

# Our Organisation

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# Accountability

The GRDC is accountable to its two key customer groups—the Australian Government and Australian graingrowers—for its performance in addressing their identified priorities. The GRDC also meets its responsibilities under its governing legislation and the broader legal framework for Commonwealth statutory authorities.

## Accountability to the Australian Government

### Responsible minister

Under the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act), the GRDC is made accountable to the Australian Parliament through the Minister for Agriculture, Fisheries and Forestry, the Hon. Peter McGauran MP. The Hon. Sussan Ley MP, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, is responsible for research and development corporations, including the GRDC.

### Australian Government priorities

The GRDC continues to proactively address the Australian Government's National Research Priorities and ministerial research priorities for rural R&D corporations. These priorities and the GRDC's achievements in meeting them during 2005–06 are discussed in more detail in Part 2.



The Hon. Sussan Ley addressing GRDC's Annual Operational Planning Week in March 2006. Photo: Vic Dobos

### Ministerial directions

Section 143 of the PIERD Act provides that the minister may direct the GRDC with respect to the performance of its functions and the exercise of its powers.

In July 1998, the then Minister issued a direction in accordance with section 16(1)(b) of the *Commonwealth Authorities and Companies Act 1997* (CAC Act) and section 15(2) of the PIERD Act requiring the GRDC to comply with the reporting requirements of the *Guidelines on Funding of Consultation Costs by Primary Industry and Energy Portfolio Statutory Authorities*.

On 15 December 2004, the GRDC received ministerial directions relating to the Finance Minister's (CAC Act Procurement) Directions 2004. The GRDC is complying with the directions.

### General policies of the government

Under section 28 of the CAC Act, the Minister may notify the GRDC Board of any general Australian Government policies that apply to the GRDC.

As at 25 September 2006, the following notifications had been received:

- Commonwealth Fraud Control Guidelines 2002, 21 August 2002
- Finance Circular No. 2002/01—Foreign Exchange (FOREX) Risk Management, 28 August 2002
- Finance Circular 2005/05—Investment of surplus money, 19 May 2005
- Australian Government Property Ownership Framework, 8 November 2005.

The GRDC is complying with the notified policies.

## Accountability to the grains industry

### Industry representative

Under the PIERD Act, the GRDC is made accountable to Australian graingrowers through the industry's representative organisation, the Grains Council of Australia (GCA).

### Grains industry priorities

In setting directions for 2005–06 (the fourth year of *Driving Innovation*), the GRDC identified industry priorities through consultation with the GCA and through graingrower workshops. The key industry priorities were incorporated into the GRDC Annual Operational Plan 2005–06 and included:

- sustainability and resource management
- new and innovative product development
- development of new alliances and links to market
- bringing biotechnology to bear on sustainability and consumer benefit outcomes, to support profitable farming systems and access to premium markets
- effective and targeted transfer and adoption of technology and knowledge for Australian growers
- integrated pest management to minimise the total cost of pests, diseases and weeds, and to maintain options and control strategies
- genetic improvement and regional adaptation of new grain varieties for improved resistance to biotic and abiotic stress, and quality standards for specific end uses.

Information on how the GRDC is addressing these priorities is provided in Part 2.

### Stakeholder report

Each year the GRDC prepares a stakeholder report to assist in determining the research levy rates for Australian grain commodities. The report is launched at Grains Week, the industry-wide conference held annually to discuss the performance of, and the prospects for, the Australian grains industry. The conference is the mechanism through which the GRDC formally reports to industry. It also assists the GCA to formulate its advice to the Minister on setting the research levy rates which provide the basis for the corporation's income each year.

## Industry levy rates

In 2005–06, a levy rate of 0.99 percent applied to all leviable crops covered by the GRDC, with the exception of maize, which was levied at 0.693 percent.

The levies were imposed and collected as stipulated by the following legislation:

- *Primary Industries (Excise) Levies Act 1999*, supported by the Primary Industries (Excise) Levies Regulations 1999, Schedules 4, 12, 20 and 25
- *Primary Industries Levies and Charges Collection Act 1991*, supported by the Primary Industries Levies and Charges Collection Regulations 1991, Schedules 8, 19, 29 and 34.

Proceeds from levies in 2005–06 are recorded in Note 5C of the Notes to the Financial Statements.

The GRDC paid the Australian Government Department of Agriculture, Fisheries and Forestry \$527,734 for the collection and management of levies in 2005–06.

## Consultation arrangements

The GRDC paid the GCA \$106,950 for its participation in consultations with the corporation during 2005–06. The GCA used these funds to meet its costs of preparing for and attending consultative meetings with the GRDC, to consider grains industry strategic directions and concerns and to assess the corporation's performance against industry expectations.

The payments for consultation were made under the *Guidelines on Funding of Consultation Costs by Primary Industries and Energy Portfolio Statutory Authorities*, issued by the Minister for Primary Industries and Energy in July 1998. The guidelines also require that when a representative organisation conducts a project or consultancy on behalf of a statutory authority, details are to be included in the authority's annual report.

Table 7 lists the project funds and conference support that the GRDC provided to the GCA in 2005–06.

**Table 7 GRDC funding for Grains Council of Australia participation in projects and events, 2005–06**

Project/event	Contribution
Grains Week 2006	\$50,000
Pathways to Industry Environmental Management System Project	\$20,500
Ministerial Conference of the World Trade Organization, Hong Kong	\$17,950
Seed industry consultation and Seed Industry Reference Group	\$17,500
Market Access Biosecurity Grains Industry Consultative Committee	\$10,700
Ministerial Conference of the World Trade Organization, Geneva	\$10,300
Australian Quarantine and Inspection Service Grains Industry Consultative Committee	\$8,640
Australian Quarantine and Inspection Service–Pulse Australia Industry Working Group	\$3,200
National Agricultural Commodity Marketing Association Commerce Committee	\$1,280

## Obligations under the *Commonwealth Authorities and Companies Act*

### Accountability

A system of accountability and reporting obligations for the GRDC, reflecting its obligations under the PIERD Act, is set out under the CAC Act. Under the CAC Act, the GRDC is obliged to:

- prepare an annual report (in the prescribed form, including a report of operations), and give it to the responsible minister by 15 October each year (section 9)
- ensure that any subsidiary's financial statements are audited by the Auditor-General (section 12(1))
- prepare and provide to the responsible minister interim reports during a financial year, if required by the Finance Minister by notice in the Gazette (section 13)
- prepare and provide budget estimates (section 14)
- provide the responsible minister (in writing) with particulars of any proposal of the GRDC to undertake any one of a number of significant events (section 15)
- keep the responsible minister informed of the operations of the GRDC and its subsidiaries and provide such reports, documents and information as that minister or the Finance Minister requires (section 16)

- ensure that the general policies of the Australian Government as notified to the corporation are carried out (section 28).

### Conduct of officers

The CAC Act imposes specific standards of general conduct for directors and other officers. Sections 22–27P ensure that officers of Commonwealth authorities are subject to standards of conduct comparable to those required of officers of companies under the *Corporations Act 2001*. Subsection 22(1), which is a civil penalty provision, states:

**An officer of a Commonwealth authority must exercise his or her powers and discharge his or her duties with the degree of care and diligence that a reasonable person would exercise if he or she:**

- were an officer of a Commonwealth authority in the Commonwealth authority's circumstances; and**
- occupied the office held by, and had the same responsibilities within the Commonwealth authority as, the officer.**

The Act also obliges an officer to:

- exercise his or her powers and discharge his or her duties in good faith in the best interests of the corporation (section 23)

- not make improper use of his or her position or information to gain an advantage for anyone or cause detriment to the corporation or anyone else (section 24 and section 25)
- disclose to a meeting of the Board the nature of any material personal interest in a matter to be considered by the Board and, unless otherwise determined by the Board or the Minister, ensure that he or she is not present at deliberations or takes part in any decision on the relevant subject matter (section 27F to section 27K).

### Sanctions

A civil penalty regime is contained in the CAC Act (Schedule 2), to deal with any breach by directors of:

- annual reporting rules (section 11)
- their general duty to exercise care and diligence (section 22)
- their general duty to act in good faith (section 23)
- their duty to not make improper use of the position of director to gain an advantage or cause detriment (sections 24 and 25).

### Independent audits

The Auditor-General, under the CAC Act, is required to audit each Commonwealth authority's financial statements. In addition, the *Auditor-General Act 1997* confirms the power of the Auditor-General's staff to carry out performance audits of Commonwealth authorities and, in this role, to obtain documents and information.

The Auditor-General's Independent Audit Report on the GRDC for 2005–06 is presented on pages 102 and 103.

### Judicial decisions and reviews by outside bodies

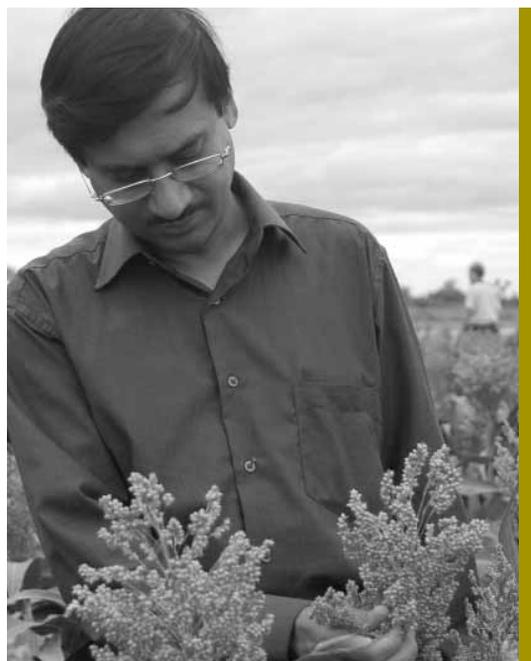
In 2005–06, the GRDC was the subject of one complaint to the Commonwealth Ombudsman. After receiving the GRDC's response to the complaint, the Ombudsman decided not to investigate the complaint further.

In 2005–06 the Minister for Agriculture, Fisheries and Forestry assessed the GRDC against the governance templates recommended in the Review of Corporate Governance of Statutory Authorities and Office Holders (undertaken by John Uhrig AO in 2003). The templates provide for governance by either a board or executive management.

On 9 June 2006 the Minister wrote to the GRDC advising that the board template would continue to apply to each of the rural research and development corporations including the GRDC. The GRDC will also remain a statutory corporation with the right to employ staff under its own terms and conditions. However, the PIERD Act will be amended to remove the appointment of an Australian Government director to the GRDC's Board, and to expand the required skills set of the Board to include expertise in government policy processes and administration.

The Minister also advised that the Government will provide the GRDC with a public Statement of Expectations, to be developed by the Department of Agriculture, Fisheries and Forestry. GRDC is to respond with a public Statement of Intent.

The GRDC was not affected by judicial decisions.



*Dr Iftikhar Mostafa, GRDC Executive Manager for Corporate Strategy and Program Support and National Panel member, inspecting a sorghum crop near Goondiwindi, Queensland. Photo: Vic Dobos*

# Corporate governance

The GRDC places high value on continuously improving the organisation's corporate governance. Key advances in this area during 2005–06 included:

- detailed review of most policies and procedures
- the design and implementation of new approval authorities
- monthly reviews of business and fraud risks
- an external review of business and fraud risks.

## Policies and procedures

In continuously improving the GRDC's corporate governance, the corporation is guided by the Australian National Audit Office's *Better Practice Guide: Public Sector Governance*.

The GRDC Operating Manual, which is available to the Board and all staff members, describes the corporation's:

- policies and procedures
- roles and responsibilities (including those of the Board and board committees)
- Code of Business Conduct and Ethical Behaviour
- approval authority schedule, which includes delegations
- general guidelines
- management manual.

## Risk management and fraud

Risk management has been embraced throughout the GRDC as a tool to assess risks at the strategic, operational and project levels.

The GRDC prepares a quarterly Business Environment Report to the Board. This report is used to update the GRDC's situation analysis and identify developing risks.

The Executive Management Team, in consultation with managers, updates the Business Risk Assessment Report and the Fraud Control Action Plan each month. The Board reviews these documents at each meeting.

Acumen Alliance, the GRDC's internal auditors, conducted a business risk assessment of the GRDC, and prepared a fraud control plan, in the first half of 2006. The outcomes are being progressively included in the GRDC's Business Risk Assessment Report and Fraud Control Action Plan, and communicated through staff training.

## Quality assurance

The GRDC's Quality Management System has ISO 9001:2000 quality assurance accreditation from SGS International Certification Services Pty Ltd. In 2006–07, the GRDC will seek to make greater use of quality assurance as a tool for continuous improvement.

In 2005–06, successful monthly internal audits were conducted by a contracted certified auditor. The GRDC also had a very successful triennial external surveillance audit conducted by SGS International Certification Services Pty Ltd.

These audits demonstrate that the quality management system, based on ISO 9001:2000, is robust, is being used correctly and is a useful tool for business improvement.

*The GRDC's Quality Management System has ISO 9001:2000 quality assurance accreditation from SGS International Certification Services Pty Ltd.*

## Indemnities and insurance premiums for officers

GRDC officers, including members of the Board, are insured by the GRDC against various liabilities that they may incur in their capacity as officers of the corporation. Since 31 January 1999, Comcover, the Australian Government's self-managed fund for insurance risks, has provided the necessary insurance cover. The Comcover insurance contract prohibits the GRDC from disclosing the nature or limit of the liabilities covered or the amount of premiums payable.

## Environmental objectives

The GRDC is required to report annually on its performance in relation to ecologically sustainable development (ESD) and other environmental matters discussed in section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

The principles of ecologically sustainable development have been incorporated into the decision-making systems and processes of the GRDC, as required under the EPBC Act. The corporation has in place paper-recycling arrangements and, where operationally viable, purchases energy-efficient equipment. Energy-efficient practices are encouraged within the corporation's premises, to reduce energy consumption wherever possible.

At the strategic level, *Driving Innovation* articulates the GRDC's vision for an Australian grains industry that is both profitable and environmentally sustainable. The GRDC strategic business plan, *The Way Forward*, outlines how the GRDC is implementing that vision. The corporation aims to balance its investments to provide long-term and short-term economic environmental benefits for its stakeholders. Part 2 of this annual report includes a discussion of how GRDC investments helped to achieve environmental objectives in 2005–06.

*At the strategic level, Driving Innovation articulates the GRDC's vision for an Australian grains industry that is both profitable and environmentally sustainable.*

## Privacy Commissioner

The corporation's privacy policy and procedures form part of the GRDC Operating Manual.

The GRDC's annual *Personal Information Digest* entry as at 30 June 2006 has been lodged with the Privacy Commissioner. The online digest may be viewed at the Commissioner's website, [www.privacy.gov.au](http://www.privacy.gov.au).

## Freedom of information

The GRDC is required to comply with the *Freedom of Information Act 1982* (FOI Act).

One request under the FOI Act was received during 2005–06.

For more information about the GRDC's information product line, see Appendix 4 and [www.grdc.com.au](http://www.grdc.com.au).

Enquiries about access to documents and other matters relating to freedom of information should be directed during normal working hours to:

**Freedom of Information Officer**  
Grains Research and Development Corporation  
PO Box 5367  
KINGSTON ACT 2604  
Telephone: 02 6272 5525  
Facsimile: 02 6271 6430

## Service Charter

The GRDC provides a wide range of publications for government and grower stakeholders as well as the wider community. The GRDC Service Charter, available through [www.grdc.com.au](http://www.grdc.com.au), outlines the corporation's commitment to delivering these important resources.

# Board

The GRDC Board is responsible for the stewardship of the corporation, and oversees corporate governance within the GRDC. Its other functions include setting strategic direction, and monitoring the ongoing performance of the business and of the Managing Director.

The Board has combined expertise in business management; corporate governance; commodity production; processing and marketing; finance; risk management; management and conservation of natural resources and the environment; R&D administration; science, technology and technology transfer; intellectual property management; and sociology.

## Directors as at 30 June 2006



**Terry J Enright**

Chair  
(Non-executive)

Reappointed:  
3 August 2004,  
commencing  
1 October 2004,  
for three years

Member:  
Remuneration Committee

Terry runs a grain and livestock business at Mt Barker in Western Australia.

He is a member and former grains councillor of the Western Australian Farmers Federation. He was Deputy Chair of the GRDC from 1999 to 2002 and, prior to that, Chair of the GRDC Western Regional Panel for three years. He has over 15 years experience in directing research investment within the grains industry.

From 1993 to 2003 Terry was Chair of the Albany Port Authority in Western Australia. He is currently an independent board member of Agricultural Research Western Australia. He is also Chair of the Council of Rural R&D Corporation Chairs, a member of the Department of Education, Science and Training standing committee on National Research Priorities, and a member of the Research Quality Framework development advisory committee.



**Peter F Reading**

BScAg (Hons), FAICD

Managing Director  
(Executive)

Appointed:  
February 2004

Peter has been Managing Director of the GRDC since February 2004. He is currently also a Director of the Export Grains Centre, Enterprise Grains Australia and GrainGene III.

Peter was previously the Managing Director of the Grain Pool Pty Ltd. In 2003 he presided over the merger of the Grain Pool Western Australia with Cooperative Bulk Handlers.

Peter graduated from the University of Sydney with an honours degree in agricultural science. He commenced postgraduate studies in agronomy before leaving university to work for American Cyanamid in Australia, Asia and the United States; Incitec in Australia; and British Oxygen Group Asia and the Grain Pool in Western Australia.



**Nicole Birrell**

MSc(London School of Economics), FAICD, F Fin

Director  
(Non-executive)

Appointed:  
1 October 2005  
for three years

Member:  
Finance, Risk and Audit  
Committee

Nicole runs a risk management consulting business, and a mixed farming enterprise at Corowa, New South Wales. Nicole has more than 27 years experience in corporate and investment banking, most recently as Head of Operational Risk and Compliance for the ANZ's Institutional Financial Services division.

Previously a Director of AusBulk Ltd and the Chair of AusMalt Pty Ltd, Nicole is currently a Director of SMS Management and Technology Ltd, and member of the Audit, Compliance and Risk Committee; a Director of the Australian Practice Nurses Association Inc., and Chair of the Audit and Risk Management Committee; and a member of the Programs Advisory Committee for the School of Applied Economics at Victoria University, Melbourne.

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**Ross Johns**

AdDipBusMgt, FAICD

Deputy Chair  
(Non-executive)

Reappointed:  
1 October 2005  
for three years

Chair:  
Finance, Risk and Audit  
Committee

Member:  
Remuneration Committee

Ross lives and works in rural Victoria, and has been a graingrower for many years. He is an active member of the Victorian Farmers Federation and a Director of ABB Grain Ltd.

He takes a keen interest in regional affairs, and has participated in many overseas marketing missions. He brings to the GRDC experience in grain production and marketing, business management, sociology, technology transfer and natural resource management.



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**Steve Marshall**

BSc(Hons1), MAppSc,  
FAIFST

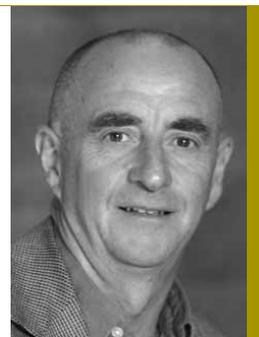
Director  
(Non-executive)

Appointed:  
1 October 2005  
for three years

Member:  
Remuneration Committee

Steve has a background in food science and technology management. He was Managing Director of Goodman Fielder Ingredients Ltd from 1993 to 1998 and Technology Director of Goodman Fielder Ltd from 1999 to 2001.

He is currently Deputy Chair of the Rural Industries R&D Corporation and a Director of the Australian Rural Leadership Foundation.



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**Don Plowman**

BScAg, MScAg, PhD

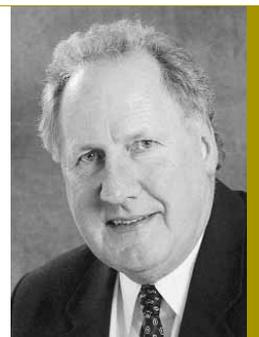
Director  
(Non-executive)

Reappointed:  
1 October 2005  
for three years

Don is the Executive Director Agriculture and Wine at the South Australian Department of Primary Industries and Resources.

He has more than 25 years experience in managing research, including as a director with the Horticultural R&D Corporation and the Dried Fruits R&D Council, and as a board member for numerous cooperative research centres.

His particular areas of expertise are in administration, R&D, the environment and ecology, natural resource management and technology transfer.



## Directors as at 30 June 2006



### **Russell Phillips**

BEd, GradDipComp,  
GradDipAppFin/Inv

Government Director  
(Non-executive)

Appointed:  
31 August 2005  
for three years

Member:  
Finance, Risk and Audit  
Committee

Russell is the General Manager for Wheat, Sugar and Crops in the Australian Government Department of Agriculture, Fisheries and Forestry. His team is responsible for providing policy advice and implementing a number of programs that contribute to the global competitiveness of Australia's food and agriculture industries.

He has 25 years experience in public policy and administration covering agriculture, transport and competition issues in a range of Australian Government departments and international agencies.



### **Timothy Reeves**

BSc(Hons), MAgrSc, FTSE

Director  
(Non-executive)

Appointed:  
1 October 2005  
for three years

Timothy Reeves has worked for 39 years in agricultural research, development and extension, mostly focused on sustainable agriculture in Australia and overseas. His professional career includes positions in the Department of Agriculture, Victoria; Foundation Professor of Sustainable Agricultural Production, Adelaide University (1992–95) and Director General of the International Maize and Wheat Improvement Center (CIMMYT) based in Mexico (1995–2002).

Recent roles include: Member, United Nations Millennium Project Task Force on Hunger; Chair, NSW Agricultural Advisory Council on Gene Technology; Member, European Commission Expert Group for Evaluation of Framework Projects; Chair, Academic Advisory Board on International Community and Development Studies, Deakin University; and Professorial Fellow, Melbourne University.

He is a former President of the Australian Society of Agronomy. Timothy has received several international and national honours and is currently a consultant specialising in national and international agricultural research and development.



### **Philip Young**

BAGSc, MEcon

Director  
(Non-executive)

Appointed:  
1 October 2005  
for three years

Member:  
Finance, Risk and Audit  
Committee

Philip has been an international agricultural and agribusiness consultant for the past 25 years, with a focus on China.

He owns a share-farmed intensive grain production property at Munglinup on the south coast of Western Australia.

He was the inaugural Chair of Australian Grain Technologies Pty Ltd from 2003 to 2005, and was appointed to the Interim Board of Single Vision Grains Australia in 2005.

## Directors retiring in 2005–06

### Roland Pittar

BScAg (Hons)

Government Director  
(Non-executive)

Resigned:  
30 August 2005

Member:  
Finance, Risk and Audit  
Committee

During his term on the GRDC Board, Roland Pittar was the General Manager of the Crops, Wine and Horticulture Branch within the Australian Government Department of Agriculture, Fisheries and Forestry (DAFF). His team was responsible for providing policy advice and implementing a number of programs which, by enabling business to perform better and respond to market signals along the value chain, contribute to the global competitiveness of Australia's agriculture and food industries.

Roland has held a range of policy positions with the Australian Government, which have focused on agriculture, minerals and science policy. He has also worked for a state agriculture department. Since September 2005 Roland has been the DAFF Minister-Counsellor, Agriculture to the Organisation for Economic Co-operation and Development in Paris.



### Tony Fischer

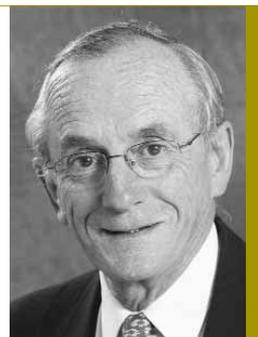
BScAg, PhD, FAIAST, FTSE

Director  
(Non-executive)

Resigned:  
30 September 2005

Member:  
Remuneration Committee

Tony Fischer works part-time at the Australian Centre for International Agricultural Research (ACIAR) in Canberra as an adviser. This involves overseeing ACIAR activities and projects in South Asia. Previously, Tony managed an ACIAR research program, covering crops as well as land and water projects, involving many developing countries. He has been active in research in these fields for over 30 years, at the New South Wales Department of Agriculture, CSIRO, and the International Maize and Wheat Improvement Center (CIMMYT) in Mexico. From 1988 to 1995 he was director of the Wheat Program at CIMMYT. He has travelled widely in the developing world. He also retains a close interest in a mixed farming property at Boree Creek in southern New South Wales.



### Christine Hawkins

BCom (Hons), MCom, CPA, FAICD

Deputy Chair (Non-executive)  
to 30 September 2005

Retired:  
30 September 2005

Chair:  
Finance, Risk and  
Audit Committee

Member:  
Executive Committee and  
Remuneration Committee

Christine Hawkins is a corporate adviser and company director. She specialises in high-level strategic organisational planning and development and has a particular interest in the agribusiness sector.

Christine has been involved in recent years in business start-ups, the commercialisation of new products and technologies, and the development of supply chain management and marketing structures in agribusiness.

She has qualifications in economics, accounting, finance and taxation law. She is Chair of the Advisory Committee of Go Grains and a member of the National Rural Advisory Council.



### Rachel Lucas

BSc (Hons), PhD, FAICD, AAIMM

Retired:  
30 September 2005

Member:  
Finance and Audit  
Committee

Whilst a GRDC Director, Rachel Lucas was Director of Science and Innovation with the Department of Further Education, Employment, Science and Technology in South Australia. She was a non-executive director of Playford Capital and chaired South Australia's Sustainable Energy Research Advisory Committee. In November 2006 she will join Heidrick & Struggles as Principal, working in the life sciences sector. Rachel's background encompasses molecular biology, banking, venture capital, business development and management, strategy development and implementation, R&D administration, technology transfer and intellectual property management. She has many years experience with the food industry through previous involvement with several cooperative research centres. She has brought commercial R&D to market and has extensive experience in negotiating and implementing commercial agreements.



## Selection

The Selection Committee, a committee chosen by the Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry, on advice from the GCA, nominates six of the nine GRDC directors. Appointment of directors nominated through this mechanism is subject to ministerial approval.

The Chair and the Government Director are selected and appointed by the parliamentary secretary. The Board appoints the Managing Director. With the exception of the Managing Director and the Government Director, GRDC directors are appointed for three-year terms. The Managing Director holds office at the corporation's pleasure.

On 1 October 2005 a new GRDC Board was appointed, for a three-year period. The Board's nine directors include four new members: Nicole Birrell, Steve Marshall, Tim Reeves and Philip Young. They joined the continuing Chair, Terry Enright, and continuing members Ross Johns and Don Plowman.

Russell Phillips became the new Government Director on 31 August 2005, succeeding Roland Pittar.

On 30 July 2006 the Selection Committee's Presiding Member delivered a copy of his annual report to the Hon. Sussan Ley, MP. A copy of this report is at Appendix 6.

## Roles, responsibilities and code of conduct

The roles and responsibilities of members of the Board, and their code of conduct, are documented in the GRDC Operating Manual. To request a copy of the manual, telephone the GRDC on 02 6272 5525, or send an email to [grdc@grdc.com.au](mailto:grdc@grdc.com.au)

In October 2005 the Board conducted a detailed review of the roles and responsibilities of the Board and its committees. The Board also strengthened the code of conduct, particularly in relation to conflict of interest.

As a result of the review, the Board decided it was no longer necessary to have an Executive Committee to manage the Board's business between meetings.

The Finance and Audit Committee was also renamed the Finance, Risk and Audit Committee, to reflect its greater focus on risk management.

## Committees

The Board receives formal reports from its committees, and any decisions the Board makes in relation to the reports are recorded in the minutes of the subsequent board meeting. Terms of reference are in place for each of the committees described in Table 8.

**Table 8 Board committees as at 30 June 2006**

Committee	Role	Membership
Finance, Risk and Audit Committee	<p>Assist the Board in fulfilling its corporate governance responsibilities.</p> <p>Review the corporation's financial reporting process, internal control system, risk management strategy and processes, internal and external audits, and process for monitoring compliance with laws and regulations and the Board's code of conduct.</p> <p>Review the corporation's financial statements.</p>	At least three non-executive directors of the Board.
Remuneration Committee	<p>Review and make recommendations to the Board on matters relating to the remuneration and performance of the Managing Director.</p> <p>Review advice from the Managing Director on remuneration and performance policy for the corporation.</p>	The Chair, the Deputy Chair and one other director.

## Meetings

The GRDC Board holds seven meetings every 12 months: four full quarterly meetings and three other meetings. Each of the latter meetings is combined with a visit to each one of the GRDC regions at least once every 12 months.

Each director's attendance at Board and Board committee meetings during the year is set out in Table 9.

## Independent professional advice

With the Chair's approval, directors may obtain independent professional advice, at the GRDC's expense, on matters arising in the course of their board and committee duties.

## Induction and training

New Board members go through a formal induction process, and there is a process of continuous education for all directors.

## Disclosure of direct and indirect pecuniary interests

In accordance with section 84 of the PIERD Act, the Managing Director must disclose all direct or indirect pecuniary interests that he or she has or acquires in any business or in any body corporate carrying on any business.

**Table 9 Attendance at board and committee meetings, 2005–06**

Members	Board		Finance, Risk and Audit Committee		Remuneration Committee	
	Meetings attended	Meetings held and eligible to attend	Meetings attended	Meetings held and eligible to attend	Meetings attended	Meetings held and eligible to attend
Terry Enright	7	7			4	4
Nicole Birrell <sup>a</sup>	5	5	3	3		
Tony Fischer <sup>b</sup>	2	2			0	1
Christine Hawkins <sup>b</sup>	2	2	1	1	1	1
Ross Johns	7	7	4	4	3	3
Rachel Lucas <sup>b</sup>	2	2	1	1		
Steve Marshall <sup>a</sup>	5	5			3	3
Russell Phillips <sup>c</sup>	5	6	2	3		
Roland Pittar <sup>d</sup>	1	1	1	1		
Don Plowman	7	7				
Peter Reading	7	7				
Tim Reeves <sup>a</sup>	5	5				
Philip Young <sup>a</sup>	4	5	2	3		

a Appointed 1 October 2005.

b Terms completed 30 September 2005.

c Appointed 31 August 2005.

d Resigned 30 July 2005.

Directors must also comply with the CAC Act's requirements regarding material personal interests and with the GRDC's policy and procedures for conflict of interest, which require declarations of conflicts of interest at the start of each board meeting, and regular updates of records of conflict of interest declarations.

## Board Secretary

The role of the Board Secretary is to:

- ensure the correct recording of board minutes, resolutions and action plans
- help ensure that action plans are closed out within agreed time frames
- prepare board agendas
- collate and distribute board papers and other related documents.

Geoff Budd, GRDC General Counsel, is the Board Secretary.

## Relationship with the Executive Management Team

The Executive Management Team (EMT) has seven members: the Managing Director, and the executive managers from each of the six management groups (the four output groups and two enabling functions). The management structure is shown in Figure 7 in Part 1.

The EMT has an advice and implementation role in relation to the Board. The team investigates and recommends matters for the Board to consider. It also implements Board decisions in accordance with approved policies and procedures, including an approval authority schedule that sets out the necessary delegations.

To ensure that the GRDC's operations are monitored and managed efficiently and effectively, the EMT meets regularly, and maintains and updates an annual business schedule.

## Performance monitoring

At the start of each year the Board sets its annual key performance objectives. At each meeting the Board uses a checklist to review performance against those objectives.

The Board engaged Blake Dawson Waldron to conduct reviews of the Board's performance in late 2004 and 2005. Because the Board changed substantially in October 2005, no performance review was conducted in 2005. An external review of board performance is planned for late 2006.



*GRDC National Panel touring the CBH grain terminal based at Albany in WA. Left to right: Katie Cole, Grain Pool Regional Manager for the Albany Zone; GRDC National Panel Members Peter Reading, Vince Logan, Gavin Whiteley and Ian Buss; and Greg Thornton, CBH Albany Terminal Manager. Photo: Vic Dobos*

# Advisory panels and program teams

The panel system is a key strength of the GRDC. The Board makes decisions with the support of a national advisory panel, informed by the knowledge and experience of three regional panels and four investment program teams. This network helps to ensure that GRDC investments are directed towards the interests of all our stakeholders and the strategic objectives of our programs.

## National Panel

The National Panel comprises the three regional panel chairs and the GRDC's executive managers. The National Panel addresses national R&D priorities across the GRDC investment programs, and advances recommendations on investments to the Board.

In assisting the Board, the panel's key advice functions include reviewing program investment plans; reviewing budget development and allocations; recommending strategic changes in allocations; arbitrating issues of investment allocation or investment strategy; and actioning review recommendations. The National Panel also plays a major role in communicating with research partners and stakeholders.

## Regional panels

The GRDC's three regional panels are composed of graingrowers, agribusiness representatives and scientists and the GRDC executive managers, with provision for other industry experts to participate as appropriate. Regional panel members also participate as members of GRDC program teams.

The regional panels develop and monitor the strategic direction for the regional elements of the GRDC's R&D investments (details of the regions are provided in Figure 8 in Part 1). Supported by the GRDC program managers, panel members assess investment proposals based on selection criteria, and undertake risk analysis of the potential investments. The panels are also responsible for ensuring that investment strategy is responding to the regional and national priorities of stakeholders.

The GRDC Operating Manual covers roles, responsibilities, codes of conduct, remuneration and selection guidelines for panel members. Panel members as at 30 June 2006 are listed in Table 10.

**Table 10 Regional panel membership as at 30 June 2006**

Panel	Chair	Deputy Chair	Members	
Northern Regional Panel	Ian Buss	Di Bentley	James Clark Richard Heath Graeme Wright Michael Southan (half-year only)	David Freebairn Chris Joseph Bill Yates John Harvey Iftikhar Mostafa
Southern Regional Panel	David Shannon	Mark Peoples	Jeffrey Arney Merna Curnow Graeme Lukey Andrew Rice Vic Dobos	Andrew Barr Barbara Howlett Allan Mayfield David Wolfenden Vince Logan
Western Regional Panel	Dale Baker	Robert Belford	Ralph Burnett Merrie Carlshausen Richard Oliver Ruth Young Gavin Whiteley	David Capper Ben Curtis Neil Young Greg Fraser

## Program teams

Each of the GRDC's four program teams comprises program managers, panel members from each of the three regions, an executive manager and a panel chair. Depending on the size and complexity of the portfolio, each program team forms several subprograms, as shown in Table 11.

Each program team is responsible for developing, implementing and reviewing the investment strategy within its output group. Other activities include evaluating projects, prioritising potential investment opportunities and monitoring project performance.

**Table 11** Program teams as at 30 June 2006

Program team	Subprogram teams
Varieties	<ul style="list-style-type: none"><li>• Pre-breeding</li><li>• Wheat and barley</li><li>• Pulses and oilseeds</li></ul>
Practices	<ul style="list-style-type: none"><li>• Agronomy, soils and environment</li><li>• Crop protection</li><li>• Validation and integration</li></ul>
New Products	<ul style="list-style-type: none"><li>• New grain products and new farm products</li></ul>
Communication and Customer Services	<ul style="list-style-type: none"><li>• Capacity building and corporate communications</li></ul>



*Members of the GRDC's Western panel inspecting a canola crop near Kojonup in Western Australia. Photo: Vic Dobos*

# Our people

The GRDC continued to emphasise the value of its people. Several staff members were given the opportunity to advance within the organisation, and efforts were made to identify potential and provide development opportunities. In a labour market where recruitment was generally difficult due to a shortage of candidates, the GRDC continued to attract a good depth of quality candidates nationally, and attracted former staff members back to the organisation, making significant steps towards becoming an employer of choice.

The GRDC has a culturally diverse staff, with a good mix of age and gender. The corporation values good health, and recognises its obligation as an employer to provide a safe and harmonious workplace where talented people can assist each other to develop skills and knowledge, and work as a team to improve and develop the grains industry of Australia.

## Staff

The GRDC's staff are employed under section 87 of the PIERD Act, which provides that the terms and conditions of employment are to be determined by the GRDC.

As at 30 June 2006, the GRDC employed 50 full-time staff members, including the Managing Director. A staff list is provided in Table 12.

Salary packages for GRDC staff members are set according to information provided by Hay Group International Human Resource Consultants. The GRDC engages Hay Group International Human Resource Consultants to grade each position description against the relevant market and advise the GRDC of an appropriate range of salary rates.

The GRDC also engaged four program consultants, under section 88 of the PIERD Act, in 2005–06.

**Table 12 Staff as at 30 June 2006**

Management group	Position	Occupant
<b>Managing Director's Area</b>	Managing Director	Peter Reading
	Executive Assistant	Wynette Neil
<b>Corporate Services</b>	Executive Manager	Gavin Whiteley
	General Counsel	Geoff Budd
	Corporate Lawyer	Rachel Manley
	Compliance Officer	Noelia Freitas
	Manager Finance	Danielle White
	Accountant: Reporting	Nino Divito
	Contract Payments Officer	Cathy Wells
	Accounts Payable Officer	Kylie McLay
	Manager Human Resources	Wendy Neil
	Records Management Coordinator	Ross Thompson
	Travel Coordinator	Sarah Smith
	Receptionist	Ros Walton
	Administrative Assistant	Lauren O' Connor
	Manager Information Technology Facilities	Tavis Hamer
	Network Administrator	Lawrence McLaughlin
Webmaster	Sia Lipapis	
Network Support Officer	Tom Vale	

**Table 12 Staff as at 30 June 2006 (continued)**

Management group	Position	Occupant
<b>Corporate Strategy and Program Support</b>	Executive Manager	Iftikhar Mostafa
	Business Analyst	Vacant
	Corporate Strategist Evaluation and Reporting	Zoltan Lukacs
	Manager Procurement and Contracting	Cathy Stewart
	Contracts Coordinator	Klaudia Skazlic
	Administrative Assistant	Lauren Kennelly <sup>a</sup>
	Panel Coordinator (National and North)	Shona Tidswell
	Panel Support Officer (South)	Desiree Koch
	Panel Support Officer (West)	Julia Polkinghorne
<b>Varieties</b>	Executive Manager	John Harvey
	Administrative Coordinator	Merrilyn Baulman
	Administrative Assistant	Natasha Dziubinski
	Administrative Assistant	Lauren Kennelly <sup>a</sup>
	Manager Gene Discovery	Andreas Betzner
	Manager Germplasm Enhancement	Richard Brettell
	Project Manager Pre-Breeding	Vacant
	Manager Wheat and Barley Breeding	Leecia Angus
	Manager Pulse/Oilseed Breeding	Brondwen MacLean
<b>Practices</b>	Executive Manager	Greg Fraser
	Program Coordinator	Chrisafina Valakas
	Administrative Coordinator	Angela Ditton
	Manager Agronomy, Soils and Environment	Martin Blumenthal
	Project Manager Practices	Vacant
	Manager Crop Protection	John Sandow
	Manager Validation and Adoption	Stuart Kearns
	Manager Extension and Grower Programs	Tom McCue
<b>New Products</b>	Executive Manager	Vince Logan
	Administrative Coordinator	Manisha Jayawardana
	Manager New Farm Products and Services	Paul Meibusch
	Manager New Grain Products	John de Majnik
<b>Communication and Customer Services</b>	Executive Manager	Vic Dobos
	Program Support Coordinator	Sonia Yanni
	Manager Corporate Communication	Helen Weldon
	Manager Publications	Maureen Cribb

<sup>a</sup> Lauren Kennelly's role as Administrative Assistant is shared equally between Varieties and Corporate Strategy and Program Support.

Note: Two staff members were on maternity leave.

In addition, the GRDC funded two full-time positions and a part-time administrative position in Single Vision Grains Australia (as shown in

Table 13), as well as the Interim Board consisting of five members (as shown in Table 6).

**Table 13 GRDC-funded staff of Single Vision Grains Australia as at 30 June 2006**

Position	Occupant
Chief Executive Officer	Selwyn Snell
Business Development Officer	Matt Kealley
Executive Assistant (part-time position)	Michelle Fairbrother

## Location

The six management groups, including the professional staff who manage research contracts and investment opportunities, are located in offices at the following Canberra address:

**Level 1**  
**Tourism House**  
**40 Blackall Street**  
**BARTON ACT 2600**

The GRDC owns one floor of Tourism House. The GRDC does not own any research facilities.

Single Vision Grains Australia operates from a rented office at:

**Suite 17, Level 2**  
**2 Loraine Street**  
**CAPALABA QLD 4157**

## Code of conduct

The GRDC Code of Business Conduct and Ethical Behaviour is published as part of the GRDC Operating Manual, and copies of the code are publicly available upon request. A presentation about the code was made to staff early in the year so staff members have a sound understanding of GRDC requirements. The code is included in induction folders for new staff and discussed during the induction sessions.

## Performance management

The GRDC aligns performance measures with strategic direction, and rewards individuals through an annual bonus scheme which promotes excellence in key performance areas. During the year a new performance management system was introduced, establishing a structured approach to reviewing, recognising and improving performance. This system provides employees with constructive feedback on performance against job-related competencies, as well as performance against objectives and areas of responsibilities assigned for the management period.

Individual efforts are recognised, and behaviour which reflects passion, commitment and ownership in relation to GRDC goals is rewarded.

Managers assist in developing accountability and key performance measures to tie operational outcomes to strategic aims. Individual performance is assessed against agreed key result areas and performance indicators twice each year.



*GRDC staff at a team building exercise.*

## Recruitment, training, retention and succession management

The GRDC recruitment process aims for an honest and open exchange of information between the applicant and the organisation in order to identify the right person–organisation match as well as the best skill set for each role.

The corporation places importance on the induction process and recognise the need to provide proper training and support to new staff.

The GRDC aims to identify training that will challenge people and develop their capacity to perform both in their current roles and in future roles in the organisation. Our mid-year and end-of-year performance review process identifies possible career paths for individuals, which contributes to their personal goals and sense of achievement, and assists GRDC succession planning. Individual training plans are agreed formally, as part of that process.

The GRDC partly funded formal study by three staff members during 2005–06, and many staff members attended seminars and training workshops. The Executive Manager Communication and Customer Services and the Executive Manager Practices attended the company directors' course run by the Australian Institute of Company Directors during 2006. One member of staff fast-tracked his Master

of Business Administration with GRDC assistance and has since been promoted into a more senior role. Three female managers attended the Women and Leadership forum and gave a presentation on the seminar at a staff briefing, demonstrating the GRDC's commitment to developing female staff members who have leadership potential.

As part of its retention strategy, the GRDC offers all vacancies internally at first. This has led to the retention and development of a number of staff across the organisation. High-performing staff may be identified as showing potential to succeed other staff, and developed for that purpose. This strategy allows the GRDC to retain valuable industry experience. The development partnership gives mutual benefits: it means staff have a reason to stay, and the organisation gains from the long-term employment of valued people.

Current commercial salary surveys are analysed to review financial rewards on an annual basis. Non-financial rewards are also rated highly as reasons why people choose to stay. In particular, long-term career development and organisational culture are motivational factors for staff. A staff climate survey is planned (for October 2006) and the GRDC will compare feedback to the results of a previous survey in order to track the effectiveness of current policies and procedures and identify any new issues or recurrent problems.



*The GRDC staff assembled outside headquarters.*

## Occupational health and safety

The GRDC continued to focus on good health among staff in 2005–06, and implemented a Better Health at Work program during the year. The program emphasised matters relating to health, diet and nutrition; the importance of exercise; and the relation of all of these factors to a feeling of wellbeing. How well people work is closely related to how well they are feeling, so keeping employees feeling good is important.

Some of the features of the program conducted during the year were:

- promoting good nutrition by providing fresh fruit each week
- preventing injuries by increasing awareness of ways to prevent strains and injuries
- increasing awareness of stress and depression and ways to better manage them, including through lectures delivered by employee assistance program counsellors
- supporting a 'quit smoking' campaign
- encouraging exercise by supporting the '10,000 Steps a Day' campaign, providing pedometers and organising staff walks
- providing a free flu immunisation program

- providing a free employee assistance program and counselling service
- providing and maintaining safe plant, systems of work and access to and egress from the workplace
- maintaining information and records relating to health and safety.

During the year there were several instances of staff requiring extended leave due to health or personal problems. The GRDC was able to demonstrate its commitment to staff by adopting an individual approach in each case, allowing in most cases a full and safe return to work. These instances showed a consistent application of policy, while allowing fairness and flexibility in accordance with the circumstances.

Table 14 summarises the key elements of the GRDC's occupational health and safety performance during the year.

**Table 14 GRDC Occupational health and safety performance, 2005–06**

Indicators	Performance
Workstation assessments completed for all GRDC staff	A professional assessor completed and documented workstation assessments for all new and relocated staff members.
Training and awareness of occupational health and safety requirements	Important activities conducted during the year included: <ul style="list-style-type: none"> <li>• the screening of a video on workplace bullying</li> <li>• an information session on the GRDC code of conduct and workplace behaviour</li> <li>• the annual emergency building evacuation practice and fire drill</li> <li>• the annual checking and restocking of the first aid kit.</li> </ul>
Improved internal security arrangements	Locks on access doors were upgraded The reception area was locked on close of business daily.
Workplace facilities maintained to a high standard	Activities to ensure that facilities were well maintained during the year included: <ul style="list-style-type: none"> <li>• the six-monthly inspection of fire extinguishers</li> <li>• the annual radiation check of microwave ovens</li> <li>• Regular maintenance of water filters.</li> </ul>

## Equal employment opportunity

In 2005–06, the GRDC had 50 full-time positions, and employed staff under terms and conditions consistent with the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*. The GRDC's

equal employment policy is set out in the GRDC Operating Manual. Table 15 compares the age and gender profiles of GRDC staff for the past two financial years.

**Table 15 Staff profile by age and gender, 2004–05 and 2005–06**

	20–30	30–40	40–50	50–60	>60	Male	Female	Total
<b>2004–05</b>								
<b>No.</b>	16	7	10	12	1	23	23	46
<b>%</b>	35	15	22	26	2	50	50	100
<b>2005–06</b>								
<b>No.</b>	18	10	7	14	1	22	28	50
<b>%</b>	36	20	14	28	2	44	56	100
<b>% change</b>	+1	+5	–8	+2	0	–6	+6	

## Disability strategies

The Commonwealth Disability Strategy and requirements of the *Disability Discrimination Act 1992* are implemented by the GRDC as the need arises.

Accessibility guidelines are followed when the GRDC presents documents on the internet, and large print for any publication is available on request. Mechanisms are in place to ensure that issues or concerns can be dealt with promptly and fairly. Grievances are first discussed with a supervisor, then raised with the Manager Human Resources if necessary, for resolution. The Managing Director may refer the matter to an external provider for assistance if required. Every effort is made to comply with the strategy, while applying the principle of 'reasonable adjustment', in GRDC recruitment processes.