

Management and accountability

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Departmental corporate governance overview

Corporate governance practices

The Department's governance framework supports the efficient, effective and ethical achievement of our policy, programme and regulatory objectives. The framework also addresses emerging strategic governance issues and risks, and ensures that we meet all our statutory requirements, especially those under the *Financial Management and Accountability Act 1997* (FMA Act) and the *Public Service Act 1999*.

Based on the principles of accountability, transparency and integrity, the framework is intended to achieve clear corporate direction and leadership, effective corporate planning and performance management, a culture of accepting personal responsibility, effective internal communication and appropriate corporate control.

The governance framework encompasses interlinking executive committees (the functions of which are described below), allowing a structured and integrated approach to decision making.

The framework is supported by an internal audit programme to improve business processes and mitigate risk, a Fraud Control Plan and an active Security Programme Plan, which provides for a safe and secure work environment, protects the Department's physical and intellectual assets, and drives a culture that promotes staff compliance.

We continually review and refine our governance framework to take account of emerging needs and better practice governance models.

Senior management committees and their roles

Executive Management Team

The Executive Management Team (EMT) is the Department's main executive committee for making decisions on management policy and strategy, budget allocation and performance reporting. The team comprises the Secretary and the three deputy secretaries—one of whom is the Executive Director, Australian Quarantine and Inspection Service (AQIS)—the executive directors of the Australian Bureau of Agricultural and Resource Economics (ABARE) and the Bureau of Rural Sciences (BRS), the Chief Veterinary Officer/Special Adviser, the Chief Operating Officer, and the Executive Manager, Corporate Policy Division. During 2005–06, the EMT met 11 times in regular meetings (see Table 12 on page 240).

The EMT oversees the Department's finances, operational performance and business and is responsible for business and strategic planning. It considers and decides on departmental strategies and policies in such areas as human resource management, communications, planning, information technology (IT), information management, security and governance. It also has the important role of identifying emerging strategic issues and corporate risks. The team oversees the Department's audit function and is responsible for collegiate leadership and the achievement of shared departmental performance targets.

Profiles of current Executive Management Team



Ms Joanna Hewitt

Secretary, Chair

Joanna Hewitt has been the Secretary of the Department since October 2004. Previously, she was the Deputy Secretary of the Department of Foreign Affairs and Trade.

Joanna was Ambassador to the European Communities, Belgium and Luxembourg, and Ambassador for Asia Pacific Economic Cooperation. She has held senior positions in the agriculture, fisheries and forestry portfolio and in the Organisation for Economic Co-operation and Development.



Mr Donald Banfield

Deputy Secretary

Don Banfield is a Deputy Secretary of the Department. He has stewardship responsibility for three divisions (Rural Policy and Innovation, Food and Agriculture, and International), and assists the Secretary in the leadership and management of the Department. He represents the portfolio through participation in the Primary Industries Standing Committee and the Food Regulation Standing Committee.

Don has had broad experience in domestic and international agricultural and natural resource management issues. Previously, he was a senior adviser to the Australian Government on minerals issues, including the facilitation of resources and energy projects of national importance.



Mr Peter Yuile

Deputy Secretary, Executive Director AQIS

Peter Yuile is the Executive Director of AQIS and a Deputy Secretary of the Department. He is an ex-officio member of the Quarantine and Exports Advisory Council.

Previously, Peter was a Deputy Secretary in the Department of Transport and Regional Services. He also held positions with the Department of Foreign Affairs and Trade and the former Department of Primary Industries and Energy, working on Australia's trade and economic relations with Asia, forestry, fisheries and regional and transport policy.



Mr Daryl Quinlivan

Deputy Secretary

Daryl Quinlivan is a Deputy Secretary of the Department and is responsible for overseeing the work of the Fisheries and Forestry, Natural Resource Management and Corporate Policy Divisions. He represents the portfolio on the Natural Resource Management Standing Committee, the Primary Industries Standing Committee and the Murray–Darling Basin Commission.

Previously, Daryl held the position of Executive Manager, Fisheries and Forestry Division. He has had various corporate and policy roles within other Australian Government departments. Daryl was an adviser to the Hilmer Committee, which prepared a report for governments on the National Competition Policy, and was Secretary to the Council of Australian Governments Working Group on Micro economic Reform.

Dr Brian Fisher**Executive Director, ABARE**

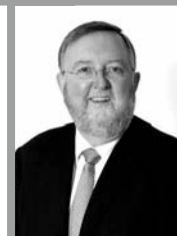
Brian Fisher has been the Executive Director of ABARE since 1988. Previously, he held positions as Chief Research Economist, then Deputy Director, of the former Bureau of Agricultural Economics.

Brian has played an integral role in international climate change negotiations as economic adviser to Australia's negotiating team. He is currently engaged as one of the experts completing the Third Assessment Report of the United Nations Intergovernmental Panel on Climate Change.

**Dr Cliff Samson****Executive Director, BRS**

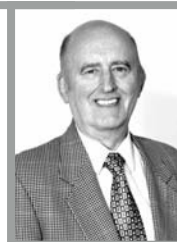
Cliff Samson is the Executive Director of the BRS and the chair of the Audit Committee. He has experience in a range of rural policy issues and is on the Advisory Board for the Australian Centre for Intellectual Property in Agriculture.

Cliff has been a member of the boards of the Wheat Export Authority and the Grains Research and Development Corporation and on the National Rural Advisory Council. He has held senior appointments with the Department since 1995.

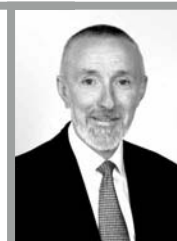
**Dr Gardner Murray****Chief Veterinary Officer, Special Adviser**

Gardner Murray is the Australian Chief Veterinary Officer. He is also President of the World Organisation for Animal Health (formerly Office International des Epizooties, or OIE) Regional Commission for Asia, the Far East and Oceania, and a member of CSIRO's Sectoral Advisory Committee on Meat, Dairy and Aquaculture.

He has held previous senior appointments with AQIS and BRS, and as Counsellor, Veterinary Services in the United States.

**Mr Bill Pahl****Chief Operating Officer**

Bill Pahl is the Department's Chief Operating Officer. He has wide experience in the delivery of corporate services and governance in a wide range of Australian Government agencies, and has worked for many departments. He has held senior appointments in this Department since 1995.

**Mr Allen Grant****Executive Manager**

Allen Grant is the Executive Manager of our Corporate Policy Division. He advises the EMT on departmental policy. Previously, he held a senior position with the Fisheries and Forestry Division. Allen was also ministerial counsel to the Australian Embassy in Tokyo.



Table 12 Attendance at Executive Management Team meetings, 2005–06

Member	Role	Membership period	Meetings attended	Possible attendance at meetings
Ms Joanna Hewitt	Secretary (chair)	Full year	10	11
Mr Donald Banfield	Deputy Secretary	Full year	10	11
Mr Peter Yuile	Deputy Secretary Executive Director, AQIS	1 August 2005 – 30 June 2006	9	10
Mr Bernard Wonder*	Deputy Secretary	1 July 2005 – 31 August 2005	2	2
Mr Daryl Quinlivan	Deputy Secretary	1 September 2005 – 30 June 2006	7	9
Dr Brian Fisher	Executive Director, ABARE	Full year	9	11
Dr Cliff Samson	Executive Director, BRS	Full year	10	11
Dr Gardner Murray	Chief Veterinary Officer/ Special Adviser	Full year	9	11
Mr Bill Pahl	Chief Operating Officer	Full year	10	11
Mr Allen Grant	Executive Manager, Corporate Policy	16 May 2006 – 30 June 2006	0	0

* retired

Secretary and Deputy Secretaries meetings

Regular meetings of the Secretary and deputy secretaries consider urgent operational and policy matters, and monitor and discuss short-term management options.

Weekly Business Meeting

The Weekly Business Meeting of the executive managers ensures effective communication with the divisions on key matters and executive decisions, and identifies priorities and high-profile issues for the coming week. The meeting gives the Secretary and deputy secretaries an opportunity to provide feedback from the Portfolio Business Meeting, Cabinet and Ministerial Council meetings, and to advise members of outcomes from the meetings of the EMT and other senior management committees.

Departmental Audit Committee

The Departmental Audit Committee helps the Secretary ensure that our control framework is effective. The committee has oversight and advisory responsibilities for financial reporting, the internal control structure, risk management systems and internal and external audit functions. It reviews the appropriateness of our risk and control environment, ensures that our systems, processes and controls reduce risk exposure to a level acceptable to the Secretary, and monitors the reliability of internal and external financial information. The committee advises the Secretary on these matters, and helps her comply with legislative and other obligations.



From left to right: Paul Morris, Jenni Gordon, Cliff Samson, Michael Harris and Mary Boydell.

The committee consists of a SES Band III (chair), two senior executives nominated by the Secretary, and two external, non-government members. The Chief Operating Officer, the Chief Financial Officer, the General Manager, Corporate Policy and Governance and a senior representative of the Australian National Audit Office have observer status. The Secretary attends meetings as appropriate.

The committee met six times during 2005–06. The outcomes of the Audit Committee are detailed in the Internal and External Scrutiny section of this report.

Profiles of current Departmental Audit Committee members

This section gives profiles of Departmental Audit Committee members who are not also EMT members.

Ms Mary Boydell

Mary Boydell is a chartered accountant with over 30 years experience in professional services firms, private business and commerce, including as a non-executive director. She is currently chair of the Gladstone Area Water Board and the Rural Industries Research and Development Corporation; a director of BSES Limited and Energex Limited; and a member of the Queensland Regional Council of the Institute of Chartered Accountants. Mary also undertakes consulting roles and is an external member of Maroochy Shire Council Audit Committee. She is a former director of Austrade and Burnett Water Pty Ltd and a former external audit committee member for Airservices Australia and Betta Stores Limited.

Mr Michael Harris

Michael Harris has 40 years experience in IT and auditing, with an emphasis on the public sector. Until five years ago, he was a partner in one of the 'big four' accounting firms, in charge of its IT and internal auditing practice in Canberra. He currently chairs the Audit Committee's Finance Subcommittee. He is also a member of three other audit committees in public sector agencies, and chairs another two. Michael is a Fellow of the Certified Practising Accountants and a Certified Information Systems Auditor.

Ms Jenni Gordon

Jenni Gordon is the Executive Manager of Quarantine and Plant Programmes in AQIS.

She oversees the development and management of programmes to provide quarantine inspection services for incoming passengers, cargo, mail, animals, plants and animal and plant products; to provide export certification for plant products from Australia; and for the early detection and containment of exotic animal and plant pests and diseases across northern Australia.

Mr Paul Morris

Paul Morris has been the Executive Manager, International Division since July 2002. Previously, he was Executive Manager, Innovation and Operating Environment in the Department, responsible for portfolio-wide matters involving research, development and innovation; biotechnology; taxation; and the operating environment of portfolio industries.

Paul also served as Minister-Counsellor (Agriculture and Resources) at the Australian Embassy in Washington DC between 1996 and 1999, and served for one year as chair of the Standing Committee of the International Cotton Advisory Committee. He was also responsible for agricultural forecasting and economic research in ABARE and held positions on the secretariats of the Royal Commission into Grain Storage, Handling and Transport, and the Vines and Garnaut reviews of the wool industry.

Finance Subcommittee of the Audit Committee

The Finance Subcommittee, which reports to the Departmental Audit Committee, oversees the production of our financial statements and ensures that changes to accounting standards and policies are applied. The subcommittee consists of the external members of the Audit Committee (one as chair), the Chief Financial Officer, and one senior departmental officer. The Director of Internal Audit and the Australian National Audit Office officer responsible for signing our financial statements have observer status. The subcommittee met seven times in 2005–06 (see Table 13).

At 30 June 2006, the Finance Subcommittee comprised:

- Mr Michael Harris, Chair, external non-government member
- Ms Mary Boydell, external non-government member
- Ms Vanessa Berry, acting Chief Financial Officer
- Mr Peter Moore, AQIS Finance.

Table 13 Attendance at Departmental Audit Committee meetings, 2005–06

Member	Role	Membership period	Meetings attended	Possible attendance at meetings
Mr Don Banfield	Chair	4 July 2005 – 11 September 2005	0	1
Dr Cliff Samson	Chair	12 September 2005 – 30 June 2006	5	5
Ms Johanna Barker	External non-government member	1 July 2005 – 22 December 2005	4	4
Mr Michael Harris	External non-government member	Full year	6	6
Ms Mary Boydell	External non-government member	29 March 2006 – 30 June 2006	2	2
Dr Colin Grant	Senior executive nominated by Secretary	1 July 2005 – 22 December 2005	3	4
Mr Paul Morris	Senior executive nominated by Secretary	Full year	5	6
Ms Jenni Gordon	Senior executive nominated by Secretary	29 March 2006 – 30 June 2006	2	2

Occupational Health and Safety Committee

The Occupational Health and Safety (OH&S) Committee met every three months during 2005–06. The committee continued to monitor health and safety within the Department and provided advice and input to strengthen our OH&S management framework, including by developing and distributing information on measures to reduce injury and illness among staff.

At 30 June 2006, the OH&S Committee comprised:

- Ms Julie Hicks, Chair, Management Services
- Ms Cheryl Fuller, OH&S Secretariat, Management Services
- Ms Gordana Juric, Management Services
- Ms Yvonne Richards, Management Services
- Ms Sue Grant, Natural Resource Management
- Ms Kim Magro, Natural Resource Management
- Mr Peter Gillard, Natural Resource Management
- Mr Mathew Miller, BRS
- Mr Ashley Goode, BRS
- Mr Peter Halsey, Rural Policy and Innovation
- Mr Dane Roberts, Food and Agriculture
- Mr Kieran Macdonell, Food and Agriculture
- Mr Wilf Hedley, Product Integrity, Animal and Plant Health
- Mr Phillip Fitch, Product Integrity, Animal and Plant Health
- Mr Tony Bailey, AQIS
- Mr Jim Webster, AQIS
- Mr Scott Macaulay, AQIS
- Mr Paul Phillips, ABARE
- Ms Shona Lambert, ABARE
- Ms Annette Blyton, ABARE
- Ms Rachael O’Toole, Biosecurity Australia.

Senior executives' responsibilities

Table 14 lists the Department's senior executives and their responsibilities.

Table 14 Senior executives of the Department at 30 June 2006

Position	Person	Responsibilities
Secretary	Ms Joanna Hewitt	<p>Efficient and effective operation of the Department</p> <p>Director of Animal and Plant Quarantine</p> <p>Chair of the EMT</p> <p>Chair of the Primary Industries Standing Committee</p> <p>Co-chair of the Natural Resource Management Standing Committee</p> <p>Member of the Food Regulation Standing Committee of the Australia and New Zealand Food Regulation Ministerial Council</p> <p>Chair of the National Emergency Animal Disease Management Group</p> <p>Chair of the National Emergency Plant Pest Management Group</p> <p>Ex-officio member of the Quarantine and Exports Advisory Council</p> <p>Australian Government Commissioner, Murray–Darling Basin Commission</p> <p>Chair of the Drought Policy Reform Stakeholder Reference Group.</p>
Deputy secretaries	Mr Don Banfield	<p>Assistance to the Secretary across a broad range of issues and functions</p> <p>Member of the EMT</p> <p>Oversight responsibility for the work of the Rural Policy and Innovation Division, the Food and Agriculture Division and the International Division.</p>
	Mr Daryl Quinlivan	<p>Assistance to the Secretary across a broad range of issues and functions</p> <p>Member of the EMT</p> <p>Oversight responsibility for the work of the Fisheries and Forestry, Natural Resource Management and Corporate Policy Divisions</p> <p>Australian Government Deputy Commissioner, Murray–Darling Basin Commission</p> <p>Government Director, Australian Fisheries Management Authority Board.</p>
	Mr Peter Yuile	<p>Assistance to the Secretary across a broad range of issues and functions</p> <p>Member of the EMT</p> <p>Executive Director of AQIS</p> <p>Ex-officio member of the Quarantine and Exports Advisory Council.</p>
Chief Veterinary Officer and Special Adviser	Dr Gardner Murray	<p>Adviser to the Secretary on a range of biosecurity issues</p> <p>Australian Government Chief Veterinary Officer</p> <p>Member of the EMT</p> <p>Departmental representative on:</p> <ul style="list-style-type: none"> • the Primary Industries Health Committee • the Australian Animal Welfare Strategy Advisory Committee • the Australian Government Counter-Terrorism Policy Committee <p>Director of the Australian Pesticides and Veterinary Medicines Authority until October 2005</p>

Position	Person	Responsibilities
Chief Veterinary Officer and Special Adviser (continued)	Dr Gardner Murray (continued)	<p>Director of the governing board and chair of the International Advisory Committee of the Australian Biosecurity Cooperative Research Centre for Emerging Infectious Disease</p> <p>Chair of the Australian Animal Health Laboratory Advisory Council</p> <p>Chair of the Primary Industries Standing Committee / Primary Industries Ministerial Council Consultative Committee on Emergency Animal Diseases</p> <p>Australian Delegate to the World Organisation for Animal Health (OIE)</p> <p>President of the OIE Regional Commission for Asia, the Far East and Oceania, and of the OIE Sub-Commission for the Eradication of Foot and Mouth Disease in South East Asia.</p>
Executive directors	Dr Brian Fisher, <i>ABARE</i>	<p>Efficient and effective operation of ABARE</p> <p>Provision of timely and relevant briefing and advice to the Department and government on economic issues affecting portfolio industries</p> <p>Member of the EMT.</p>
	Dr Cliff Samson, <i>BRS</i>	<p>Efficient and effective operation of BRS</p> <p>Member of the EMT</p> <p>Chair of the Audit Committee.</p>
Chief Operating Officer	Mr Bill Pahl	<p>Assistance to the Secretary across a broad range of issues and functions</p> <p>Efficient and effective operation of the Management Services Division</p> <p>Member of the EMT</p> <p>Member of the Human Resources Transition Executive Steering Committee</p> <p>Member of the National Consultative Committee for the Departmental Certified Agreement 2003–06</p> <p>Observer to the Audit Committee.</p>
Executive managers and deputy executive directors	Mr Allen Grant, <i>Corporate Policy Division</i>	<p>Efficient and effective operation of the Corporate Policy Division</p> <p>Member of the EMT.</p>
	Mr Tom Aldred, <i>Natural Resource Management Division</i>	<p>Efficient and effective operation of the NRM Division</p> <p>Management of NRM programmes, including the Natural Heritage Trust, the National Action Plan for Salinity and Water Quality, the National Landcare Programme, the Great Artesian Basin Sustainability Initiative, Defeating the Weed Menace, Healthy Soils, and the Australian Government contribution to the Murray–Darling Basin Initiative</p> <p>Development and implementation of NRM policies and portfolio interests in climate change.</p>
	Mr Ian Thompson, <i>Rural Policy and Innovation Division</i>	<p>Efficient and effective operation of the Rural Policy and Innovation Division</p> <p>Development and implementation of policies and programmes for the rural industries, research and development, innovation, biotechnology and rural industries leadership</p> <p>Director of Landcare Australia Ltd</p> <p>Government member of the National Rural Advisory Council.</p>

Position	Person	Responsibilities
	Mr Glenn Hurry, <i>Fisheries and Forestry Division</i>	Efficient and effective operation of the Fisheries and Forestry Division Development and implementation of policies and programmes for the fisheries and forestry industries Government director of the Fisheries Research and Development Corporation Chair, Western and Central Pacific Fisheries Commission Chair, Committee of Fisheries, Food and Agriculture Organization.
	Mr David Mortimer, <i>Food and Agriculture Division</i>	Efficient and effective operation of the Food and Agriculture Division Development and implementation of policies and programmes for the agricultural, food and beverage industries, as well as food safety regulation Government member of the Wheat Export Authority Government director of the Rural Industries Research and Development Corporation until 25 October 2005.
	Mr Paul Morris, <i>International Division</i>	Efficient and effective management of the International Division Development and implementation of international agricultural policies Management of the Department's international operations and representation Member of the Audit Committee.
	Mr Steve McCutcheon, <i>Product Integrity, Animal and Plant Health Division</i>	Efficient and effective operation of the Product Integrity, Animal and Plant Health Division Provision of national and international leadership in the areas of animal health, animal welfare, plant health, food safety, agricultural and veterinary chemicals, residue management and emergency management Chair of the Australian Plague Locust Commission Board director of the Australian Pesticides and Veterinary Medicines Authority since October 2005.
	Mr Greg Read, <i>Exports and Animal Programmes, AQIS</i>	Efficient and effective operation of AQIS Export Services and animal programmes and delivery of AQIS business strategies Chair of the Export Meat Industry Advisory Committee Chair of the Codex Committee on Food Import and Export Inspection and Certification Systems Board Member, Plant Health Australia.
	Ms Jenni Gordon, <i>Quarantine and Plant Programmes, AQIS</i>	Efficient and effective operation of AQIS quarantine and plant programmes and delivery of AQIS business strategies Chair of Legislation and Regulatory Policy Subcommittee AQIS regional service delivery manager Member of Audit Committee.
	Dr Colin Grant, <i>Deputy Executive Director, BRS</i>	Member of the BRS Executive Committee Member of the board of management of the Cooperative Research Centre for Greenhouse Accounting Member of the Coordination Committee on Science and Technology Member of the International Science Standing Committee.
	Ms Karen Schneider, <i>Deputy Executive Director, ABARE</i>	Leadership of ABARE research programmes.
	Mr Stephen Beare, <i>Chief Economist, ABARE</i>	Leadership of ABARE research programmes.

Senior executive remuneration policy

The Department's remuneration policy allows variation between individual jobs, based on market and work value considerations. This is critical to our ability to compete effectively in the employment market.

Further information on senior executive remuneration is in the financial statements in this annual report (Appendix 9).

Ethical standards

In 2005–06, the Department advanced several initiatives to establish and maintain appropriate ethical standards.

We conducted a comprehensive fraud risk assessment across all programmes and entities, and prepared a revised fraud control plan to meet the requirements of the Commonwealth Fraud Control Policy and the FMA Act. The new Fraud Control Plan identifies some procedural gaps, which are now being addressed.

During 2005–06, we continued to train staff in fraud control, ethics and security, particularly through the new recruit induction process. The training promoted the Australian Public Service (APS) Values and Code of Conduct. We began a review of options for the delivery of ethics training.

The Department maintained procedures for the reporting and investigation of fraud and serious misconduct. We developed our governance framework by updating information on and training in new and revised Chief Executive Instructions, and by refreshing the delegations database. We improved communication to all staff on governance and the APS Values, and used our internal audit function to monitor business practices.

Risk management

During the year, we continued our effort to integrate risk management into all decision-making and planning activities.

Two divisional performance reviews (in December 2005 and June 2006) and divisional business plans prepared for 2006–07 outlined processes to respond to corporate-level risks.

The 2006 Comcover Risk Management Benchmarking Survey found that our overall performance was comparable with that of other large agencies. However, our lowest rating was for business continuity planning. This deficiency was also highlighted by the Australian National Audit Office and is a high priority for 2006–07.

To remedy this, the Corporate Policy Division will support programmes to assess, confirm or update all business continuity processes during 2006–07. We will also offer training to key personnel responsible for business continuity planning, with a particular focus on planning to cope with pandemic influenza.

Corporate performance planning and reporting

Our 2005–06 corporate and performance planning and reporting framework included the following components.

The **Portfolio Budget Statements (PBS)** and **Portfolio Additional Estimates Statements** stated the portfolio's planned Outcome, appropriations and revenue, and the purpose of the portfolio budget measures.

The **2003–2006 Corporate Plan** laid out who we are, our plans for four calendar years and how we were going to carry them out. The Corporate Plan will be reviewed and updated by the end of 2006.

Divisional business plans built on the PBS to document how each division would deliver individual outputs through projects. The business plans also addressed risk management for each project.

Individual work plans and learning agreements documented the work that staff agreed to undertake to contribute to their projects, the work standards they agreed to meet, the skills they needed, and how they would improve those skills.

The **Communications Strategy** provided a guide to internal organisational communication.

The **Governance Plan** outlined our operating rules, internal audit, risk management, business ethics, fraud risk management and control, and security issues. We made separate risk assessments for fraud and security, and the Audit Committee oversighted the development of resulting plans.

Divisional Business Continuity Plans outlined the steps each division would take in response to a breakdown in function or activity.

Financial reports reported on year-to-date and end-of-year projections against budget. The Executive reviewed the financial reports each month.

Two **performance reviews** were conducted for each division, covering divisional performance against PBS indicators, achievements, risks, and financial and people management.

The Department's **2004–05 Annual Report** provided an overview of our organisational structure, methods of operation, key achievements and corporate

directions. The report assessed our achievement of the performance indicators in the PBS, including our performance in relation to our output objectives and corporate management and accountability.

Other documents supporting our operations in 2005–06 included the Internal Audit Plan, the Fraud Risk Management and Control Plan, the Chief Executive Instructions and the Strategic Security Plan.

Assets management

The Department manages some 2,000 assets around Australia with a value of \$49 million, plus a further 5,000 IT-related assets under a leasing arrangement. We hold several classes of assets: land and buildings, plant and equipment, intangibles (software) and leased IT equipment. Our major investments in assets are in land, buildings and intangibles. Third parties manage our land, buildings and leased assets under outsourcing contracts.

To achieve departmental objectives and business requirements, the Department controls acquisitions and enhancements to the existing asset base through a capital budgeting process, which is approved by the EMT. As part of the annual budget process, divisions prepare and submit capital budget proposals for consideration and approval.

We undertook a significant asset management programme in the Department during 2005–06 to implement the Australian Equivalents of International Reporting Standards (AEIFRS). In accordance with the AEIFRS, major assets are now assessed for impairment each year and are regularly revalued to fair value.

The Department moved to new regional offices in Adelaide and Darwin during the year, nearly bringing to a close the accommodation refreshment required as a result of the expansion of quarantine inspections in 2001. We also commissioned our component of the Customs Cargo Management Re-engineering in-house developed software project.

Response to the Uhrig Report

In November 2002, the Australian Government appointed Mr John Uhrig AC to conduct a review of the corporate governance arrangements of Commonwealth statutory authorities and office holders, with particular focus on those that had an impact on the business sector.

The report, *Review of the corporate governance of statutory authorities and office holders*, recommended two broad governance ‘templates’ for good governance:

- a ‘governing board’ template, to be used where portfolio bodies have the full power to act; typically, such bodies would be legally and financially separate from the Commonwealth and would usually operate under the *Commonwealth Authorities and Companies Act 1997* (CAC Act)
- an ‘executive management’ template, to be used where the Minister provides ongoing direction and oversight of the portfolio body; typically, such bodies are legally and financially part of the Commonwealth and usually operate under the FMA Act.

Other key outcomes from the Uhrig Report were that:

- Ministers should clarify expectations of portfolio bodies by issuing Statements of Expectation on government policies and management requirements to them; portfolio bodies would respond with Statements of Intent for implementation
- the role of portfolio departments as the principal source of advice to Ministers should be reinforced by requiring bodies to provide relevant information to departmental secretaries when they provide information to Ministers.

The Australian Government endorsed the Uhrig governance principles and templates in 2004, and Ministers were asked to assess statutory authorities and other bodies within their portfolios against the principles by March 2006.

For this portfolio, Uhrig assessments covered the Dairy Adjustment Authority, the Australian Fisheries Management Authority, the eight statutory research and development corporations, the Wheat Export Authority, the Australian Pesticides and Veterinary Medicines Authority and the Australian Wine and Brandy Corporation.

Assessment of the Dairy Adjustment Authority concluded that the executive management template and the FMA Act should continue to apply. Assessment of the Australian Fisheries Management Authority is being considered as part of broader government deliberations on the future sustainability of Commonwealth fisheries and structural adjustment issues.

Minister McGauran’s assessments of the remaining 11 portfolio bodies were completed by the March 2006 deadline, and the Minister for Finance and Administration, Senator the Hon. Nick Minchin, advised Minister McGauran in May 2006 that he had accepted them.

Broadly, the assessments confirmed the appropriateness of the government–industry partnership arrangements under which rural industries research is conducted. These arrangements will continue with only minor changes. Specifically:

- The statutory research and development corporations and the Australian Wine and Brandy Corporation will retain their skills-based boards, which are able to set strategic directions and operate independently under the CAC Act. The appointment of government directors to these boards will be discontinued, and ‘statements of expectation’ will be introduced as an additional means of communicating with these bodies about policy. The multiple reporting requirements under the *Primary Industries and Energy Research and Development Act 1989* and the CAC Act will be reviewed to ensure appropriate accountability and avoid duplication.
- Governance arrangements for the Australian Pesticides and Veterinary Medicines Authority will change from the arrangements under the board template to those under the executive management template.
- Future governance arrangements for the Wheat Export Authority will need to reflect the findings of the yet to be completed Inquiry into Certain Australian Companies in Relation to the UN Oil-for-Food Programme (the Cole inquiry).

A high priority for 2006–07 will be to implement the changes needed to bring these portfolio bodies into alignment with the new arrangements.



Biosecurity Australia corporate governance overview

Corporate governance practices

The Chief Executive of Biosecurity Australia is responsible under the *Financial Management and Accountability Act 1997* (FMA Act) for the efficient, effective and ethical use of Commonwealth resources. Three key committees help the Chief Executive meet his responsibilities: the Biosecurity Australia Governance Committee, the Audit Committee and the Systems Committee.

Senior management committees and their roles

Biosecurity Australia Governance Committee

The Governance Committee supports the Chief Executive in the leadership and management of Biosecurity Australia. The committee comprises the Chief Executive (chair), two Principal Scientists (one for animal biosecurity and the other for plant biosecurity), the general managers of the Animal Biosecurity, Biosecurity Development and Communications, and Plant Biosecurity branches, and the Chief Finance Officer. The managers of the Animal and Plant Biosecurity secretariats also attend as ex-officio members. During 2005–06, the Governance Committee met nine times in regular meetings (see Table 15 on page 255).

Profiles of current Biosecurity Australian Governance Committee members

Mr John Cahill, Chief Executive (chair)

John Cahill has been Chief Executive of Biosecurity Australia since 1 December 2004.

John has worked in a range of departments and agencies, and most of the major areas of the Department and its predecessors, for more than 20 years.

During the 11 years before his commencement with Biosecurity Australia, John worked with AQIS, most recently as Executive Manager, Quarantine. In that role, he was responsible for the overall leadership and management of Australia's national quarantine border operations, including delivery of services by more than 2,000 staff throughout Australia and a budget of more than \$200 million.

Dr Bill Roberts, Principal Scientist, Plant Biosecurity

Bill Roberts is Principal Scientist for Plant Biosecurity, and was formerly the Chief Plant Protection Officer. He has worked in a range of organisations in Australia and overseas, including a period as the Coordinator of the International Plant Protection Convention.

Dr Mike Nunn, Principal Scientist, Animal Biosecurity

Mike Nunn is Principal Scientist for Animal Biosecurity. He is a veterinary epidemiologist with Australian and international experience in the detection, reporting, diagnosis, and control and eradication of emergency animal diseases. He has particular interests in risk analysis, the ecology of emerging infectious diseases, information systems, and emergency animal disease preparedness and response.

Ms Louise van Meurs, General Manager, Plant Biosecurity

Louise van Meurs is General Manager of Plant Biosecurity. She has extensive experience in the operational and policy areas of the Department, having held management positions in AQIS and Biosecurity Australia.

Louise's management experience has included responsibility for AQIS airports, mail and plant programme areas. She has also represented the Department in international and bilateral negotiations. She has a proven record of gaining significant technical market access for Australian commodities in overseas markets and completing risk assessments for the importation of commodities into Australia.

Dr Robyn Martin, General Manager, Animal Biosecurity

Robyn Martin is General Manager of Animal Biosecurity. Robyn has considerable experience in policy development, having worked in AQIS and then Biosecurity Australia for the past 10 years. Robyn has previously worked in veterinary research, state government agriculture departments, and private veterinary practice.

**Mr Stephen Prothero, General Manager,
Biosecurity Development and Communications**

Stephen Prothero is General Manager of Biosecurity Development and Communications. He is responsible for the development of policies and strategies relating to biosecurity systems, communications, and business planning, monitoring and review.

Previously, he was National Programme Manager, Import Clearance in AQIS, with responsibility for this \$100 million fully cost-recovered programme. Before that, he held various senior AQIS positions, including Manager Executive Programmes, IT Manager and National Compliance Manager.

Mr David Perrott, Chief Finance Officer

David Perrott is the Chief Finance Officer of Biosecurity Australia. David previously worked in a range of finance positions in AQIS. He is a member of the Institute of Chartered Accountants in Australia.

Table 15 Attendance at Biosecurity Australia Governance Committee meetings, 2005–06

Member	Role	Membership period	Meetings attended	Possible attendance at meetings
Mr John Cahill	Chief Executive (chair)	Since June 2005	9	9
Dr Bill Roberts	Principal Scientist <i>Plant Biosecurity</i>	Since September 2005	8	8
Dr Mike Nunn	Principal Scientist <i>Animal Biosecurity</i>	Since November 2005	3	5
Ms Louise van Meurs	General Manager <i>Plant Biosecurity</i>	Since June 2005	8	9
Dr Robyn Martin	General Manager <i>Animal Biosecurity</i>	Since June 2005	7	9
Mr Stephen Prothero	General Manager <i>Biosecurity Development and Communications</i>	Since June 2005	9	9
Mr David Perrott	Chief Finance Officer	Since June 2005	9	9

Biosecurity Australia Audit Committee

Biosecurity Australia's Audit Committee has oversight of financial reporting, the internal control structure, risk management, fraud control systems and internal and external audit functions. The committee comprises the General Manager of Biosecurity Development and Communications (chair), the General Manager of Animal Biosecurity, and an external independent member.

The Biosecurity Australia Chief Finance Officer, the Department's Chief Finance Officer and representatives from the Department's Internal Audit and the Australian National Audit Office also attend meetings as advisers and observers. The committee met four times during 2005–06 (see Table 16).



From left to right: Glenys Roper, Steve Prothero and Robyn Martin.

Profiles of current Biosecurity Australia Audit Committee members

For profiles of Stephen Prothero and Robyn Martin, see above (Biosecurity Australia Governance Committee).

Ms Glenys Roper

Glenys Roper has held a range of senior executive positions in the Australian Government. She was Controller of the Royal Australian Mint and later the Chief Executive of the government's Information and Communications Technology Office. She is now a non-executive director on a number of boards, principally in the finance sector. She also chairs or is a member of various boards and committees, including a number of audit committees, in the Australian, New South Wales and Australian Capital Territory governments.

Glenys is active in the not-for-profit sector, and was chair of the Canberra Symphony Orchestra until recently. She is currently deputy chair of the Australian Capital Territory Cultural Facilities Corporation. She has been awarded the Channel 9 – Louis Vuitton Award for leadership and achievement.

Table 16 Attendance at Biosecurity Australia Audit Committee meetings, 2005–06

Member	Role	Membership period	Meetings attended	Possible attendance at meetings
Mr Stephen Prothero	General Manager, <i>Biosecurity Development and Communications (chair)</i>	Full year	4	4
Dr Robyn Martin	General Manager, <i>Animal Biosecurity</i>	Full year	3	4
Ms Glenys Roper	Independent member	December 2005 for up to two years	3	3

Biosecurity Australia Systems Committee

Biosecurity Australia's Systems Committee oversees and steers activities to develop, improve and maintain Biosecurity Australia business systems, particularly information technology systems.

The committee comprises the General Manager of Biosecurity Development and Communications (chair), the Principal Scientists and the general managers of Animal Biosecurity and Plant Biosecurity. The committee has established a working group to provide input, deliver projects and work with internal and external resources to deal with priority matters raised by the committee. The Systems Committee met three times during 2005–06 (see Table 17).

Table 17 Attendance at Biosecurity Australia Systems Committee meetings, 2005–06

Member	Role	Membership period	Meetings attended	Possible attendance at meetings
Mr Stephen Prothero	General Manager <i>Biosecurity Development and Communications (chair)</i>	September 2005 – 30 June 2006	3	3
Dr Bill Roberts	Principal Scientist <i>Plant Biosecurity</i>	September 2005 – 30 June 2006	2	3
Dr Mike Nunn	Principal Scientist <i>Animal Biosecurity</i>	December 2005 – 30 June 2006	1	1
Dr Robyn Martin	General Manager <i>Animal Biosecurity</i>	September 2005 – 30 June 2006	3	3
Ms Louise van Meurs	General Manager <i>Plant Biosecurity</i>	September 2005 – 30 June 2006	3	3

Senior executives' responsibilities

Table 18 lists the senior executives of Biosecurity Australia, and their responsibilities.

Table 18 Senior executives of Biosecurity Australia at 30 June 2006

Position	Person	Responsibilities
Chief Executive	Mr John Cahill	Management of Biosecurity Australia.
General managers	Dr Robyn Martin, <i>Animal Biosecurity</i>	Management of biosecurity policy relating to the import and export of animals and their products.
	Ms Louise van Meurs, <i>Plant Biosecurity</i>	Management of biosecurity policy relating to the import and export of plants and their products.
	Mr Stephen Prothero, <i>Biosecurity Development and Communications</i>	Management of governance, systems, biosecurity development and communications.
Principal Scientists	Dr Bill Roberts, <i>Plant Biosecurity</i>	Provision of expert advice to the Chief Executive on complex biosecurity matters.
	Dr Mike Nunn, <i>Animal Biosecurity</i>	Provision of expert advice to the Chief Executive on complex biosecurity matters.

Senior executive remuneration policy

Senior executive remuneration is consistent with the remuneration arrangements for senior executives within the Department.

Ethical standards

As a prescribed agency, Biosecurity Australia has Chief Executive Instructions that cover relevant subjects, such as fraud control, official conduct and hospitality. Where it has not been necessary to develop a separate instruction, the agency maintains standards identical to those of the Department.

Biosecurity Australia maintains its own Fraud Control Plan, which complements and is integrated with the Department's plan.

The Department provides fraud, ethics and security training for Biosecurity Australia staff. The Department also manages the induction process for new recruits, which includes training in the APS Values and Code of Conduct, as well as fraud control and security.

Biosecurity Australia has a detailed and effective governance structure to guide and account for this process.

Risk management

Biosecurity Australia has adopted the Department's risk management framework.

Corporate performance planning and reporting

Biosecurity Australia set planning directions for 2005–06 in a planning workshop held before the beginning of the financial year. In line with this and the Department's Corporate Plan, the agency's branches prepared detailed work plans. Biosecurity Australia uses this approach to deliver its responsibilities, including those stemming from the Australian Government's 2004 election commitment to review and re-issue current import risk analyses.

The agency's 2005–06 performance planning and reporting framework included the following components.

The **Portfolio Budget Statements** stated Biosecurity Australia's Outcome goals and appropriations, and the purpose of the portfolio budget measures.

The **Biosecurity Australia Plan** provided a framework by which the agency intended to achieve its Outcome goals.

Biosecurity Australia Branch Plans stated how each branch would deliver individual outputs.

The **Communications Strategy** set principles for communication with stakeholders at all levels.

The **Governance Strategy** provided for a Governance Committee to oversee Biosecurity Australia's operating rules, review processes, risk management, ethics, fraud risk assessment and control, and security.

The **Business Continuity Strategy** (covered by the Department's strategy) protected Biosecurity Australia against a breakdown in function or activity.

Financial reporting provided year-to-date expenditure against the approved budget. The Governance Committee reviewed financial reports each month.

Performance reviews were instituted and conducted for each branch, and incorporated sub-branches.

Management of human resources

Overview

The Department made a number of successful reforms during 2005–06. We significantly improved many human resources systems, re-integrating our payroll, human resource information systems, recruitment, rehabilitation case management and occupational health and safety functions, which were previously with external service providers. We expect cost and productivity benefits from the re-integration.

In June 2006, employees endorsed a departmental collective agreement to replace the expiring certified agreement. This was one of the first Australian Public Service collective agreements to be approved under the new WorkChoices legislation.

Appendix 1 of this report contains workforce statistics for the year.

Workforce planning and structure

The Department integrates divisional planning into a uniform but flexible workforce planning framework. The framework accommodates shifting priorities and needs, and changes in the external environment.

In 2005–06, we responded to the Management Advisory Committee report *Managing and sustaining the APS workforce* in a number of ways, including through a significant increase in our graduate intake and the introduction of a traineeship programme aimed at youth, indigenous Australians and people with a disability.

Recruiting people

During the year, we recruited 58 graduates from a range of disciplines, an increase of 93% from 2004–05. The graduates began work in Canberra in January 2006. An additional 13 graduates worked for the Australian Bureau of Agricultural and Resource Economics (ABARE) during the year.

We successfully completed bulk recruitment rounds for classification levels DPIE Band 2 Level 5, DPIE Band 3 Level 7 and DPIE Band 3 Level 8A. These processes have produced cost savings and given us the ability to plan and coordinate recruitment activity more effectively across the department.

In our pilot Traineeship Programme, nine trainees from diverse backgrounds began work in March 2006—seven in Management Services Division, one in Corporate Policy Division and one in ABARE.

Of all our recruitment activities, graduate recruitment continues to be the main way we bring young people into the Department. The pilot Traineeship Programme provided a base-level recruitment pathway for school leavers and people who had not completed tertiary studies.

During the year, the graduate and traineeship recruitment methodology was evaluated to confirm that it meets our operational requirements and is effective in the current labour market.

Our Human Resources Branch coordinated a university vacation employment programme that employed undergraduate students at various stages of their degrees for approximately six weeks of work experience. The students were placed in the Management Services Division, the Fisheries and Forestry Division, the Australian Quarantine and Inspection Service (AQIS), the Natural Resource Management Division and the Rural Policy and Innovation Division. ABARE also provided vacation employment opportunities for economics graduates.

Developing people

Learning and development activities are critical in attracting and retaining highly skilled employees. In 2005–06, the Department's People Development Strategy provided a framework for organising and targeting learning and development to ensure that employees can achieve our objectives now and in the future.

During the year, the Department's Leadership Alumni participated in the Australian Institute of Management Great Debate, a Coaching Panel discussion and a Futures Thinking seminar. In September 2005, the group celebrated its first year; the Secretary acknowledged and congratulated members for their contribution to the Department.

The Leadership Alumni were also engaged to stocktake whole-of-government initiatives in the Department, resulting in better policy and programme outcomes. In May 2006, the group's work led to the launch of the Department's Whole of Government Policy Statement. The Department's Secretary, Joanna Hewitt, and Lisa Paul, Secretary of the Department of Education, Science and Training made presentations at the launch, highlighting the importance of this innovative approach.

The Department's managers play a pivotal role in achieving organisational objectives, developing policies and implementing programmes, and in the day-to-day management of people and work. Following on from our Leadership Excellence Programme, we are developing the innovative Management Development Programme and expect to put it into operation by the end of 2006. The programme is targeted at Band 2 Work Level 5s and 6s, Band 3 Work Level 7s and equivalents.

The Management Development Programme provides a variety of learning opportunities and interactions. It is designed to equip participants with the confidence, knowledge and skills they need for their work and to lead within teams, with peers and

with our clients and stakeholders. The programme involves training over 12 weeks, covering modules such as policy development, programme implementation, financial/budget preparation and management, employee relations, presentation skills, and stakeholder engagement (including cultural awareness and diversity).

During the year, AQIS continued to train Level 5 supervisors, Level 6 managers and high-performing Level 4 staff through the AQIS Management Development Programme. Participants attended a series of training modules and received coaching and mentor support. The programme is a substantial commitment to and investment in people development in AQIS. Strongly linked to the Investors in People standard, it recognises the importance of management in achieving organisational goals and objectives.

Other programmes offered to all staff during the year included training in writing, training in indigenous cultural awareness, and training in exchanging constructive feedback. We conducted induction training for all new employees in Canberra and our regional offices to give them an overview of the Department and our priorities. Induction training also covered such matters as occupational health and safety, performance management, information and records management, electronic communications, payroll and recruitment services, and governance (including the APS Values and Code of Conduct, security, fraud, ethics and risk management).

We also gave staff opportunities to participate in the Australian Rural Leadership Foundation's Australian Rural Leadership Programme, the Institute of Public Administration Australia's Prime Minister's Awards for Excellence in Public Service Management, the Australian Public Service Commission's Career Development Assessment Centres, and the Australia and New Zealand School of Government's Executive Masters of Public Administration and Executive Fellows Programme.

Rewarding people

Each financial year, the Department offers a number of Development Awards, which give employees an opportunity to undertake professional and personal development activities that we think will benefit us in the long term.

We recognise employees who have made an outstanding contribution in our annual Australia Day Achievement Awards. The Department also has a number of division-based rewards and recognition schemes that recognise contributions made by individuals and teams.

The Department received external recognition when Dr Dennis Gebbie was awarded the Public Service Medal. The medal was awarded for outstanding public service in promoting Australia's agricultural trade and international economic interests, including successful negotiations on free trade agreements with Thailand and Singapore.

Building a diverse workforce

The Graduate Development, Traineeship, and Indigenous Cadetship programmes increased workforce diversity by including indigenous people, people with a disability and people from diverse backgrounds.

We specifically targeted indigenous graduates for our Graduate Development Programme through advertisements in indigenous publications and visits by staff to indigenous careers centres on university campuses. An indigenous staff member who completed the cadetship programme in 2005 won a place in merit-based selection for the 2006 Graduate Development Programme.

We placed advertisements in regional newspapers to reach people from a range of backgrounds and age groups in areas around Canberra for the Canberra-based Traineeship Programme. Advertisements placed in several regional newspapers to target graduates for the 2007 Graduate Development Programme contributed to an overall increase in applications.

The Department also promoted workplace diversity through other programmes and activities. In 2005–06, these included the celebration of significant days, such as the International Day of People with a Disability and Harmony Day, and NAIDOC Week (named for the National Aboriginal and Islander Day Observance Committee).

To honour families and young people, we promoted National Families Week, Wish Day and National Youth Week. On a practical level, the Department supported families through flexible work arrangements, such as part-time and home-based work, where possible, and provided a YMCA school holiday programme in Canberra for families from this and other departments.

During the year, we maintained our commitment to implementing the Commonwealth Disability Strategy (see Appendix 7 for further details).

Performance management

The Department's performance management scheme aims to align organisational, divisional and individual planning, and give employees a good grasp of our business priorities. Annual work plans and learning agreements cover work objectives and APS and departmental values.

During 2005–06, we implemented an e-based performance management system in the Canberra office. The aim is to increase the organisational impact of performance management. The e-based system can collect data to make performance assessments easier and allow consistent appraisal across the organisation.

We reviewed performance management forms and guidelines and our guide on dealing with underperformance to reflect current departmental processes and requirements. They are included in the Department's 2006–09 Collective Agreement.

Impact and features of certified, collective and Australian workplace agreements

Certified agreement

The 2005–06 financial year was the last year of operation for the Department of Agriculture, Fisheries and Forestry Certified Agreement 2003–2006. We gave priority to ensuring that all the provisions in the agreement were implemented before it expired.

We comprehensively reviewed and assessed the certified agreement as we developed the replacement collective agreement.

Collective agreement

In November 2005, the Department began consulting employees about the Department of Agriculture, Fisheries and Forestry Collective Agreement 2006–2009.

The consultations were inclusive and cooperative, and all employees had an opportunity to be involved. Senior managers talked in depth with staff, and we held three rounds of discussion sessions in the regions and central office.

A key aim in the development of the new agreement was to maintain and improve on the flexible arrangements in the expiring certified agreement. Management wanted important improvements in performance management and leave arrangements, more streamlined administration, and consistent application of conditions across the organisation.

The Department reached in-principle agreement with the relevant unions on 27 April 2006. The Australian Electoral Commission conducted a postal ballot of employees on 7 June, and announced on 26 June that a valid majority had approved the agreement.

The Department of Agriculture, Fisheries and Forestry Collective Agreement 2006–2009 was lodged with the Office of the Employment Advocate on 29 June 2006.

Australian workplace agreements

The WorkChoices reforms have given the Department more flexibility in making Australian Workplace Agreements (AWAs), which management sees as a means to reward and retain highly skilled employees. During 2005–06, the Department used AWAs where there was a clear business case for doing so.

At 30 June 2006, 211 pre-reform AWAs were in place—73 Senior Executive Service (SES) AWAs and 138 non-SES AWAs (based on nominal classification).

During 2006–07, the Department will develop a policy on AWAs under the WorkChoices framework.

Health, safety and rehabilitation management

Over the past five years, the three most significant categories of injury affecting our workers compensation premium costs have been ‘other and unspecified’ (mainly motor vehicle accidents), ‘body stressing’ (mainly repetitive strain injury) and ‘mental stress’ (psychological injury).

During the past five years, there was a significant overall decline in occupational overuse claims, but a slight increase in 2005–06. The average cost of claims decreased significantly from 2001 to 2005, reflecting our focus on early intervention and return to work and our strategy to introduce regular workstation assessments as a preventive measure.

We have also put considerable effort into reducing both the frequency and impact of psychological injuries. While the number of such claims remains low relative to other injury types, the costs of these injuries tend to be higher. Our early intervention and more effective rehabilitation practices are having a positive effect on the average cost of these claims.

During the year, our Occupational Health and Safety Committee and AQIS’s national and regional committees continued their programmes to reduce illness and injury rates. For further details, and for information required by section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, see Appendix 3.

Service charters, customer satisfaction and complaints

The Department of Agriculture, Fisheries and Forestry Client Service Charter identifies our responsibilities, our clients, the service standards our clients can expect, and ways clients can give feedback or make complaints. The charter is published on our website (www.daff.gov.au/service_charter) and is adopted by all divisions as well as Biosecurity Australia. Several areas have developed additional targeted service documents.

The Australian Quarantine and Inspection Service (AQIS) has developed the AQIS Service Charter, which complements the Department’s charter and provides measurable service targets for AQIS operations.

The Australian Bureau of Agricultural and Resource Economics (ABARE) Research Quality Statement informs clients about the research service standard for its specific work.

Several departmental guidelines provide advice on dealing with clients from specific groups (such as women, young people and indigenous Australians). These guidelines are available on our website (www.daff.gov.au).

The guidelines emphasise the responsibility for staff to respond quickly to clients’ needs, and stress how critical this is to ensure quality service.

The Client Service Charter undergoes a significant review every three years. On an annual basis, a survey of client and staff awareness of the Client Service Charter is conducted. In addition, Biosecurity Australia, ABARE and the Bureau of Rural Sciences (BRS) conduct annual surveys of their clients' satisfaction with the services they provide.

The Department

In conjunction with the Australian Public Service Values and Code of Conduct and our own complementary values, the Client Service Charter commits us to delivering a high level of service to our clients.

During 2005–06, the Corporate Policy Division surveyed 163 staff and 65 stakeholders and clients to find out if they were aware of the charter, and what they thought of our service. The main findings included the following:

- Clients are significantly less aware of the charter than are staff.
- Over 80% of staff and clients believe the charter is easy to understand.
- Of the values listed in the charter, clients rated integrity, followed by professionalism, as most important.
- Almost 70% of clients thought that the most useful part of the charter was the section on 'The Department and your obligations'.
- Over 80% of client respondents rated the service they received as good or very good.
- Almost 90% of clients believed their needs were satisfied by the information we gave them.
- Almost 90% of staff believe that they often or always apply the Client Service Charter's standards.
- About 50% of clients who provide feedback to us about service levels do so in person (making formal data collection difficult).

Table 19 shows further results from the survey.

Table 19 Responses to the Department's 2005–06 client survey

Questions	Options	Rating
How do you rate the overall quality of service you receive, on average, from the departmental staff you deal with?	Very poor	2%
	Poor	1%
	Neither poor nor good	15%
	Good	54%
	Very good	28%
Generally speaking, does information provided by our officers satisfy your needs?	Yes	89%
	No	2%
	Sometimes	6%
	No response	3%
If you have dealt with more than two departmental officers, was the standard of service consistent?	Yes	65%
	No	20%
	Mostly	8%
	No response / not applicable	7%
Have you ever referred to the Client Service Charter to assist you in providing feedback?	Yes	5%
	No	52%
	Not applicable	43%
If you provided negative feedback, how would you rate the way we dealt with the complaint?	Very poor	12%
	Poor	4%
	Neither well nor poor	36%
	Well	40%
	Very well	8%
If the complaint was dealt with poorly by our officer, how do you believe the complaint should have been dealt with?	More resources should have been applied	25%
	Recruitment of appropriate staff to overcome acute shortages	25%
	Contact the officer back	25%
	Meaningful written response in a timely manner	25%

Australian Quarantine and Inspection Service

The AQIS Service Charter complements the Department's charter. Given AQIS's high level of client interaction and the technical nature of its work, it maintains a toll-free national telephone number and convenes industry consultative committees to liaise with industry clients. AQIS conducts an annual client satisfaction survey to seek feedback about performance.

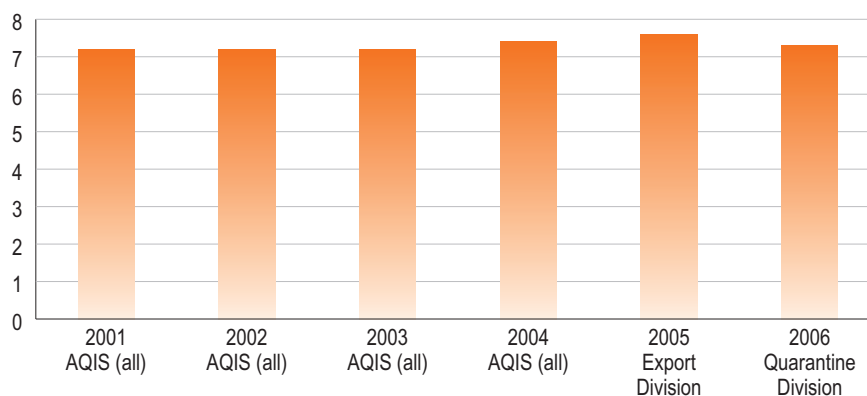
AQIS revised its service charter during 2005–06. The charter will be reviewed again in 18 months, in line with the requirements of the Department of Finance and Administration.

Performance standards in the AQIS Service Charter are measured against performance indicators in AQIS's quarterly business performance reviews. The AQIS Leadership and Governance Committee carries out a twice-yearly review of feedback received on the charter.

Since 1995, AQIS has measured client satisfaction using its annual Client Satisfaction Survey (see Figure 10). The survey measures client satisfaction benchmarked against the previous year's performance. Survey results are presented at AQIS Industry Consultative Committees and are published on the Department's website.

Overall client satisfaction increased from 6.8 out of 10 in 1997 to 7.4 out of 10 in 2004. Since 2004, client satisfaction surveys have alternated between the agency's Export and Quarantine divisions. Export clients rated their satisfaction at 7.6 out of 10 in 2005, while quarantine clients rated their satisfaction at 7.3 out of 10 in 2006.

Figure 10 AQIS overall client satisfaction, 2001 to 2006



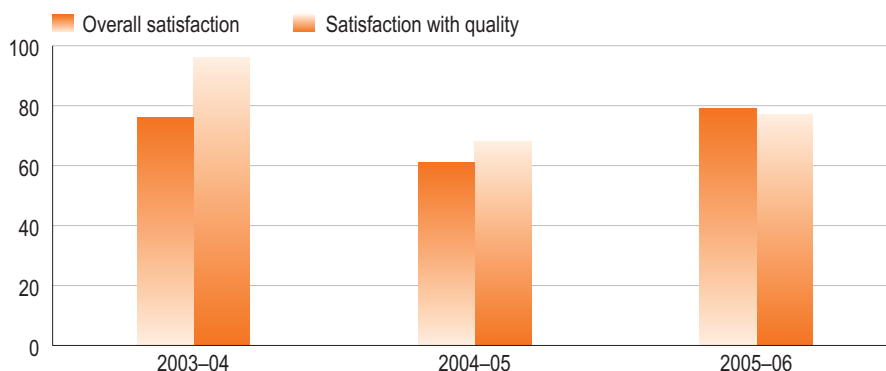
Australian Bureau of Agricultural and Resource Economics

ABARE encourages and receives client feedback through its website, contact lists, telephone enquiry lines and an annual client survey.

In ABARE's inaugural 1999–2000 survey of all clients (including conference attendees and buyers of data and publications), 77% were satisfied with overall services and 80% were satisfied with quality.

More recent surveys have included only clients who contracted ABARE for research. Results in 2005–06 showed a return to high levels of satisfaction after a temporary decline in 2004–05 (see Figure 11).

Figure 11 ABARE client satisfaction, 2003–04 to 2005–06



Of clients surveyed in 2005–06:

- 85% were satisfied to very satisfied with ABARE's ability to provide unbiased and independent information
- 77% were satisfied to very satisfied with the quality of the bureau's research
- 77% were satisfied to very satisfied with ABARE's contribution to policy or decision making
- 79% had a high degree of overall satisfaction with the bureau's service.

The most used services and products provided by ABARE were modelling and economic analysis. Most of ABARE's clients used these products for policy development or analysis.

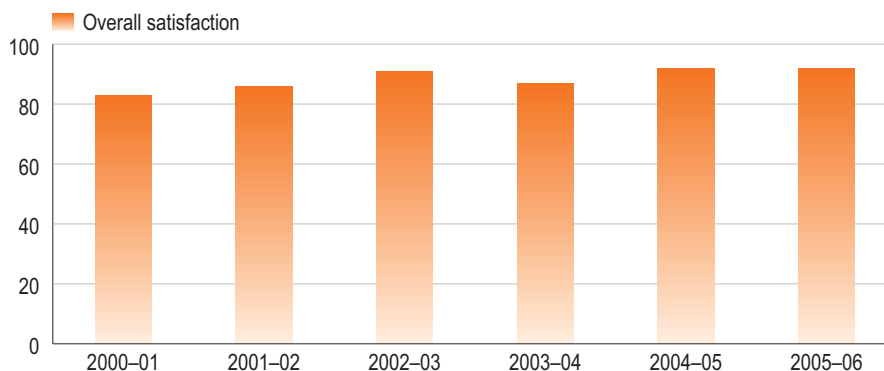
ABARE also surveys participants at its annual national Outlook conference and regional Outlook conferences. See Output 8, Economic Research, for results from 2005–06.

Bureau of Rural Sciences

BRS participates in the Department's Client Service Charter and encourages direct client feedback through its website and telephone enquiry line.

BRS conducts a survey of its clients as part of an annual performance measurement cycle (see Figure 12). The survey consists of semi-structured telephone or face-to-face interviews of client representatives and provides an opportunity for feedback on projects and the organisation. One hundred and four participants were interviewed in June and July 2006. Over 92% of the respondents were satisfied or very satisfied with BRS performance, and 87% were satisfied or very satisfied that BRS work met their needs.

Figure 12 BRS client surveys, percentage satisfied or very satisfied from 2000–01 to 2005–06



Biosecurity Australia

Biosecurity Australia, which operates under the Department's Client Service Charter, provides detailed information on its risk assessments and other projects through policy memorandums (by email and hard copy to parties who have registered their interest), on its website, and in its publication, *Biosecurity Australia News*. Undertakings in relation to the import risk analysis process are given in the *Import risk analysis handbook 2003*; other information is updated on the Biosecurity Australia website.

Long-term customer satisfaction information for Biosecurity Australia is not yet available, as the organisation began operating as a prescribed agency only in December 2004. However, the agency is undertaking research to gauge stakeholders' needs, expectations and perceptions of its role. A market research company has been commissioned for this project, which includes in-depth interviews with some stakeholders and a broader stakeholder survey. Initial indications are that stakeholders understand the challenges of Biosecurity Australia's role. The results from the completed survey will be used to improve communications with stakeholders and to consider how operational performance can be further developed.

Complaints in 2005–06

The Department's Business Ethics, Security and Investigation Unit (BESIU) investigates all serious complaints about ethical or regulatory matters received through Client Service Charter mechanisms or made directly to the unit's director. BESIU does not deal with 'quality of service' complaints, which are handled by the divisions.

BESIU received 10 complaints from clients in 2005–06, of which half were not supported by the evidence and half resulted in formal action. Most related to quarantine and the treatment of goods or passengers. None was referred to an external body for action.

AQIS received 126 feedback forms, containing a total of 80 complaints (mainly about customer service and inconsistency). This was up slightly from the 116 feedback forms and 62 complaints received in 2004–05.

ABARE, BRS and Biosecurity Australia received no complaints during the year about failure to meet service standards.

Social justice and equity

The Department practises the principles of social justice and equity detailed in the Charter of Public Service in a Culturally Diverse Society. We ensure that we are always accessible and equitable when working with our clients.

We use a range of methods, including publications, websites, CD-ROMS, meetings and advisory panels to promote these principles.

We want to communicate effectively with all Australians, including people from culturally and linguistically diverse backgrounds and people with disabilities. In 2005–06, we continued to:

- develop and implement policies and programmes in consultation with a wide range of people and groups at the national and local levels
- use a variety of media to inform people about new policies, programmes and regulations
- consider the needs of all in purchasing and providing services, and in seeking feedback from our stakeholders and the community.

In the latest edition of the *Access and equity annual report (2005)*, the Department of Immigration and Multicultural and Indigenous Affairs rated our performance against 11 access and equity key performance indicators. The report noted that we met 100% of the relevant indicators, indicating our compliance with the Australian Government's Charter of Public Service in a Culturally Diverse Society.

The report found that we met 82% of the indicators 'well', which is the highest achievable rating. This was a significant improvement on our rating of 73% in the 2004 report, and well above the average for Australian Government departments of 62%.

Internal and external scrutiny

The Department's Audit Committee reviews, evaluates and recommends improvements to our internal control structures, risk management, financial reporting, and internal and external audit functions.

During 2005–06, the Department's operations were subject to external scrutiny. A number of our activities were reviewed by parliamentary committees, including the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry and the Senate Rural and Regional Affairs and Transport References Committee.

The Australian National Audit Office carried out four performance audits of the Department's activities during the year.

We were involved in one legal action, a continuation from the previous year.

Internal scrutiny

Internal audit

The Department's internal auditing is an independent, objective, systematic and disciplined mechanism for evaluating and improving our operations, risk management, control and governance.

Our Audit Committee sets the strategic direction for internal auditing by reviewing and approving the internal audit strategic and annual plans. The committee measures audit performance, considers the results of audits and reviews, and assesses the appropriateness of managers' actions to solve identified problems.

We issued 24 audit reports in 2005–06. They covered performance, assurance and information technology (IT), and addressed identified risks in financial management practices and procedures, business processes and governance arrangements, GST compliance, IT applications and systems under development.

Audit services for the period 1 July 2005 to December 2005 were provided through a co-sourced arrangement between the Department and a panel of outsourced providers. Panel members were Ernst & Young (our major service provider), Deloitte, and Acumen Alliance. From 1 January to 30 June 2006, Ernst & Young was the sole service provider. Payments to panel providers during 2005–06 totalled \$719,000.

The Department's management agreed to implement all recommendations made in the internal audit reports. The Audit Committee, which is responsible for ensuring the effectiveness of our governance framework, monitored the implementation.

The Biosecurity Australia Audit Committee considered the report of a review of the establishment of Biosecurity Australia as a prescribed agency. The review, conducted by Ernst & Young through the internal audit contract, identified no issues of concern or to the detriment of Biosecurity Australia arising from its separation from the Department as a prescribed agency.

Import risk analysis appeals

During 2005–06, only one appeal was made against a policy determination of the Director of Animal and Plant Quarantine. The appeal was in relation to the import risk analysis of Chilean table grapes. It was not formally heard by the Import Risk Analysis Appeal Panel, as it was outside the panel's terms of reference.

External scrutiny

The Department is subject to scrutiny by the Auditor-General, parliamentary committees, the Commonwealth Ombudsman, the courts, administrative tribunals, and the public (through freedom of information requests). Table 20 shows five-year trends for many of these.

Table 20 Trends in external complaints and scrutiny

	2001–02	2002–03	2003–04	2004–05	2005–06
Complaints recorded by Ombudsman					
Complaints received	1	11	9	6	19
Issues investigated	0	12	9	5	3
Finding of defective administration	0	0	1	0	0
Formal reports to the Minister under the <i>Ombudsman Act 1976</i>	0	0	0	0	0
Complaints recorded by Privacy Commissioner					
Complaints received	0	0	0	0	0
FOI requests					
Volume of FOI requests handled					
Received during the year	26	29	26	25	24
Granted in full	2	7	9	4	7
Granted in part	10	10	7	13	2
Denied	2	4	2	0	6
Transferred to another agency	0	0	0	1	1
Withdrawn	7	8	8	3	9
Remained undecided at 30 June	6	6	6	9	7
Identified nil documents	0	0	0	1	1
Carried over from previous year	1	6	6	6	9
Subject to internal review	0	3	5	6	4
Considered by the Administrative Appeals Tribunal	0	0	0	2	2

Reports by the Auditor-General

During 2005–06, the Auditor-General tabled four major Australian National Audit Office (ANAO) performance audits touching on our activities:

- ANAO Audit Report No. 48, *Performance audit: Interim phase of the audit of financial statements of general government sector entities for the year ending 30 June 2006*
- ANAO Audit Report No. 28, *Performance audit: Management of net appropriations*
- ANAO Audit Report No. 21, *Performance audit: Audits of the financial statements of Australian Government entities for the period ended 30 June 2005*
- ANAO Audit Report No. 19, *Performance Audit: Managing for quarantine effectiveness—follow-up. Department of Agriculture, Fisheries and Forestry, Biosecurity Australia.*

Of these reports, only the last (tabled on 1 December 2005) was significant for the Department.

The objective of the follow-up audit was to assess progress in implementing the recommendations in the 2000–01 ANAO Audit Report No. 47, *Performance audit: Managing for quarantine effectiveness* and the recommendations of the report of the Joint Committee of Public Accounts and Audit Review of Australia's Quarantine Function, tabled in February 2003. The audit did not address four Joint Committee recommendations that were either not supported by the government, or were policy matters for the government to consider.

The ANAO found that, since the 2000–01 audit, AQIS and Biosecurity Australia have made substantial overall improvements in the administration of quarantine. The agencies have also made significant progress in implementing previous recommendations. All but two recommendations have been implemented in whole or in part, and the implementation of those two is in progress. In many cases, work to meet the parts of recommendations yet to be fully implemented is well advanced.

The ANAO made five new recommendations aimed at strengthening the ongoing administration of quarantine. The Department and Biosecurity Australia have agreed to the new recommendations.

Inquiries by parliamentary committees

During 2005–06, there were five new parliamentary committee inquiries into the Department's activities. No inquiries were concerned with the activities of Biosecurity Australia.

House of Representatives Standing Committee on Agriculture, Fisheries and Forestry: Taking control: a national approach to pest animals

In November 2005, the House of Representatives Standing Committee on Agriculture, Fisheries and Forestry tabled *Taking control: a national approach to pest animals*. The committee reviewed approaches to managing a range of pest animals in Australia. The report highlighted the need for action, considered likely consequences for the economy and the environment, and made various recommendations. The Australian Government's response to the report is expected to be tabled in the second half of 2006.

Senate Rural and Regional Affairs and Transport References Committee: Operation of the wine making industry

The Senate Rural and Regional Affairs and Transport References Committee tabled the report of its inquiry into the operation of the Australian winemaking industry on 13 October 2005. The committee reviewed the industry, with particular reference to the supply and purchase of grapes and the relationships between independent growers and winemakers in the current market. The report identified the need for an independent body to manage winegrowers nationally, and changes to legislation to provide the industry with an easily accessible market. The Australian Government noted the committee's recommendations and indicated that it had previously agreed to amend section 51AC of the *Trade Practices Act 1974* to add 'unilateral variation' clauses to the list of matters that a court may consider in deciding whether conduct is unconscionable.

Senate Rural and Regional Affairs and Transport Legislation Committee: The Administration by the Department of Agriculture, Fisheries and Forestry of the citrus canker outbreak

On 20 June 2006, the Senate Rural and Regional Affairs and Transport Legislation Committee tabled the report of its inquiry into the Department's administration of the citrus canker outbreak. The committee's inquiry made particular reference to: AQIS's response to allegations of illegal importation of plant material; the adoption of quarantine protocols and management of the emergency response; cooperation between the Australian Government and the states, including on funding issues; the impact of the incursion on the Australian citrus industry; prevention and management of future incursions; and related matters.

The report made recommendations for streamlining our approach to dealing with allegations of quarantine risk. The Australian Government's response to this report is expected to be tabled in the second half of 2006.

Senate Rural and Regional Affairs and Transport Legislation Committee: National Animal Welfare Bill 2005

The Senate Rural and Regional Affairs and Transport Legislation Committee tabled the report of its inquiry into the National Animal Welfare Bill 2005 on 22 June 2006. The committee considered whether a more consistent and enforceable national framework for animal welfare is required and the adequacy of the legislation. The report recommended that the bill should not proceed. The Department did not respond to the report.

Senate Environment, Communications, Information Technology and the Arts References Committee: Inquiry into the extent and economic impact of salinity

On 28 March 2006, the Senate Environment, Communications, Information Technology and the Arts References Committee tabled the report of its inquiry into the long-term success of national programmes to reduce the extent and economic impact of salinity in the Australian environment. The report noted that salinity needs to be addressed, and programmes to deal with it need to be supported, by the Australian Government and state and territory governments. The Australian Government is currently considering its response to the report.

A further 11 parliamentary committee inquiries, detailed in Table 21, were ongoing from before 2005–06.

Table 21 Parliamentary committee inquiries continuing into 2005–06

Inquiry	Details
House of Representatives Standing Committee on Science and Innovation: <i>Science overcoming salinity</i>	The Australian Government's response provided in December 2005 took into full consideration all 24 recommendations.
House of Representatives Standing Committee on Agriculture, Fisheries and Forestry: <i>Getting water right(s)—the future of rural Australia</i>	The Australian Government response was postponed and is expected to be tabled in late 2006.
Senate Rural and Regional Affairs and Transport Reference Committee: <i>Rural water resource usage</i>	The Australian Government response was postponed and is expected to be tabled in late 2006.
Senate Rural and Regional Affairs and Transport Reference Committee: <i>Australian forest plantations: a review of plantations for Australia: the 2020 Vision</i> .	The Australian Government response was postponed and is expected to be tabled in late 2006.
Senate Rural and Regional Affairs and Transport References Committee: <i>Iraqi wheat debt—repayments for wheat growers</i>	The Australian Government is currently considering its response to the report.

Inquiry	Details
Senate Rural and Regional Affairs and Transport Legislation Committee: <i>Border Protection Legislation Amendment (Deterrence of Illegal Foreign Fishing) Bill 2005</i>	The Senate Rural and Regional Affairs and Transport Legislation Committee tabled the report of its inquiry into the Border Protection Legislation Amendment (Deterrence of Illegal Foreign Fishing) Bill 2005 on 10 May 2005. The committee considered the provisions enabling contract employees, rather than state or Commonwealth officers, to confiscate property and to exercise search powers, including strip searches, and the associated accountability mechanisms; and the appropriateness of the detention regime, including the possible length of imprisonment. The report noted that amendments offered clarification of responsibilities. The Department did not respond to the report.
Senate Rural and Regional Affairs and Transport Legislation Committee: <i>An appropriate level of protection? The importation of salmon products: a case study of the administration of Australian quarantine and the impact of international trade arrangements</i>	The report was tabled by the committee on 7 June 2000. The report made 15 recommendations for the importation of fish and for review of AQIS import risk assessment procedures and processes. The Australian Government is currently considering its response to the report.
Senate Rural and Regional Affairs and Transport Legislation Committee: <i>Biosecurity Australia's import risk analysis for pig meat</i>	The report was tabled by the committee on 13 May 2004. The report made two recommendations: first, that the Director of Animal and Plant Quarantine withdraw the determination relating to quarantine regimes for the importation of pig meat; second, that Biosecurity Australia invoke Article 5.7 of the Sanitary and Phytosanitary Agreement in relation to post-weaning multisystemic wasting syndrome. The Australian Government is currently considering its response to the report.
Senate Rural and Regional Affairs and Transport Legislation Committee: <i>Administration of Biosecurity Australia—Revised draft import risk assessment for apples from New Zealand</i>	The report was tabled by the committee on 17 March 2005. The committee inquired into the administration of Biosecurity Australia, with particular reference to the assessment, methodology, conclusions and recommendations contained in the revised draft import risk analysis report on the importation of apples from New Zealand released in February 2004. The report made a number of recommendations for a systematic approach to the relationship between Biosecurity Australia and New Zealand. The Australian Government is currently considering its response to the report.
Senate Rural and Regional Affairs and Transport Legislation Committee: <i>Administration of Biosecurity Australia—Revised draft import risk analysis for bananas from the Philippines</i>	The report was tabled by the committee on 17 March 2005. The committee inquired into the administration of Biosecurity Australia, with particular reference to the revised draft import risk analysis report released in February 2004 relating to bananas from the Philippines, including the process and research underpinning the analysis, the conclusions and recommendations, and related matters. The report recommended that Biosecurity Australia further consider its risk assessment methodology and import risk assessment guidelines. The Australian Government is currently considering its response to the report.
Joint Committee on Public Accounts and Audit: ANAO Audit Report No. 36, 2003–04, <i>The Commonwealth's administration of the Dairy Industry Adjustment Package</i>	The committee tabled its report on 7 November 2005. Of the recommendations listed, four related to the Dairy Industry Adjustment Authority and the implementation of the Dairy Industry Adjustment Package. The government's response was tabled in June 2006.

Complaints to the Commonwealth Ombudsman and other bodies

The Department advises clients not satisfied with how we handled their complaint to contact the Commonwealth Ombudsman. In 2005–06, there were 19 complaints to the Ombudsman (compared to six in 2004–05, a 317% increase); however, only three were investigated (compared to five in 2004–05, a 40% decrease) and the Ombudsman made no finding of defective administration. AQIS inspection and certification were the main matters investigated by the Ombudsman.

Our clients may also have rights of complaint to the Federal Privacy Commissioner. In 2005–06, the commissioner did not investigate any complaints about our actions.

Court decisions

Australian Pork Limited v Director of Animal and Plant Quarantine (2005) was reported in the Department's 2004–05 annual report. Subsequently, on 16 September 2005, the full bench of the Federal Court upheld an appeal by the Director of Quarantine against an earlier Court decision that set aside parts of a policy determination and an import permit that allowed the entry of pigmeat into Australia under certain conditions. The full bench upheld all grounds of appeal, finding that there was no legal invalidity in the process, including the import risk analysis report and the policy determination. On 18 November 2005, the High Court refused to grant Australian Pork Limited special leave to appeal the decision of the full bench of the Federal Court.

During 2005–06, no cases involving the Department were brought in the Federal Magistrates Court or in state courts.

Administrative tribunal decisions

Apple and Pear Australia Limited and Department of Agriculture, Fisheries and Forestry (2004) AATA 1368 (25 November 2004)

This matter was an application for review by the Administrative Appeals Tribunal of a decision made under the *Freedom of Information Act 1982*. The appeal relied on an assertion that the Department made inadequate searches for documents that we said did not exist. The application for appeal was withdrawn by the applicant on 8 September 2005.

Freedom of information

Departmental records are made available to stakeholders as required under the Freedom of Information Act. Most of our activities and records relate to business rather than personal matters.

In 2005–06, there were 24 new requests for information, compared with 25 during 2004–05. Requests continued to be for business rather than personal information. We resolved 96% of requests within the required timeframe, up from 92% in 2004–05.

We continued to contribute to a detailed annual report, published by the Attorney-General's Department, on the operation of the *Freedom of Information Act, 1982*.

See Appendix 5 for our report on freedom of information, required under section 8 of the *Freedom of Information Act, 1982*.

Claims for compensation for detriment caused by defective administration

During 2005–06, two claims received in 2004–05 and two new claims were investigated in accordance with Department of Finance and Administration's *Claims for compensation for detriment caused by defective administration (CDDA): guidelines for agencies*.

Of the four, three were resolved—one claim was successful and two were not. The remaining claim met the criteria for defective administration and remains under investigation. AQIS inspection and certification processes were the main issues in these claims.

We undertake a risk assessment of the systems and processes that gave rise to any CDDA claim and implement a risk management plan.

The Department advises claimants who are not satisfied with the outcome of their claim to contact the Commonwealth Ombudsman. The Ombudsman is investigating matters raised by two claimants.

Financial performance summary

The Department

The Department generated an operating surplus of \$7.2 million in 2005–06 (2004–05: \$5.6 million), which represented 2 per cent of departmental appropriation revenue. This was a planned surplus in anticipation of funding the costs of moving to new premises in October 2007.

The 2005–06 Financial Statements were signed by the Auditor-General without qualification. The results of the audit again reflected the sound financial management framework in place in the Department.

Table 22 shows administered expenses, the price of departmental outputs, and average staffing levels for 2005–06.

Table 22 Price of outputs, the Department, 2005–06

	Budget ^a 2005–06 \$'000	Actual 2005–06 \$'000	Variation \$'000	Budget ^b 2006–07 \$'000
Administered expenses	2 493 151	2 246 989	(246 162)	1 689 972
Price of departmental outputs ^c				
1 Natural resource access and management	49 107	51 243	2 136	43 351
2 Rural policy and innovation	50 734	52 262	1 528	37 879
3 Industry development	47 284	50 792	3 508	45 283
4 International Food and Agriculture Service	31 501	36 842	5 341	32 854
5 Product integrity, animal and plant health	31 721	32 436	715	35 329
6 Quarantine and export services	327 326	330 643	3 317	343 206
7 Scientific advice	2 996	3 387	391	12 866
8 Economic research	4 899	5 289	390	1 664
Total price for Outcome	545 568	562 894	17 326	552 432
Average staffing level	4 009	3 964	(45)	4 210

a Budgeted figures from Appropriation Bills 5 and 6 as tabled in Portfolio Supplementary Additional Estimates Statements No. 2.

b Budget figures from 2006–07 Portfolio Budget Statements.

c Based on total departmental revenue for 2005–06.

Biosecurity Australia

Biosecurity Australia generated an operating surplus of \$0.5 million in 2005–06 (2004–05: \$0.7 million), which represented 2.8% of departmental appropriation revenue. The surplus was mainly attributable to reduced expenditure on supplier expenses, such as consultants.

The solvency of the agency remained sound, with a reported current ratio of 1.3 in 2005–06 (1.6 in 2004–05).

The 2005–06 Financial Statements were signed by the Auditor-General without qualification. The results of the audit again reflected the sound financial management framework in place in Biosecurity Australia.

Table 23 shows administered expenses, the price of departmental outputs, and average staffing levels for 2005–06.

Table 23 Price of outputs, Biosecurity Australia, 2005–06

	Budget ^a 2005–06 \$'000	Actual 2005–06 \$'000	Variation \$'000	Budget ^b 2006–07 \$'000
Administered expenses	-	-	-	-
Price of departmental outputs ^c	17 090	17 491	401	18 786
Total price for Outcome 1	17 090	17 491	401	18 786
Average staffing level	103	110	7	113

a Budgeted figures from Appropriation Bills 5 and 6 as tabled in Portfolio Supplementary Additional Estimates Statements No. 2.

b Budget figures from 2006–07 Portfolio Budget Statements.

c Based on total departmental revenue for 2005–06.

Purchasing

Divisions and work groups are responsible for their own purchasing. However, they are subject to the provisions of Chief Executive Instructions (CEI) 4, which relates to procurement. The CEI policies and guidelines complement the Commonwealth Procurement Guidelines and purchasing-related policies.

The procurement CEI sets three thresholds for purchases: under \$2,000, between \$2,000 and \$79,999, and \$80,000 or more. Purchases up to \$80,000 can be made, where appropriate, through the Department's corporate contracts, the Endorsed Supplier Arrangement or the Central Advertising System, or by using the Department's purchasing procedures to source the market. Purchases of \$80,000 or more are subject to public tender, although exemptions may be approved in some circumstances.

The CEI and procedures have a checklist to ensure that those involved in purchasing follow a process that covers all issues needing to be considered. The list includes scoping, development of specifications, advertising and evaluation of tenders, contract preparation and monitoring.

We publish an annual procurement plan on AusTender by 1 July each year, to draw the early attention of businesses to potential procurement opportunities. The plan contains a short strategic procurement outlook for the Department, supported by details of planned procurement, such as the subject of the planned procurement and the estimated date of the publication of the request for tender.

Consultants overview

In 2005–06, consultants continued to provide services where specialised or professional skills were not available in the Department or where we identified a need for independent research or assessment. The Chief Executive Instructions on procurement contain procedures and guidelines for engaging consultants. Each proposal for a consultancy must specify the project requirements, justify the use of a consultant, identify the expected costs, recommend a procurement method and explain how the consultant's performance will be evaluated and monitored.

In line with the principles of the Commonwealth Procurement Guidelines, the Department engages consultants based on:

- value for money
- open and effective competition
- ethics and fair dealing
- accountability and reporting
- national competitiveness and industry development
- support for other Australian Government policies.

Consultancy services are a particular type of service delivered under a contract for services, distinguished from other contracts by the nature of the work performed. A consultant is an entity (individual, partnership or corporation) engaged to provide professional, independent and expert advice or services. A consultant usually brings expert professional skills to investigate or diagnose a defined issue or problem; to carry out defined research, reviews or evaluations; or to provide independent advice, information or creative solutions to aid management decision-making.

A consultancy contract will typically define the nature, purpose and duration of the task to be performed, but will not detail the way the work is to be done. The consultant is usually paid on completion of milestones or in a lump sum. Consultants are not employees of the Department and are not paid wages or other employee entitlements. A consultancy services contract is based on a principal–consultant relationship.

During 2005–06, 230 new consultancy contracts, with a value of \$16,661,001, were entered into, with total actual expenditure on new consultancies of \$10,632,238. In addition, 103 ongoing consultancy contracts let in previous years were active during the year, involving total actual expenditure of \$5,566,539.

Table 24 shows the number and value of consultancies with a value greater than \$10,000, and total expenditure on consultancies, for 2005–06 and the two previous financial years. Table 25 shows why it was necessary to use consultancies.

Appendix 7 lists consultancies with a value of \$10,000 or more (including GST) let during the year.

Table 24 Consultancies: number, value and total expenditure, 2003–04 to 2005–06

	2003–04	2004–05	2005–06
No. of consultancies with a value greater than \$10,000 let during the year	181	278	230
Total value of consultancies with a value greater than \$10,000 let during the year	\$12,320,774	\$18,779,225	\$16,661,001
Expenditure on all consultancies during the year	\$16,941,679	\$21,388,165	\$16,198,777

Table 25 Consultancies: reasons for use, 2005–06

Reason	No. of consultancies
Skills currently unavailable within the agency	10
Need for specialised or professional skills	187
Need for independent research or assessment	33
Total	230

Exempt consultancy contracts

No consultancy let during 2005–06 was exempted by the Secretary from being published on the basis that publication would disclose exempt matters under the *Freedom of Information Act 1982*.

Legal consultancy contracts

During 2005–06, the Department signed panel contracts for legal services with Minter Ellison, the Australian Government Solicitor and Blake Dawson Waldron. Although these contracts may include a variety of consultancy engagements, they are subsets of an overarching contract, and have not been separately identified or included in the numbers reported.

Competitive tendering and contracting

During 2005–06, the Department continued its policy of going to market for some services to achieve savings while maintaining accountability. Where we decided to buy services, we used competitive tendering and contracting processes.

A number of contracts came to the end of their terms during the year.

Information technology services

Our information technology services were outsourced to Ipex ITG Pty Ltd as part of the Group 8 initiative in 2000. The initial five-year term was extended during 2005 for a further four years, and is now due to expire in 2009. In February 2004, Ipex was acquired by Volante Group Limited, and in June 2006 Volante Group Limited became a fully owned subsidiary of the Commander group of companies. There have been no changes in the outsourcing arrangement, other than in the ownership of the provider.

In February 2006, in conjunction with a number of other Australian Government agencies through a tender released by the Civil Aviation Safety Authority, we approached the market for a range of telecommunications services, including voice, data network and secure gateway services. We and the other agencies are now evaluating the tender responses.

Property services

Jones Lang LaSalle (New South Wales) provided property services to the Department until 28 February 2006. The contract was awarded to United Group Services from 1 March 2006, through an open tender process. The initial term of the contract is four years, with a two-year extension option.

Legal services

Our legal services are provided through an outsourced Corporate Legal Unit contract and a supplementary panel of legal service providers under a deed of standing offer.

Minter Ellison Lawyers provided the Corporate Legal Unit services under the contract until 18 December 2005. Blake Dawson Waldron was awarded the contract from 19 December 2005, through an open tender process, for three years with a two-year extension option.

Until 18 December 2005, the supplementary panel of legal service providers comprised the Australian Government Solicitor, Minter Ellison and Blake Dawson Waldron. From 19 December 2005, as a result of an open tender, the supplementary panel comprised the Australian Government Solicitor, Minter Ellison and Sparke Helmore for three years, with a two-year extension option.

Human resource services

The United Group (formerly United KFPW HR Services) provided human resource services under contract until the expiry of the contract on 15 December 2005, after which the services were brought in-house. We took this decision after market testing during 2004–05.

Internal audit services

Until December 2005, internal audit services were provided through a co-sourced arrangement between the Department and a panel of service providers. The primary service provider was Ernst & Young, and the other panel members were Deloitte Touche Tohmatsu and Acumen Alliance. After we put the services to tender during 2005, we appointed Ernst & Young in January 2006 for a three-year term, with an option to extend for a further four years.

Travel services

The Department's travel contract with Qantas Business Travel expired on 30 April 2006. We selected Carlson Wagonlit Travel through an open tender process to provide travel services from 1 May 2006 for an initial term of three years, with two further one-year extension options.

Access by the Auditor-General

All contracts valued at \$100,000 or more (inclusive of GST) let during 2005–06 provided for the Auditor-General to have access to the contractor's premises.

Purchaser–provider arrangements

Purchaser–provider arrangements exist where one Australian Government agency buys services from or sells services to another. The arrangements describe the roles and responsibilities of each partner, and can take the form of a service level agreement, a memorandum of understanding (MoU) or a contract for services. The aim is to improve programme efficiency, effectiveness and accountability by avoiding duplication and using the agencies' complementary strengths.

The following purchaser–provider arrangements involving the Department were in effect during 2005–06.

Department of the Environment and Heritage

Administration of the National Action Plan for Salinity and Water Quality

The Department has a cross-portfolio arrangement with the Department of the Environment and Heritage for the administration of the National Action Plan for Salinity and Water Quality (the National Action Plan). The two responsible ministers jointly determine policy and major funding allocations within the plan, and these are implemented by a cross-portfolio unit, the Australian Government Natural Resource Management (NRM) Team.

The Department is responsible for financial management of the National Action Plan, and is jointly responsible for other aspects of administration. In 2005–06, we transferred \$1.048 million to the Department of the Environment and Heritage to offset administrative expenses.

Performance is measured by:

- the number of investment strategies that are prepared, evaluated and for which funding is agreed and specified in financial agreements
- whether specific arrangements are in place and are being implemented for the non-regional elements of the National Action Plan
- whether the non-regional activities meet the priority needs defined in strategic arrangements
- whether investment strategies reflect agreed priorities and delivery arrangements for the plan
- whether a monitoring and evaluation strategy is in place for NAP delivery in each state or territory
- whether the administration of the plan is consistent with comparable grants and natural resource management programmes.

In 2005–06, performance for all measures was satisfactory. For a full report on activities under the National Action Plan, see Output 1.

Administration of the Natural Heritage Trust

The Department has a cross-portfolio arrangement with the Department of the Environment and Heritage for the administration of the Natural Heritage Trust.

The Natural Heritage Ministerial Board, consisting of the two responsible ministers, is responsible for Trust administration, which is carried out by the Australian Government NRM Team. The Department of the Environment and Heritage is responsible for financial management. In 2005–06, that department transferred \$7.57 million to us for administrative costs.

Performance is measured by:

- the number of investment strategies that are prepared and evaluated, and for which funding is agreed and specified in Financial Agreements
- the number of individuals and community groups supported through Australian Government Envirofund Grants
- the number of on-ground actions supported by the Trust
- whether Integrated NRM Regional Plans meet agreed accreditation criteria
- whether the administration of the Trust is consistent with comparable grants and natural resource management programmes.

In 2005–06, performance for all measures was satisfactory.

Section 43 of the *Natural Heritage Trust of Australia Act 1997* requires the Minister for the Environment and Heritage to prepare an annual report on the Trust's activities. The regional component of the Trust is delivered jointly with the National Action Plan. Accordingly, there are references to Trust activity in this annual report and in the annual report of the Department of the Environment and Heritage. The full report on the Trust's performance is in the Trust's annual report.



Centrelink

Payments under various programmes

The Department has a purchaser–provider arrangement with Centrelink, under which Centrelink delivers payments under drought-related programmes (such as Exceptional Circumstances payments), Farm Help, the Citrus Canker Assistance Package and the Sugar Industry Reform Programme 2004. Centrelink is a statutory authority responsible to the Hon. Joe Hockey MP, Minister for Human Services, who has responsibility for Centrelink’s day-to-day operations.

Our Rural Policy and Innovation Division manages the drought-related and Farm Help programmes, and the Food and Agriculture Division manages the Citrus Canker Assistance Package and the Sugar Industry Reform Programme.

A business partnership agreement between Centrelink and us outlines the services to be delivered. In 2005–06, we purchased Centrelink services for about \$16.485 million, made up of the following amounts:

- drought-related programmes—\$10.846 million
- Farm Help—\$4.501 million
- Sugar Industry Reform Programme 2004—\$1.086 million
- Citrus Canker Assistance Package—\$0.052 million.

Table 26 shows performance during the year under these arrangements for drought-related programmes and Farm Help, which have specific performance measures. Payments under the sugar industry and citrus canker schemes were made to all those deemed eligible.

Table 26 Performance: drought relief and Farm Help, 2005–06

Key performance indicators	Target	Source	Result
Exceptional Circumstances Relief Payments			
Determine the initial eligibility of the customer. Centrelink's standard is that 80% of determinations of successful applications will be made within 42 days from the lodgment of the initial claim.	80%	Centrelink monthly management information report	Generally around 90–91%
Payments are made to those who are eligible for assistance. The amount paid equals the amount to which an individual or family is entitled to and payment errors are rectified once they have been identified.		Assurance Statement provided by Centrelink to the Department	Negotiations with Centrelink are in progress to specify an appropriate mechanism to measure performance.
Based on the information provided, the eligibility of an applicant is correctly assessed.	95%		
The amount paid to a recipient is correct.	95%		
Payments are corrected once an error has been identified.	100%		
Farm Help			
<i>Income Support is provided to low income families in financial need</i>			
Determine the initial eligibility of the customer. Centrelink's standard is that 80% of determinations of successful applications will be made within 42 days from the lodgment of the initial claim.	80%	Centrelink Monthly Management Information Report	Generally around 86–87%. Some months fell below, and this was followed up by the programme manager. Average for the year has always been over 80%
Payments are made to those who are eligible for assistance. The amount paid equals the amount to which an individual or family is entitled to and payment errors are rectified once they have been identified.		Assurance statement provided by Centrelink to the Department	Negotiations with Centrelink are in progress to specify an appropriate mechanism to measure performance.
Based on the information provided, the eligibility of an applicant is correctly assessed.	95%		
The amount paid to a recipient is correct.	95%		
Payments are corrected once an error has been identified.	100%		
<i>Customers are provided with an effective decision support system for adjustment and/or exit</i>			
Make re-establishment grant payments in a timely fashion. Centrelink's standard is that 80% of payments to eligible customers (excluding review and appeal cases and applicants seeking ministerial discretion) will be made within 13 weeks from the lodgment of the second claim (re-establishment claim).	80%	Centrelink Monthly Management Information Report	On average meeting target. Months below target are more frequent than income support; however this is due to low numbers of clients and factors outside Centrelink's control
Professional advice is received by a minimum of 90% of those who commence on the income support (hardship customers).	90%	Assurance statement from Centrelink	Assurance statement has not yet been provided.

Key performance indicators	Target	Source	Result
All Farm Help recipients develop a Pathways Plan (hardship customers may cancel off-farm help before developing a Pathways Plan).	100%	Assurance statement from Centrelink	Assurance statement has not yet been provided.
Recipients who participate in a professional advice session will consider that the session was of value in providing decision-making support.	90%	Department's exit surveys and longitudinal study	92% of recipients surveyed considered that the session was valuable or very valuable
Recipients who undertake training will consider that the session was of value in developing skills to improve their financial situation, identifying transferable market skills and assisting in re-establishment.	80%	Department's exit surveys and longitudinal study	81% of recipients surveyed who undertook training considered the session to be very valuable or valuable.
Recipients who consider professional advice and training make a significant contribution to re-establishment or adjustment.	80%	Department's exit surveys and longitudinal study	82% of recipients surveyed considered professional advice and training to make a significant contribution to re-establishment or adjustment.
Recipients who believe they are better off at the end of Farm Help than before starting the programme in terms of financial self-reliance/security.	90%	Department's exit surveys and longitudinal study	82% of recipients surveyed believed they were better off at the end of Farm Help than before.
Recipients who have undertaken a quarterly review with the FHCO since commencing on the programme.	100%	Assurance statement from Centrelink	Assurance statement has not yet been provided.
<i>The programme is successful in supporting industry adjustment</i>			
Programme recipients undertake some form of adjustment in their current business operation (broken down into farmers who restructure their farm enterprise, farmers who increase their reliance on off-farm income, farmers who exit, and farmers who exit and make a successful transition to another form of employment).	75%	Department's exit surveys and longitudinal study	81% of programme recipients undertook some form of adjustment.
Farmers act in accordance with their Pathways Plan (that is, meet adjustment outcomes through professional advice and training).	100%	Department's exit surveys and longitudinal study	100% of farmers surveyed who compulsorily completed a pathways plan acted in accordance with it.

Department of Industry, Tourism and Resources

Economic research, forecasts, statistical services and briefings

The Department provides economic research, forecasts, statistical services and briefings to the Department of Industry, Tourism and Resources (DITR). This work relates to minerals, energy and climate change.

Funds are appropriated to DITR, which pays ABARE according to a schedule in the ABARE–DITR Research Agreement. The agreement defines the services, outlines costs, and includes a protocol for quarterly progress monitoring. Performance outcomes are detailed against each project in the agreement.

In 2005–06, performance for all measures was satisfactory. A number of major research projects were successfully completed.

National Biotechnology Strategy

The Department is one of five Australian Government departments that are partners in Biotechnology Australia, which manages the National Biotechnology Strategy. In August 2004, the government approved funding for continued activities under the strategy for four years.

The funds included specific funding for the Department, provided through DITR under an MoU between DITR, Biotechnology Australia, and us. Our task is to design and implement studies and activities in agricultural biotechnology where information gaps exist, focusing on supply-chain management, marketing and emerging issues. In 2005–06, we received \$1,165,200 through this arrangement.

The key performance indicators for 2005–06 were:

- for the Department
 - address information gaps in agricultural biotechnology, with particular focus on supply-chain management, marketing and emerging issues, and development of initiatives that focus on these gaps
 - assess stakeholders' needs and information requirements to enable them to make more informed decisions about agricultural biotechnology
 - monitor financial performance
- for Biotechnology Australia
 - provision of funding consistent with the terms and conditions of the MoU and as specified in schedules 1 and 2 of the MoU
- for Biotechnology Australia and the Department
 - informal meetings held quarterly to discuss progress on initiatives and financial management, and the Department's performance against the key performance indicators
 - meetings, at least annually, to discuss strategic focus for research priorities.

We reported quarterly against these key performance indicators to the satisfaction of Biotechnology Australia.

Australian Agency for International Development (AusAid)

Management of Sanitary and Phytosanitary Capacity Building Programme

The Department has a strategic partnership agreement with the Australian Agency for International Development (AusAID). The agreement aims to strengthen cooperation between us in a whole-of-government approach to development work in the Asia-Pacific region.

Records of understanding under the agreement detail activities funded through Australia's aid programme, along with accountability requirements. Two separate records of understanding cover AusAID's Sanitary and Phytosanitary Capacity Building Programme (SPSCBP) and the Emerging and Re-emerging Zoonotic Disease Regional Initiative Programme (ERZDRIP).

The department is funded to manage the SPSCBP and the ERZDRIP to deliver outputs set out in the two programmes' design documents. Performance indicators for these arrangements are listed against each of the services in the records of understanding, as are all resource implications. Our management of these programmes is fully costed, including salaries, salary on-costs, travel and other overheads.

In 2005–06, all agreed activities were implemented. For the SPSCBP, AusAID accepted two formal reports and noted that progress on the original programme objectives and 2005–06 operational plan is satisfactory. Agreed ERZDRIP activities have taken place, and AusAID has accepted progress reports. AusAID has strategically reviewed ERZDRIP in the light of animal disease developments in the region, and the programme design document is being changed for the delivery of activities in 2006–07.

National Measurement Institute

Analytical testing services

The National Residue Survey engages the National Measurement Institute (NMI) by competitive tender to provide analytical testing services. This is a fee-for-service arrangement. The services vary according to the individual contract for each programme for which the institute is the successful tenderer. The contracts cover all accountability and resourcing aspects.

In 2005–06, the agreed activities were performed in accordance with contractual arrangements. The NMI was successful in the latest round of competitive tendering for analytical testing services, and will be providing these services for a number of our programmes over the next two financial years.

Analysis of imported food

Under the *Imported Food Control Act 1992*, AQIS's Imported Food Programme appoints laboratories and analysts able to carry out particular tests on imported food. Importers can choose from among those appointed by AQIS for the analysis of food samples taken during the inspection of imported food products. The NMI is one of the analysts appointed under the Act. The client, who pays for the analysis, is usually the importer. However, goods for which a government-to-government arrangement has been negotiated and which are imported under a Foreign Certification Arrangement are audited at a rate of 5%. In those cases, AQIS pays for the cost of the analysis and may elect to use the NMI's services. In 2005–06, AQIS paid the NMI approximately \$100,000 for such services.

The NMI undertook analysis of imported horticultural products on behalf of AQIS as part of the imported horticultural products survey, conducted from August to December 2005. For this service, AQIS paid the NMI approximately \$26,000.

Australian Federal Police

Quarantine services on Cocos Island

AQIS makes payments to the Australian Federal Police for quarantine services provided by Australian Federal Police staff on Cocos (Keeling) Islands. The total amount paid in 2005–06 was \$80,000.



Geoff Lui on Horn Island in Torres examining a fruit fly trap

