

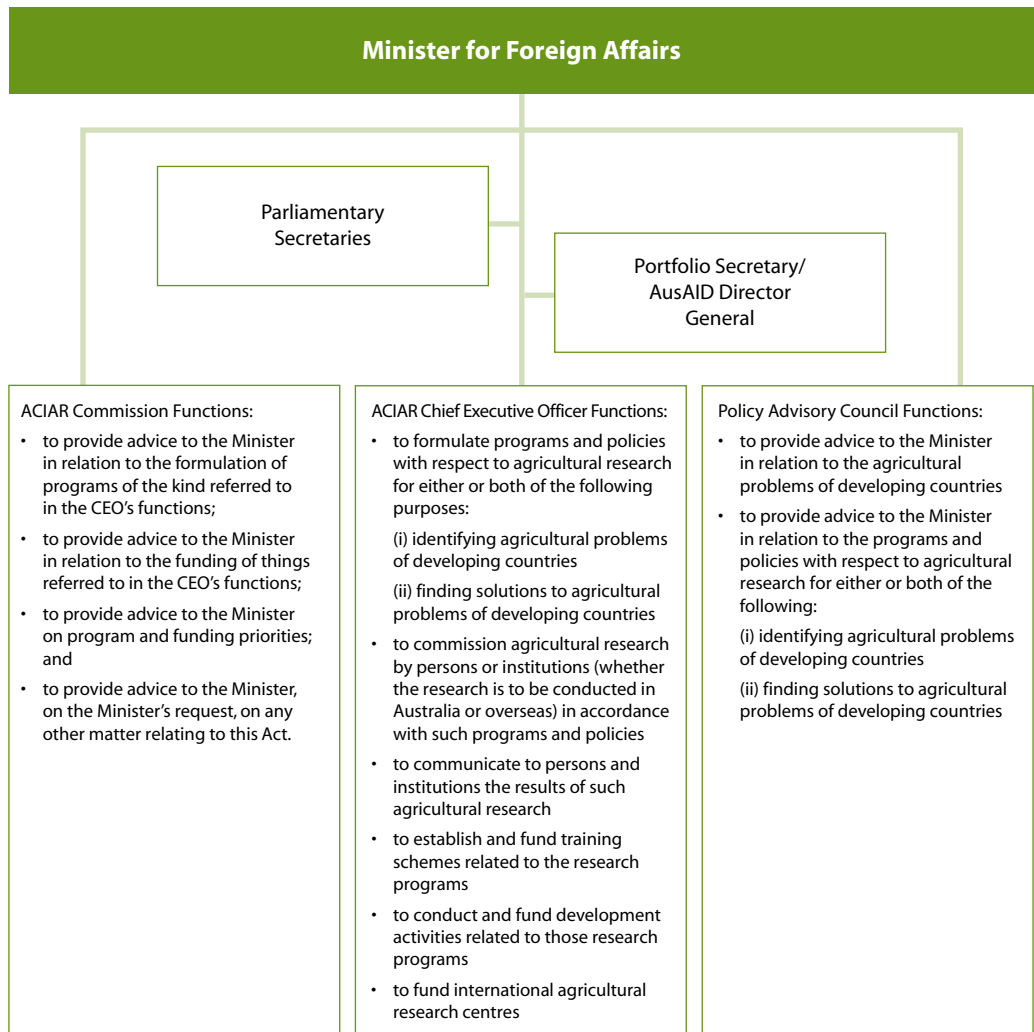
# Corporate governance

<b>ACIAR governance framework</b> .....	137
<b>The Chief Executive Officer</b> .....	138
<b>ACIAR Commission</b> .....	139
<b>Policy Advisory Council</b> .....	143
<b>Financial accountability and compliance</b> .....	146
<b>Chief Finance Officer's review</b> .....	148



*Commissioners pictured with Parliamentary Secretary for International Development Assistance (from left) Mr Peter Core (CEO), Mr Barry Buffier, Dr Meryl Williams (Chair), the Hon Bob McMullan, Dr John Williams, the Hon. Neil Andrew, Mr David Crombie and Mr Bruce Davis.*

# ACIAR's Governance Framework



# The Chief Executive Officer

The office and role of the Chief Executive Officer of the Centre is established under Sections 4 and 5A of the ACIAR Act. Subject to, and in accordance with, any directions given by the Minister under Section 5A, the CEO manages the affairs of the Centre and its staff. Specifically, the CEO's functions are:

- to formulate programs and policies with respect to agricultural research for either or both of the following purposes:
  - (i) identifying agricultural problems of developing countries,
  - (ii) finding solutions to agricultural problems of developing countries,
- to commission agricultural research by persons or institutions (whether the research is to be conducted in Australia or overseas) in accordance with such programs and policies,
- to communicate to persons and institutions the results of such agricultural research,
- to establish and fund training schemes related to the research programs referred to above,
- to conduct and fund development activities related to those research programs, and
- to fund international agricultural research centres.

The CEO is appointed by the Governor-General for a term of up to seven years and is subject to the determinations of the Remuneration Tribunal. The Tribunal has determined the CEO to be an officer in the Principal Executive Officer (PEO) structure, at PEO Band C. The Minister is the identified Employing Body for remuneration purposes.

The current CEO, Mr Peter Core, was appointed until 30 July 2009. He was the Director under previous arrangements. His appointment is in accordance with the new ACIAR governance framework. Under this framework the CEO has Head of Agency as set out in Part 7 of the *Financial Management and Accountability Act 1997* and Part 9 of the *Public Service Act 1999* respectively. The CEO is not subject to direction by the Commission in relation to the performance of functions or exercise of powers under these Acts.

The CEO is directly responsible to the Minister for managing the affairs of ACIAR in a way that provides proper use of the Commonwealth resources for which the CEO is responsible. As Agency Head, he/she is also responsible for managing the agency with direct accountability to the Government.

# ACIAR Commission

With effect from 1 July 2007, a new Commission was established to provide strategic advice to the Minister on ACIAR operations. It replaced the previous Board of Management. The functions of the Commission, as set out at Paragraph 9 of the ACIAR Act, are:

- to provide advice to the Minister in relation to the formulation of programs of the kind referred to in the CEO's functions;
- to provide advice to the Minister in relation to the funding of things referred to in the CEO's functions;
- to provide advice to the Minister on program and funding priorities; and
- to provide advice to the Minister, on the Minister's request, on any other matter relating to this Act.

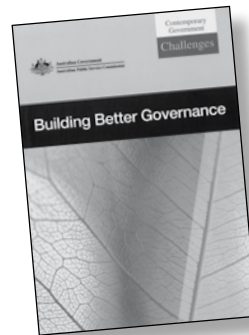
## Commission composition

Under Paragraph 8 of the ACIAR Act, the Commission consists of a Chair and six other Commissioners. Details on Commission Members are at pages 140-141.

## Commission meetings

The new Commission met four times in 2007–08, as follows:

1 <sup>st</sup> meeting	12 December 2007	Canberra
2 <sup>nd</sup> meeting	18 March 2008	Canberra
3 <sup>rd</sup> meeting	3 May 2008	Canberra
4 <sup>th</sup> meeting	27 June 2008	Teleconference



## Commission members as at 30 June 2008



**Dr Meryl Williams**  
Chair

Former member of the Aid Advisory Council, former Executive Officer of the Future Harvest Alliance Office, former Chair of the FAO Advisory Committee on Fisheries Research, Director General of WorldFish Center from 1994 to 2004, Fellow of the Australian Academy of Technological Science and Engineering, a world leader in fisheries research and research for development.

Appointed 26 September 2007 for three years.

Meetings attended: 4



**The Hon Neil Andrew**  
Commissioner

Chairman of the ATSE Crawford Fund and member of the National Capital Authority. Mr Andrew was an active participant in the South Australian Agricultural Bureau movement. He was a member, and then Chairman, of the Advisory Board of Agriculture, the peak body of the Bureau movement and an advisory body to the South Australian Minister of Agriculture.

In 1983, he was elected to the Australian Parliament as the Member for Wakefield in the House of Representatives. He held various positions including that of Government Whip and served as Speaker of the House of Representatives from 1998 to 2004.

Appointed 26 September 2007 for three years.

Meetings attended: 4



**Mr Barry Buffier**  
Commissioner

Director General of the NSW Department of State and Regional Development, and former Director General of the NSW Department of Primary Industries. He has served on the boards of the Rural Industries Research and Development Corporation, NSW Rural Assistance Authority, National Rural Advisory Committee, and as Chairman of the NSW Poultry Meat Industry Committee.

In addition, he was a Non-Executive Director of the Ricegrowers' Cooperative Limited, former Deputy Director General, NSW Agriculture and National Manager Agribusiness, Westpac Banking Corporation.

Appointed 26 September 2007 for three years.

Meetings attended: 3



**Mr Peter Core**

Commissioner

Director/CEO of ACIAR since 31 July 2002. Former Managing Director of the Rural Industries Research and Development Corporation and held numerous senior positions in the Australian Public Service.

Appointed 26 September 2007 to 30 July 2009.

Meetings attended: 4



**Mr David Crombie**

Commissioner

President of the National Farmers' Federation. Mr Crombie has more than 30 years commercial and representational experience in agriculture, including as Managing Director of major agricultural development and pastoral companies, GRM and Queensland Northern Territory Pastoral Company. He is the Chairman of the Australian Rural Leadership Foundation, a Director of GRM and Rosewood (NT Beef) Pty Ltd, and Deputy Chairman of FKP (a listed development company).

Appointed 26 September 2007 for three years.

Meetings attended: 3



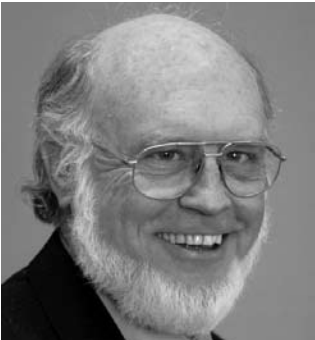
**Mr Bruce Davis**

Commissioner

Director General of AusAID. Mr Davis has been a senior executive in the Agency since 1993, with varying responsibility for Asia Pacific programs, multilateral aid, development policy and corporate affairs. He was Deputy Director General of the Pacific Forum Secretariat in Suva from 1990 to 1992.

Appointed 26 September 2007 for three years.

Meetings attended: 3



**Dr John Williams**

Commissioner

Commissioner for Natural Resources Commission in NSW, and former Chief of CSIRO Land and Water. Dr Williams is one of Australia's leading experts on sustainable agricultural practices, the nature of agriculture as part of the natural ecosystem and its integration into natural resources management.

Appointed 26 September 2007 for three years.

Meetings attended: 4

## Commission performance

During 2007–08 major milestones for the Commission included:

- finalisation of ACIAR's Corporate Plan 2008–12
- finalisation of ACIAR's Annual Operational Plan 2008–09
- review of ACIAR Programs in South Asia
- development of appropriate policy responses to the global food price pressures.

## Disclosure of interests

Commissioners are required to disclose any direct or indirect pecuniary interest that may conflict with the proper performance of the Commissioners' functions to the Minister and to the Commission. A Commissioner who has an interest in a matter being considered by the Commission must not be present during any deliberation by the Commission on the matter and must not take part in any decision of the Commission with respect to the matter. The disclosure and the nature of the interest are recorded in the Commission meeting minutes which are available for consideration by the Centre's Auditors.

## Ministerial directions

The Minister may give directions in writing to the CEO with respect to the exercise of his powers or the performance of his functions. This includes directions with respect to the commissioning of particular research. In 2007–08 there were no directions given.

## Commission costs

The direct cost of Commission operations during 2007–08 was \$27,927 including fees, travel and other meeting expenses. The CEO's salary and other management costs are not included. The comparative figure for 2006–07 for the previous Board of Management was \$45,952.

The Remuneration Tribunal sets fees for the Chair and Members of the Commission. The daily fees for the Chair and Members (other than the CEO) were \$671 and \$488 respectively as at 30 June 2008.

## CEO remuneration

The remuneration of the CEO is subject to the relevant determinations of the Remuneration Tribunal. These provisions enable the Minister to determine the total remuneration, superannuation salary and performance pay components of the remuneration package, within the parameters of Remuneration Tribunal Determination 2005–19.

The CEO's remuneration package at 30 June 2008 consisted of:

- base salary of \$185,902;
- PSS superannuation with an employer contribution of 15.4 per cent of base salary;
- annual performance bonus of up to a maximum of \$38,511 (the bonus payment for 2007–08 was not settled at the time of this Annual Report going to print);
- other negotiable benefits, consisting of car and spouse travel.

# Policy Advisory Council

The Policy Advisory Council is established under Section 17 of the ACIAR Act. The Council's function is to provide advice to the Minister regarding:

- a) agricultural problems of developing countries
- b) programs and policies with respect to agricultural research for either or both of the following purposes:
  - i) identifying agricultural problems of developing countries, and
  - ii) finding solutions to agricultural problems of developing countries.

The role of the Council utilises stakeholder knowledge from partner countries to provide a valuable overview for advising the Minister, the Commission and the Centre on matters including:

- national and regional development constraints;
- opportunities for research and development collaboration;
- national and regional research priorities, particularly those of ACIAR's partner countries;
- the matching of Australian expertise (Australia's competitive advantage) with these priorities;
- modes of operation for ACIAR;
- sources of national and international expertise.

## Council composition

Council membership is limited to 13, comprising a President, the Director-General of AusAID or his nominee and not fewer than nine, nor more than 11, other members appointed by the Minister for Foreign Affairs. Members are appointed predominantly from stakeholder organisations in partner countries to bring a range of agricultural and development experience. The Minister is required, under the Act, to ensure that a substantial number of the members of the Council are residents of countries other than Australia, and to have regard for the knowledge of appointees concerning the agricultural problems of developing countries or their experience in organising or conducting agricultural research.

## Council meeting

Because of pressures arising from the new governance framework operating in 2007–08 it was not possible to hold a Council meeting during 2007–08. A Council meeting was held on 2 September 2008. The previous Council meeting was held on 21 May 2007.

## Council membership (as at 30 June 2008)

Member	Term of appointment
Professor Beth Woods OAM Executive Director Innovation and Biosecurity Investment Department of Primary Industries and Fisheries BRISBANE QLD	President 1 October 2007 – 30 September 2010
Nominee of the Director General AusAID CANBERRA ACT	Ex officio member
Mr Brown Bai Managing Director Tola Investments Limited Gordons PAPUA NEW GUINEA	Appointed member 7 March 2005 – 6 March 2008 15 May 2008 – 14 May 2011
Dr Arsenio Balisacan Director Sout-East Asian Regional Centre for Graduate Study and Research in Agriculture Los Baños PHILIPPINES	Appointed member 15 May 2008 – 14 May 2011
Dr Monthathip Chanphengxay Director General National Agriculture and Forestry Research Institute Vientiane LAO PDR	Appointed member 15 May 2008 – 14 May 2011
Dr Patricio Faylon Executive Director Philippine Council for Agriculture, Forestry and Natural Resources Research and Development Los Baños PHILIPPINES	Appointed member 10 March 2003 – 9 March 2005 10 March 2005 – 9 March 2008 15 May 2008 – 14 May 2011
Mr Peter Forau Deputy Secretary General (EGS) Pacific Islands Forum Secretariat Suva FIJI	Appointed member 15 May 2008 – 14 May 2011
Mr Jia Jingdun Deputy Director General Department of Rural Science and Technology Ministry of Science and Technology Beijing CHINA	Appointed member 10 March 2003 – 9 March 2006 10 March 2006 – 9 March 2009

Member	Term of appointment
Dr Men Sarom Director Cambodian Agricultural Research and Development Institute Phnom Penh CAMBODIA	Appointed member 15 May 2008 – 14 May 2011
Dr Nguyen Van Bo President Vietnamese Academy of Agricultural Sciences Hanoi VIETNAM	Appointed member 1 March 2004 – 28 February 2007 1 May 2007 – 30 April 2010
Dr Mangala Rai Secretary Department of Agricultural Research and Education and Director General Indian Council of Agricultural Research New Delhi INDIA	Appointed member 10 March 2003 – 9 March 2006 1 May 2007 – 30 May 2010
Dr Achmad Suryana Director General Indonesian Agency for Agricultural Research and Development Jakarta INDONESIA	Appointed member 1 September 2005 – 31 August 2008
Dr Muhammad Tusneem Chairman Pakistan Agricultural Research Council Islamabad PAKISTAN	Appointed member 15 May 2008 – 14 May 2011



*Council members (from left) Dr Nguyen Van Bo (Vietnam), Mr Peter Forau (Fiji), Dr Patricio Faylon (Philippines), Dr Muhammad Tusneem (Pakistan), Professor Beth Woods OAM (President), Dr Haryono (observer-Indonesia), Dr Arsenio Balisacan (Philippines), Mr Ian Kershaw (Australia), Dr Men Sarom (Cambodia), Dr Mangala Rai (India) and Dr Monthathip Chanphengxay (Lao PDR).*

# Financial accountability and compliance

As a statutory authority ACIAR is subject to the policy guidelines determined by government from time to time regarding accountability, reporting, review and general operations and is accountable through the Minister to the Parliament. It is also subject to government financial and accounting policies and procedures. Staff members are employed under the Public Service Act. Within these constraints, the Centre has the power to do all things it considers appropriate for the performance of statutory functions.

ACIAR derives its authority from the ACIAR Act. Financial powers and duties are also drawn from the *Financial Management and Accountability Act 1997* (FMA Act) and subordinate regulations and Orders; and the *Public Service Act 1999* in the case of staffing.

The Centre follows accounting practices in accordance with the FMA Act and other related legislation and recognised accounting standards. ACIAR's Annual Financial Statements, presented in accrual accounting format on pages 151-187 of the report, along with all financial transactions made by the Centre, are subject to examination by the Australian National Audit Office.

## Insurances

Comcover as the manager of the Commonwealth's insurable risks provides corporate insurance for the Centre. Comcover's coverage includes general and products liability, professional indemnity, CEO's and officer's liability, property loss and damage, personal accident and official overseas travel. The cost of insurance for 2007-08 was \$41,573 (excluding GST). The premium paid in 2006-07 was \$64,473.

Liability and professional indemnity insurances were not required to be invoked in 2007-08.

## Risk Management Plan

### Audit Committee



ACIAR's Audit Committee is established in accordance with Section 46 of the *Financial Management and Accountability Act 1997*. The Committee promotes and facilitates communication between the Centre's auditors (both internal and

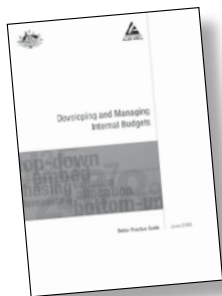
external) and management. The Committee has the objectives of:

- providing advice to the CEO that ACIAR's control framework is in place and working effectively,
- ensuring the objectivity and reliability of externally published financial information, and
- ensuring the CEO that adequate systems are in place to ensure that ACIAR complies with all legislative and other requirements.

Four Audit Committee meetings were held in 2007-08. Audit Committee membership and attendance during the year were as follows:

Member		Meetings attended
Mr Len Early	Chair	4
Ms L Atkinson	External Member	4
Dr S Hearn	Centre Senior Advisor (appointed 28 April 2005)	4
Dr Jeff Davis	Centre Program Manager (appointed 1 January 2006)	4
Mr David Shearer	Centre Program Manager (appointed 1 July 2007)	2

## Internal Audit



The Chair of the Audit Committee is an external appointee and each Committee meeting is supported by advisers from our external auditors (ANAO), internal auditors (RSM Bird Cameron) and the Centre's Finance Unit,

with the Finance Manager and Accountant both ex-officio members and responsible for Secretariat support.

RSM Bird Cameron was contracted to undertake various internal audit reviews to support the Committee. Internal audit reviews conducted in 2007–08 were:

- Review of International Agricultural Research Centres (IARC) Program,
- Records Management,
- Certificate of Compliance.

In addition, RSM Bird Cameron provided assistance in the review of our Risk Management Plan and Fraud Control Plan.

## Certification of fraud measures

The Centre's Fraud Control Plan and current fraud risk assessment comply with the *Commonwealth Fraud Control Guidelines* issued in May 2002.

The Centre has in place fraud prevention, detection, investigation, reporting and annual fraud data collection procedures and processes that meet the Centre's specific needs and comply with the guidelines.

The Audit Committee oversees implementation of the fraud control plan. The plan is brought to the attention of new staff as part of the Centre's induction process and is available electronically to all staff.



Mr Paul Tyrell CFO

# Chief Finance Officer's review

## Funding and other income

ACIAR's funding is mainly provided through Commonwealth appropriation, as determined in the Federal Budget in May each year. In 2007-08 our appropriation was \$51.242 million.

This appropriation is supplemented through:

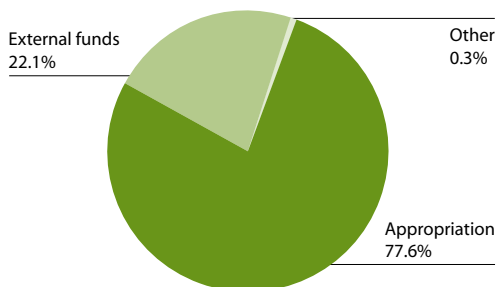
- co-funding of projects by AusAID and the Australian Greenhouse Office, and
- a small revenue flow from the sale of ACIAR scientific publications.

Additional funding from AusAID for both projects and training activities has increased in 2007-08. External funds in 2007-08 totalled \$14.595 million compared to \$10.422 million in 2006-07.

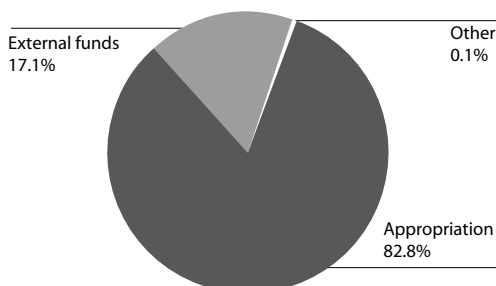
Appropriation has remained constant in real terms during the past five financial years.

Total income for 2007-08 was \$66.028 million.

### ACIAR Revenue 2007-08



### ACIAR Revenue 2006-07

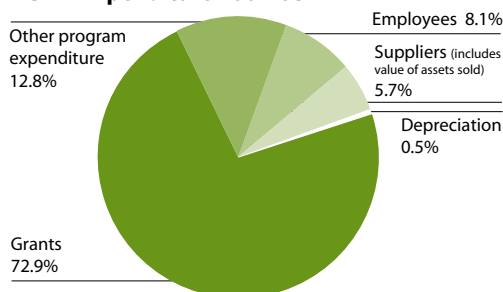


## Program and operational expenses

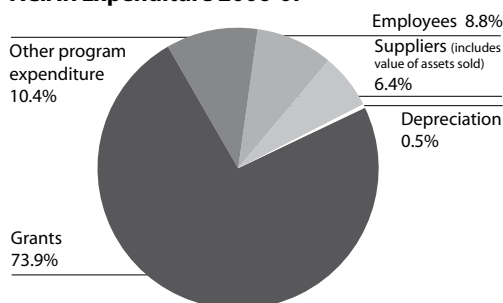
ACIAR's mandate directs the Centre to fund both bilateral and multilateral research and training activities (including educational fellowships), for the benefit of developing countries and Australia. In addition, ACIAR disseminates publications and measures the impacts of its projects.

These activities account for 85.7 per cent of expenditure, expressed as grants and other program expenditure in the chart below.

### ACIAR Expenditure 2007-08



### ACIAR Expenditure 2006-07



The costs of supporting these operations, in staffing and administration, accounts for the remaining 14.3 per cent of expenditure (15.7 per cent in 2006-07).

Expenses in 2007-08 totalled \$66 million.

## Operating result and financial position

ACIAR operates a balanced budget and aims to achieve a small surplus each financial year. In 2007–08 this surplus was \$27,944.

## Accounting policies

ACIAR complies with relevant accounting standards, relevant legislation and the Finance Minister's Orders. ACIAR's Executive and Finance Section work closely to deliver a balanced budget, including responding to the emerging needs of the Australian Government in delivering effective aid.

### Revenue and expenditure

