

Part 1

Overview

Secretary's review	2
Our portfolio	6
Our department	8



Secretary's review

Introduction

As the secretary and accountable authority for the Department of Agriculture and Water Resources, I welcome readers to our annual report for the year ended 30 June 2016.

In my introduction to the last annual report, I noted that during 2014–15 we had laid the groundwork to implement the government's broader agenda over the coming years. In 2015–16, we have certainly been busy with that agenda and, in this annual report, we can report a number of achievements across our work in agriculture, fisheries, forestry and biosecurity, as well as on water resources, which became part of our portfolio in September 2015.

Achievements

Implementing the government's commitments

The Agricultural Competitiveness White Paper was announced just a few days into the year. It has been very well received by stakeholders. After its first year, 22 of the 31 white paper measures have been implemented and the rest are on track, but have longer implementation timetables.

The measures implemented include the Agricultural Trade and Market Access Cooperation program, and an expanded overseas network, with five new agricultural counsellors working in key export markets.

We are implementing new priorities for rural research, development and extension, delivering funding to help drought-affected farmers manage animal pests and weeds, and working with the Australian Pesticides and Veterinary Medicines Authority to reduce industry and user costs for agricultural and veterinary chemicals. We have also implemented the National Water Infrastructure Development Fund, approving 34 feasibility studies to help identify and fast-track the planning and construction of water infrastructure.

The government has appointed the first Agriculture Commissioner within the Australian Competition and Consumer Commission, Mr Mick Keogh OAM, who will work with the commission to improve public understanding of and address market issues in the agricultural sector.

In biosecurity, we are strengthening the measures that protect Australia's health, environment and economy, including funding more Indigenous ranger groups, implementing projects to improve surveillance against pests and diseases, further developing our intelligence capability, carrying out reviews of our import conditions and our manual of export requirements, and designing a more effective exports traceability system to support market access.

Managing biosecurity and imported food risk

Away from the white paper, a key focus was preparing our systems, staff, clients and stakeholders for the entry into force of the *Biosecurity Act 2015*. The new biosecurity laws came into effect on 16 June 2016, and we had staff hard at work at midnight on the big day to manage the first actions to take place under the Act. The introduction of the Biosecurity Act was truly a team effort, not least from our staff but also from clients, industry groups, health professionals, environmental groups, the state and territory governments, Australia's trading partners, and the general public.

This work has delivered a regulatory framework written for our times, to meet the demands of modern transactions and transportation, increasing volumes of international trade and a range of commodities that could not have been imagined at the beginning of the 20th century, when the *Quarantine Act 1908* commenced.

In October 2015, we also celebrated opening the first stage of our new post-entry quarantine facility at Mickleham in Victoria. This new facility will consolidate our post-entry quarantine operations from across Australia into a single site by 2018. It is an important element of our biosecurity system and will support the management of high-risk animal and plant imports. The facility's opening marked several years of work by our project team, collaborating with the Department of Finance, as well as the team that managed the transition of post-entry services to the new site. I was proud to see such a major project delivered ahead of time and under budget.

This work was over and above our day-to-day biosecurity business, clearing the arrival of more than 19 million international air and sea passengers, screening 138 million mail articles and issuing more than 400 000 export certificates to support agricultural exports. We continue to make excellent progress in using authorised arrangements to collaborate with importers and exporters. These arrangements recognise good compliance and enable us to reduce the number of inspections we carry out, cutting client costs and allowing us to focus resources in higher-risk areas, while ensuring that biosecurity risks are managed.

Alongside our biosecurity work, we administer the Imported Food Inspection Scheme, working with advice from Food Standards Australia New Zealand on foods that pose a risk to public health. In 2015–16, we carried out almost 94 000 tests on imported food, recording a compliance rate of 98.6 per cent. In some non-compliant cases, we identified a particular issue with incorrect labelling, and we will be working with industry to raise awareness about how to label food correctly for sale in Australia.

On the subject of food labelling, we also worked with a number of other agencies to implement the government's commitment to establish a new country-of-origin food labelling framework. A two-year transition to the new framework began on 1 July 2016, aiming to deliver clearer and more consistent labelling for the benefit of consumers, without imposing an excessive cost on industry.

Expanding agriculture, fisheries and forestry exports

Our trade and market access work continued, building on the recently signed free trade agreements with China, Japan and the Republic of Korea. The value of rural exports under these agreements in 2015–16 was an estimated \$8.0 billion in trade with China, \$3.9 billion with Japan and \$3.1 billion with the Republic of Korea. This helped the value of rural exports in 2015–16 reach an estimated \$49.4 billion, well above the average of the past 10 years, demonstrating the opportunities available to our primary producers.

We continued our important work in technical market access, delivering 16 measures that maintained or improved access for commodities, and another 15 measures to open new markets or restore previous market access. Among these arrangements was the agreement of new protocols that will allow Australian nectarine growers to export their fruit to China. As well as opening the China market to another horticulture commodity, the new protocols are notable for including formal recognition by China of Australia's fruit fly pest-free areas for the first time.

Improving water resource management

On water resources, we reached an important step in the Murray–Darling Basin Plan in April 2016. The Basin Ministerial Council agreed to a package of supply, efficiency and constraint measures to provide a sustainable diversion limit adjustment mechanism. The Murray–Darling Basin Authority will model the package before undertaking public consultation on the measures, which will allow the sustainable diversion limits to deliver better social, economic and environmental outcomes to water users and the community.

As at 30 June 2016, water purchases and state activities under the Basin Plan, consistent with the Water Recovery Strategy, had resulted in water recovery of 1981.4 gigalitres, representing 72 per cent of the target of 2750 gigalitres. The first recoveries of 2.4 gigalitres towards the ground water target of 40.4 gigalitres were also recorded.

We also made significant progress in negotiating the 2016–2019 Strategic Plan for the Water Efficiency Labelling and Standards Scheme, with approval from all state and territory ministers. It is estimated the scheme will save 100 000 megalitres of domestic water in 2016 and it continues to make an important contribution to helping households use water more sustainably.

Building an efficient and capable department

We continue to focus on ways of improving our business operations through our Service Delivery Modernisation program. During the year, we launched our Biosecurity Import Conditions (BICON) system, to help importers bring their goods into the country while protecting Australia's biosecurity. The system gives importers access to around 40 000 unique import scenarios, by just answering a few simple questions. Since its launch, BICON has recorded more than one million unique hits each month, and the feedback so far is that clients expect to realise substantial financial and other benefits from the system.

We introduced a new capability to issue invoices and accept payments online. The online payments service allows clients to track their payments, receive records electronically and pay online. The service was launched in November 2015.

We have also been improving our arrangements for work health and safety. A Work Health and Safety taskforce worked through 2015–16 to address gaps identified by Comcare and our own internal audit. We also reviewed and updated our Rehabilitation Management System. Our work has been rewarded with a continuing fall in the number of compensation claims and a reduction in our workers' compensation premium for 2016–17.

We completed a major body of work towards more sustainable financial management. More than half the department's revenue comes through cost-recovery arrangements for services including biosecurity and export certification. In December 2015, we implemented new import and export cost-recovery arrangements. This followed a comprehensive review of our arrangements to better reflect the cost of services and has delivered a simpler and more equitable set of arrangements to our clients.

Reporting our performance

This is our first annual report under the requirements of the *Public Governance, Performance and Accountability Act 2013*, and it includes our first annual performance statements, reporting against the performance measures for 2015–16 outlined in our corporate plan.

The Commonwealth Performance Framework presented the opportunity to take a look at our performance reporting, and we have been ambitious in framing a new approach. We have identified objectives that reflect our ultimate purpose, covering both administered programs and our departmental operations. We have done away with most of the key performance indicators from previous Portfolio Budget Statements and tried to focus on the outcomes that matter to our stakeholders.

The annual report has been our first test of these new performance measures. Some of these measures are mostly influenced by factors beyond our specific activities, and some may prove not to be useful in practice, but we believe they represent a major advance on the simple focus on outputs that has been relied on in the past.

The experience of preparing the annual performance statements has already helped us refine the framework for our 2016–17 corporate plan. This is a challenging process and I expect our performance reporting to be a work in progress over coming years as we find the measures that best show how well we are meeting our purpose.

The year ahead

Our next reporting period began with a federal election. With the return of the Coalition Government, we are implementing a renewed but consistent body of work from our operations in recent years. There are new election commitments to be delivered, and the implementation of the National Water Infrastructure Loans Facility announced in the 2016–17 Federal Budget.

We have marked one year of the program outlined in the Agricultural Competitiveness White Paper, with several measures to be initiated and many to carry through to completion over coming years.

After a year of work to prepare for the arrival of the *Biosecurity Act 2015*, we are now well under way doing business under new biosecurity laws. And we have ongoing work to deliver our best in policy advice, research, program administration, service delivery, market access and regulation.

To find out more about our year ahead, I encourage you to read our Corporate Plan 2016–17, the other key document in our performance framework. The corporate plan is available on our website at agriculture.gov.au/about/reporting/corporate-plan.

As always, the success of our work depends on our staff across Australia and around the world, and I thank them for their continued dedication in delivering the department's objectives. I would also like to pass on my appreciation to two of my deputy secretaries, Phillip Glyde and Jo Evans, who have taken up new career opportunities after making significant contributions to our department.



Daryl Quinlivan
Secretary

Our portfolio

The Agriculture and Water Resources portfolio supports the sustainability, profitability and competitiveness of Australia's agriculture, fisheries and forestry industries.

During 2015–16, the portfolio consisted of:

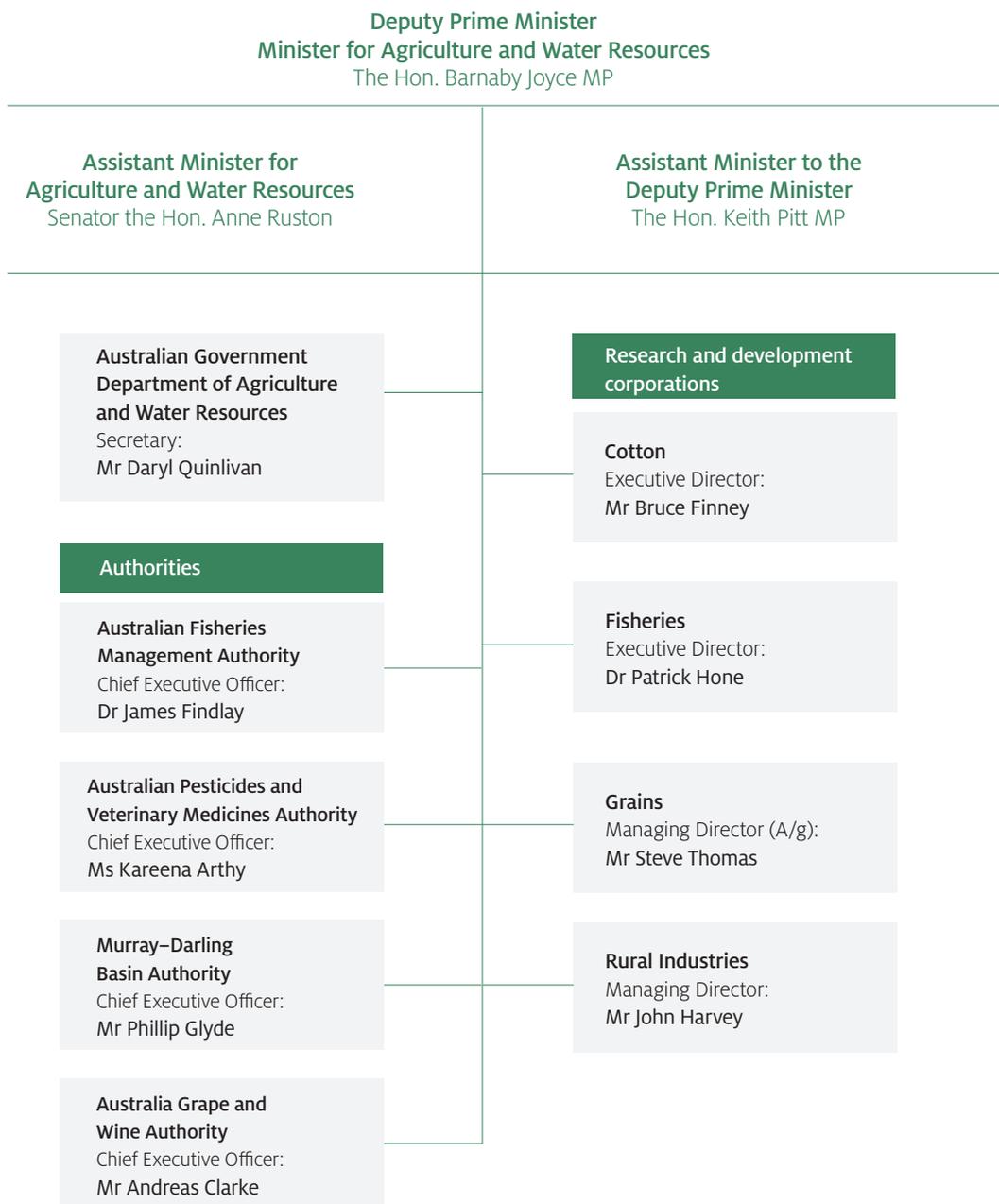
- the Australian Government Department of Agriculture and Water Resources
- three statutory authorities that undertake regulatory roles:
 - Australian Fisheries Management Authority
 - Australian Pesticides and Veterinary Medicines Authority
 - Murray–Darling Basin Authority
- four research and development corporations:
 - Cotton
 - Fisheries
 - Grains
 - Rural Industries
- one entity that undertakes both a regulatory role and acts as a research and development corporation:
 - Australian Grape and Wine Authority.

Links to the websites of portfolio agencies are available at agriculture.gov.au/about/who-we-are/portfolio-agencies.

In 2015–16, the Deputy Prime Minister and Minister for Agriculture and Water Resources, the Hon. Barnaby Joyce MP, was responsible for the portfolio.

Senator the Hon. Richard Colbeck held the position of Parliamentary Secretary to the Minister for Agriculture until 18 September 2015. Senator the Hon. Anne Ruston was appointed as the Assistant Minister for Agriculture and Water Resources on 21 September 2015. The Hon. Keith Pitt MP was appointed as the Assistant Minister to the Deputy Prime Minister on 18 February 2016.

FIGURE 1 Portfolio structure at 30 June 2016



Our department

The Department of Agriculture and Water Resources:

- provides advice to the Australian Government on how to help our primary industries remain competitive, productive and sustainable into the future
- provides advice to the government on how best to achieve social, economic and environmental benefits from the use of water resources in the national interest
- administers government programs and legislation that support these objectives, including the collection of levies for research, development and marketing
- regulates the importation of food and other goods to ensure that Australia is safeguarded against exotic animal and plant pests and diseases
- regulates the provision of export certification of agriculture, fish and forest products to meet importing country requirements.

Our outcomes

We have three outcomes:

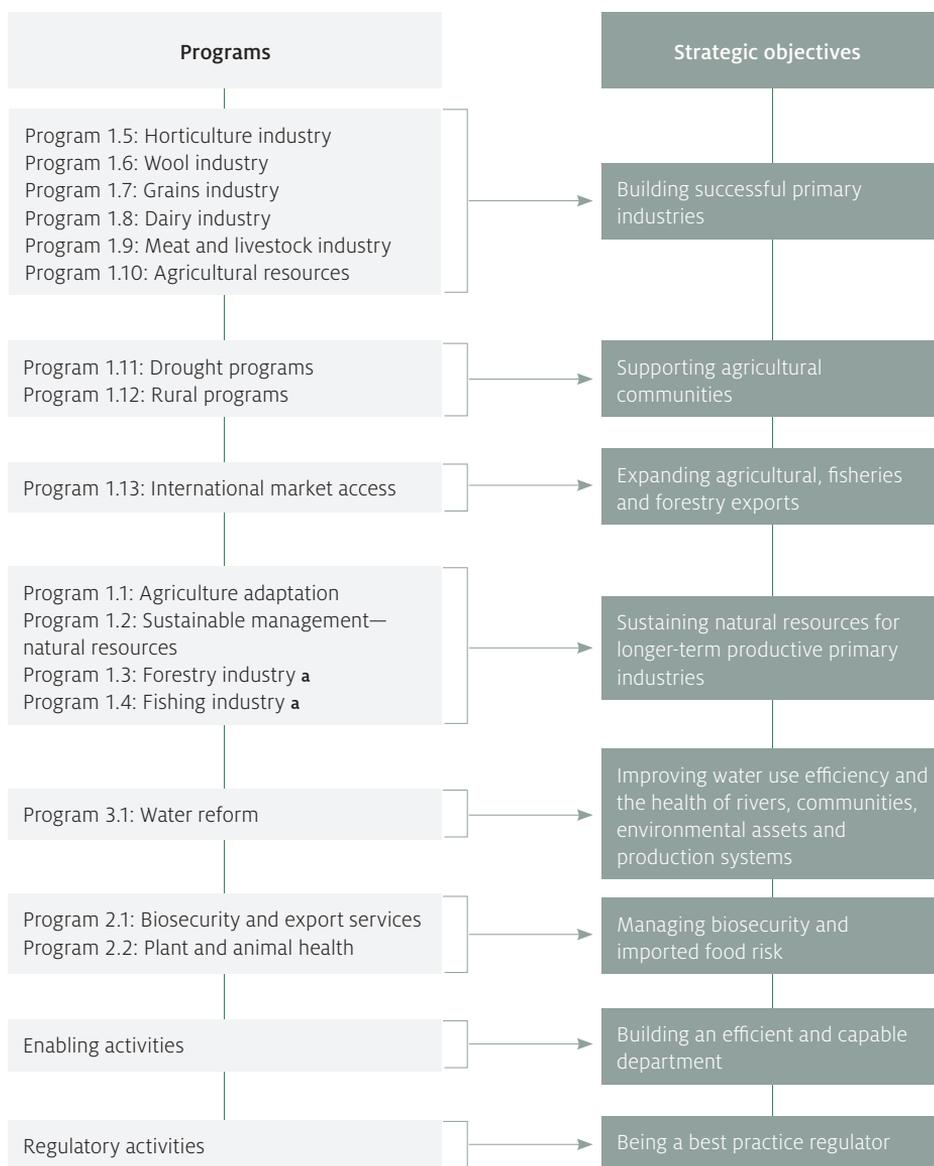
- Support more sustainable, productive, internationally competitive and profitable Australian agricultural, food and fibre industries through policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets.
- Safeguard Australia's animal and plant health status to maintain overseas markets and protect the economy and environment from the impact of exotic pests and diseases, through risk assessment inspection and certification and the implementation of emergency response arrangements for Australian agricultural, food and fibre industries.
- Improve the health of rivers and freshwater ecosystems and water use efficiency through implementing water reforms, and ensuring enhanced sustainability, efficiency and productivity in the management and use of water resources.

The legislative responsibilities of the department are detailed in the Administrative Arrangements Order.

Our objectives

In 2015–16, the department changed its program structure in the Portfolio Budget Statements to align its programs with a set of strategic objectives as shown in Figure 2:

FIGURE 2 Programs and strategic objectives 2015–16



^a Activities under these programs also contribute to the strategic objective *Building successful primary industries*.

Our priorities

The department's priorities for 2015–16 were:

- implementing the Agricultural Competitiveness White Paper and relevant measures from the White Paper on Developing Northern Australia
- preparing for the *Biosecurity Act 2015* to enter into force on 16 June 2016
- opening the new post-entry quarantine facility at Mickleham, Victoria
- implementing revised cost-recovery arrangements
- pursuing market access for Australian exporters, including through the opportunities created by the free trade agreements concluded with Japan, the Republic of Korea and China
- implementing the Water Recovery Strategy in the Murray–Darling Basin
- facilitating the effective operation of the Sustainable Diversion Limit Adjustment Mechanism in the Murray–Darling Basin in mid-2016
- negotiating an agreement with the Tasmanian Government for a second tranche of irrigation projects
- finalising a strategic management plan to continue the Great Artesian Basin Sustainability Initiative through to 30 June 2017.

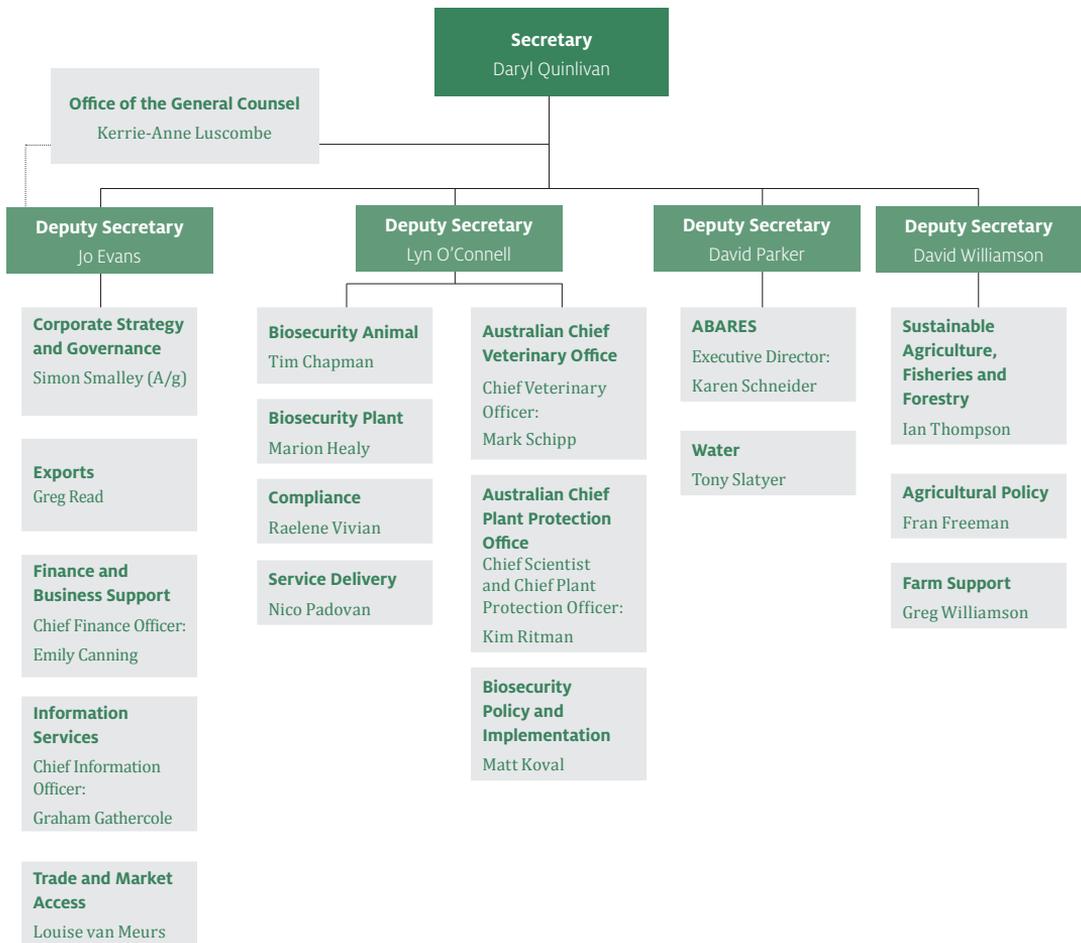
The department pursued its internal reform agenda to:

- continue to be a trusted, effective and transparent best practice regulator
- strengthen our capability in intelligence-led, risk- and evidence-based decision-making and policy advice
- continue to build on the success of stakeholder engagement and client participation in our business activities
- participate in whole-of-government processes to improve our efficiency and effectiveness such as the Functional and Efficiency Review and the Digital Transformation Agenda.

Our structure

Our divisions work individually and together to meet our objectives. Figure 3 shows our organisational structure.

FIGURE 3 Organisational structure at 30 June 2016



Our executive

Mr Daryl Quinlivan commenced as the secretary of the department in June 2015. Mr Quinlivan is responsible for the efficient and effective operation of the department. His other roles include:

- Director of Biosecurity
- chair of the National Biosecurity Committee
- chair of the Executive Management Committee (EMC)
- chair of National Management Groups for nationally coordinated emergency responses to pest and disease incursions.

Four deputy secretaries assist the secretary across a range of issues and departmental functions and oversee the work of particular divisions.

Ms Jo Evans was appointed deputy secretary in November 2014. In 2015–16, Ms Evans was responsible for international trade and market access, the regulation of live animal exports, export certification services for food (meat, dairy, fish and eggs) and residue monitoring services, and the department's corporate services including information services, corporate strategy and governance, and finance and business support. She also chaired the People, Safety and Culture Committee.

Ms Lyn O'Connell joined the department in August 2015. Ms O'Connell is responsible for biosecurity, compliance, service delivery and also oversees the Australian Chief Veterinary and Chief Plant Protection Offices.

Ms O'Connell chairs the Business Transformation Committee and is a member of the National Biosecurity Committee.

Mr David Parker joined the department in October 2015 as part of the transfer of water resources policy to the portfolio. Mr Parker is responsible for water resources policy and the Australian Bureau of Resource Economics and Sciences (ABARES).

Mr Parker is the deputy chair of the Audit Committee.

Mr David Williamson was appointed deputy secretary in May 2016. Mr Williamson is responsible for agricultural policy, farm support, and sustainable agriculture, fisheries and forestry.

Mr Williamson is the Australian Commissioner to the Commission for the Conservation of Southern Bluefin Tuna.

Reporting

This annual report covers the Department of Agriculture and Water Resources and has been prepared in accordance with the *Public Governance, Performance and Accountability Act 2013*. It includes the:

- annual report required under subsection 26(1) of the *Natural Resources Management (Financial Assistance) Act 1992* (see Appendix 5)
- annual report of the National Residue Survey program, required under section 10 of the *National Residue Survey Administration Act 1992* (see Appendix 6)
- annual report of the Water Efficiency Labelling and Standards Scheme, required under section 75 of the *Water Efficiency Labelling and Standards Act 2005* (see Appendix 7)
- annual report of the Water for the Environment Special Account, required under Section 86AI of the *Water Act 2007* (see Appendix 8).

Portfolio agencies table their own reports, which are available on their websites.

Disability reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at apsc.gov.au.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. These reports are available at dss.gov.au.