residue incident tracebacks	NRS notified state and territory governments of residue incidents that required traceback investigation, in accordance with memoranda of understanding signed by state and territory governments.
Residue incidents in exported produce	NRS informed state or territory government regulatory residue coordinators when residues exceeding the relevant standards in Australian produce were detected by importing countries.
Management of horticultural produce residue incidents	NRS continues to work with Horticulture Australia Limited, state and territory governments and with industry on a project to establish formal arrangements for the timely management of international incidents that result from the export of Australian horticultural produce.

