



Administrative and business support

National Residue Survey 2006–2007

Administrative and business support

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Programme overview

Description

This programme covers governance functions that support the delivery of all National Residue Survey (NRS) residue testing activities. These functions include financial, risk and contract management, accountability, human resources management, administrative functions associated with sample collection and distribution, database management, legislation management and communication. The total cost of this programme is attributed proportionately to all other NRS programmes.

Outputs

The outputs of the administrative and business support programme are:

- provision of all business services required for the efficient conduct of NRS
- provision of accountable financial support services to industry clients and the Australian Government
- cost-effective management of the acquisition of samples and data
- ongoing monitoring of levy rates and consultation with industries on necessary changes
- national and international communication, including an annual report to Parliament.

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

- transparent, effective and efficient operation of all financial reporting, auditing and management systems
- effective and efficient management of staffing and staff performance
- efficient reviews and adjustment of levy arrangements consistent with Australian Government guidelines
- 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
- delivery of high quality, timely publications.

Highlights

From 1 July 2006, NRS was included in the Product Safety and Integrity Branch of the Division of Product Integrity, Animal and Plant Health. During 2006–2007, sample collection and residue testing continued as before, under parameters decided with participating industries.

From 1 January 2007, NRS was re-structured into four units in order to better reflect the programmes managed by NRS, and to enhance accountability and efficiency. The diagram on page 22 shows the new NRS structure. An administrative and business support unit was established to support the animal and plant programmes, and the functions of the

operations unit were assigned to the meat, plant and administrative units as relevant. The residue chemistry and laboratory performance unit remained unchanged. The Senior Scientific Officer position was transferred, to report directly to the General Manager of the Product Safety and Integrity Branch of the Department.

Financial management

NRS funds are managed in accordance with the *National Residue Survey Administration Act 1992 (Cwlth)* and the *Financial Management and Accountability Act 1997 (Cwlth)*.

Each participating industry is consulted on the level of reserve it wishes to maintain within its Industry Equalisation Account (IEA), 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 Australian Government Procurement Guidelines.

NRS programmes 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.

During 2006–2007, the levies paid by each industry were monitored continually and assessed using forecast production levels. Industries were consulted and advised when changes to levy rates were required.

Inputs and allocation of costs

Externally-funded laboratory evaluations operate as independent projects and are funded under contractual arrangements with relevant industries. All 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 programmes 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

The major risk for NRS is the potential for major fluctuations in the demand for NRS 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.

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 programme is run in parallel with NRS testing activities.

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 Department 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 contractor, and the data tables are also backed up each night by the outsourced IT service provider.

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 extremely 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 services.

During 2006–2007, 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.

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 addition to the contracted laboratories providing analytical services for NRS, the NRS database is maintained by an external information technology provider. The NRS annual report is also written, designed and printed by external providers.

In addition, inspection staff from AQIS provide in-kind assistance by collecting samples on behalf of NRS at export abattoirs.

Data protection and privacy

NRS holds an extensive database of residue data in a wide range of commodities that 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 (Cwlth)* 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.

Data from 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. These have required fraud management strategies 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 avoid 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 2006–2007.

Performance

PERFORMANCE INDICATOR ONE

Operation of all financial reporting, auditing and management systems is transparent, effective, and efficient.

Achievements

<i>Management of IEAs in the NRS Special Account</i>	Funds in the NRS Special Account are managed in accordance with the <i>National Residue Survey Administration Act 1992 (Cwlth)</i> and the <i>Financial Management and Accountability Act 1997 (Cwlth)</i> . Each participating industry is consulted on the level of the relevant IEA it wishes to maintain in the NRS Special Account with the aim of providing for contingencies, yet providing the best use of industry funds.
<i>Management of tendering and contractual arrangements</i>	Tendering and contractual arrangements for the supply of services are managed in accordance with the Australian Government's <i>Commonwealth Procurement Guidelines</i> .
<i>Risk assessment and control strategy</i>	NRS prepared a risk assessment and control strategy for each of the participating industries' commodities based on financial, administrative and business aspects.
<i>Commodities' financial statements and budgets</i>	NRS provided financial statements and budgets to industry for the financial year 2005–2006. The expected financial outcomes for 2006–2007 and budgets for 2007–2008 were discussed with each industry's representative body to ensure the financial sustainability of each industry programme.
<i>Annual contracts for residue monitoring under direct payment</i>	NRS provided residue analyses through an MOU for the blueberry project and a contract for the camel project.
<i>Outsourced service delivery</i>	NRS receives several corporate services through the Department, including information technology, financial transaction processing, legal services, human resources services and property management. Maintenance of the NRS database is contracted to an external information technology provider. Production of the NRS Annual Report, a legal requirement under the Act, is provided by external contractors.

PERFORMANCE INDICATOR TWO

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

Achievements

<i>Staffing levels and skills</i>	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 seeks to ensure that it has the committed and skilled staff needed to achieve its objectives efficiently and effectively. Business activities related to 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 maintains a direct oversighting role in the financial and business support activities pertaining to NRS.
<i>Employment conditions</i>	All NRS staff were 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 government guidelines.

Achievements

<i>Review of operative levy rates</i>	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 2006–2007, and into the future. Levies paid by each industry are monitored continually and assessed using forecast production levels. NRS advises and consults industries if changes to levy rates are required.
<i>Funding for new services</i>	NRS programmes operate on a full cost-recovery basis, with the costs of the services funded by relevant industries. If a new activity is 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 were established. However, if services were required by an industry that was not already funding an NRS activity, then the new service would require some funding before the service could commence. Depending on circumstances, this could be achieved by the implementation of a levy coupled with a direct payment sufficient to initiate activity by NRS.
<i>Animal products: beef, kangaroo, deer</i>	During 2006–2007, consultations were held with the beef, kangaroo and deer industries to review their respective expenditure and reserves in the NRS Special Account. Following the review, submissions were lodged with government, and levy adjustments were put in place for the existing beef, kangaroo and deer random monitoring plans.
<i>Plant products: new grains</i>	During 2006–2007, levy adjustments were put in place for 13 new grains entering the expanded plant residue random monitoring programme that commenced on 1 July 2007.

PERFORMANCE INDICATOR FOUR

Collection of samples, transfer of samples to laboratories and receipt of analytical data is managed efficiently.

PERFORMANCE INDICATOR FIVE

Entering of analytical data is achieved within one working day of receipt.

Achievements

<i>Automated functions through the NRS database</i>	<p>Generation of sample requests, data receipt, payment to service providers and data storage, processing and retrieval are automated using the NRS database. Samples are sent either directly to specified laboratories or to the NRS central receipt and dispatch facility for aggregation, repacking and forwarding to laboratories.</p> <p>Laboratories report analytical results to NRS electronically. Results are entered onto the database and validated by NRS.</p>
<i>Sample collection and data management: random monitoring</i>	<p>Sample requests for random monitoring projects are generated by NRS officers. Details of the samples to be collected are sent to collection points for action.</p> <p>During 2006–2007, NRS coordinated the collection and dispatch of 18 216 samples for the random residue monitoring programmes. Results from the analytical laboratories were entered into the NRS database.</p>
<i>Sample collection and data management: targeted monitoring</i>	<p>NRS collected analytical results from 777 samples through the targeted monitoring, compliance testing and residue prevention projects. These results were entered into the NRS database within one day of receipt. For these targeted projects, samples are collected according to specific project rules and NRS is responsible only for processing of laboratory results and their dispatch to appropriate authorities.</p>
<i>Storage of results</i>	<p>Results of all chemical analyses are stored in the NRS database. The database is backed up each night.</p>
<i>Reporting of residue detections</i>	<p>The detection of any residues above permitted levels is reported to appropriate regulatory authorities within agreed timeframes to enable required actions including prompt traceback investigations to be undertaken.</p>
<i>Database security</i>	<p>NRS holds extensive data on residue levels in a wide range of commodities. This information may be accessed by industry and government for purposes related to market access and for the setting and review of standards. The database is managed under the 'Release of Information' requirements of the Act to ensure confidentiality and privacy, according to national privacy principles.</p>

PERFORMANCE INDICATOR SIX

Delivery of high-quality and timely publications.

Achievements

<i>The National Residue Survey Annual Report 2005–2006</i>	The Parliamentary Secretary approved tabling of the <i>National Residue Survey Annual Report 2005–2006</i> on 6 October 2006, and it was tabled in Parliament on 15 October 2006. Following tabling, the report was distributed to approximately 600 stakeholders, and was added to the NRS website.
<i>NRS results reporting</i>	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.
<i>NRS brochure</i>	The NRS brochure is published both on paper and electronically on the web. During 2005–2006, the brochure was re-designed to improve coordination with the Annual Report. Its content was also changed to give participating industries summaries of the compliance of their products with appropriate standards. Copies of the brochure were distributed to industry, and also used by staff at residue conferences, on field visits to grain terminals and other sites of importance. NRS laboratory assessment staff use the brochures on visits to laboratories, and it is also used by NRS staff on field audits. Copies are available for visitors to the NRS offices.
<i>Awareness-raising articles</i>	NRS submitted articles concerning relevant projects to <i>Onions Australia</i> and <i>Tree Fruit Journal</i> .
<i>Conference papers</i>	NRS staff presented papers at the Apple and Pear Annual General Meeting and Conference (August 2006), the Grains Council Executive Meeting (October 2006), the Onion Industry Annual General Meeting (October 2006), the Australian Macadamia Society Annual General Meeting (October 2006), the Grains Council Executive Meeting (October 2006), and the National Working Party on Grain Protection (July 2007). A paper entitled <i>The Australian Approach to Chemical Management in Grains</i> was presented to the International Working Conference on Stored Product Protection held in Campinas, Brazil (October 2006).
<i>Food standards for key international markets</i>	Overseas maximum residue limit (MRL) databases and web links for overseas authorities are published on the NRS website for 40 countries. These are regularly maintained and updated. Updating continues on the links to international food standards for importing countries' MRL sites.

Outlook

NRS continues to review its structure and administration to provide the most effective delivery of services to its clients.



Community service obligation funding

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Community service obligation funding

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Programme overview

Description

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. The 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. These 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, as well as the Codex Alimentarius Commission
- facilitating cooperation and information exchange between NRS and 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 government and government agencies
- participation in residue-related national and international committees
- participation in, development of, and compliance with general government legislative and administrative requirements
- management of levy-related legislation
- 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 government agencies.

Achievements

<i>Policy advice</i>	All NRS policy and technical advice to the Minister or the Parliamentary Secretary was of high quality, accurate and timely. For example, advice was given to the Parliamentary Secretary regarding the need to establish comparable levies for the 13 remaining tradeable grains not already participating in the NRS grains programme.
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PERFORMANCE INDICATOR TWO

Effective participation in Codex and other national and international forums.

Achievements

<i>Representation on Codex committees</i>	NRS was represented on three delegations to Codex committees.
<i>Codex Committee on Residues of Veterinary Drugs in Foods</i>	NRS is represented on the Australian delegation to this committee. Work to 30 June 2007 has been of a preparatory nature.
<i>Codex Committee on Pesticide Residues</i>	A NRS representative continued as the Australian delegation leader for the 39th meeting of this committee (Beijing, China, 5–12 May 2007). The NRS officer prepared the Australian brief in cooperation with the delegation members.
<i>Codex Committee on Methods of Analysis and Sampling</i>	A NRS officer was alternate leader of the Australian delegation to the meeting of this committee (Budapest, Hungary, 5–9 March) 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.

PERFORMANCE INDICATOR THREE

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

Achievements

<i>NATA accreditation</i>	NRS continues to be accredited with NATA as a proficiency testing provider.
<i>Meetings and teleconferences</i>	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.
<i>Advice on violations of food standards</i>	During 2006–2007 there were several international residue-related trade incidents where the Department required technical advice from NRS. During March 2007, an NRS officer travelled to Japan to discuss a residue-related matter.

PERFORMANCE INDICATOR FOUR

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

Achievements

<i>Levy consultation</i>	NRS completed a full review of levy receipts for 2005–2006 and consulted with those industries where levy changes were required to maintain industry IEAs in the NRS Special Account at levels that would sustain their testing projects for 2006–2007 and beyond. As a result, the changes below were implemented.
<i>Beef levies</i>	Increased levy rates from 1 January 2007 were agreed after consultation with the cattle industry, to support the beef residue monitoring projects.
<i>Kangaroo levies</i>	The kangaroo levy rate was increased from 1 October 2006, following industry consultation.
<i>Deer levies</i>	The deer levy rate was increased from 1 June 2007, following industry consultation.
<i>Grains levies</i>	NRS consulted with the grain industry concerning the need to include all tradeable grains in the NRS grains random monitoring programme. These consultations resulted in the establishment of levies for 13 new grains, at the 0.015% <i>ad valorem</i> rate that stands for the eight grains already in the programme.

PERFORMANCE INDICATOR FIVE

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

Achievements

<i>Residue incident tracebacks</i>	NRS notified state and territory governments of residue incidents that needed tracing, in accordance with the MOUs signed by state and territory governments.
<i>Residue incidents in exported produce</i>	NRS informed state or territory government regulatory residue coordinators (as applicable) when Australian produce that exceeded residue standards was detected by importing countries.
<i>Management of horticultural produce residue incidents</i>	NRS is establishing formal arrangements for the timely management of international incidents that result from the export of Australian horticultural produce. NRS worked on this issue cooperatively with other areas of the Department, Horticulture Australia Limited, horticultural industries and state and territory governments.

Outlook

NRS will continue to provide community service obligation activities in response to ongoing or emerging needs.