



Report on Operations

National Residue Survey 2004–2005

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The National Residue Survey facilitates export and domestic market access for participating industries by:

- providing residue testing services that are technically sound, risk-based and structured to meet market requirements within the specified budget
- providing scientific advice on residues and the management of residue-related issues.

Whole of NRS

The following outcomes, outputs, performance indicators and achievements are applicable to all NRS projects.

Outcomes

The outcomes of NRS projects are:

- support for access to international markets and for domestic marketing of Australian produce based on compliance with residue and contaminant standards
- reduced risk of non-compliance with residue standards as a result of compliance testing, targeted monitoring and residue prevention projects.

Outputs

NRS provides seven outputs to stakeholders within the existing policy, legislative and administrative framework:

- compiled data residue levels of agricultural and veterinary chemicals and environmental contaminants in agricultural and fish products of participating industries
- residue results that underpin market access and industry quality assurance programs
- compliance testing and targeted monitoring data that support the management of identified residue or contaminant issues for the participating industries
- technical and scientific advice to industry and government on residue and related issues
- reports to Parliament, industry and other stakeholders on the financial management, activities and results of the projects
- policy advice and administrative support to Ministers and government
- advice to relevant state/territory authorities concerning traceback activities and corrective measures for non-compliance.

Performance indicators and achievements

Performance indicators for components of the projects are presented in detail under individual projects.

Performance indicator one: *Acceptance by industry that NRS projects meet industry's market access and quality assurance requirements.*

Residue monitoring projects designed by NRS in consultation with industry take into account:

- industry and importing countries' testing requirements
- international trends in monitoring and food standards (e.g. growing concerns about persistent halogenated chemicals as environmental contaminants)
- sample numbers
- sampling methods
- analytical developments such as new methods of analysis or availability of new multi-residue methods
- availability of funds.

Review of residue monitoring projects for 2004–2006

In this review, each commodity's peak body or representative was consulted by NRS regarding the format, financial and operational requirements of the project. The review covered the residue monitoring plan 2004–2005; the analyte list for 2004–2006, and the level of industry reserves held in the NRS Account (hence ability to pay for desired residue monitoring projects). This information was used in preparatory work for development of the Eighth Term Request for Tender for contracting laboratories to undertake analysis of NRS residue monitoring samples in 2006–2008. The Seventh Term contracts commenced on 1 July 2004 and run for two years to 30 June 2006. Preliminary work has started on developing the Eighth Term contracts that begin on 1 July 2006. NRS has completed consultation with all stakeholders on a range of analyte changes in order to adhere to the NRS new project cycle and streamline the laboratory procurement process.

Residue monitoring plans for 2005–2006

Each commodity's peak body or representative was consulted by NRS regarding residue monitoring plans for 2005–2006. The consultation included discussion of the residue monitoring plan, the analyte list for 2005–2006 and the level of industry reserves held in the NRS Account. A proposal has been submitted to the European Commission (EC) through AQIS for modifications to the Australian meat residue testing program in 2006–2007 for European Union (EU) market access.

Performance indicator two: *Acceptance by the Australian, state and territory governments that results meet regulatory certification and standard setting.*

In 2004–2005, NRS results were used by:

- the Australian Quarantine and Inspection Service (AQIS) for export certification
- state and territory government authorities to oversight meat production for domestic consumption; SAFEMEAT² to monitor residue threats to the red meat industry
- Food Standards Australia New Zealand (FSANZ) in considering changes to the Australia New Zealand Food Standards Code (ANZFSC)
- the Australian Pesticides & Veterinary Medicines Authority (APVMA) in its review of particular registered chemicals
- Ministers and Australian state and territory government authorities involved in residue management issues.

Performance indicator three: *Acceptance by trading partners that NRS random monitoring projects meet their market access requirements.*

Residue monitoring plans 2005–2006 and results reports 2003–2004

Plans and results reports entitled *Monitoring of Chemical Residues in Farmed Animals, Farmed Game and Wild Game* were prepared by NRS and submitted to relevant authorities in the EU and the United States of America (US). Plans are cleared through SAFEMEAT. In addition to the EU and US, copies of plans are sent to authorities in Canada, Mexico, Switzerland, China and Russia through the relevant Australian overseas diplomatic posts.

The plan *Monitoring of Chemical Residues in Honey 2005–2006* and the results report for 2003–2004 were prepared by AQIS and submitted to the EU. NRS was responsible only for the operational part of this project.

International reviews of Australia's residue control systems

NRS provided presentations to visitors from the US, China, the EU, Korea and Malaysia.

On 23 December 2003 the Japanese Ministry of Health Labour and Welfare (MHLW) lifted the import inspection order that had previously applied to all consignments of Australian blueberries to Japan. In 2004–2005, a major producer of Australian blueberries requested

² SAFEMEAT is a partnership between the Australian meat and livestock industry and the Australian, state and territory governments.

the establishment of a random residue testing project to cover blueberries marketed by them. The Japanese MHLW has not raised further concerns since the December 2003 decision.

Performance indicator four: *Provision of timely and high quality technical and policy advice to support Ministers, industry and government.*

Technical and policy advice

NRS provided advice to the Minister and Parliamentary Secretary on:

- the business of government including tabling of National Residue Survey Annual Report 2003–2004; approval of National Residue Survey Operational and Expenditure Plan 2005–2006 (Plan); establishment, composition and activities of the Panel; and adjustment of levy rates
- expected changes in targeted testing practices on behalf of the Australian beef industry
- industry participation in NRS residue monitoring projects following the introduction of the new NRS cost allocation model from 1 July 2004.

Reports to Australian Government

NRS provided advice to various Divisions within the Department on a number of trade-related concerns for barley, wheat, blueberries, celeriac, pome fruit and stone fruit market access to Japan, China, Taiwan, Thailand and Korea.

NRS Advisory Panel

The Panel was established as an outcome of a Departmental review of NRS in 2002, to provide a forum for industry and state or territory government input and feedback. The Parliamentary Secretary approved the Panel membership. The Panel met by teleconference in May 2005. The meeting provided an opportunity to update Panel members on activities in NRS, and canvassed potential residue-related risks that might impinge on NRS operations.

International Food Standards

International Food Standards for 39 overseas countries are published on the NRS website at <www.daff.gov.au/nrs>. The page is updated regularly.

Review and advice provided to the Australian Pesticides & Veterinary Medicines Authority

NRS reviewed methodology and provided advice to APVMA on methods for the establishment of export slaughter intervals. NRS also discussed analytical methods and a number of other issues associated with residue analysis and reporting, and disclosure of methods with APVMA.

Methoprene in grain

NRS provided data on methoprene residues in grain from 1994–2003 (with the permission of the industry) to Dow AgriScience, to assist in discussions on the use of methoprene during the Codex Committee on Pesticide Residues/Joint Meetings on Pesticide Residues in October 2004 and April 2005.

Food Standards Australia New Zealand food surveillance network

NRS regularly participates and provides input to the network.

Codex Committees

NRS gave input to the Australian position on agenda items affecting the interests of Australia and industry to three Codex activities: the Codex Committee on Residues of Veterinary Drugs in Foods, the Codex Committee on Pesticide Residues and the Codex Meeting on Methods of Sampling and Analysis (see p. 48 for details).

Dioxin receptor chemical-activated luciferase gene expression (DR CALUX) project

NRS generated screening and instrumental confirmatory data as part of the DR CALUX dioxin project. Data were provided to Biodetection Systems in Holland and the Australian National Measurement Institute to seek their input into interpretation of results. The project sought to assess the appropriateness of DR CALUX as a screening technique for dioxin testing.

Dioxin testing of Australian farmed bluefin tuna

In July 2004, dioxin testing was completed on samples of Australian farmed southern bluefin tuna as part of the *National Dioxins Program* managed through the Department of the Environment and Heritage. NRS helped coordinate the data collection for that project. The tuna component was a follow-up to the other agricultural commodities that were analysed in 2002–2003 as part of the Program. Results from the dioxin testing in tuna compared favourably with international data reported from other countries and the levels found were well below the standards promulgated by the EU.

Pilot surveillance program for antimicrobial resistance in bacteria of animal origin

NRS provided administrative support for the *Pilot Surveillance Program for Antimicrobial Resistance in Bacteria of Animal Origin* coordinated by the Department's Product Integrity, Plant and Animal Health Division. The antimicrobial susceptibility testing data collection was completed and data stored in the NRS database for subsequent analysis. The data from this project will help to establish baselines that will assist the consideration and planning of future surveillance work on antimicrobial resistance in food-producing animals.

Flame retardants

NRS provided input into the Department of the Environment and Heritage interdepartmental working group on flame retardant residues.

Performance indicator five: *Management of the projects in accordance with the Department's corporate governance framework.*

National Residue Survey Annual Report 2003–2004

The 2003–2004 report was tabled in Parliament on 6 October 2004. NRS again incorporated reports on operations, financial statements and results in a single document, after favourable feedback from clients in the previous year. This approach will be continued in future.

National Residue Survey Operational and Expenditure Plan 2005–2006

NRS consulted industry to define residue monitoring projects to fulfil market access requirements within the specified budgets, using the new NRS cost allocation model. The Plan was submitted to the Parliamentary Secretary, who approved it on 19 June 2004. Highlights included plans for random residue monitoring projects for animal and plant products, with the highest numbers of samples to be collected from cattle, pigs, sheep and grain. The overall number of participating industries is set to increase due to the expected introduction of additional grain, pulse and oilseeds in the plant products residue monitoring projects. Also, some of the industries with smaller projects in previous years (e.g. pecans and aquaculture) have decided to suspend or cease their participation, and are excluded from the Plan.

During 2005, the procurement process has commenced for the Eighth Term Chemical Analytical Testing Contracts that will run from 1 July 2006 to 30 June 2008. AWI Limited has contracted NRS to undertake proficiency testing of a series of international wool testing laboratories. Proficiency testing services provided by NRS to the dairy industry's Australian Milk Residue Analysis (AMRA) survey will continue this year. NRS is in the process of becoming accredited by the National Association of Testing Authorities (NATA) as a proficiency testing scheme provider.

Improvement in governance and business practices

The service charter, project planning schedule, guidelines for access to industry reserves in the NRS Account and management of ad hoc projects developed and approved during the first half of 2004 were put into action as standard operational practices during 2004–2005. Reviews will continue on these documents and changes will be made as appropriate to maximise the operational efficiency of NRS.

Improved governance and administrative framework

Improved practices for governance and business were endorsed by the NRS Advisory Panel on 28 June 2004. In July 2004, NRS sought and gained approval from the Parliamentary Secretary to adopt them as standard operational practice. Further changes in the NRS business structure and operations will be made to ensure NRS is best able to meet the needs of its stakeholder groups.

Performance indicator six: *Efficient and cost-effective delivery of the services to industry, within the policy, legislative and administrative framework of the Australian Government.*

Adoption and refinement of NRS costing model

During the 2004–2005 financial year, the new costing model was brought into operation. Allocation of costs is now primarily based on NRS resource usage, rather than based pro rata on numbers of samples, as it was in the previous system. Refinement of the model is continuing, and as a result, there has been some redistribution of costs between projects. Further refinement of the model is expected in order to achieve the intended objectives of an equitable distribution of NRS overhead costs to projects, based on the resources required to deliver each project.

NRS services

NRS core work involves testing for agricultural and veterinary chemical residues and environmental contaminants in animal and plant products. Product testing is undertaken through either random or specifically designed sampling protocols. Other projects within NRS, such as laboratory evaluation and business activities, support the core work of residue testing. In 2004–2005 there were seven projects:

- Animal product random monitoring
- Plant product random monitoring
- Targeted monitoring, compliance and residue prevention
- Laboratory performance evaluation and proficiency testing
- Externally-funded laboratory performance evaluations
- Business support
- Community service obligations.

Reports on the operations of each project are on the following pages, while the results of random monitoring projects for animal and plant products are presented in the results report that commences on page 51 of this publication.

Inputs and allocation of costs

All costs incurred by NRS, except those associated with community service obligations, are recovered through industry-based levies or direct payments by industry.

Costs associated with laboratory performance and business support projects form part of the indirect costs of other projects and appropriate proportions are included in the costs of those projects.

Targeted monitoring, compliance and residue testing, and externally funded laboratory evaluations operate as independent projects and are funded under contractual arrangements with relevant industries. The costs of these projects include an appropriate share of the costs of the laboratory performance and business support projects.

Indirect costs are allocated to projects on a percentage attribution basis. The relative proportion of samples collected in each of the sampling projects determines this percentage.

The new NRS cost attribution model based on resource use rather than sample numbers commenced on 1 July 2004.

Animal product random monitoring

Description

The animal product random monitoring project fulfils the requirements of:

- AQIS for export certification for market access
- trading partners
- state and territory government regulatory authorities in the licensing of domestic meat processing facilities³
- industry in supporting quality assurance initiatives.

Cattle, sheep and pig were the main animal product commodities monitored for residues. Other commodities were buffalo, camel, deer, game pig, goat, horse, kangaroo, ratite (emu and ostrich), poultry, honey, egg and fish (wildcaught).

³ Australian domestic meat processing facilities are required to comply with the appropriate Australian Standard: AS 4696-2002 Australian Standard for Hygienic Production and Transport of Meat Products for Human Consumption; AS 4465-2001/Amdt 1-2003 Australian Standard for the Construction of Premises and Hygienic Production of Poultry Meat for Human Consumption; AS 5010-2001 Australian Standard for the Hygienic Production of Ratite (Emu/Ostrich) Meat for Human Consumption; A 4464-1998 Australian Standard for the Hygienic Production of Game Meat.

A risk-based random monitoring project for nine species of wild-caught fish was endorsed during 2003–2004 by the Australian Seafood Industry Council and the AQIS Seafood Exporters Consultative Committee. During 2004–2005, eight species were sampled. No aquaculture random monitoring projects were carried out this year.

Outputs

Outputs of the animal product random monitoring program are:

- provision to stakeholders of independent, authoritative and technically sound residue data reports and advice on Australian livestock, game, fishery and animal products.
- provision of residue monitoring data to meet specific market access support requirements of participating industries and relevant industry client groups.

Performance indicators and achievements

Performance indicator one: *Acceptance by participating industries, AQIS and trading partners that each project is structured to meet its market access and assurance objectives within the specified budget.*

NRS used the market risk assessment framework relating to chemical residues along with the available budget to review and design a residue monitoring project for each animal product in consultation with each product's peak industry body. All projects met domestic market assurance or export market access requirements (as applicable) of each participating industry and/or AQIS certification requirements for product residue status. Trading partners, through receipt and acceptance of residue monitoring plans, accepted NRS residue monitoring projects (see **Performance indicator three** for details of plans).

The fish product project focused on supporting AQIS certification of the residue status of product bound for export. Representative fish species are sampled on a rotational basis (i.e. different species are selected for sampling each year) to fulfill market or trade requirements. This project met all marketing requirements.

Performance indicator two: *Delivery of projects in accordance with agreements between NRS and participating industries, including annually reviewed agreements with respect to:*

- *random monitoring sampling rates*
- *turnaround time from sampling to presentation of test results*
- *reporting contraventions to regulatory authorities.*

Residue monitoring project delivery to industry

Animal products residue monitoring projects were delivered according to mutual agreements between NRS and the industry. The industries were satisfied with the delivery of the projects in terms of sampling rates, results turnaround times and reporting of contraventions to state or territory government regulatory authorities.

Turnaround times

The times taken from sampling to presentation of test results were within agreed timeframes between NRS, samplers and analytical laboratories.

Reporting of contraventions

State or territory government regulatory authorities (as applicable) were notified in a timely and effective manner of any samples originating from within their jurisdiction that had residues greater than the Australian Standards.

Egg residue monitoring project

A small residue monitoring project (75 samples) commenced in July 2004. New quality and food safety programs have been developed by the egg industry to address business risks, and there is participation in residue monitoring due to increased interest in export markets.

Poultry residue monitoring project

The poultry industry agreed to a random residue testing project for selected antimicrobials and hormonal growth promotants.

Possum industry

No possum residue testing projects were undertaken in 2004–2005 because of a lack of overseas markets. Consignment testing was undertaken to assist one exporter with a trial shipment to an overseas customer.

Fish (wildcaught)

The increase in sampling rates instigated in 2003–2004 continued during 2004–2005. Samples were collected from finfish (blue grenadier, yellowfin tuna, alfonsino, swordfish), crustaceans (rock lobster, prawn) and molluscs (abalone and scallop).

Aquaculture industry

AQIS has made separate arrangements with the aquaculture industry for residue testing to meet EU market access requirements. NRS is not involved with these arrangements.

Performance indicator three: *Presentation of high quality and timely plans and reports on results to trading partners, industry and the Australian Government.*

Residue monitoring plans 2005–2006 and results reports 2003–2004

The meat residue monitoring plan for 2005–2006 and results report (compared with the residue plan for 2003–2004) were prepared by NRS. The residue plans for beef and sheepmeat were cleared through SAFEMEAT. NRS submitted copies of the plan and the results report to the EU and US, Canada, Mexico, Russia, Switzerland and China through the relevant overseas posts.

Equivalence between Australian and US residue plans

The Food Safety Inspection Service (FSIS) of the United States Department of Agriculture (USDA) continues to recognize Australia's residue testing program as equivalent to the US domestic residue testing program for market access purposes.

The European Union

Copies of the Annual Report 2003–2004 were presented to the EU, allowing the EC inspection authority to assess the Australian residue control system and sampling plan for equivalence.

Officials from the EC reviewed the Australian meat inspection system in 2005. Residue monitoring and controls were not a specific focus of the review, but technical issues raised by the review have been addressed. The EU continues to recognise the equivalency of the Australian residue monitoring program for access of Australian meat to the EU market.

A submission has been sent to the EC proposing changes to the residue plan for 2006–2008 for livestock products exported to the EU.

Acceptance of residue monitoring plans by AQIS and participating industries

NRS officers collaborated with AQIS and peak industry bodies in the design, conduct and review of the animal residue monitoring projects. A market risk assessment framework for inclusion or deletion of chemicals was endorsed by export advisory panels, SAFEMEAT (for red meat) and levy payers.

Industry receipt of plans and results reports

Commodity-specific residue monitoring results for 2003–2004 and the residue monitoring plan for 2005–2006 were presented to participating industries peak bodies at their annual general meetings, or as agreed. Quarterly financial reports were also presented to industry to improve stakeholder knowledge of their financial position.

Results of NRS animal product random residue monitoring projects for 2004–2005

Results from meat projects begin on page 61; results from the honey project are shown on page 95; egg results are on page 96–97, and results for fish projects begin on page 98.

Performance indicator four: *Interaction and communication with participating industries is effective.*

Presentations

NRS animal project officers attended and presented papers at conferences, peak industry and producer meetings throughout the year. These activities enabled face-to-face interaction with industry personnel, and facilitated discussions on the importance of NRS residue monitoring projects to industry and producers. Results of residue monitoring were also presented, and consultation undertaken regarding the design of residue monitoring projects. Key examples are presentations to peak bodies, and attendance at industry annual general meetings, and SAFEMEAT and Beef Industry Advisory Committee meetings.

Reports to fish industry representatives

NRS reported to the fish industry via the AQIS Seafood Export Consultative Committee and its Working Group. Industry-specific reports were prepared for the fish (wildcaught) random monitoring projects to coincide with industry representative body meetings.

Publications

The *National Residue Survey Annual Report 2003–2004*, containing results from 1 July 2003 to 30 June 2004, was delivered to industry by mailout and during presentations by NRS animal products staff.

Quarterly reporting of results to the beef, sheepmeat and pork industries continued in 2004–2005. Quarterly financial statements were also supplied to industry, to ensure that industry was regularly updated on the level of their reserves.

NRS officers wrote articles for industry yearbooks, such as Animal Health Australia's yearbook and the MIMS IVS Annual 2004 antibiotic residue minimisation pages.

Residue standards were displayed on the NRS website for importing countries for cattle, sheep and pigs at <www.daff.gov.au/nrs>. This information is for the guidance of NRS stakeholders only. NRS endeavours to keep this information as up-to-date as resources allow. Standards for importing countries for poultry, egg and fish products were regularly emailed to peak bodies. NRS cattle, pig, sheep and minor species residue monitoring results were published at quarterly intervals in the Animal Health Surveillance Quarterly published on the Animal Health Australia website at <www.animalhealthaustralia.com.au>.

Outlook

Pig residue monitoring project

NRS undertook work in response to an enquiry from a pork exporter about exporting to the EU. Some adjustment of the NRS residue testing project would be required to meet EU market access requirements.

Egg

The Australian Egg Corporation Limited has agreed to an expanded monitoring project (from 75 to 150 samples) for 2005–2006.

Poultry

The poultry industry has agreed to repeat the 2004–2005 project plan in 2005–2006.

Honey

The honey industry has agreed to run the 2004–2005 project plan again in 2005–2006. In addition, agreement has been reached with industry to use part of their reserves in the NRS Account for an Australian Honey Bee Industry Council sponsored project to investigate pyrrolizidine alkaloids in honey during 2005–2006.

Fish products (wildcaught)

NRS will continue residue monitoring for wildcaught species until 2007.

Aquaculture

AQIS currently coordinates testing for the aquaculture industry, to meet EU market access requirements, and it is anticipated that this will continue in 2005–2006.

Access to results

Meat and Livestock Australia Limited (MLA) and NRS are investigating the possibility that individual beef producers could be able to access their residue results through the National Livestock Identification System (NLIS) database managed by MLA.

Plant product random monitoring

Description

Residue monitoring was conducted in 2004–2005 for grains (wheat and its milled products, barley, oats, sorghum, lupins, field peas, canola and chickpeas), and the horticultural products apples and pears, onions, macadamia nuts and blueberries.

Participation by the grains and horticultural industries in the NRS random monitoring project is the result of marketing and trade-related decisions. Following the review of the grains project in 2003, and the decision to include further commodities, NRS began the implementation stage for the inclusion of faba bean, mung bean, lentils, cowpeas, navy beans, pigeon peas, vetch, sunflower, soybean, safflower, linseed, cereal rye and maize into the random monitoring project. A subproject for monitoring shipping containers and bag exports was also established.

Outputs

Outputs of the plant product random monitoring project are:

- provision of independent, authoritative and technically sound residue data reports and advice to stakeholders on Australian grain and horticultural products
- provision of residue monitoring data to meet specific market access support requirements of participating industries.

Performance indicators and achievements

Performance indicator one: *Acceptance by participating industries and trading partners that the survey design for each commodity is technically sound, is risk-based and is structured to meet its objectives within agreed budgets.*

Industry and trading partner acceptance of NRS monitoring projects

Residue monitoring projects for each grain and horticulture commodity were designed, operated and reviewed with the cooperation of and to the satisfaction of the peak industry bodies. Industry used the results of residue monitoring projects to underpin their marketing and market access strategies. For example, commodity-specific results reports prepared for the grain industry are used by grain marketers and handlers such as AWB Limited, ABB Grain Limited, CBH WA and GrainCorp to provide assurance to overseas customers that Australian grain is independently monitored for residues. Similarly, the onion and macadamia industries utilise their respective commodity residue monitoring data to demonstrate to overseas markets their ongoing high compliance with Australian Standards.

Chemical selection for the Seventh Term (2004–2006) laboratory contracts

Following extensive consultation with industry during 2003–2004, the relevant grain industry bodies agreed to the inclusion of several new chemicals to be analysed in grain samples.

New grain commodities and sample collection points

The report of the 2003 Grain Review was submitted to the Grains Council of Australia (GCA) in January 2004. In March 2004 the Grains Council Executive endorsed the recommendations of the review to include new commodities (faba bean, mung bean, lentils, cowpeas, navy beans, pigeon peas, vetch, sunflower, soybean, safflower, linseed, cereal rye and maize) as well as the current program participants (wheat, barley, oats, sorghum, lupins, field peas, chickpeas and canola) in the random monitoring program. NRS was given permission to undertake the work. Preparation of an industry submission has commenced, supporting the establishment of NRS levies to fund the inclusion of these further grain commodities into the existing NRS grains project. Also, a subproject commenced for random monitoring of grain shipping containers and bags for export. GCA indicated that the export container project should be funded from within the existing grains budget, while the funding for monitoring the new commodities would be through a 0.015% NRS levy on those commodities.

Horticulture project review

During 2004–2005, NRS reviewed the horticulture monitoring projects for apple and pear, onion, macadamia nut and blueberry. The review showed that sample numbers remained appropriate for forecast production levels and that sampling procedures required no revision. Industry participants remained satisfied with turnaround times for results and continued to find the overseas maximum residue limit (MRL) databases helpful for marketing purposes. Following consultation with industry representatives, minor adjustments were made to the pesticide screens to reflect changes in the registration of chemicals for use on particular crops, as well as chemicals with perceived market sensitivities.

Performance indicator two: *Delivery of projects in accordance with agreements between NRS and participating industries, including annually reviewed agreements with respect to:*

- *sampling rates*
- *turnaround time from sampling to presentation of test results*
- *reporting of contraventions to regulatory authorities.*

Updated sample collection and operational guidelines provided to industry

During 2004–2005, updated sample collection guidelines were provided to relevant export and domestic grain and flour mill establishments. Also, plant product residue monitoring industries received updated operational documentation concerning current sampling regimes and handling requirements for samples. Industries reported that the sample collection and operational guidelines were an accurate reflection of agreed residue testing project requirements for 2004–2005.

Agreements with industry

NRS complied with all agreements for projects on behalf of industry. For example, NRS commenced a round of visits to domestic grain establishments, similar to that undertaken for all grain export terminals, to ensure appropriately trained grain sampling staff understood agreed procedures and guidelines. The grain industry is fully supportive of such ongoing site visits that ensure the integrity of the grain residue testing project is maintained.

Sampling rates

Within the constraints of product availability and other key parameters including laboratory turnaround time, all agreed sampling rates were achieved. The sampling rates were comparable with previous years.

Reporting results to industry

Stakeholders received over 92% of export grain results and 94% of domestic grain results fortnightly, within agreed timeframes. The target was 90%. Where appropriate, results of horticulture testing were provided to individual producers and/or packing sheds to support industry quality assurance programs within agreed general turnaround times. One of the objectives of the ongoing visits to grain establishments is to examine adherence to sampling procedures and guidelines to ensure that the good record of reporting timeframes continues.

Reporting residue contraventions

Contraventions were reported to the relevant state or territory government regulatory authorities within agreed timeframes. State and territory government authorities signed memoranda of understanding (MOUs) for traceback of residue contraventions of Australian Standards. Through the State Residue Coordinator Forum convened by NRS, MOUs are reviewed on an ongoing basis, and coordinators have the opportunity to raise concerns for discussion in relation to traceback investigations.

Performance indicator three: *Presentation of high quality and timely plans and reports on results to trading partners, industry and Government.*

Grain and horticulture reports

NRS routinely prepared plans and reports for participating industries. Industry-specific reports on results were prepared for all grain and horticulture products, with their preparation timed to coincide with relevant industry annual general meetings and/or executive meetings. Grain and horticulture marketing bodies use NRS reports to demonstrate the residue integrity of their products.

Blueberry market access to Japan

Following the decision by the Japanese Ministry of Health Labour and Welfare to lift a consignment testing requirement for Australian blueberries to Japan, the blueberry producer involved approached NRS to establish a random residue testing project for blueberries produced at two sites. The project was designed to run throughout the blueberry harvest period from September 2004 to February 2005. Its main objective was to allow the blueberry producer to demonstrate to its overseas markets (including Japan) the ongoing high quality of its blueberries. The producer reported a high degree of satisfaction with the NRS project.

Reports to Australian Government

NRS provided advice to the Product and Safety Integrity Branch of the Department for briefings to executive and government on market access to Japan, China, Taiwan, Thailand and Korea in relation to a number of commodities including barley, wheat, blueberries, celeriac, pome fruit and stone fruit, and more general issues relating to changes in food standards laws and changes to maximum residue limits.

Results of NRS plant products residue monitoring projects 2004–2005

Results of the grain random residue monitoring projects can be found on pages 107–129 of this report for and results of the horticulture projects on pages 130–137.

Performance indicator four: *Interaction and communication with participating industries is effective.*

Industry consultation

Peak bodies of all participating grain and horticulture industries were extensively consulted to ensure that they remained informed of the operational, management and financial aspects of the residue monitoring projects. Each industry is routinely kept abreast of the progress of each project and advised of any difficulties as they arise.

Field tours of grain and shipping terminals

Following field tours of all 18 grain export terminals around Australia, NRS commenced a series of field tours to all domestic grain establishments including stockfeed manufacturers, feedlots, maltsters and flour mills. To date, all domestic establishments in Western Australia have been visited by NRS staff. The grain industry fully supports the purpose of these field tours.

Reviews

Following the 2003 comprehensive review of the grains program, NRS continued to review further elements of the program with a view to establishing program efficiencies which could allow re-allocation of funds to the export container project and to increase the number of analytes in the pesticide screen.

Presentations by NRS

The residue monitoring plan and to-date results of the 2004–2005 financial year were presented to industry to Apple and Pear Australia Limited (August 2004); the Apple and Pear Annual General Meeting and Conference (September 2004); at the Grains Council Executive Meeting (October 2004); the Onion Industry Annual General Meeting (October 2004); the Australian Macadamia Society Annual General Meeting (October 2004); Grains Week 2005 (April 2005); and the National Working Party on Grain Protection (June 2005). Further presentations on the work and role of NRS were made to Apple and Pear Australia Limited in August 2004 and to the Grains Council Executive in March 2005.

Awareness-raising articles

NRS submitted articles to *Onions Australia* (Volume 21 2005) and the *Tree Fruit Journal* (June 2005) on NRS projects.

Food standards for key markets

Web links for the food standards databases of 39 countries and the food standards for some key international markets for macadamia nuts, onion and pome fruit (apple and pear) are published on the NRS website at <www.daff.gov.au/nrs>.

Outlook

Grains

In 2004–2005, NRS implemented the recommendations of the 2003 Grains Review to include monitoring of the new grains commodities and the export bagged and containerised grains. It was agreed that the new grains participation can be funded through the establishment of NRS levies for the range of new grain commodities to be included in the NRS grains program. The export container/bag project is being funded from existing resources.

Targeted monitoring, compliance testing and residue prevention projects

Description

Targeted monitoring, compliance testing, and residue prevention projects are designed to meet particular management objectives relating to chemical residues in Australian products that pose a high or a potential risk to access for export and domestic markets.

Outputs

Reports and advice on results were distributed to stakeholders on a regular basis.

Performance indicators and achievements

Performance indicator one: *Delivery of projects in accordance with agreements between NRS and participating industries, in consultation with AQIS/regulatory authorities including annually reviewed agreements, with respect to:*

- *project design*
- *turnaround time from sampling to presentation of test results*
- *reporting of contraventions to regulatory authorities.*

Sampling design and turnaround times (if applicable)

Outcomes were achieved consistent with the plan for each project.

Reporting of residue levels exceeding Australian Standards

Contraventions were reported to NRS by contracted laboratories within agreed timeframes. NRS sent the details to state or territory government regulatory authorities (as applicable) and to industry for traceback. Results of the traceback and actions taken to prevent future residue incidents were reported back to NRS by the government regulatory authorities (if applicable).

Performance indicator two: *Presentation of high quality and timely plans and reports on results to industry and government, and where relevant, trading partners; and* **Performance indicator three:** *Interaction and communication with industry and government participants is direct and effective.*

Planning, reporting, interaction and communication activities included the following projects.

National Organochlorine Residue Management project

The National Organochlorine Residue Management (NORM) project focuses on minimising the risks of organochlorine (OC) residues in beef. The beef industry and the state governments jointly fund NORM. Besides testing cattle from at-risk properties at abattoirs for OC residues (compliance testing), the project focuses on developing on-farm property management plans to minimise the risk of livestock grazing OC-contaminated land. NRS has responsibility for national coordination of the project and manages the financial disbursements to state and territory governments and laboratories.

The SAFEMEAT Targeted Testing Working Group (TTWG) (for which NRS provided secretariat and technical support) has been meeting regularly to formulate an operational overhaul of the NORM project. Industry and state and territory governments are represented on the committee. Changes to NORM have been implemented progressively from July 2004, with the new operational arrangements applying fully from 1 January 2006.

National Antibacterial Residue Minimisation project

The National Antibacterial Residue Minimisation (NARM) project focuses on the minimisation of antibacterial residues in cattle (including bobby calves) using advisory, analytical and regulatory techniques. The beef industry and Australian state, and territory governments are project partners. NRS has responsibility for national coordination of the project and management of financial disbursements to the state and territory governments. This project is currently under review by SAFEMEAT. The TTWG is considering changes to the operational arrangements for this project, with a view to improving its effectiveness and efficiency in the use of industry funds. Implementation of these changes is planned for 2006.

Targeted Antibacterial Residue Testing project

The Targeted Antibacterial Residue Testing (TART) project focuses on animals at abattoirs suspected by veterinary inspectors of having received recent antibacterial treatment. The project combines targeted testing, quality assurance, extension and regulation to minimise antibacterial residues in beef. NRS coordinates the project and manages the financial disbursements to state and territory governments and laboratories. Like the NARM project, this project is currently under review by SAFEMEAT, and operational changes are due to be implemented in 2006.

NRS is providing support to the SAFEMEAT TTWG in its review of the operational arrangements for the NARM and TART projects.

Endosulfan residues in beef

Endosulfan is an insecticide widely used on cotton and other field crops and orchards. It has the potential to contaminate cattle when they graze pasture or crops sprayed with endosulfan or are fed contaminated feedstuffs. Endosulfan use is related to pest outbreaks. The project has operated for a number of years, and is reviewed by SAFEMEAT each year. For the past three years, where residue risks have been low because of past actions to mitigate risk and because of seasonal circumstances, project activity has revolved around the monitoring of endosulfan use during the summer growing season for cotton and horticultural crops through a SAFEMEAT-convened working group. NRS chairs the working group, which reports regularly to SAFEMEAT between October and February, with decisions on any actions dependent on assessment of contemporary residue risks. NRS continues to have responsibility for national coordination of the project.

Hormonal Growth Promotant audit project

The EC prohibits the importation of animals treated with hormonal growth promotants (HGP) and their products. Australia has developed a HGP-free accreditation scheme that allows Australian cattle producers to supply the EC market. On-farm third-party (Ausmeat) audits are used to monitor compliance with accreditation requirements. NRS manages the testing of samples taken during these audits and disburses industry funds to Ausmeat, state and territory governments, AQIS and APVMA to pay for compliance audits performed on various aspects of the project.

Livestock Production Assurance scheme

Through the Sheepmeat Council of Australia, the sheepmeat industry funded its participation in the Livestock Production Assurance (LPA) scheme from its funds in the NRS Account. LPA for the sheepmeat industry underpins the sheep National Vendor Declaration (NVD) form by encouraging sheepmeat producers to maintain auditable records to support statements made in the NVD. The NVD helps the industry to manage a range of contaminant risks that can affect the industry, by improving information about risks along the sheepmeat supply chain. The costs to individual sheepmeat producers of participation in LPA were met from sheepmeat funds held in the NRS Account. In supporting the sheep NVD, LPA activities are directed at preventing contaminants in sheepmeat products that have the potential to cause loss of confidence by consumers in both domestic and overseas markets.

Printing National Vendor Declaration forms

There was carry-over expenditure for the printing of both cattle and sheep NVD forms from the preceding year. There was no activity in these projects during 2004–2005.

Salmonid residue testing project

NRS conducted a specific project for the Tasmanian Salmonid Growers Association to survey ten samples of salmon and five samples of sea trout for persistent organic pollutants, selected antimicrobials and environmental metals. All samples were free from antimicrobials, had no detectable levels of persistent organic pollutants, and levels of metals were below Australian Standards. These data should assist the salmonid industry to address consumer concerns or market access issues for their product should questions arise in the future.

Oyster residue testing project

The NSW Food Authority commissioned NRS to monitor 45 samples of oysters for persistent organic pollutants including polychlorinated biphenyls (PCBs) and environmental metals (arsenic, cadmium, copper, lead, mercury, selenium and zinc). All samples complied with Australian Standards.

Dioxin testing of Australian farmed bluefin tuna

In July 2004, dioxin testing was completed on Australian farmed southern bluefin tuna as part of the *National Dioxins Program* managed through the Department of the Environment and Heritage. NRS helped coordinate the data collection for the project. The tuna component was a follow-up to the agricultural commodities that were analysed in 2002–2003. The results of the testing in tuna compared favourably with international data reported from other countries and the levels found were well below the standards promulgated by the EU.

Pilot surveillance program for antimicrobial resistance in bacteria of animal origin

NRS provided administrative support for the *Pilot Surveillance Program for Antimicrobial Resistance in Bacteria of Animal Origin* coordinated by the Department's Product Integrity, Plant and Animal Health Division. The antimicrobial susceptibility testing data collection was completed and data stored in the NRS database for subsequent analysis. The data from this project will help to establish baselines that will assist the consideration and planning of future surveillance work on antimicrobial resistance in food-producing animals.

Contingency for emergency responses

Residue incidents, particularly those involving overseas markets, require decisive, effective and well-coordinated action on the part of industry and governments to minimise the immediate and longer-term economic impacts on the affected industry. Protecting market access and preserving the reputation of industry as providers of low residue status produce is the paramount objective of industry and governments. NRS is able to respond to contingencies, but only to the extent that there are sufficient funds in each industry's reserves in the NRS Account.

Outlook

National Organochlorine Residue Management project changes

SAFEMEAT is continuing the review of operational arrangements of the NORM project. T5/M tail tag testing ceased on 1 July 2004. Further changes to the NORM project are to be progressively introduced from 1 January 2006.

Cattle National Vendor Declarations

NRS will cease funding the production of cattle NVDs from 1 July 2005.

Laboratory performance evaluation and proficiency testing

Description

NRS procures analytical services by contracting public and private sector laboratories to analyse samples for chemical residues. Laboratories are selected by competitive tender based on suitable proficiency, accreditation to an international standard and offering best value for money.

The NRS Seventh Term contracts with participating analytical laboratories commenced on 1 July 2004, and continue for two years to 30 June 2006. Laboratory proficiency testing (PT) takes place according to the schedules outlined in the NRS Proficiency Tests Handbook (Eighth edition, September 2003) at seasonal intervals or eight-, six- or three-monthly periods.

In late 2003, NRS began establishing procedures and preparing documentation in order to gain National Association of Testing Authorities (NATA) accreditation as a proficiency test provider according to the criteria set out in the International Laboratory Accreditation Cooperation (ILAC) G:13 document *Guidelines for the Requirements for the Competence of Providers of Proficiency Testing Schemes*.

Accreditation is important to ensure that NRS PT is recognised within the laboratory community in terms of meeting internationally accepted standards in both technical competence and the ability to establish the proficiency of participating laboratories. Accreditation is also essential if NRS is to continue providing PT services to industries outside NRS, because fee-for-service clients will increasingly require that the PT provider be accredited to international standards.

The NRS system was assessed in April 2005 by NATA against the requirements of ILAC G:13 2000 and accreditation is expected for all programs involving the preparation of

samples spiked individually. Approval of programs involving the preparation of test samples from bulk materials has also been recommended pending the resolution of issues relating to establishing their homogeneity.

In order to maintain credibility and impartiality of the laboratory performance assessments, all samples required for PT were prepared by NRS staff utilising the laboratory facilities of the Therapeutic Goods Administration (TGA).

Advice was provided on all aspects of residue chemistry to other areas of the Department as well as to other Australian, state and territory government authorities.

Outputs

This project provides sustainable access to technically competent and cost-effective laboratories.

Performance indicators and achievements

Performance indicator one: *Confirmation of the scientific integrity of NRS analytical results by the conduct of performance testing to assess and monitor the proficiency of laboratories, thus ensuring the international acceptance of NRS data.*

Intra-laboratory check sample data

NRS contract laboratories are required to implement a comprehensive intra-laboratory check sample regime in addition to their normal laboratory quality assurance measures. All intra-laboratory sample data from contract laboratories were reviewed by NRS for the period 1 July 2004 to 1 January 2005. Intra-laboratory data relating to the period 1 January to 30 June 2005 will be reviewed during July 2005. Real time notification of intra-laboratory check sample performance continued during 2004–2005.

National Association of Testing Authorities accreditation of contract laboratories

All NRS-contracted laboratories must achieve and maintain NATA (or equivalent) accreditation and operate within a comprehensive quality assurance/quality control system.

Performance monitoring using proficiency testing

Contracted laboratories analysed a standard set of samples that were either residue-free or had been spiked with a known amount of residue or residues. All PT samples were prepared by NRS staff at the TGA laboratory facilities in Canberra. Laboratories were assessed on their ability to detect, identify and quantify any residues present in the samples and appropriately report these results.

Either the NRS or the NRS Laboratory Performance Evaluation (LPE) Committee assesses all proficiency test results. The LPE Committee is chaired by the manager of the NRS Residue Chemistry and Laboratory Performance Evaluation (RC-LPE) team and includes representatives from NATA, the National Analytical Reference Laboratory, the TGA and an independent chemical consultative organisation, with support from officers employed by the NRS.

During 2004–2005, PT was successfully used to ensure that the required standard of analytical performance expected of an NRS contract laboratory was maintained for all laboratories delivering analytical services to the NRS.

Performance indicator two: *Procurement of laboratory services that provide the best value for money and meet corporate governance requirements.*

NRS Seventh Term contracts

Tender applications for the NRS Seventh Term contracts closed on 21 April 2004. These contracts commenced on 1 July 2004, and run for two years to 30 June 2006.

Selection of laboratories for NRS contracted laboratories Seventh Term

Tendering laboratories undertook pre-tender proficiency testing rounds. RC-LPE evaluated all technical aspects of the tender applications and provided this information to the NRS tender panel. The panel met to select laboratories on the basis of technical competency and value for money, according to departmental procedures. Successful laboratories were notified and engaged under Seventh Term contracts that were drawn up to commence on 1 July 2004.

Contract laboratory visits

RC-LPE staff members visited all new Seventh Term contract laboratories in the first part of the new contract period to:

- outline NRS requirements for testing of NRS samples
- indicate how results should be reported
- answer any queries regarding the operational requirements of the contract.

Three additional contract laboratories were also visited during 2004–2005 to review their compliance with NRS contract laboratory requirements.

Guidelines for contract laboratories

The updated guidelines (July 2004) contain all specifications and requirements for laboratory analyses and reporting to be undertaken by the contract laboratories. All contracted laboratories were sent a copy before the commencement of the new contracts.

Performance indicator three: *Validation that laboratory assessments in proficiency tests and in contracted work accord with agreed scientific standards.*

National Association of Testing Authorities proficiency testing accreditation

RC-LPE continued work towards becoming accredited as a provider of PT services. Accreditation will support provision of PT services to contracted laboratories and external clients. Two internal and two external audits as well as a management review were held in 2004–2005. The NRS system was assessed in April 2005 by NATA against the relevant international standard (ILAC G:13 2000) and accreditation as a proficiency testing scheme provider has been recommended for all programs involving the preparation of samples spiked individually. Approval of programs involving the preparation of test samples from bulk materials has also been recommended pending the resolution of issues relating to the establishment of their homogeneity.

Performance indicator four: *Approval by domestic and overseas clients of the NRS system of using outsourced laboratory services based on public tender, proficiency testing and ongoing monitoring of performance.*

United States Department of Agriculture Food Safety Inspection Service equivalence

NRS is awaiting a determination on Australia's submission clarifying equivalence, following an audit of NRS laboratory processes by the USDA FSIS in 2003.

Thailand workshop

A presentation 'Laboratory Procurement and Performance Evaluation of Contracted Laboratories' was given in Thailand at a workshop on *Laboratory Cooperation to Boost Technical Competency and Recognition*.

National Association of Testing Authorities training

Two staff successfully completed a NATA course *Quality Management in the Laboratory*.

Performance indicator five: *Responsiveness in a timely and effective manner to emerging needs.*

Arsenic in seafood

NRS provided input into discussions regarding the analysis of inorganic arsenic in seafood with AQIS, the Queensland Department of Primary Industries and Fisheries and other interested parties.

Outlook

Eighth Term (2006–2008) laboratory contracts

The process for selection of the Eighth Term contracts has started: new contracts will begin on 1 July 2006 and run until 30 June 2008.

Pre-tender PT for the 2006–2008 contract period will run from August to October 2005. This process requires the preparation of several thousand PT samples, as well as the collation and evaluation of the corresponding results. All information regarding laboratory performance will be provided as input into the tender evaluation process.

Externally funded laboratory performance evaluation

Description

The efficiency and acceptability of industry-operated monitoring projects and quality assurance systems requires the cost-effective selection of analytical laboratories and confidence in the validity of analytical results.

NRS has developed arrangements for its own residue monitoring projects and through using established methodologies is well placed to undertake such evaluations for industry clients on a full cost-recovery basis.

Dairy project

During 2004–2005, NRS undertook contractual laboratory performance evaluations (LPEs) for the dairy industry. Dairy Food Safety Victoria (DFSV), which coordinates the Australian Milk Residue Analysis (AMRA) project on behalf of the Australian Dairy Authorities Standards Committee, has agreed to the details of a proposed laboratory performance evaluation arrangement for 2005–2006. The primary purpose of the project is to provide DFSV with verification of the performance of laboratories contracted for the AMRA project.

Wool project

During 2004–2005, Australian Wool Innovation Limited (AWI) recontracted NRS to provide a PT service for three years involving both national and international laboratories testing raw wool for residues of pesticides and insect growth regulators.

Satisfactory performance in on-going PT will also become mandatory for any laboratory wishing to be licensed by the International Wool Textile Organisation (IWTO) for the purpose of testing raw wool for chemical residues. The wool testing program is seen by both AWI and IWTO as central to all efforts to identify and market low residue and 'ecowools' globally and to ensure that the wool trade can rely on testing from all parts of the global supply chain.

Australia, as the supplier of the cleanest wool in the world, has a significant interest in providing assurance to customers that the claimed residue status of its wool is correct. It is equally important that chemical analyses from laboratories in other wool-growing countries can also be demonstrated to be technically valid.

Nitrofurans metabolites in honey project

NRS was contracted by NATA to provide a one-off PT program involving nitrofurans metabolites in honey. Ten laboratories participated in the program: Australia (four), Germany (two), New Zealand (one), Canada (one) and the United Kingdom (two). The PT program was successfully completed and the final report published in June 2005. A presentation on the PT program will be given at a PT conference to be held in China in September 2005.

Outputs

Externally funded laboratory performance evaluation provides:

- increasing national and international confidence in, and acceptance of, industry-operated monitoring systems and quality assurance schemes
- support of NATA's accreditation activities relating to analytical testing laboratories
- maximisation of national benefits resulting from NRS 'in-house' expertise and experience.

Performance indicators and achievements

Performance indicator one: Compliance with contracts with individual industries; and

Performance indicator two: Satisfaction by clients with the services provided.

Milk proficiency testing

Two milk LPE rounds for laboratories contracted by DFSV were completed in September 2004 and April 2005. Reports for each round were provided to DFSV within the scheduled time frame and DFSV were satisfied with the service provided to them.

Wool proficiency testing

Round Zero—a familiarisation round—was completed successfully in March 2005. All scheduled timeframes were met and AWI approved the submitted milestone report.

Outlook

Milk laboratory performance evaluation

DFSV have again contracted NRS to provide a milk LPE program involving two rounds in 2005–2006.

Wool laboratory proficiency testing

The wool PT program will continue until 2007, and will involve two rounds in 2005–2006.

Business support

Description

This project covers functions that support the delivery of all NRS activities. These functions include financial management and accountability, human resources management, operations associated with sample collection and distribution, database management, legislation management and communication.

Outputs

The business project supported NRS in the following activities:

- provision of all support services required for the efficient conduct of the NRS
- accounting fully to industry clients and government
- cost-effective management of the acquisition of samples and data

- ongoing monitoring of levy rates and consultation with industries on necessary changes
- national and international communication, including an annual report to Parliament.

Performance indicators and achievements

Performance indicator one: *Operation of all financial reporting, auditing and management systems is transparent, effective, and efficient.*

NRS funds are managed in accordance with the Act and the *Financial Management and Accountability Act 1997 (Cwlth)*. Each participating industry is consulted on the level of reserves it wishes to maintain in the NRS Account with the aim of providing for contingencies, yet providing the best use of industry funds. Tendering and contractual arrangements for the supply of services are managed in accordance with Australian Government Purchasing Guidelines.

Risk assessment and control strategy

A risk assessment and control strategy was prepared for all participating industries' commodities based on financial, operational and business aspects.

Commodities' financial statements and budgets

These were provided to industry for the financial year 2003–2004 and on a quarterly basis to those industries requiring them in 2004–2005.

Annual contracts for residue monitoring under direct payment

Residue analysis was undertaken through MOUs for the camel and blueberry residue monitoring projects.

NRS costing model

A new cost attribution model was developed and implemented, based on the use of services. Further refinement of the model will occur during 2005–2006, to ensure overhead costs are distributed equitably between industry projects, based on resources required to deliver the projects.

Outsourced service delivery

Through the Department, outsourced services delivered to NRS include information technology, financial transaction processing, legal services, recruitment, payroll and property management. Maintenance of the NRS database is also contracted to an external information technology provider.

Performance indicator two: *Management of staffing and staff performance management are effective and efficient.*

NRS requires an appropriate and flexible mix of staff with technical and administrative skills. Contract staff are used to meet short-term needs. Through performance agreements, coupled with ongoing appraisal and development, NRS seeks to ensure that it has the committed and skilled staff needed to achieve its objectives efficiently and effectively. Business support activities for NRS were reorganised in 2004–2005. The finance manager position is retained with some adjustment of duties. Business activities related to human resource and other resource management matters have been incorporated into the newly established division of Product Integrity, Animal and Plant Health. The Deputy Director of NRS has assumed a more direct oversighting role in the financial and business support activities pertaining to NRS.

Employment conditions

The Deputy Director of NRS was employed under an Australian Workplace Agreement. All other senior (i.e. non-Senior Executive Service) staff were employed under the Department's Certified Agreement 2003-2006, and are bound by its terms and conditions.

Performance indicator three: *Review and adjustment of levy arrangements is conducted efficiently and consistent with government guidelines.*

Review of operative levy rates

All industries were consulted to ensure that current reserves in the NRS Account were adequate to cater for residue monitoring projects conducted in 2004–2005, and into the future. Levies paid by each industry are monitored continually and assessed using forecast production levels. Industries are consulted and advised if changes to levy rates are required.

NRS projects operate on a full cost recovery basis, with the costs of the services funded by relevant industries. If a new activity is required by an industry already involved with NRS, then in most cases existing industry funds could be used to support the new activity while adjusted levy arrangements were established. However, if services were required by an industry that was not already funding a NRS activity, then the new service would require some funding before the service could commence. Depending on circumstances, this could be achieved by the implementation of a levy coupled with a direct payment sufficient to initiate activity by NRS.

Animal products

There were no levy adjustments this year.

Plant products

There were no levy adjustments this year.

Performance indicator four: *Collection of samples, transfer of samples to laboratories and receipt of analytical data is managed efficiently;* and **Performance indicator five:** *Entering of analytical data is achieved within one working day of receipt.*

Sample collection and data management

During 2004–2005 the operations unit coordinated the collection of 20 322 samples for the residue random monitoring projects and entered the laboratory results from the samples into the NRS database. In addition, the operations unit managed the receipt of results from 2 129 samples from the targeted monitoring, compliance testing and residue prevention projects. All analytical results were entered within one day of receipt. Results of all chemical analyses are stored in the NRS database.

Generation of sample requests, data receipt, payment to service providers and data storage, processing and retrieval are automated using the NRS database.

Sample requests for random monitoring projects are generated by the NRS operations unit. Details of the samples to be collected are sent to collection points for action.

For surveillance, compliance and residue prevention projects, samples are collected according to specific project rules and NRS is responsible only for processing of laboratory results.

Samples are sent either directly to specified laboratories or to the NRS central receipt and dispatch facility for aggregation, repacking and forwarding to laboratories.

Laboratories report analytical results to NRS electronically. Results are validated through checking by NRS operations staff before being entered into the database. The detection of any residues above permitted levels is reported to appropriate regulatory authorities within agreed timeframes to enable required actions including prompt traceback investigations.

Database

NRS holds extensive data on residue levels in a wide range of commodities. This information may be accessed by industry and government for purposes related to market access and for the setting and review of standards. The data are managed under the 'Release of Information' requirements of the Act to ensure data integrity. Also, NRS adheres to national privacy principles.

The NRS database is being rewritten using the .NET® Microsoft development platform to increase stability and performance, and to improve its potential to adapt to future business requirements, particularly internet applications. For example, it could be possible to make NRS data available to producers through the web.

Performance indicator five: *Delivery of high quality and timely publications.*

The National Residue Survey Annual Report 2003-2004

This report again combined the report on operations and the financial statements with the results of the residue monitoring projects, following positive feedback from the previous year. This approach will be continued in future years.

The Parliamentary Secretary approved tabling of the report on 29 September 2004, and the report was tabled on 6 October 2004. Following tabling, the report was distributed to approximately 900 stakeholders, and was added to the website.

NRS results reporting

The use of tabular formats simplifying commodity results has continued, with care also being given to the consistency of chemical naming across commodities. Commodity reports are generated automatically from the NRS database.

NRS brochure

The brochure (March 2005) has been published both on paper and electronically on the web. Copies are used by staff on field visits to grain terminals and other sites of importance, as well as laboratories. NRS laboratory assessment staff use the brochures on visits, and copies are available for NRS visitors.

Awareness-raising articles

NRS submitted articles concerning NRS projects to *Onions Australia* (Volume 21 2005) and *Tree Fruit Journal* (June 2005).

Conference papers

Papers were presented at the Apple and Pear Annual General Meeting and Conference (September 2004); the Grains Council Executive Meeting (October 2004); the Onion Industry Annual General Meeting (October 2004); the Australian Macadamia Society Annual General Meeting (October 2004); Grains Week 2005 (June 2005); and the National Working Party on Grain Protection (June 2005). Papers were also presented by NRS staff at CHEMCERT.

Food standards for key markets

Overseas MRL databases and web links for overseas authorities are published on the NRS website for 39 countries. These are regularly maintained and updated. Updating continues on the links to international food standards for importing countries' MRL sites.

Outlook

NRS will continue to review its structure and operations to provide the most effective delivery of services to its clients. Further refinement of the cost model will be undertaken to achieve the most appropriate allocation of costs, and minimise the risk of cross-subsidisation between projects.

Community service obligations

Description

Appropriation funding is provided to NRS for certain residue-related projects that fall outside the cost-recovered residue monitoring projects and surveillance, compliance and residue prevention projects. These projects include:

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

Outputs

NRS community service outputs are:

- policy and technical advice to government and government agencies
- participation in residue-related national and international committees
- participation in and compliance with general government legislative and administrative requirements
- management of levy-related legislation.

Performance indicators and achievements

Performance indicator one: *Timely provision of high quality policy and technical advice to Ministers and relevant government agencies.*

All NRS policy and technical advice to the Minister or the Parliamentary Secretary was of high quality, accurate and timely. Issues addressed included OC residue management in the NORM project and adjustment of the apple and pear levy.

Performance indicator two: *Effective participation in Codex and other national and international fora.*

NRS was represented on three delegations to Codex committees. NRS participated in pre-planning meetings and the development of responses to papers for an Australian delegation brief prepared for the 15th meeting of the Codex Committee on Residues of Veterinary Drugs in Foods. NRS was represented in the Australian delegation at the meeting (Washington DC, October 2004).

The NRS representative to the Codex Committee on Pesticide Residues attended the 37th meeting (The Hague, Netherlands, 18–23 April 2005). In addition, the officer chaired the Ad Hoc Working Group on Priorities.

An NRS officer attended the Codex Meeting on Methods of Analysis and Sampling as part of the Australian delegation, and provided input into the development of Australia's position on a number of issues relevant to NRS, particularly acceptance of analytical methods, establishment of performance criteria for analytical methods and resolution of disputes over analytical results.

Performance indicator three: *Productive working relationships with relevant Australian, state and territory government authorities on residue management issues.*

Meetings and teleconferences

NRS liaised with state and territory government regulatory authority residue coordinators for meat and plant products. The key issues addressed were traceback investigation agreements, information sharing on respective residue testing projects, and communication strategies to facilitate responses to international residue violation matters.

Violations of food standards

During 2004–2005 there were no international residue-related trade incidents of which NRS was made aware.

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

Levy consultation

A full review of levy receipts for 2003–2004 was completed and consultation initiated with those industries where levy change may be necessary to maintain industry reserves in the NRS Account at levels that would sustain their testing projects for 2004–2005 and beyond. Two Apple and Pear Bills (Customs and Excise) were introduced into Parliament on 23 June 2005 to increase the industry levy in order to sustain testing activity into the future.

Performance indicator five: *Effective and efficient conduct of investigations on residue-related issues yielding national benefits.*

Residue incident tracebacks

All tracebacks were undertaken in accordance with the MOUs signed by the state and territory governments.

Residue incidents in exported produce

State or territory government regulatory residue coordinators (as applicable) were informed when Australian produce that exceeded residue standards was detected by importing countries.

Management of horticultural produce residue incidents

Formal arrangements for the timely management of international incidents that result from the export of Australian horticultural produce have been established. NRS worked on this issue cooperatively with other areas of the Department, Horticulture Australia Limited, horticultural industries and state and territory governments.

Residue-related investigation in the public interest

During 2004–2005 several samples tested for antimicrobials were reported with unidentified biological responses (UBRs). Based on operational criteria, three samples were sent to laboratories for further investigation, but the cause of the UBRs could not be confirmed.

Outlook

Laboratory capacity

NRS contracts laboratories to perform analytical work for the residue testing programs. However, a sufficient pool of capable laboratories is needed to compete for the work. Also, there needs to be a contingent capability for such laboratory work, should there be a significant residue incident that could, for instance, threaten overseas market access. The role of government in providing laboratory services is diminishing at both the Australian Government and state levels. Concern has been expressed that the pool of available laboratories in Australia may have contracted over the past ten years, and the capacity to respond to any sudden increase in demand for testing is reduced. NRS is undertaking a project to review the existing laboratory analytical capability for its residue testing programs, and will also assess the factors likely to operate in the next ten years that may affect residue and contaminant testing capacity and the ability of Australian systems to meet present and future analytical requirements for the agricultural export industries.