



Australian Government
**Australian Centre for
International Agricultural Research**

ACIAR

ANNUAL REPORT 2018-19



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02 October 2019

Senator the Hon Marise Payne
Minister for Foreign Affairs
Parliament House
Canberra ACT 2600

Dear Minister

ACIAR Annual Report 2018–19

It is my pleasure as the Chief Executive Officer to present to you the Annual Report of the Australian Centre for International Agricultural Research for the financial year ending 30 June 2019.

The report has been prepared as required by section 39 of our enabling legislation—*Australian Centre for International Agricultural Research Act 1982*, as amended—and in accordance with all applicable obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Annual performance of ACIAR is reported in compliance with section 39 of the PGPA Act.

Consistent with section 42 of the PGPA Act, I have taken steps to ensure the annual financial statements have been prepared in accordance with relevant accounting standards and other requirements prescribed by the PGPA Rule 2014. The report includes the Centre's audited financial statements, certified by the Australian National Audit Office, as required by section 43 of the PGPA Act.

In presenting this Annual Report, I acknowledge the important contribution to international agricultural research made by ACIAR staff and commissioned research organisations, to help achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia.

Yours sincerely,

Professor Andrew Campbell
Chief Executive Officer

ACIAR

Research that works for developing
countries and Australia

aciargov.au

Contents

Letter of transmittal	i
Chief Executive Officer's review	01
Part 1 Overview of ACIAR	11
About ACIAR	13
Financial overview	16
Part 2 Performance	19
Outcome and program structure	20
Annual Performance Statement	22
Introductory statement	22
Purpose	22
Results	22
Financial performance	29
Departmental activity	29
Administered activity	29
Entity resource statement 2018–19	30
Revenue and expenditure	31
Part 3 Management and accountability	33
Corporate governance	34
Executive and staff arrangements	34
Executive remuneration	36
Executive management	38
Audit Committee	40
Commission for International Agricultural Research	42
Commission members	44
Policy Advisory Council	46
Financial accountability and compliance	48
External scrutiny	48
Management of human resources	49
Procurement	52
Other mandatory information	54
Ecologically sustainable development and environmental performance	55

Part 4	Financial statements 2018-19	59
Part 5	Appendixes	101
Appendix 1.	Basis of authority	102
Appendix 2.	Organisational structure	103
Appendix 3.	Staffing statistics	104
Part 6	Reference material	107
	Abbreviations and acronyms	108
	List of requirements	109
	Index	114
	Contact us	118



List of tables

Table 1.1.	Administered expenditure by ACIAR, 2016–17 to 2018–19	17
Table 2.1.	Food security and poverty reduction—ACIAR performance against this criteria in 2018–19	23
Table 2.2.	Natural resources and climate change—ACIAR performance against this criteria in 2018–19	24
Table 2.3.	Human health and nutrition—ACIAR performance against this criteria in 2018–19	25
Table 2.4.	Gender equity and women’s empowerment—ACIAR performance against this criteria in 2018–19	26
Table 2.5.	Inclusive value chains—ACIAR performance against this criteria in 2018–19	27
Table 2.6.	Capacity building—ACIAR performance against this criteria in 2018–19	28
Table 2.7.	Entity resource statement 2018–19	30
Table 3.1.	Key management personnel, 2018–19	36
Table 3.2.	Summary of remuneration for key management personnel, 2018–19	36
Table 3.3.	Remuneration detail for key management personnel, 2018–19	37
Table 3.4.	Remuneration detail for other highly paid staff, 2018–19	37
Table 3.5.	Audit Committee membership and meetings attendance	40
Table 3.6.	Chair and members of the Commission for International Agricultural Research	43
Table 3.7.	Meetings of the Commission for International Agricultural Research, 2018–19	43
Table 3.8.	Chair and members of the Policy Advisory Council, 2018–19	47
Table 3.9.	Parliamentary submissions	48
Table 3.10.	Details of staff employed by ACIAR under the <i>Public Service Act 1999</i> , at 30 June, 2015–16 to 2018–19	49
Table 3.11.	Bonus payments, 2018–19	50
Table 3.12.	Resource use by ACIAR House, Canberra, 2017–18 and 2018–19	57
Table A3.1.	Employee numbers, 30 June 2019	104
Table A3.2.	Staff turnover, 2015–16 to 2018–19	104
Table A3.3.	Non-APS employees employed overseas, 30 June 2019	105
Table A3.4.	Employee classification structure, 30 June 2019	105

List of figures

Figure 1.1.	ACIAR research structure	12
Figure 1.2.	ACIAR area of operation in the Indo-Pacific region	14
Figure 1.3.	Proportion of research expenditure by region, 2018–19	16
Figure 1.4.	Proportion of research expenditure by program, 2018–19	16
Figure 2.1.	Outcome and program structure	20
Figure 2.2.	A comparison of sources of ACIAR revenue for 2017–18 and 2018–19	31
Figure 2.3.	A comparison of categories of ACIAR expenditure for 2017–18 and 2018–19	31
Figure 3.1.	Governance structure of ACIAR	34



2018-19 AT A GLANCE

240

research-for-development projects

86

John Allwright
Fellows undertaking
postgraduate study
in Australia



35

partner countries
in the Indo-Pacific
region

5:1

economic return
of each dollar
invested in bilateral
research projects
since 1982

25

multilateral research
programs and
co-investment
alliances



70,000
followers

28

specialist leadership
fellowships provided for
senior scientists



6000

People received
4 issues of *Partners*
magazine



Chief Executive Officer's review

Agricultural research and policy are confronted by new challenges of unprecedented scale and complexity—climate change and nutrition insecurity. This was the focus of my address to the Crawford Fund parliamentary conference on 'Reshaping agriculture for better nutrition' in August 2018.

To meet these challenges, we must develop new platforms for collaboration and innovation across the food system, between the food and health systems, and between the public and private sectors. ACIAR, as Australia's specialist agricultural research-for-development agency, has well-honed skills in brokering durable partnerships, involving end-users in the process of scientific inquiry, and developing enduring capabilities in science and policy in the countries with which we partner. These skills, and the networks and track record we have established over the last 36 years, are more relevant today than ever.

The 2018-19 year has been characterised by significant progress in building on those skills, and implementing the fundamental elements of the ACIAR 10-Year Strategy 2018-27.

We have refocused our priorities within our research program to better align them to meet these challenges in line with Australian Government priorities, and have a renewed emphasis on regional capacity building, especially in the Pacific. We have expanded our outreach activities to make our role in brokering and supporting targeted scientific collaboration more transparent and to raise awareness. We have also revisited how we monitor and evaluate the effectiveness of our diverse portfolio of projects, to ensure they meet the expectations and needs of government, people in the regions where they are located, and our scientific research partners, in Australia and regionally.

This refocusing of priorities took place through the lens of Australian Government policy—notably the Pacific Step-up, and the United Nations 2030 Agenda for Sustainable Development Goals. Areas of increased emphasis include climate change and gender equity and inclusivity. Gender equity in research-for-development is a high priority for ACIAR and the Australian aid program. I was particularly delighted that ACIAR was a co-convenor of the *Seeds of Change—Gender in International Research for Development* conference held at the University of Canberra in February 2019, and attended by 280 delegates from 45 countries. Gender is now integral to our research project proposal template. This triggers teams to take a multi- or cross-disciplinary approach to their research, and to include people who have the knowledge and experience to work sensitively with communities and avoid the risks of unintended consequences.

While our focus and programs adapt to address new and evolving challenges facing agriculture in the Indo-Pacific region, our well-established partnership model continues to provide productive pathways for ACIAR to participate in agricultural research-for-development throughout the region. Our work aligns closely with Australia's broader development assistance program and contributes to Australia's security and economic interests which are inter-linked with the countries of the regions in which ACIAR operates: Pacific, East and South-East Asia, South Asia and Eastern and Southern Africa.

An influential global partner

ACIAR is mandated to manage Australia's investment in CGIAR, the world's largest agricultural research network, dedicated to reducing rural poverty and increasing food and nutrition security for human health. Our strong and productive relationship with the CGIAR continues to grow, which was demonstrated in November 2018, when ACIAR hosted the very well-attended forum, 'Transforming the global food system: challenges and opportunities' in Canberra.

Recognising that only one-third of the world's population eats a healthy diet, the forum was a wonderful opportunity to host the directors general of three CGIAR research institutes—Dr Martin Kropff of CIMMYT (maize and wheat research), Dr Jimmy Smith of ILRI (livestock research) and Dr Matthew Morell of IRRI (rice research)—who interacted with the Australian agricultural research community on the work that these international research centres are doing to meet this challenge and discuss future opportunities.

In addition to fostering and consolidating relationships with the CGIAR and its 15 research centres, ACIAR continued its

work with 10 other international organisations to jointly address global challenges of agricultural development.

Among many highlights for the year, ACIAR was appointed chair of the Executive Council of the Asia-Pacific Association of Agricultural Research Institutions (APAARI) and the Asia-Pacific Consortium on Agricultural Biotechnology and Bioresources. APAARI provides research communication, knowledge management, advocacy for agricultural biotechnology, support for capacity building and participation in expert consultations with national agricultural research system leaders in the region.

In December 2018, we signed new four-year partnerships with the Centre for Agriculture and Bioscience International (CABI) and the World Vegetable Centre. The partnership with CABI will support the global program Plantwise, which assists growers to minimise crop losses from pests and diseases. ACIAR supports WorldVeg's program of vegetable breeding and capacity building in Asia and sub-Saharan Africa, notably the partnership includes support of the International Mungbean Improvement Network—of benefit to farmers overseas and in Australia.



Co-investment alliances and partnerships are a growing component of our research program. Building on our reputation as a valued and trusted science partner, ACIAR works on a number of programs where financial support, design and management of programs is shared with another Australian Government agency, an overseas counterpart to ACIAR or private foundations and investors.

A significant achievement in this area of operations for 2018-19 was the negotiation and launch of Phase 2 of the Cultivate Africa's Future (CultiAF) partnership¹ with the Canadian International Development Research Centre (IDRC). This builds on the first phase of the program, and comprises nine projects across seven countries in eastern and southern Africa, addressing post-harvest management, food processing, nutrition, business opportunities and value chains.

A respected bilateral partner

The foundation of our research partnership model is bilateral partnerships with organisations in partner countries throughout the Indo-Pacific region. In addition to brokering and managing approximately 240 research projects and activities addressing specific issues related to agriculture, forestry and fisheries in 35 countries, ACIAR also entered into agreements and compacts with partner countries to focus in-country research on clearly-articulated and mutually-agreed priorities.



A 35-year relationship with the Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (PCAARRD) will continue to flourish. A new agreement was signed in December 2018, marking a new stage in a very productive relationship. We will continue to focus on collaborative research across the sectors, with a new emphasis on capacity building in the Philippines and a shared approach with PCAARRD to evaluating the impact of our investments.

As well as working hard to build relationships and deliver results to smallholder farmers and fishers in the region, it was very pleasing to receive acknowledgement of the contribution of ACIAR to agricultural research-for-development by partner countries.

¹ ACIAR project: Cultivate Africa's Future Phase 2 (CultiAF 2) – scaling up results from CultiAF 1 (C2016/367)



In June 2019, I was honoured to accept, on behalf of ACIAR, the Friendship Order from the Vietnam Government for our significant contribution to Vietnam’s agriculture sector over 25 years. The ceremony was witnessed by our Foreign Minister, Senator the Hon Marise Payne and the Foreign Minister of Vietnam. This is the most prestigious international honour awarded by Vietnam and has only previously been awarded to an organisation (as opposed to individuals) on one other occasion.

Facilitating development with our partners

Our re-focused research portfolio was in operation for its first full year in 2018–19. Knowing that effective use of funds for research-for-development requires a clear pathway to impact, the programs included in the portfolio encompass:


- » key agriculture sectors—crops, fisheries, forestry, horticulture and livestock

- » science and disciplines supporting these sectors—agribusiness, social sciences, soil and land management, and water and climate
- » assessment of achievements to guide future investment—impact evaluation.

The research portfolio is guided by six strategic objectives, articulated in our 10-Year Strategy 2018–2027. The strategy is aligned with our enabling legislation, key objectives of the Australian Government’s aid policy, and the United Nations 2030 Agenda for Sustainable Development.

The focus of projects established through our bilateral research program is diverse and the achievements in 2018–19 are many. Further, the project partnerships are also diverse, reflecting the need for flexibility and innovation to bring together the best team to address the identified issue.

While each project is managed within one of our nine research areas, the design of all projects is guided by our six strategic objectives.



In addition to our projects contributing to knowledge or developing new technology, our projects contribute to at least one, but usually several, of our objectives, which address:

- » food security and poverty reduction
- » natural resources and climate change
- » human health and nutrition
- » gender equity and women's empowerment
- » inclusive value chains
- » capacity building.

Increasing food security and productivity

ACIAR works throughout the Indo-Pacific region to improve food security and reduce poverty among smallholder farmers and rural communities. In doing so, we contribute to our mission of improving livelihoods and making production systems more sustainable.

Increasing the economic and disaster resilience of five regionally-significant fruit crops: breadfruit, citrus, mango, papaya and pineapple is the aim of a project² working with Pacific communities in Fiji, Samoa and Tonga. Surprisingly, given the favourable climate and increasing market opportunities, Pacific fruit production represents less than 10% of total horticultural output. The project led by Professor Steven Underhill of the University of the Sunshine Coast runs from 2016 to 2019, and has seen, for example, the planting of improved varieties of citrus trees in Tonga to rebuild and expand commercial citrus production. Economic benefits for the communities involved are anticipated from 2020 onwards, when the trees start to reach bearing age.

Much of Myanmar's population of 52 million is dependent on coastal fisheries and rice for food and livelihoods. Several ACIAR-supported projects in the Ayeyarwady Delta are contributing to the sustainable management of coastal fisheries and inland aquaculture, as well as increasing production and income for the Myanmar households.

A project³ led by Dr Mike Phillips of WorldFish is aiming to improve the productivity and profitability of rice-fish production systems, as well as identify opportunities for diversification. Midway through its term, the project has reported a 40% increase in fish production and a 50% increase in overall farm income in some areas. Additionally, training in small-scale aquaculture was delivered to almost 15,000 rural households.

Managing natural resources

ACIAR supports many projects that strive to improve livelihoods through the sustainable use and management of natural resources and sustainable intensification of farming systems. These projects also work to address region-wide barriers to sustainable economic growth, such as extreme poverty and gender inequality.

ACIAR supports and coordinates the food and agriculture component of a large and multi-faceted Australian Government initiative—the Sustainable Development Investment Portfolio (SDIP), funded by the Department of Foreign Affairs and Trade (DFAT). ACIAR works with a range of partners in Australia and South Asia to improve the integrated management of water, energy and food in the major Himalayan river basins—the Indus, Ganges and Brahmaputra.

2 ACIAR project: Enhanced fruit production and postharvest handling systems for Fiji, Samoa and Tonga (HORT/2014/077)

3 ACIAR project: Development of rice-fish systems in the Ayeyarwady Delta, Myanmar (FIS/2016/135)

Ten projects⁴ in Bangladesh, India and Nepal make up Phase 2 of the initiative, which builds on our existing program of field research, local policy engagement and strong partnerships in the region. During 2018–19, the projects established the basis to support sustainable intensification of farming systems, with a focus on two of the most pressing issues in the region—adaptation to climate change and promotion of gender equality by empowering women and girls.

Improving human health and nutrition

Many ACIAR projects contribute to the objective of enhancing human nutrition and reducing risks to human health, such as a four-year project⁵ to improve production and market competitiveness in Australian and Filipino pig production, which concluded in 2019.

Led by Dr Pat Blackall of the University of Queensland, the project focused on achieving improved production through better health and disease control, making pig enterprises more productive, environmentally-friendly, sustainable and profitable for both men and women farmers. In the Philippines, where most pig production comes from smallholder farmers, the project took an Ecohealth approach. It focused on improving the health of smallholders and their environment, including livestock such as pigs, recognising the interconnected nature of the elements of the farming systems.

Through the project, women, who represent more than 50% of smallholder pig farmers, were empowered to make their enterprises more profitable and competitive. Women were also encouraged to enter the industry as a way of securing independent income.

Equitable participation

In addressing key challenges and opportunities in the agriculture, fisheries, forestry and horticulture sectors, ACIAR projects are designed to be equitable, inclusive and empowering. Gender equality is crucial to alleviating poverty in rural communities. Women already play a significant role in agriculture in many countries across the globe. In developing countries, women do much of the manual labour on farms, as well as domestic duties. ACIAR recognises the yet untapped potential for improved production, income and family nutrition, which occurs when women play a more visible and equal role in agricultural decision making. Accordingly, ACIAR projects are designed to sensitively facilitate social and cultural change.

Growing success in this dimension was profiled and celebrated at the international conference, Seeds of Change, which placed gender firmly on the agricultural research agenda, with a thought-provoking and engaging three days of presentations and discussion from global leaders in the field.

-
- 4 ACIAR projects: Sustainable and resilient farming system intensification (SRFSI) (CSE/2011/077); Identifying Eastern Gangetic Plains soil constraints (CROP/2018/210); Institutions to support intensification, integrated decision-making and inclusiveness in agriculture in the East Gangetic Plain (LWR/2018/104); Foresight for sustainable food systems in the Eastern Gangetic Plains (WAC/2018/168); Quantifying crop yield gaps across the Indo-Gangetic Plains from new perspectives: production, farmer profit and sustainability of water use (WAC/2018/169); The regional hydrological impact of farm-scale water saving measures in the Eastern Gangetic Plains (WAC/2019/104); The implications of sustainable intensification on weed dynamics in the Eastern Gangetic Plains (WAC/2018/211); Aquifer characterisation, artificial recharge and reuse of suddenly available water in South Bihar, India (WAC/2018/211); Building provincial capacity for sustainable agricultural mechanisation in Nepal (WAC/2018/220); Pilot project on commercialisation of smallholder conservation-based planters in Bangladesh (LWR/2018/111)
- 5 ACIAR project: Improving the production and competitiveness of Australian and Philippines pig production through better health and disease control (AH/2012/066)

Inclusive value chains

An important part of agricultural research-for-development is ensuring that value chains are functional and do not create barriers to adoption of new knowledge and technologies.

Farm power and conservation agriculture are important to sustainable intensification of agriculture in Sub-Saharan Africa. Access to farm power is constrained due to the collapse of tractor-hire schemes, the diminishing numbers of draught animals and the scarcity and cost of human farm labourers. Technologies based on two-wheel tractors were identified as a solution to deficits in farm power, e.g. tractor-driven grain threshing machines.

A six-year project⁶, led by Dr Frédéric Baudron of CIMMYT, took a market-oriented approach to the manufacture of such machinery, and developed viable business models to facilitate access through service provision. The project, which concluded in 2019, accelerated the delivery and adoption of two-wheel tractor-based technologies and small-scale grain processing to smallholder farmers in two countries in eastern and southern Africa, with subsequent benefits to livelihoods.

Throughout this Annual Report six case studies take a closer look at selected project achievements. The preceding examples and the case studies provide a window on our performance during 2018-19 and the achievement of our targets for the performance criteria set out in our Portfolio Budget Statements 2018-19.



6 ACIAR project: Farm mechanisation and conservation agriculture for sustainable intensification (FSC/2012/047)

Building capability of partners

Capacity building has been an enduring focus of ACIAR, and intensified during 2018-19, building on a 2017 review of our activities. The review identified gaps in the program and potential improvements, leading to further development of our established and highly-regarded John Allwright (JAF) and John Dillon Fellowships (JDF).

Partner countries have told us that not only do they have expectations that John Allwright fellows be accomplished scientists but that they should also be confident and capable of taking up leadership positions when they return to their home countries. In response, we established the John Allwright Fellowship Executive Leadership (JAFel) program, to foster fellows' leadership capacity. The aim is to produce balanced researchers with strong academic skills and specialist expertise, as well as good communication, project management and team-building skills. The first intake of the JAFel program took place in January 2019, with 25 fellows participating in an intensive, 10-day face-to-face leadership course at the University of New England.

We also developed a new capacity-building program designed to provide leadership training and support to cohorts of people working in partner organisations in the Pacific during 2018-19. The Institutional John Dillon Fellowship program (iJDF) will launch early in the 2019-20 year.

Regionally, we strengthened the impact of the existing JDF and JAF by holding several local meetings of alumni fellows. The Vietnam event, for example, attracted 34 John Allwright and John Dillon fellows—key managers, senior experts and researchers from ACIAR partner institutions in Vietnam, who valued the opportunity to develop an alumni network strategy and learn from one another.

Following the success of the 2014-17 Australia-Africa Biosecurity Partnership in building African biosecurity capacity, ACIAR started a similar program in the Pacific region. Targeted training for national, institutional and individual needs is backed up by a mentoring program, which includes work placements in Australian and New Zealand institutions. ACIAR is partnering with New Zealand agencies in this capacity-building program, to capitalise on their considerable Pacific biosecurity experience.

Internally, the ACIAR graduate program for early-career researchers goes from strength to strength. Since 2009, 20 young researchers have taken part in the program. In June 2019, the program was short-listed in the best Graduate Development Program category in the 2019 Australian HR Awards.

Extending influence and impact

ACIAR has a responsibility to communicate the results of our diverse agricultural research portfolio to partner researchers and institutions; key stakeholders such as government, peak bodies and associations; and the Australian community.

Our Outreach team continued to develop and engage in a growing range of activities to raise awareness of ACIAR-funded research, including sponsoring and organising events, publications such as *Partners in Research for Development*, social media, and partnerships with The Crawford Fund and mainstream media organisations such as the ABC and multicultural broadcaster SBS.

A highlight during 2018–19 was the production of *The Good Cooks* television series. ACIAR partnered with SBS to produce a six-part series demonstrating how ACIAR is improving food security in the developing world. *The Good Cooks* featured six Australian chefs who travelled to Fiji, Indonesia, Mozambique, Philippines, Tanzania and Vietnam to learn to cook like the locals, and at the same time raise awareness of ACIAR research-for-development projects in those countries.

ACIAR was active in a number of key stakeholder events, as host and organiser, co-organiser or sponsor. These included the 2018 Crawford Fund Conference, of which ACIAR was a major sponsor, the Australasian Aid Conference, the Fourth World Agroforestry Congress and the Seeds of Change conference at the University of Canberra.

In closing, I would like to acknowledge the commitment and efforts of my ACIAR colleagues. Our tried and proven model of brokering research partnerships across the region relies most of all on people – skilled, experienced professionals with extensive networks and a high degree of sensitivity and credibility in the countries in which we work. We are blessed at ACIAR in being able to attract and retain people of outstanding calibre, who are highly committed to our mission. I cannot thank my colleagues, in Canberra and in our ten country offices, enough for the great work they do, often in challenging contexts.

In designing and delivering our research programs, ACIAR staff, and particularly myself and the senior executive team, are guided by advice from the Commission for International Agricultural Research and the Policy Advisory Council (PAC) comprising senior experts from the countries in which we work. The PAC and Commission had an outstanding joint meeting in Laos in March 2019, and as ever, provided insightful and useful advice to the Minister for Foreign Affairs and valuable counsel to ACIAR.

Finally, the outputs reported here owe most of all to the people who carry out our research projects on the ground – scientists from our research partners in universities, research institutes and government agencies in Australia and in our partner countries – and the mostly smallholder farmers, women and men, who are the intended beneficiaries and often willing participants and helpers in this important work.

Professor Andrew Campbell FTSE, FAICD
Chief Executive Officer



CASE STUDY

Developing thriving oyster industries

Production of juvenile oysters at the National Marine Broodstock Centre in Cat Ba, northern Vietnam, has jumped from 20 million to over 100 million, annually. In 10 years, oyster farming in Vietnam has grown to 28 provinces, with an estimated annual production of 15,000 tonnes.

This thriving and sustainable oyster industry has developed, in large part due to a series of ACIAR-supported projects to increase hatchery-based bivalve mollusc production in Vietnam and Australia. In addition, the capacity building and mentoring programs have fostered a team of skilled researchers to continue and build upon this work. Over the life of the project, 25 staff from the Vietnamese Research Institute for Aquaculture staff were trained by international experts—through workshops and placements in Australian laboratories.

Mr Vu Van In, of the broodstock centre, and one of the in-country project partners, is an ACIAR John Allwright Fellow studying genetics and reproduction at the University of the Sunshine Coast. He said being involved in the oyster breeding program in Vietnam was the most exciting part of his PhD, he can apply what he has learned in practice.

By breeding from local seed (spat) for quality, growth and survival in Vietnamese conditions, the program reduced the use of imported seed, with its corresponding biosecurity risks. A critical step in the breeding process was confirming the key commercial oyster species in Vietnam, and determining there was sufficient genetic diversity in local populations to establish a breeding program, without the need to import more broodstock.

Project leader, Dr Wayne O'Connor, NSW Department of Primary Industry, worked closely with researchers from Vietnam. In July 2018, his work in leading the projects was recognised with the Vietnam Medal for Agriculture and Rural Development.

The molecular tools for assessing genetic diversity developed by the project have brought significant benefits to the Australian oyster industry. The breeding program of the valuable Sydney rock oyster has been modified as a result of the project's work, and the reproductive behaviour of an increasingly sought-after, but diminished Australian species, the flat oyster, is being studied to increase production. Other bivalves, such as pipis (clams), were also studied and hatchery technology was refined. The use of a newly developed substrate settlement system has increased initial settlement success from an average of 29% to 60%. Australia processes about 800 tonnes of pipi each year and is set to benefit from this work.

ACIAR project: Enhancing bivalve production in northern Vietnam and Australia FIS/2010/100



PART 1

Overview of ACIAR

About ACIAR

13

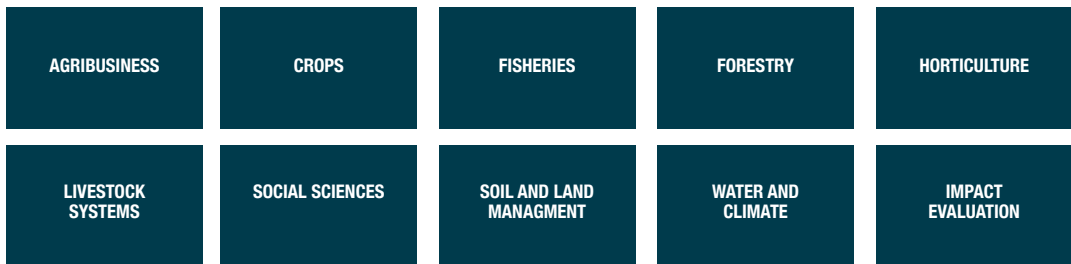
Financial overview

16

RESEARCH PARTNERSHIPS



RESEARCH PROGRAMS



STRATEGIC OBJECTIVES



Figure 1.1. ACIAR research structure

The ACIAR research structure is built on three types of research partnerships, which are supported by a suite of program areas and guided by six strategic objectives. This structure provides the framework for ACIAR to achieve its purpose, and is aligned with the key objectives of the Australian Government's aid policy and the United Nations 2030 Agenda for Sustainable Development.

About ACIAR

The Australian Centre for International Agricultural Research (ACIAR) is the Australian Government's specialist agricultural research for development agency, within the Australian aid program.

The purpose of ACIAR is to contribute to reducing poverty and improving the livelihoods of many in the Indo-Pacific region through more productive and sustainable agriculture emerging from collaborative international research.

We work with public and private research institutions to improve the productivity and sustainability of agricultural systems and the resilience of food systems in partner countries. ACIAR identifies opportunities and partnerships to undertake international agricultural research and capacity building but does not undertake research directly. Our efforts contribute significantly to Australia's aid program and the achievement of its goals.

The collaborative international programs and partnerships underpinning ACIAR-supported research also improve the productivity and sustainability of agricultural systems in Australia. Improved technologies and practices identified and developed through ACIAR research programs often address the shared challenges of all farmers in the Indo-Pacific region, Australia included. Innovations developed in ACIAR projects overseas often find their way back to Australia, for the benefit of Australian farmers and industries.

ACIAR-supported projects are designed to produce specific research outputs that translate to development outcomes such as improved food security, better nutrition, improved health and increased prosperity.

Economic returns to ACIAR bilateral project investments since 1982 have been conservatively valued at 5:1 but estimates of returns on some projects are as high as 60:1. Individual projects also deliver social, environmental and capacity benefits that are not included in these economic measures.

Success in ACIAR partnerships supports Australia's national interests in many ways. Enhanced prosperity and reduced poverty in partner developing countries contributes directly to regional peace and security. Economic prosperity in partner developing countries leads to stronger economies in the region, offering new trade, investment and business opportunities for Australia. These science partnerships also have brought regional and international respect for ACIAR and for Australia, and represent an integral part of the Australian Government's economic diplomacy strategy in the Indo-Pacific region.

Australia's contribution to the international agricultural research network, including the CGIAR (formerly the Consultative Group on International Agricultural Research), is managed by ACIAR. Dedicated to addressing poverty, hunger and nutrition, and environmental degradation, the CGIAR is a global research leader and a key partner for ACIAR and Australia. Outputs of the CGIAR research programs also flow to Australia.

The ACIAR 10-Year Strategy 2018-2027 guides our future direction consistent with our enabling legislation, Australia's aid policy and the United Nations 2030 Agenda for Sustainable Development.

ACIAR in the Indo-Pacific region

- » ACIAR is headquartered in Canberra, Australia
- » 59* staff based in Canberra
- » 22 staff based in regional offices
- » Projects and programs located in 35 countries

* FTE and CEO, 30 June 2019



KEY

Pacific

- 1 Fiji
- 2 Kiribati (in part)
- 3 Papua New Guinea
- 4 Samoa
- 5 Solomon Islands
- 6 Tonga
- 7 Tuvalu
- 8 Vanuatu

East and South-East Asia

- 9 Cambodia
- 10 China
- 11 Indonesia
- 12 Lao PDR
- 13 Mongolia
- 14 Myanmar
- 15 Philippines
- 16 Thailand
- 17 Timor-Leste
- 18 Vietnam

South Asia

- 19 Afghanistan
- 20 Bangladesh
- 21 India
- 22 Nepal
- 23 Pakistan
- 24 Sri Lanka

Eastern and Southern Africa

- 25 Burundi
- 26 Ethiopia
- 27 Kenya
- 28 Malawi
- 29 Mozambique
- 30 Rwanda
- 31 South Africa
- 32 Tanzania
- 33 Uganda
- 34 Zambia
- 35 Zimbabwe

■ ACIAR country office

Figure 1.2. ACIAR area of operation in the Indo-Pacific region



Vision

ACIAR looks to a world where poverty has been reduced and the livelihoods of many improved through more productive and sustainable agriculture emerging from collaborative international research.

Mission

To achieve more productive and sustainable agricultural systems, for the benefit of developing countries and Australia, through international agricultural research partnerships.

BEIJING

EAST & SOUTH-EAST ASIA

HANOI

MANILA

PACIFIC

JAKARTA

PORT MORESBY

SUVA

CANBERRA

Financial overview

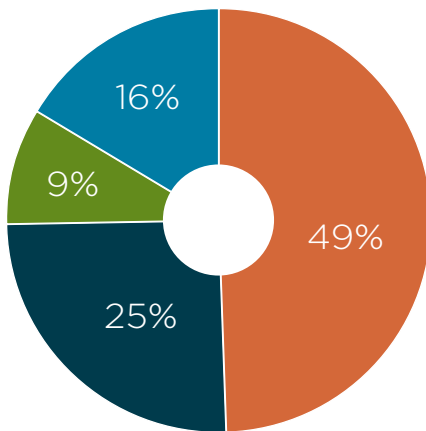
As an agency of the Australian Government, the operations of ACIAR are categorised as departmental or administered activities.

Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by ACIAR in its own right, i.e. the costs of running the business.

Administered activities involve the management or oversight by ACIAR, on behalf of the Australian Government, of items controlled or incurred by the government, i.e. the costs of program delivery.

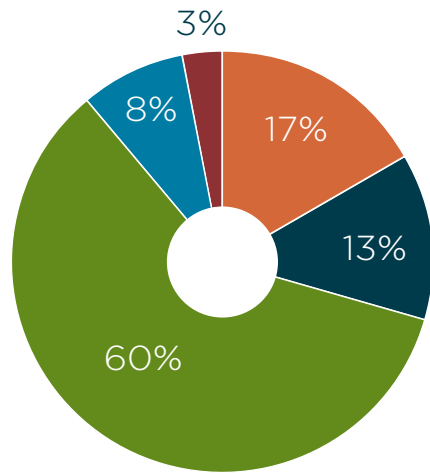
The proportion of research expenditure in each of the ACIAR regions of operation is shown in figures 1.3 and 1.4.

Table 1.1 shows administered expenditure by ACIAR on programs and activity in partner countries.



- East & South-East Asia
- Pacific
- Eastern & Southern Africa
- South Asia

Figure 1.3. Research expenditure by region, 2018-19



- Multilateral partnerships
- Co-investment programs
- Bilateral research projects
- Capacity building
- Outreach

Figure 1.4. Research expenditure by program, 2018-19

Table 1.1. Administered expenditure by ACIAR, 2016–17 to 2018–19

	2016–17 actual (\$)	2017–18 actual (\$)	2018–19 budget (\$)	2018–19 actual (\$)
Multilateral partnerships	22,642,074	20,710,000	19,107,000	19,204,000
Bilateral research projects & co-investment programs				
Pacific	21,514,066	19,830,000	19,160,000	18,013,241
Papua New Guinea	13,074,941	10,500,000	8,220,000	7,881,344
Pacific island countries	8,439,125	9,330,000	10,940,000	10,131,897
East & South-East Asia	31,010,857	30,250,000	35,290,000	34,738,450
Cambodia	2,858,176	2,730,000	2,940,000	2,660,631
China	685,844	700,000	790,000	632,705
Indonesia	6,371,288	7,780,000	9,960,000	10,191,129
Laos	5,257,492	4,670,000	4,760,000	4,867,819
Malaysia	—	—	190,000	66,000
Mongolia	199,073	200,000	190,000	176,031
Myanmar	4,155,367	4,200,000	4,340,000	4,655,008
Philippines	4,860,647	3,660,000	4,130,000	3,986,761
Thailand	173,111	—	20,000	69,000
Timor-Leste	1,523,684	1,190,000	2,380,000	1,904,368
Vietnam	4,926,175	5,120,000	5,590,000	5,528,998
South Asia	13,545,229	11,710,000	12,470,000	11,414,960
Afghanistan	3,125,196	480,000	—	—
Bangladesh	2,117,308	2,590,000	3,550,000	3,318,764
Bhutan	61,718	—	—	—
India	3,197,360	3,150,000	2,580,000	2,648,028
Nepal	1,465,173	1,310,000	1,580,000	1,203,628
Pakistan	3,558,474	4,180,000	4,640,000	4,102,607
Sri Lanka	20,000	—	—	141,933
Other			120,000	—
Eastern & Southern Africa	12,175,417	11,810,000	9,020,000	6,731,266
Bilateral research projects & co-investment programs (total)	78,245,569	73,600,000	75,940,000	70,897,917
Capacity building	7,545,969	8,300,000	8,418,000	9,339,656
Outreach	607,327	1,320,000	2,500,000	2,864,927
Impact evaluation	400,371	780,000	1,040,000	361,897
Program support	2,064,454	7,781,000	10,625,000	10,548,603
TOTAL	111,284,622	112,491,000	117,630,000	113,217,000

CASE STUDY

Being water smart

A group of Malawi farmers sing enthusiastically, and with a compelling rhythm, 'VIA ... lift us up; VIA ... lift us up'. They are singing about the Virtual Irrigation Academy (VIA) and celebrating the benefits of innovative irrigation technologies. This can be viewed on the Virtual Irrigation Academy website—via.farm.

According to Dr Richard Stirzaker of CSIRO and project leader of the ACIAR-funded Virtual Irrigation Academy project, it is primarily the smallholder farmers that 'have lifted themselves up'. The aim of the academy is to build a social movement around water and food, combining simple irrigation monitoring technology with an online communication and learning system.

The key element of the irrigation monitoring technology is the Chameleon, which like its African namesake, changes colour according to its environment. In this case, the Chameleon is a set of sensors that measures soil moisture levels at three depths in the soil. Indicators change colour (red, green or blue) depending on moisture levels. The device also has sensors to measure soil nutrient and salt levels. A wi-fi reader in the device sends captured data to the Virtual Irrigation Academy cloud.

The project has been running in Malawi, Tanzania and South Africa, where it has been so successful the approach is now being adopted more widely across Africa, and in South Asia countries such as Pakistan.

Where farmers had been irrigating five to six times a week, they are now watering once to twice a week, saving water, money and time. There was also much less conflict over water, and valuable nutrients were not leached out by overwatering. Crop quality and yield also have improved.

In Zimbabwe, local farmer, Mr Sergent Nkomo explained, 'there is a big difference between how our parents did it (irrigated) and now. Growing up, I knew it was Friday, so we must irrigate. We didn't think of fertiliser being washed away when using excessive water'.

Improved water use efficiency and reduction in diseases promoted by overwatering have seen up to 30% reduction in water usage and a 30% increase in crop yields.

The program now covers over 1,000 crops across 17 countries in Africa, Asia and the Pacific—from the original African countries of Malawi, South Africa and Tanzania, with over 1,000 operational sensor arrays between them; to Australia, with almost 200; and small Pacific nations such as Kiribati, with six operational arrays.

ACIAR project: A Virtual Irrigation Academy to improve water productivity LWR/2014/085, WAC/2018/162



PART 2

Performance

Outcome and program structure	20
Annual Performance Statement	22
Financial performance	29

Outcome and program structure

Portfolio Budget Statements 2018-2019	Outcome 1					
	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.					
	Program 1					
	International agricultural research for development for more productive and sustainable Agriculture.					
	Purpose					
	Our purpose is to achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through supporting international agricultural research and training partnerships.					
10-Year Strategy 2018-2027 Portfolio Budget Statements Corporate Plan 2018-19	Performance criteria					
	Food security and poverty reduction	Natural resources and climate change	Human health and nutrition	Gender equity and women's empowerment	Inclusive value chains	Capacity building
	Targets					
	Improved food security and reducing poverty among smallholder farmers and rural communities	Managing natural resources and producing food more-sustainably, adapting to climate variability and mitigating climate change	Enhancing human nutrition and reducing risks to human health	Improving gender equity and empowerment of women and girls	Fostering more inclusive agrifood and forestry market chains, engaging the private sector where possible	Building scientific and policy capability within our partner countries
Annual Performance Statement (Annual Report 2018-19)	Report on performance to address	Report on performance to address	Report on performance to address	Report on performance to address	Report on performance to address	Report on performance to address
	Food security and poverty reduction	Natural resources and climate change	Human health and nutrition	Gender equity and women's empowerment	Inclusive value chains	Capacity building
	Table 2.1 Page 23	Table 2.2 Page 24	Table 2.3 Page 25	Table 2.4 Page 26	Table 2.5 Page 27	Table 2.6 Page 28

Figure 2.1. ACIAR outcome and program structure

Under the enhanced Commonwealth performance framework, ACIAR administers government outcome and program. Source: Portfolio Budget Statements 2018-19, Budget Related Paper No. 1.9, Foreign Affairs and Trade Portfolio.

Under the enhanced Commonwealth performance framework, ACIAR achieves its purpose through a single government outcome (Outcome 1) and program (Program 1).

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Programs are the primary vehicle by which government entities achieve the intended results of their outcome statements.

ACIAR planning and operations are guided at the highest level by its 10-Year Strategy 2018–2027. The strategy defines six high-level objectives, which guide and are built upon in primary planning documents. Performance for the period covered in this Annual Report is guided by the ACIAR Corporate Plan 2018–19, which covers the four-year period 2018–19 to 2021–22.

The Corporate Plan 2018–19 identifies targets for performance, which are aligned with performance criteria and targets set out for ACIAR in the Portfolio Budget Statements 2018–19.

Figure 2.1 illustrates the relationship between the outcome, program and purpose of ACIAR, as set out in Portfolio Budget Statements 2018–19, and how ACIAR plans and reports its performance according to these.



Annual Performance Statement

Introductory statement

I, Andrew Campbell, as the accountable authority of the Australian Centre for International Agricultural Research (ACIAR), present the 2018–19 Annual Performance Statement of ACIAR, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, this Annual Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.



Professor Andrew Campbell
Chief Executive Officer

Purpose

The purpose of ACIAR is to achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through supporting international agricultural research and training partnerships.

Results

To achieve its purpose ACIAR instigated, brokered and supported research partnerships and programs with approximately 600 research organisations and institutions, across 35 countries in the Indo-Pacific region. There were approximately 240 active research projects (ongoing or commencing) in 2018–19.

ACIAR performance is reported by identifying and listing examples of projects and programs where the output addressed performance criteria and targets, as specified in *Portfolio Budget Statements 2018–19*. Tables 2.1 to 2.6 record ACIAR performance in 2018–19 against its six performance criteria.

It is important to note that performance measures are evolving to more closely align to and be measurable against the six high-level objectives presented in the ACIAR 10-Year Strategy, which was launched in February 2018, and to more closely align with the other agencies in the Foreign Affairs and Trade Portfolio. The ACIAR Monitoring and Evaluation framework continues the development and refinement of indicators and their measurability.

Discussion of the outputs and achievements of selected research programs in the four regions of ACIAR operation and in individual countries, is provided in the *CEO Review of 2018–19* and in case studies presented in this report.

Table 2.1. Food security and poverty reduction—ACIAR performance against this criteria in 2018-19

Food security and poverty reduction	
Outcome 1	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.
Program 1	International agricultural research for development for more productive and sustainable agriculture.
Performance criteria	Food security and poverty reduction
Target	Improved food security and reducing poverty among smallholder farmers and rural communities
Target achieved	Ongoing <ul style="list-style-type: none"> » ACIAR has invested in projects (sample below) that show alignment with the 10-Year Strategy and the current corporate plan. » There is a robust process for research project selection and approval ensuring that research funded is designed for impact. » Processes and subject matter experts are in place to continuously manage research projects to maximise their performance.
Source of criteria	Portfolio Budget Statements 2018-19; ACIAR Corporate Plan 2018-19
Selected ACIAR projects and programs meeting this criteria	
Sustainable and resilient farming systems intensification in the Eastern Gangetic Plains – CSE/2011/077 (May 2014 to Jun 2020)	
Sustainable intensification of maize-legume cropping systems for food security in eastern and southern Africa II (SIMLESA II) – CSE/2013/008 (May 2014 to Oct 2019)	
Developing technologies for giant grouper (<i>Epinephelus lanceolatus</i>) aquaculture in Vietnam, the Philippines and Australia – FIS/2012/101 (Jan 2014 to 30 Sep 2019)	
Improvement and management of teak and sandalwood in Papua New Guinea and Australia – FST/2014/069 (Jul 2015 to Jun 2019)	
Integrated management of <i>Fusarium</i> wilt of bananas in the Philippines and Australia – HORT/2012/097 (Jun 2014 to Dec 2019)	
Integrating protected cropping systems into high value vegetable value chains in the Pacific and Australia – HORT/2014/080 (Apr 2017 to Dec 2020)	
Profitable feeding strategies for smallholder cattle in Indonesia – LPS/2013/021 (Jan 2017 to Dec 2020)	
Diversifying rural poultry production in Myanmar – opportunities for small-scale farmers – LS/2018/106 (Apr 2018 to 31 Mar 2019)	
Enhancing bivalve production in northern Vietnam and Australia – FIS/2010/100 (Jan 2014 to Dec 2018)	

Table 2.2. Natural resources and climate change—ACIAR performance against this criteria in 2018-19

Natural resources and climate change	
Outcome 1	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.
Program 1	International agricultural research for development for more productive and sustainable agriculture.
Performance criteria	Natural resources and climate change
Target	Managing natural resources and producing food more sustainably, adapting to climate variability and mitigating climate change
Target achieved	<p>Ongoing</p> <ul style="list-style-type: none"> » ACIAR has invested in projects (sample below) that show alignment with the 10-Year Strategy and the current corporate plan. » There is a robust process for research project selection and approval ensuring that research funded is designed for impact. » Processes and subject matter experts are in place to continuously manage research projects to maximise their performance.
Source of criteria	Portfolio Budget Statements 2018-19; ACIAR Corporate Plan 2018-19
Selected ACIAR projects and programs meeting this criteria	
	Strengthening incentives for improved grassland management in China and Mongolia – ADP/2012/107 (Sep 2015 to Dec 2019)
	Climate-smart landscapes for promoting sustainability of Pacific Island agricultural systems – ASEM/2016/101 (Jan 2018 to Dec 2021)
	Improving dry season agriculture for marginal and tenant farmers in the Eastern Gangetic Plains through conjunctive use of pond and groundwater resources – LWR/2012/079 (Sep 2014 to Jun 2019)
	A Virtual Irrigation Academy to improve water productivity in Malawi, Tanzania and South Africa – LWR/2014/085 (Jun 2015 to Jun 2019)
	Management of nutrients for improved profitability and sustainability of crop production in Central Myanmar – SMCN/2014/044 (Jan 2016 to Jun 2020)
	Optimising soil management and health in Papua New Guinea integrated cocoa farming systems – SMCN/2014/048 (Oct 2016 to Jul 2020)

Table 2.3. Human health and nutrition—ACIAR performance against this criteria in 2018–19

Human health and nutrition	
Outcome 1	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.
Program 1	International agricultural research for development for more productive and sustainable agriculture.
Performance criteria	Human health and nutrition
Target	Enhancing human nutrition and reducing risks to human health
Target achieved	Ongoing <ul style="list-style-type: none"> » ACIAR has invested in projects (sample below) that show alignment with the 10-Year Strategy and the current corporate plan. » There is a robust process for research project selection and approval ensuring that research funded is designed for impact. » Processes and subject matter experts are in place to continuously manage research projects to maximise their performance.
Source of criteria	Portfolio Budget Statements 2018-19; ACIAR Corporate Plan 2018-19
Selected ACIAR projects and programs meeting this criteria	
Enhancing transboundary livestock disease risk management in Lao PDR — AH/2012/067 (Feb 2015 to Jul 2019)	
Safe Pork: Market based approaches to improving the safety of pork in Vietnam — LPS/2016/143 (Oct 2017 to Jun 2022)	
Improving the production and competitiveness of Australian and Philippines pig production through better health and disease control — AH/2012/066 (Jan 2015 to Jun 2019)	
Improved postharvest management of fruit and vegetables in the southern Philippines and Australia — HORT/2012/098 (Dec 2013 to Jun 2019)	
Enhanced fruit production and postharvest handling systems for Fiji, Samoa, and Tonga — HORT/2014/077 (Jan 2016 to Dec 2019)	

Table 2.4. Gender equity and women’s empowerment—ACIAR performance against this criteria in 2018-19

Gender equity and women’s empowerment	
Outcome 1	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.
Program 1	International agricultural research for development for more productive and sustainable agriculture.
Performance criteria	Gender equity and women’s empowerment
Target	Improving gender equity and empowerment of women and girls
Target achieved	Ongoing <ul style="list-style-type: none"> » ACIAR has invested in projects (sample below) that show alignment with the 10-Year Strategy and the current corporate plan. » There is a robust process for research project selection and approval ensuring that research funded is designed for impact. » Processes and subject matter experts are in place to continuously manage research projects to maximise their performance.
Source of criteria	Portfolio Budget Statements 2018-19; ACIAR Corporate Plan 2018-19
Selected ACIAR projects and programs meeting this criteria	
	Integrating gender and social inclusion into agricultural value chain research in Vietnam — AGB/2017/008 (Jun 2017 to Dec 2018)
	Improving opportunities for economic development for women smallholders in rural Papua New Guinea — ASEM/2014/095 (Jul 2015 to Mar 2019)
	Improving the methods and impacts of agricultural extension in Western Mindanao, Philippines — ASEM/2012/063 (Oct 2013 to Dec 2020)
	Uptake of agricultural technologies amongst farmers in Battambang and Pailin provinces, Cambodia — ASEM/2013/003 (Apr 2017 to Dec 2020)
	Smallholder farmer decision - making and technology adoption in southern Lao PDR: opportunities and constraints — ASEM/2014/052 (Jan 2016 to Mar 2020)



Table 2.5. Inclusive value chains—ACIAR performance against this criteria in 2018-19

Inclusive value chains	
Outcome 1	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.
Program 1	International agricultural research for development for more productive and sustainable agriculture.
Performance criteria	Inclusive value chains
Target	Fostering more inclusive agrifood and forestry market chains, engaging the private sector where possible
Target achieved	Ongoing <ul style="list-style-type: none"> » ACIAR has invested in projects (sample below) that show alignment with the 10-Year Strategy and the current corporate plan. » There is a robust process for research project selection and approval ensuring that research funded is designed for impact. » Processes and subject matter experts are in place to continuously manage research projects to maximise their performance.
Source of criteria	Portfolio Budget Statements 2018-19; ACIAR Corporate Plan 2018-19
Selected ACIAR projects and programs meeting this criteria	
Policy and institutional reforms to improve horticultural markets in Pakistan — ADP/2014/043 (Jan 2016 to Dec 2019)	
Improving smallholder incomes in the north-western highlands of Vietnam by increasing access and competitiveness in regional temperate and subtropical fruit markets — AGB/2012/060 (Jul 2014 to Apr 2019)	
Enhancing value added products and environmental benefits from agroforestry systems in Papua New Guinea and the Pacific — FST/2014/067 (Oct 2015 to Sep 2020)	
Enterprise-driven transformation of family cocoa production in East Sepik, Madang, New Ireland and Chimbu Provinces of Papua New Guinea — HORT/2014/096 (Mar 2016 to Feb 2021)	
Strengthening vegetable value chains in Pakistan for greater community livelihood benefits — HORT/2016/012 (Feb 2018 to Dec 2021)	
Improving smallholder dairy and beef profitability by enhancing farm production and value chain management in Pakistan — LPS/2016/011 (Apr 2017 to Sep 2021)	
Developing pearl industry-based livelihoods in the Western Pacific — FIS/2014/060 (Sep 2015 to Aug 2010)	
Farm mechanisation and conservation agriculture for sustainable intensification — FSC/2012/047 (Mar 2013 to 30 Jun 2019)	

Table 2.6. Capacity building—ACIAR performance against this criteria in 2018-19

Capacity building	
Outcome 1	To achieve more productive and sustainable agricultural systems for the benefit of developing countries and Australia through international agricultural research and training partnerships.
Program 1	International agricultural research for development for more productive and sustainable agriculture.
Performance criteria	Capacity building
Target	Building scientific and policy capability within our partner countries
Target achieved	<p>Ongoing</p> <ul style="list-style-type: none"> » ACIAR has invested in projects (sample below) that show alignment with the 10-Year Strategy and the current corporate plan. » There is a robust process for research project selection and approval ensuring that research funded is designed for impact. » Processes and subject matter experts are in place to continuously manage research projects to maximise their performance.
Source of criteria	Portfolio Budget Statements 2018-19; ACIAR Corporate Plan 2018-19
Selected ACIAR projects and programs meeting this criteria	
Develop and implement a leadership program for female agricultural researchers to upgrade their skills and empower women scientists	
Support postgraduate studies under the John Allwright Fellowship program	
Deliver an executive leadership program for John Allwright fellows	
Enable two cohorts of early-mid career partner country researchers to undertake a program in Australia to develop management and leadership skills (John Dillon Fellowship)	
Deliver an ACIAR Alumni support program for country offices	
Deliver an Australian researchers program including internships and support for Researchers in Agriculture for International Development (RAID)	
Pilot a new program for Australian farmers to volunteer in partner countries	

Financial performance

The operations of ACIAR are split between departmental and administered activities. The departmental and administered activities of ACIAR are segregated in the financial statements.

Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by ACIAR in its own right (costs of running the business). Administered activities involve the management or overseeing by ACIAR, on behalf of the Australian Government, of items controlled or incurred by the government (program delivery).

Departmental activity

The net operating result for 2018–19 was a loss of \$0.373 million (2017–18: surplus of \$0.204 million). Excluding depreciation and amortisation and other asset adjustments including re-valuation and write-downs, the surplus was \$0.150 million (2017–18: \$0.600 million). The surplus corresponds with self-funded expenditure on improving IT infrastructure systems, which were capitalised during the year.

Revenue included a direct appropriation of \$9.302 million (2017–18: \$9.364 million) supplemented by other income of \$2.676 million (2017–18: \$1.252 million). Other income was mostly from fees derived from the management of research monies received under separate agreements or records of understanding with external parties.

The main components of departmental expenditure (\$12.302 million; 2017–18 \$10.355 million) were staff costs \$7.329 million, operating expenses (e.g. property expenses, travel, IT, communications, etc.) \$4.491 million, and depreciation and amortisation of \$0.482 million.

Administered activity

Total administered funds appropriated to ACIAR for 2018–19 were \$97.965 million (2017–18: \$96.882 million). The 2018–19 appropriated funds were fully utilised. ACIAR received an additional \$11.951 million (2017–18: \$13.687 million) under separate agreements or records of understanding with external parties.

Total program expenditure for 2018–19 was \$113.217 million (2017–18: \$112.491 million). This included \$15.090 million (2017–18: \$15.380 million) expenditure of monies received under separate agreements or records of understanding with external parties (mainly DFAT).



Entity resource statement 2018-19

Table 2.7. Entity resource statement, 2018-19 (summary of total resources and payments).
Note that ACIAR administers one outcome with one program.

	Actual resources available	Resources used	Remaining balance 30 June 2019
	\$'000s	\$'000s	\$'000s
Departmental			
Prior year appropriations available	3,555	3,555	—
2018-19 appropriation	9,302	6,059	3,243
Own source income	2,636	2,636	—
Received free of charge	32	32	—
Prior year departmental capital budget available	7	7	—
2018-19 departmental capital budget	245	245	—
Prior year equity injection available ¹	131	—	—
2018-19 equity injection			
Administered			
Prior year appropriations available	2,433	2,007	426
2018-19 appropriation	97,965	95,605	2,360
Special account			
Opening balance	13,171	—	—
Receipts	13,257	—	—
Payments	—	17,577	—
Closing balance	—	—	8,851
Total resources	142,734	127,723	14,880

¹The balance of a prior year equity injection expired on 1 July 2018.

Revenue and expenditure

A summary of ACIAR revenue and expenditure for 2018-19 is represented graphically in figures 2.2 and 2.3 and compared with revenue and expenditure for 2017-18.

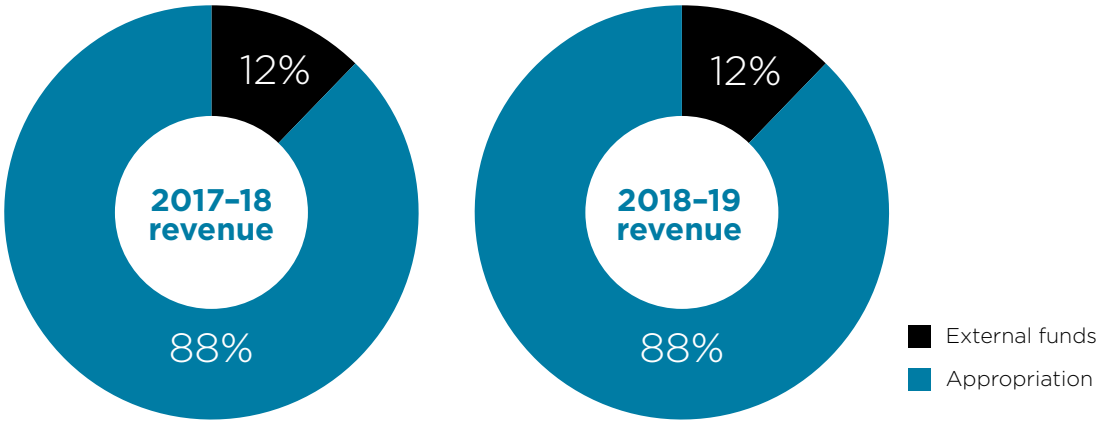


Figure 2.2. A comparison of sources of ACIAR revenue for 2017-18 and 2018-19

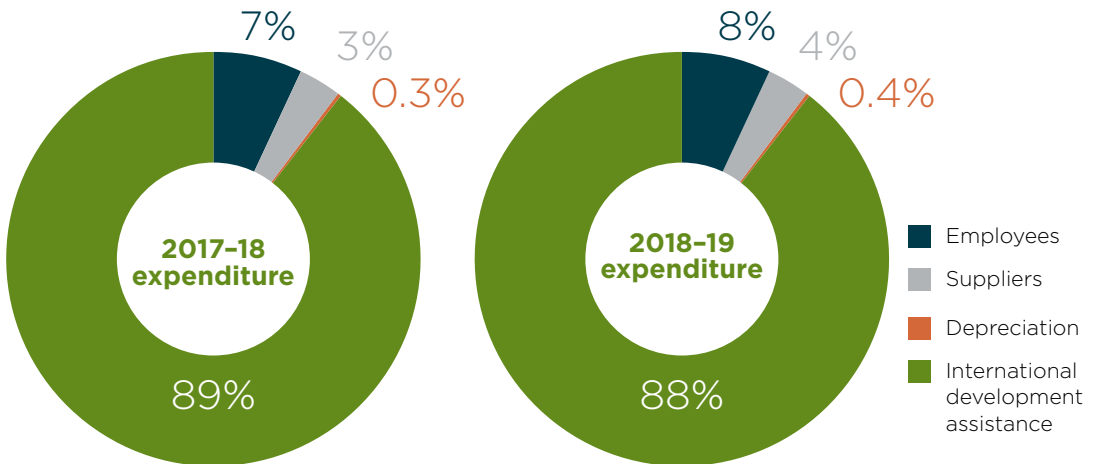


Figure 2.3. A comparison of categories of ACIAR expenditure for 2017-18 and 2018-19

CASE STUDY

Consumers are nuts about galips

Growing demand for healthy nuts has driven the success of an ACIAR-funded project in the East New Britain region of Papua New Guinea. The project, one of five in the Transformative Agricultural Enterprise Development Program (TADEP), empowered farmers, especially women smallholders, to expand their growing, processing and trading of canarium nut, known in PNG as galip nuts. As a niche product, and with very few new nut varieties coming onto the market, galip nuts have the potential to be a 1,000 to 2,000-tonne industry. Canarium trees are native to the humid, lowland areas of eastern Indonesia, PNG, Solomon Islands and Vanuatu, and have been an important tree in traditional life.

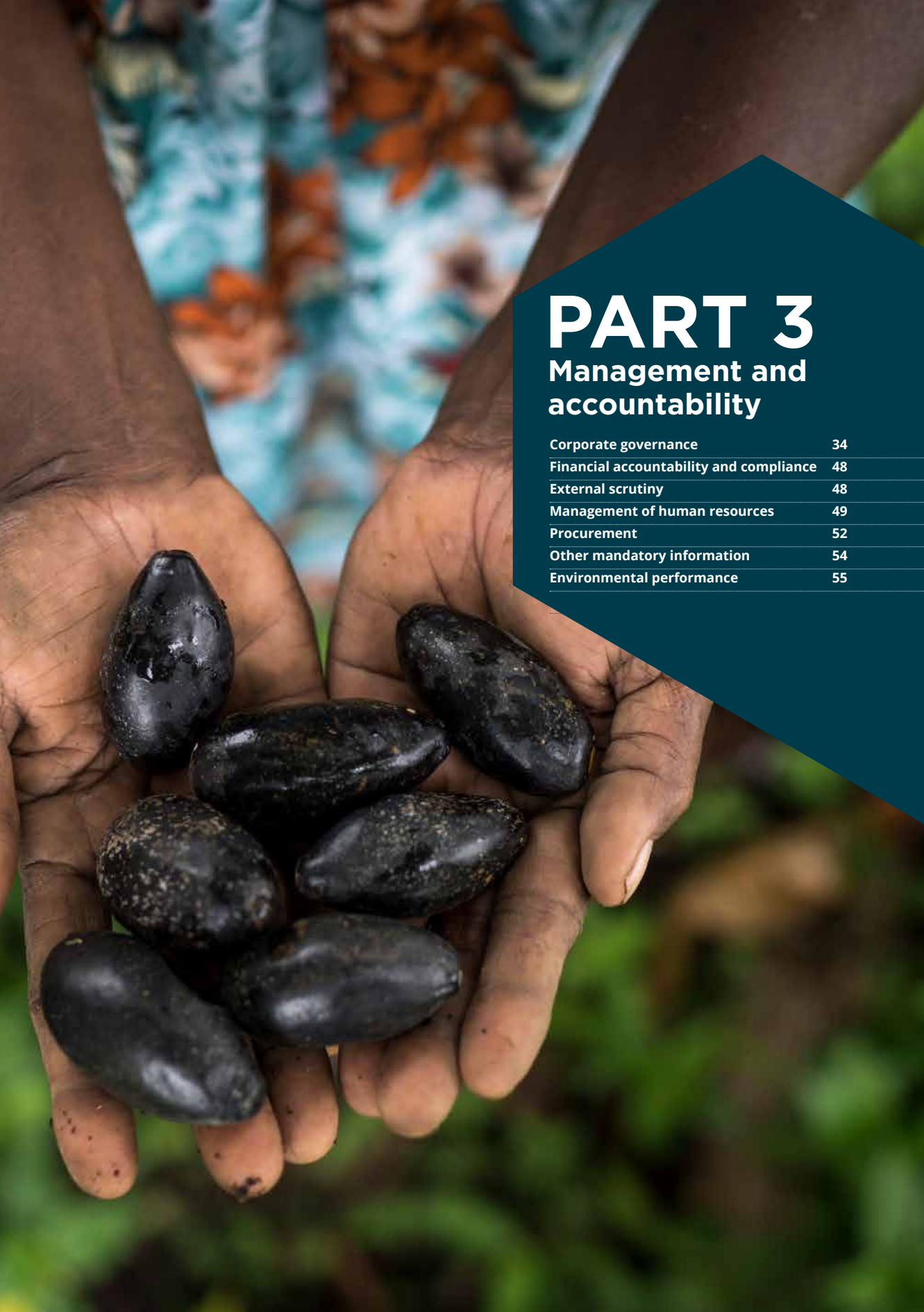
Galip nuts, from the species *Canarium indicum*, have many qualities making them a valuable commercial crop. Roasted, they have a unique, delicate taste, and they have a hard, non-perishable shell, meaning they can be transported and stored without damaging the nut. The nuts are highly nutritious, protein-rich and have a high oil content (about 70%), which can be used for cooking or for cosmetic manufacture. Additionally, the large canarium tree and its leafy foliage, provide protection for shade-loving crops such as cocoa.

Traditionally, women smallholder farmers have been the galip nut collectors, processors and traders. Developing a commercial industry gave these women the opportunity to participate more fully in enterprise management and ownership. The project also targeted small- and medium-sized enterprises, as well as large-scale processors. A whole-of-value-chain approach was adopted—undertaking market research, providing technical advice, building capacity and mentoring in business management, and accessing infrastructure for both private and public sector operators.

Previous ACIAR-funded projects had focused on developing commercial processing capability, encouraging smallholders to adopt more efficient technologies.

Project leader, Professor Helen Wallace, of the University of the Sunshine Coast, and colleagues from the University of Adelaide, worked with PNG's National Agriculture Research Institute to set up a commercially viable factory to kickstart the fledgling industry. The pilot factory, at Kerevat in East New Britain, has grown from 100 kilograms to over 65 tonnes. Initially, the nuts were sold at regional markets in the province but the project's market research identified potential markets for the processed nuts in regional hotels, tourist venues and supermarkets. In 2018, the Galip Nut Company was launched, producing three lines of packaged galip nuts— natural, peeled and roasted.

The Port Moresby launch, in July 2018, targeted hotels, duty-free outlets and selected supermarkets. According to Professor Wallace, 'the nuts have flown off the shelves of the local supermarkets and duty-free shops'; through the project 'we have now employed about 1,000 smallholders, who are often women with little farms, who now have a new income stream'.



PART 3

Management and accountability

Corporate governance	34
Financial accountability and compliance	48
External scrutiny	48
Management of human resources	49
Procurement	52
Other mandatory information	54
Environmental performance	55

Corporate governance

ACIAR is established by the *Australian Centre for International Agricultural Research Act 1982 (the ACIAR Act)*, as amended. It is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013 (the PGPA Act)* and a statutory agency under the *Public Service Act 1999*. ACIAR is part of the Foreign Affairs and Trade portfolio.

ACIAR has an executive management governance structure. The Chief Executive Officer (CEO) manages the administrative and financial affairs of ACIAR and its staff, subject to, and in accordance with, any directions given by the Minister for Foreign Affairs.

The CEO leads the Executive team, which provides strategic leadership of the agency to ensure program delivery is consistent with government policy objectives to an appropriate level of performance. The Executive undertakes key strategic discussions, considers emerging risks, and considers and actions recommendations of agency staff.

The CEO is supported by the Audit Committee, which provides independent assurance to the CEO on financial and performance reporting responsibilities, risk oversight and management, and systems of internal auditing of ACIAR.

Also established under the ACIAR Act is the Commission for International Agricultural Research (the Commission), which provides collective decision-making and expert strategic advice to the Minister on the operations of ACIAR; and the Policy Advisory Council, which provides advice to the Minister on strategic aspects of national and regional development.

Executive and staff arrangements

The ACIAR Act also prescribes the appointment and functions of the CEO and staff, as well as their remuneration and employment conditions.

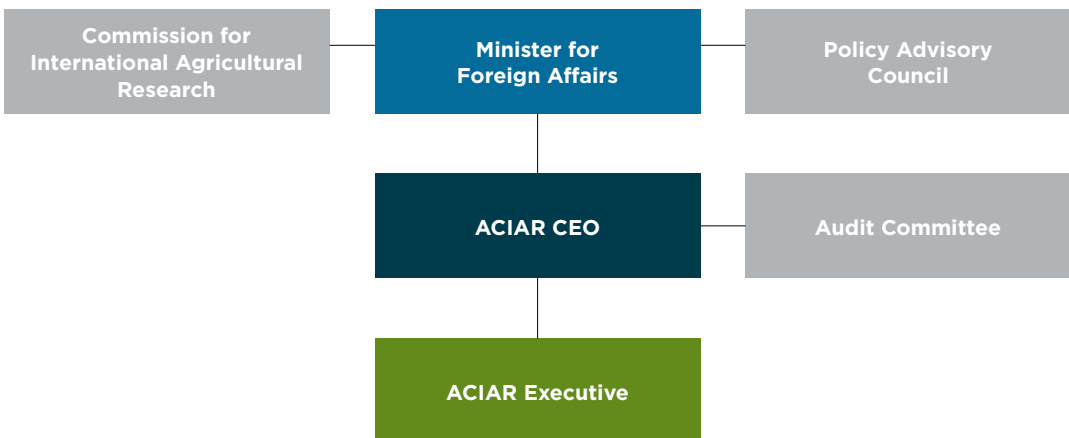


Figure 3.1. Governance structure of ACIAR

Chief Executive Officer

The office and role of the Chief Executive Officer (CEO) are established in sections 4A and 5 of the ACIAR Act. The CEO manages the administrative and financial affairs of ACIAR and its staff, subject to, and in accordance with, any directions given by the Minister for Foreign Affairs under Section 5 of the Act.

The primary responsibilities of the CEO are to:

- » formulate programs and policies with respect to agricultural research that identify and/or solve agricultural problems in developing countries
- » commission agricultural research to address programs and policies formulated
- » communicate the results of such agricultural research
- » establish and fund training schemes related to ACIAR research programs
- » conduct and fund development activities related to ACIAR research programs
- » fund international agricultural research centres.

The CEO holds responsibilities as Head of Agency as set out in the PGPA Act and the *Public Service Act 1999*. 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 Governor-General appoints the CEO for a term of up to seven years and the appointment is subject to the determinations of the Remuneration Tribunal, which 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. Professor Andrew Campbell was appointed to the role of CEO on 31 July, 2016.

Written directions may be given to the CEO by the Minister regarding the exercising of his powers or the performance of his functions. This includes directions with respect to the commissioning of particular research. In 2018–19 there were no directions given.

The remuneration and entitlements of the CEO are determined by the Remuneration Tribunal under Determination 2018/07: Principal Executive Office—Classification Structure and Terms and Conditions, and Remuneration Tribunal (Official Travel) Determination 2018.

Executive

The CEO leads an executive team (Table 3.1) that supports and advises the CEO on strategic priorities and corporate and operational policies. Executive members at 30 June 2019 are listed in Table 3.1. The Executive met 12 times in 2018–19.

All staff of the agency are engaged under the *Public Service Act 1999*, which allows the CEO to determine in writing the terms and conditions of employment applying to the employees of the agency (subsection 24(1)). Senior Executive Service officers are employed under individual subsection 24(1) determinations agreed by the CEO.

Non-executive staff

Staff other than executive are covered by the ACIAR Enterprise Agreement 2015–18 and the ACIAR Determination 2018/04 for remuneration increases signed by the CEO, December 2018. These documents outline the core terms and conditions of employment and are supported in their application by the ACIAR Human Resource Manual. The enterprise agreement also includes a clause that allows the CEO and an employee covered by the agreement to make an individual flexibility arrangement. They may be used to vary the effect of terms of the agreement.

The enterprise agreement includes an organisational performance bonus which is linked to achievement of the agency's key performance indicators (KPIs). Where the CEO determines that 75-90% of KPIs have been met in a financial year a bonus of \$1,000 is payable to eligible employees. Where the CEO determines that greater than 90% of KPIs have been met in a financial year a bonus of \$2,000 is payable to eligible employees. The bonus payment is subject to individual employee performance criteria, minimum terms of employment, and is pro-rated for part-time employees.

Executive remuneration

During the reporting period ended 30 June 2019, ACIAR had five executives who met the definition of key management personnel (Table 3.1) In the notes to the financial statements for the period ending 30 June 2019, ACIAR disclosed a summary of remuneration expenses for key management personnel as outlined in Table 3.2. In accordance with the PGPA Rule, the summary information is disaggregated and presented in Table 3.3.

Table 3.1. Key management personnel (KMP), 2018-19

Name	Position	Term as KMP
Andrew Campbell	Chief Executive Officer (CEO)	Full year
Eleanor Dean	General Manager, Outreach and Capacity Building	Full year
Audrey Gormley	Chief Finance Officer (CFO)	22 July 18-30 June 19
Peter Horne	General Manager, Country Programs	Full year
Daniel Walker	Chief Scientist	Full year
Mellissa Wood	General Manager, Global Program	Full year

Table 3.2. Summary of remuneration for key management personnel for the reporting period, 2018-19

Remuneration type	\$
Short-term benefits	
Base salary	1,400,103
Other benefits and allowances	46,515
Total short-term benefits	1,446,618
Post-employment benefits	
Superannuation	248,779
Total post-employment benefits	248,779
Other long-term benefits	
Long-service leave	102,952
Total other long-term benefits	102,952
Total key management personnel remuneration	1,798,349

Table 3.3. Remuneration detail for key management personnel for the reporting period, 2018-19

Name	Position	Short-term benefits		Post-employment benefits	Other long-term benefits	Total remuneration (\$)
		Base salary ¹ (\$)	Other benefits and allowances (\$)	Superannuation contribution (\$)	Long service leave	
Andrew Campbell	Chief Executive Officer (CEO)	254,980	46,515	47,911	8,918	358,323
Eleanor Dean	General Manager, Outreach and Capacity Building	221,620	-	42,232	10,359	274,211
Audrey Gormley	Chief Finance Officer (CFO)	231,842	-	34,569	9,064	275,475
Peter Horne	General Manager, Country Programs	233,763	-	41,808	11,716	287,287
Daniel Walker	Chief Scientist	230,596	-	42,354	53,796 ²	326,746
Melissa Wood	General Manager, Global Program	227,302	-	39,906	9,099	276,307
Total		1,400,103	46,515	248,779	102,952	1,798,349

¹ Base salaries are calculated as salary with adjustment for annual leave provisions.

² The long service leave benefit for Daniel Walker reflects the correction of a manual adjustment to the provision balance in the prior period.

Table 3.4. Remuneration detail for other highly paid staff for the reporting period, 2018-19 period

Remuneration band	Number of highly paid staff	Short-term benefits		Post-employment benefits	Other long-term benefits	Total remuneration
		Average base salary (\$)	Average bonuses (\$)	Average superannuation contribution (\$)	Average long service leave (\$)	
\$220,001 – \$245,000	2	184,709	2,000	30,329	6,221	223,259

Executive management



Chief Executive Officer **Professor Andrew Campbell** **FSTE FAICD**

Professor Andrew Campbell commenced the role of CEO on 1 August 2016. Previously, Andrew was the inaugural Director of the Research Institute for the Environment and Livelihoods at Charles Darwin University, in the Northern Territory. Andrew has played influential roles in sustainable agriculture and natural resource management in Australia for more than 30 years.

Andrew has a Diploma of Forestry from Creswick, a Bachelor of Forest Science (Hons) from the University of Melbourne and a Master of Science (Management of Agricultural Knowledge Systems) from Wageningen University in The Netherlands. Professor Campbell is an elected Fellow of the Academy of Technology and Engineering, Fellow of the Australian Institute of Company Directors and an honorary Professorial Fellow at the Australian National University and Charles Darwin University.



Chief Finance Officer **Ms Audrey Gormley**

The Chief Finance Officer is responsible for providing strategic financial advice to the organisation, in addition to managing human resources, business services (IT), procurement, legal, property and other corporate activity.

Ms Audrey Gormley joined ACIAR in July 2017 and has over 30 years' experience in all facets of finance and accounting both at strategic and operational levels, working in investment banking and insurance sectors before joining the Australian Government. Prior to joining ACIAR, Audrey was Chief Finance Officer at Food Standards Australia New Zealand for more than 10 years. She holds a Bachelor of Commerce from University College Dublin and is a Fellow of the Association of Chartered Certified Accountants.



Chief Scientist **Dr Daniel Walker**

The Chief Scientist oversees the strategic science focus of the ACIAR research portfolio and its impact assessment, monitoring and evaluation work. The Chief Scientist also provides leadership for Research Program Managers across nine research areas, and oversight of our relationship with the Australian innovation system.

Dr Daniel Walker joined ACIAR in November 2017 to take up the newly-created role of Chief Scientist. Prior to ACIAR, Daniel spent 23 years at CSIRO, where he was Research Director for Agriculture and Global Change with CSIRO Agriculture and Food and previously, Chief of CSIRO Ecosystem Sciences. Daniel has a Bachelor of Science (Hons) in agriculture, forestry and rural economy from the University of Edinburgh and a PhD from the University of Wales.



General Manager, Country Programs

Dr Peter Horne

The General Manager, Country Programs is responsible for leading and setting the research strategy for ACIAR country (bilateral) programs, managing the ACIAR country office network, and leading the engagement with key research partners and stakeholders, in Australia and overseas.

Previously, Dr Peter Horne was Research Program Manager for Livestock Production Systems for ACIAR. Peter has spent most of his career based in Asia involved in agricultural research-for-development, with a particular focus on forages and livestock systems. Peter has a Bachelor of Science (Hons) in environmental sciences from Griffith University and a PhD in tropical forage agronomy from University of New England, Australia.



General Manager, Capacity Building and Outreach

Ms Eleanor Dean

The General Manager, Outreach and Capacity Building leads the development and implementation of the ACIAR outreach strategy and leads and directs a team responsible for ACIAR communications, stakeholder engagement, capacity building and outreach activities.

Ms Eleanor Dean has worked in public affairs and communication for the Australian Government for more than 25 years, on a diverse range of issues including natural resource management, biodiversity, education and training. Prior to joining ACIAR in 2017, Eleanor led the safety promotion and communication branch at the Civil Aviation Safety Authority. She has a Bachelor of Communication (Hons) from the University of Canberra.



General Manager, Global Program

Ms Mellissa Wood

The General Manager, Global Program leads the formulation and implementation of Australia's stakeholder engagement with CGIAR and other international agricultural research centres, and engages with global and multilateral fora, such as the G20 and the FAO. The role also oversees ACIAR co-investment alliances, notably with DFAT and the Canadian International Development Research Center.

Ms Mellissa Wood joined ACIAR in 2012 as Director of the new Australian International Food Security Centre. She was appointed General Manager, Global Program in 2015. Prior to ACIAR, Mellissa held positions improving the adoption of research outputs for food and nutrition security, through partnering with policymakers and the private sector, including with the Crop Trust in Rome. She holds a Bachelor of Science in resource and environmental management and Master of Public Policy in development.

Audit Committee

The primary role of the Audit Committee is to provide independent assurance to the CEO on financial and performance reporting responsibilities, risk oversight and management, and systems of internal auditing of ACIAR. The ACIAR Audit Committee is established in accordance with Section 45 of the PGPA Act.

Four Audit Committee meetings were held in 2018–19. Each committee meeting was supported by advisers from ACIAR external auditors (Australian National Audit Office), internal auditors (Protiviti) and relevant agency staff with secretariat support provided by the ACIAR finance team.

Table 3.5 shows Audit Committee membership during 2018–19, and the number of meetings attended by each member during the year.

Risk management and business continuity planning

The Audit Committee is responsible for monitoring risk management and business continuity planning.

Internal audit and countering fraud

Internal audit is an important part of ACIAR governance framework, providing an integral contribution to governance, risk management and control.

In 2018–19, internal audit activity consisted of a review of the ACIAR project lifecycle, a review of ACIAR cyber security and a post-implementation review of the financial controls of the ACIAR Collaborative Environment (ACE). All recommendations arising from this review were either satisfactorily addressed during the year or were in the process of being addressed.

ACIAR procedures and processes for fraud prevention, investigation, reporting and data collection meet our specific needs and comply with Commonwealth fraud control requirements.

The ACIAR fraud control plan is focused on raising awareness among staff, through fraud prevention training, fostering an ethical and professional working environment aligned with the Australian Public Service (APS) Values and APS Code of Conduct, and maintaining strong internal control and audit processes that reduce fraud risks. The Audit Committee is responsible for overseeing implementation of the fraud control plan. The plan is brought to the attention of new staff as part of the ACIAR induction process and is available electronically to all staff.

The Fraud Compliance Statement of the CEO is presented on page 41.

Table 3.5. Audit Committee membership and meetings attendance, 2018–19

Member	Term of appointment	Meetings attended
Ms Anthea Tinney Chair & External Member	12 September 2016 for three years	4
Mr Mark Craig External Member	1 August 2018 for two years	3
Dr Eric Huttner ACIAR Research Program Manager	25 July 2018 for one-year (extension of previous term)	3
Ms Audrey Gormley ACIAR Member & Chief Finance Officer	Ex-officio, commenced 22 July, 2018	4



12 September 2019

Statement by the Chief Executive Officer:

Certification of compliance with PGPA Rule – Section 10 – Preventing, detecting and dealing with Fraud

I, Andrew Campbell, certify that I am satisfied that, for 2017-18, the Australian Centre for International Agricultural Research took all reasonable measures to prevent, detect and deal with fraud relating to the entity, including by:

- (a) conducting fraud risk assessments; and
- (b) having an appropriate fraud control plan to deal with identified risks; and
- (c) having an appropriate mechanism for preventing fraud, including by ensuring that:
 - officials of the entity were made aware of what constitutes fraud; and
 - the risk of fraud was taken into account in planning and conducting the activities of the entity; and
- (d) having an appropriate mechanism for detecting incidents of fraud or suspected fraud, including a process for officials of the entity and other persons to report suspected fraud confidentially; and
- (e) having an appropriate mechanism for investigating or otherwise dealing with incidents of fraud or suspected fraud; and
- (f) having an appropriate mechanism for recording and reporting incidents of fraud or suspected fraud.

Andrew Campbell
Chief Executive Officer

ACIAR

Research that works for developing
countries and Australia

aciar.gov.au

Commission for International Agricultural Research



Members of the Commission for International Agricultural Research, from left, Ms Su McCluskey, Professor Sandra Harding, Professor Gabrielle Persley, Mr Don Heatley (Chair), Ms Catherine Marriott, Professor Andrew Campbell and Dr Sasha Courville.

The Commission for International Agricultural Research is established by Section 7 of the ACIAR Act. The Commission provides advice to the Minister in relation to:

- » the formulation of agricultural research programs and policies, to identify agricultural problems and find solutions in developing countries
- » commissioning and communicating research, and establishing and funding training schemes related to ACIAR-supported research
- » priorities for the ACIAR program and funding
- » on the Minister's request, any other matter relating to the Act.

The Commission comprises a Chair and six other Commissioners. Commissioners are appointed by the Governor-General and a Commissioner holds office for a period specified in the instrument of appointment, not exceeding three years. Table 3.6 lists the Commissioners, their appointment period and meetings attended.

The ACIAR Act requires that the Commission holds at least four meetings each financial year. During the 2018-19 financial year, the Commission met four times, as detailed in the Table 3.7.

Table 3.6. Chair and members of the Commission for International Agricultural Research, 2018-19

Commissioner	Term of appointment	Meetings eligible	Meetings attended
Mr Don Heatley (Chair)	18 Sep 2017 to 30 Jun 2020	4	4
Professor Andrew Campbell	31 Jul 2016 to 31 Jul 2019	4	4
Dr Sasha Courville	18 Sep 2017 to 30 Jun 2020	4	3
Professor Sandra Harding	6 Jun 2016 to 5 May 2019	3	2
Ms Catherine Marriott	18 Sep 2017 to 30 Jun 2020	4	3
Ms Su McCluskey	29 May 2018 to 30 Jun 2020	4	4
Professor Gabrielle Persley	18 Sep 2017 to 30 Jun 2020	4	3

Table 3.7. Meetings of the Commission for International Agricultural Research, 2018-19

Meeting	Date	Location
44th meeting	19-20 September 2018	Canberra
45th meeting	3-4 December 2018	Canberra
46th meeting	11-15 March 2019	Laos
47th meeting	3-4 June 2019	Canberra

Disclosure of interests

Commissioners are required to disclose to the Minister and to the Commission any direct or indirect pecuniary interest that might conflict with the proper performance of the Commissioners' functions.

The disclosure and the nature of the interest are recorded in the Commission meeting minutes, which are available for consideration by ACIAR auditors.

Commission costs

The cost of operation of the Commission during 2018-19 was \$190,802 including fees, travel and other meeting expenses. The comparative figure for 2017-18 was \$162,643.

Fees for the Chair and members of the Commission are set by the Remuneration Tribunal. The daily fees for the Chair and Members (other than the CEO) were \$980 and \$735 respectively as at 30 June 2019.

Commission members

Mr Don Heatley OAM (Chair)

Mr Don Heatley has chaired the Commission since 2014. Don is a fifth-generation cattle farmer from north Queensland and manages a family farm business producing beef for highly specialised markets in Korea, Japan and the United States, giving him a strong understanding of international agribusiness value chains. Mr Heatley has more than 30 years' experience promoting the Australian beef industry on the international stage, through roles that include membership of the Cattle Council of Australia and Chair of Meat and Livestock Australia. He has a strong personal interest in provision of research and development support to domestic beef industries throughout South-East Asia and the Middle East; and has travelled extensively throughout these regions representing the Australian beef industry with regional governments and industry.

Professor Andrew Campbell FTSE FAICD

Professor Andrew Campbell started his five-year term as CEO of ACIAR and three-year term as a member of the Commission in July, 2016. Professor Campbell has played influential roles in sustainable agriculture and natural resource management in Australia for 30 years. He has considerable research leadership experience and has held senior policy roles in land, water and biodiversity management. Andrew was instrumental in the development of Landcare, working with the National Farmers' Federation and the Australian Conservation Foundation to develop the proposal that catalysed the Decade of Landcare, and pioneering the role of National Landcare Facilitator.

His family have been farming (sheep for meat and wool, cereals and farm forestry) in western Victoria since the 1860s, and he is still involved in managing the family farm from a distance. Andrew represents Australia on the System Council of CGIAR. Professor Campbell is a Fellow of the Australian Academy of Technology and Engineering and the Australian Institute of Company Directors. He also is a Professorial Fellow at Charles Darwin University and the Australian National University's Fenner School, a Councillor of the ACT Division of the Institute of Public Administration of Australia, and Patron of Landcare in Victoria.

Dr Sasha Courville

Dr Sasha Courville is a business and sustainability professional, focusing on the role of business in addressing societal challenges for more than 20 years. Appointed to the Commission in September 2017, Dr Courville has experience across a range of industry sectors (including finance and agriculture), sustainability issues (from climate change and biodiversity to labour rights and women's economic empowerment) and geographic regions. She was responsible for setting up the Fairtrade labelling system in Australia and New Zealand. Currently, Dr Courville is General Manager of Social Impact at National Australia Bank where she identifies, incubates and supports the scaling up of shared value initiatives within the bank, creating business results as well as solving social and environmental challenges. Dr Courville is on several boards and networks addressing corporate stewardship and sustainability.

Professor Sandra Harding AO

Professor Sandra Harding was appointed to the Commission in June 2016 and has extensive academic and academic leadership experience. An economic sociologist by training, her areas of enduring academic interest include work, organisation and markets and how they work. She also has a keen interest in public policy in two key areas: education policy and related areas, and the global tropics, northern Australia and economic development. Currently, Professor Harding is the Vice Chancellor and President of James Cook University, a role where she is responsible for ensuring clear and effective leadership and management of the university across all operating sites, including campuses in Cairns, Singapore and Townsville. Professor Harding also undertakes a wide variety of external roles within the business community and the higher education sector. Professor Harding's term as Commissioner expired 5 May 2019.

Ms Catherine Marriott GAICD

A member of the Commission since August 2015, Ms Catherine Marriott uses her Rural Science degree to understand the technical aspects of agriculture, while her experience in business helps her improve stakeholder engagement, build leadership and improve communications. She has built national and international relationships through on the ground project delivery, including developing the first ever International Rural Women's Mentoring Program between farming women from Australia and Indonesia. Ms Marriott is the Western Australia Manager for the CRC for Northern Australia and a director on a number of boards. She is a graduate of the Australian Rural Leadership Program and the Australian Institute of Company Directors and in 2012, the WA RIRDC Rural Women's Award Recipient and the National Runner-up.

Ms Su McCluskey MAICD

Ms Su McCluskey, appointed to the Commission in 2018, is a highly experienced senior executive and non-executive director. Her experience and expertise include strong leadership, strategic thinking, financial management, policy, governance, advocacy and analytical skills. She has been a highly effective change manager in both the government and private sectors and has excellent networks across all levels of government and industry. Ms McCluskey was named the Westpac/Australian Financial Review Regional Women of Influence in 2013 and received the Women in Agribusiness award in 2014 for outstanding contribution to policy development. She was the inaugural CEO of the Regional Australia Institute, taking it from a start-up company to be the leading voice on regional issues, underpinned by solid research and evidence-based policy.

Professor Gabrielle Persley AM

The first research program manager with ACIAR in the early 1980s, Professor Gabrielle Persley AM was appointed to the Commission in September 2017. She is a senior strategic science leader who has worked with the world's leading agricultural research and development agencies. Currently an Adjunct Professor at the Global Change Institute at the University of Queensland, Professor Persley works with several international research and development agencies, with emphasis on public-private partnerships and development of demand-led approaches in animal and plant breeding. Professor Persley is Founder and Chair of the Doyle Foundation, Scotland, which advocates the role of science and technology in development, especially in Africa. She was appointed a Member of the Order of Australia in 2010 for her services to international science in development and livestock health in Africa.

Policy Advisory Council

The Policy Advisory Council (the Council) is established under Section 17 of the ACIAR Act. The Council provides advice to the Minister regarding:

- » agricultural problems of developing countries
- » programs and policies with respect to agricultural research that will either or both identify agricultural problems of developing countries and find solutions to agricultural problems of developing countries.

The Council role is to provide a valuable overview for advising the Minister, the Commission and ACIAR on matters including:

- » national and regional development constraints
- » opportunities for research and development collaboration
- » national and regional research priorities, particularly those of ACIAR 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.

The Council's membership is limited to 13, comprising a President, the Secretary of the Department of Foreign Affairs and Trade or her nominee, and 9-11 other members appointed by the Minister. Predominantly, members are appointed from stakeholder organisations in ACIAR partner countries, which brings a range of agricultural and development experience to the Council. Under the Act, the Minister is required to ensure that a substantial number of Council members are residents of countries other than Australia, having regard for the knowledge of appointees concerning the agricultural problems of developing countries or their experience in organising or conducting agricultural research.

The Council meets biannually to discuss areas related to its role and functions, once in Australia and once internationally, with associated field visits. During 2018-19, the Council met in Laos, 11-15 March 2019. During this time, meetings were held in parallel and in conjunction with the Commission for International Agricultural Research (the Commission), providing an opportunity for the two bodies to share information and ideas on future directions for international agricultural research. The tour also included opportunities for interaction with in-country stakeholders and field site visits to ACIAR-supported projects.

On 11 March 2019, the Council and the Commission held a joint meeting, followed by a visit to the Minister of Agriculture and Forestry and the National University of Laos. An evening reception was hosted by the Australian Ambassador to Laos celebrating 20 years of Lao-Australian partnership on agriculture research.

The delegation travelled to Pakpeung village, Paksan District, Borikhamxay Province on 12 March to visit a Fishways project site and hold discussions with the community and project partners. On 13 March, the delegation transferred to Luang Prabang province where they visited forestry project sites at the Souphanouvong University, including a tissue culture laboratory and a teak nursery.

The afternoon involved a visit to the Northern Agriculture and Forestry College to meet with project teams and farmers involved in the projects. On 14 March, the Council and the Commission travelled to the Xayaburi Province where they visited an ACIAR project working on fish passage facilities in the Xayaburi dam development. The final day of the visit, 15 March involved further parallel meetings of the Commission and Council to discuss respective business followed by a combined meeting and forestry project site visits in the Xienglom District.

Table 3.8. Chair and members of the Policy Advisory Council, 2018-19

Name	Organisation	Term expires
Professor Kym Anderson AC (President)	Professor of Economics University of Adelaide, Australia Crawford School of Public Policy	30 Sep 2020
Dr Nguyen Van Bo	President Vietnam Academy of Agricultural Sciences, Vietnam	02 Aug 2019
Dr Jia Jingdun	Director General China Rural Technology Development Centre, Ministry of Science and Technology, China	02 Aug 2019
Dr Lindiwe Majele Sibanda	CEO Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN), South Africa	02 Aug 2019
Dr Sar Chetra	Deputy Director Ministry of Agriculture, Forestry, and Fisheries, Cambodia	02 Aug 2019
Dr Colin Tukuitonga	Director General Secretariat of the Pacific Community Noumea, Pacific	30 Jun 2019
Professor Ramesh Chand	Member, Union Minister of State National Institute of Transforming India (NITI) Aayog, India	01 Feb 2020
HE Naela Chohan	High Commissioner Pakistan High Commission to Australia, Pakistan	30 Mar 2020
Dr Audrey Aumua	Deputy Director General, Secretariat of the Pacific Community, Fiji	18 Feb 2022
Dr Su Su Win	Director, Soil Science, Water utilisation and agricultural engineering division, Department of Agricultural Research, Myanmar	18 Feb 2022
Prof Teatulohi Matainaho	Chairman of the PNG Science and Technology Council and Chief Science advisor the Papua New Guinea Government	18 Feb 2022
Dr Segenet Kelemu	Director General and CEO of the International Centre of Insect Physiology and Ecology (icipe) Nairobi, Kenya	18 Feb 2022

Financial accountability and compliance

ACIAR, as a statutory authority, is subject to the policy guidelines determined by the Australian Government from time to time regarding accountability, reporting, review and general operations.

The agency is accountable through the Minister to Parliament. It is also subject to government financial and accounting policies and procedures. Staff members are employed under the *Public Service Act 1999*. Within these constraints, ACIAR has the power to do all things it considers appropriate for the performance of its statutory functions.

Authority

ACIAR derives its authority from the *Australian Centre for International Agricultural Research Act 1982* (ACIAR Act). Financial powers and duties are also drawn from the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and subordinate Rules, and from the *Public Service Act 1999* in the case of staffing.

Accounting practices

ACIAR follows accounting practices in accordance with the PGPA Act, other related legislation, and recognised accounting standards. Financial statements are presented in accrual accounting format in Part 4, *Financial Statements*, of this annual report. The financial statements have been audited by the Australian National Audit Office.

Insurances

Primary corporate insurance for ACIAR is provided through Comcover, as the manager of the Commonwealth's insurable risks. Comcover coverage includes general and products liability professional indemnity, CEO and officers liability, property loss and damage, personal accident and official travel. The insurance premium for 2018-19 was \$59,401 (excluding GST). The premium paid for 2017-18 was \$59,539 (excluding GST).

External scrutiny

During the reporting period, there were no judicial decisions or reviews by outside bodies that had a significant impact on the operations of ACIAR.

In 2018-19, ACIAR made a submission and provided testimony to one parliamentary committee inquiry, as set out in the Table 3.9.

Table 3.9. Parliamentary submissions

Parliamentary committee inquiry	Actions	Date of hearing
Joint Standing Committee on Foreign Affairs, Defence and Trade	Submission Testimony	15 November 2018
<i>The strategic effectiveness and outcomes of Australia's aid program in the Indo-Pacific region and its role in supporting Australia's regional interests</i>		

Management of human resources

ACIAR uses its Individual Development and Performance Evaluation Scheme to identify and measure the effectiveness of employees' capability development and performance. The scheme links each individual's performance and skill needs to the achievement of organisational goals and capability needs.

ACIAR acknowledges the importance of sharing knowledge through coaching and mentoring, and under the scheme each employee makes a commitment to enhance the knowledge and skills of other ACIAR employees.

At 30 June 2019, ACIAR had 83 employees. Of these, 61 were employed under the *Public Service Act 1999* and were located in Canberra; and 22 were at overseas missions and embassies.

ACIAR has three SES Band 1 employees (one male and two female), employed under subsection 24(1) of the *Public Service Act 1999*. The ACIAR CEO is classified as Principal Executive Officer (PEO) Band C not included in the snapshot below.

Snapshot of ACIAR staff as at 30 June 2019

Staff employed under Public Service Act	61 (57.91 FTE)
Median length of APS service	3 years
Median age	43
Females as % of total	70%
NESB staff as % of total	26%
Part-time staff as % of total	18%
Non-ongoing staff as % of total	42%
Employee turnover for 2018-19	21%
Employees who identify as Indigenous	0%

Table 3.10. Details of staff employed by ACIAR under the *Public Service Act 1999*, at 30 June, 2015-16 to 2018-19

Staff detail	2015-16	2016-17	2017-18	2018-19
Canberra-based staff				
Staff no.	55	55	53	61
Staff (FTE)	53.38	52.53	51.39	57.91
Female (%)	56%	58%	66%	70%
Base salaries	\$5,927,949	\$5,950,122	\$6,422,518	\$6,882,433
Cessations	15	15	23	13
Staff turnover	27%	27%	43%	21%
Part-time	23%	18%	11%	18%
Non-ongoing	40%	47%	43%	42%
Learning and development	\$55,725	\$95,060	\$112,235	\$150,177
Overseas staff				
Staff (FTE)	23	22	23	22
Base salaries	\$830,317	\$859,767	\$941,368	\$1,059,450
Learning and development	\$12,889	\$5,133	\$1,765	\$8,841

Table 3.11. Bonus payments, 2018-19

APS classification received organisational bonus	Number of employees by classification	Part-timer received bonus	Full-time received bonus	Total employees by classification who received bonus	Aggregate bonus for each classification
EL2-RPM	10	0	7	7	\$14,000
EL2	5	1	3	4	\$6,707
EL1	9	0	8	8	\$15,000
APS6	12	1	10	11	\$20,600
APS5	9	3	5	8	\$14,480
APS4	11	5	2	7	\$10,093

Performance management

The Individual Development and Performance Evaluation Scheme encourages high achievement by improving individual performance through development, evaluation and planning to meet the needs of individuals and ACIAR.

The scheme operates on a three-point rating scale and employees who are rated as 'meets expectations' or 'exceeds expectations' in the annual performance assessment receive an increment, providing they are not already on top of a salary range. In the cycle concluded in June 2019 there were 45 completed assessments, with 45 rated as 'meets expectations' or higher. Of these, 17 were advanced one salary point.

Organisation bonuses

A bonus of \$2,000 is granted to employees rated as 'meets expectations' or higher in the performance cycle, who have worked for ACIAR for at least nine months and who were still employed by ACIAR on 30 June 2019, in recognition of achievements against the ACIAR Corporate Plan 2018-19. Part-time employees received a pro-rata payment based on hours worked. Forty-five employees received the performance bonus with payments totalling \$80,880.

Learning and development

ACIAR spent \$150,177 on training and development for its Canberra-based employees in 2018-19. This expenditure does not include attendance of Research Program Managers at professional conferences and seminars in Australia and overseas. ACIAR also offers generous assistance for formal study and in 2018-19 two employees received study assistance.

Enterprise Agreement

The ACIAR Enterprise Agreement 2015-2018 has a nominal expiry date of 23 December 2018, however the terms and conditions remain extant with a s(24) determination (*Public Service Act 1999*) in place to achieve salary increases over the next three years. There were six Individual Flexibility Arrangements (IFA) in place for 2018-19.

Social inclusion strategy

The Australian Government's Social Inclusion Statement, *A Stronger, Fairer Australia*, sets out the Government's plan for achieving greater social inclusion and seeks to ensure that all Australians have the capabilities, opportunities, responsibilities and resources to learn, work, connect with others and have a say.

ACIAR fosters an environment of inclusiveness through several program areas such as supporting workplace diversity, workplace health and safety, learning and development and adherence to mechanisms such as the Commonwealth Disability Strategy and the *Carer Recognition Act 2010*.

Carer Recognition Act compliance

The agency's responsibility under the *Carer Recognition Act 2010* ensures its employees have an awareness and understanding of the Statement for Australia's Carers, by providing access to information about self-identification as a carer through our staff intranet.

Human resources policies are developed having due regard to the Statement for Australia's Carers, and workplace arrangements ensure flexibility for carers. ACIAR also collects statistics on the incidence of employees who are carers. In 2018-19 no staff members were identified as formal carers.

Workplace diversity

A culture of professional behaviour is promoted by ACIAR and we encourage relationships based on respect and appreciation of each other's differences. Achieving an appropriate balance of work, family and cultural responsibilities is encouraged and supported through the ACIAR Workplace Diversity Program, as is the importance of all employees.

ACIAR continued support for and participation in APS-wide initiatives to promote workplace diversity. We promote Indigenous training and development opportunities and encourage people with disabilities to apply for ACIAR employment opportunities.

Commonwealth Disability Strategy

ACIAR continues to adhere to the principles embodied in the Commonwealth Disability Strategy framework and is committed to ensuring that all people seeking employment have fair access to employment opportunities. As at 30 June 2019, no staff had identified as having a disability.

Work health and safety

A healthy lifestyle is actively encouraged and promoted by ACIAR, through providing access to non-salary benefits such as annual health assessments, subsidies for healthy lifestyle initiatives, annual influenza injections and pre-travel assessments for overseas travellers by the Travel Doctor.

Access to an Employee Assistance Program is also provided. This program provides free professional counselling and career-planning services to ACIAR employees and their families. The service also includes wellbeing seminars, mediation and conflict resolution services, and assistance to line managers.

Ergonomic assessments for new employees and employees who experience discomfort at their workstation are carried out by a qualified workplace assessor. Modifications are made to work practices and work areas as required, resulting in less work-related physical ailments and increased productivity.

In 2018-19, there were no accidents or dangerous occurrences giving rise to the issue of any formal notices or directions under the *Work Health and Safety Act 2011*.

Procurement

ACIAR complies with the Commonwealth Procurement Rules and the objectives of Commonwealth procurement. Value for money is applied as the core principle in the procurement process, consistent with Section 4 (4.4) of the rules.

The ACIAR Accountable Authority Instructions include details on delegations, the commitment of public moneys, management of risk and dealing with public property. These instructions have been developed in accordance with the Commonwealth Procurement Rules.

Purchasing

Purchasing activities are subject to the provisions of the Accountable Authority Instruction (AAI 3 Procurement Process) relating to procurement. In accordance with the Commonwealth Procurement Rules that ACIAR publishes an Annual Procurement Plan on the [AusTender website](#).

The majority of ACIAR procurement activity (by expenditure) is exempt from Division 2 of the Commonwealth Procurement Rules, predominantly exemption 6: procurement of research and development services, but not the procurement of inputs to research and development undertaken by the agency.

Agreements executed under exemption 6 include contracts for the conduct of research projects by Australian universities and research organisations with the collaboration of other governments and international agencies. In relation to research project activities, ACIAR:

- » publishes an Annual Operational Plan that includes areas of priority for research developed in consultation with partner countries

- » disseminates this to research providers, both within and outside Australia, inviting suitable experts to submit ideas and develop these in consultation with ACIAR Research Program Managers.

Reporting against the Senate Order of 20 June 2001 requiring departments and agencies to list contracts entered into with a value of more than \$100,000, that were still to be concluded or had been concluded during the previous 12 months, is available on the ACIAR website and is reported separately in this section.

In addition to contracts in excess of \$100,000 reported under the Senate Order referred to above, ACIAR entered into an additional 214 contracts, agreements and variations to acquire services mainly related to research program support and services. These contracts totalled in \$6,867,030 in 2018-19. All contracts more than \$10,000 are reported on the AusTender website.

No contracts were let in excess of \$10,000 that were exempted from publication in AusTender due to freedom of information exemptions. All ACIAR contracts in excess of \$100,000 contained clauses permitting the Auditor-General through the Australian National Audit Office access to Contractor premises.

Competitive tendering

ACIAR conducted four approaches to market for Requests for Tender (more than \$80,000) during 2018-19.

Three responses were reported on AusTender where ACIAR had engaged whole of government arrangements for travel, IT services and other services.

Consultants and contracts

ACIAR engages consultants where it lacks specialist expertise or when independent research, review or assessment is required. Consultants are typically engaged to investigate or diagnose a defined issue or problem; carry out defined reviews or evaluations; or provide independent advice, information or creative solutions to assist in ACIAR decision-making.

Prior to engaging consultants, ACIAR takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related Rules including the CPRs and relevant internal policies.

During 2018–19 six new consultancy contracts were entered involving total actual expenditure of \$140,154. In addition, no ongoing consultancy contracts were active during the period.

Annual project reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the [AusTender website](#).

Small business

ACIAR supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the [Department of Finance website](#).

In supporting small and medium enterprises, ACIAR applies:

- » the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000
- » Australian Industry Participation plans in whole-of-government procurement, where applicable
- » the Small Business Engagement Principles (outlined in the government's Industry Innovation and Competitiveness Agenda), such as communicating in clear, simple language and presenting information in an accessible format.

ACIAR recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury website.

Other mandatory information

Advertising and market research

During 2018–19, ACIAR did not conduct advertising campaigns. One promotional advertisement, promoting the work of ACIAR, was placed in the National Farmers' Federation Year Book. No other advertisements or agreements with media advertising organisations were entered into. No direct marketing of information to the public was undertaken and ACIAR has no contracts for any such activities.

Discretionary grants

ACIAR did not issue any discretionary grants during 2018–19 or have any ongoing grants from previous years.

Information Publications Scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to make information publicly available as part of the Information Publication Scheme.

Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The content is available at [Government Reporting](#) on the ACIAR website.

ACIAR received one freedom of information request during 2018–19. The request was received on 28 June 2019 and remained outstanding at 30 June 2019.



Ecologically sustainable development and environmental performance

This section reports on the ecologically sustainable development and environmental performance of ACIAR, and is provided in accordance with Section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Project-related environmental impacts

ACIAR project development guidelines include triggers to ensure that any projects developed that may result in significant environmental impacts follow the requirements under the EPBC Act. When partner organisations (proponents) are developing projects, the commissioned (lead) agency must consider all relevant obligations under the EPBC Act.

Should any potential significant environmental impacts be identified by ACIAR or project proponents, both ACIAR and the proponents are obliged to ensure that all relevant EPBC obligations have been appropriately considered. Reference to the EPBC Administrative Guidelines on Significance (EPBC Guidelines) is included in project development processes. If a proposal may have significant environmental impact, the Research Program Manager (RPM) and project proponent must use a risk assessment and management-based approach to assess the potential risks and may have informal consultation with the EPBC Referrals Unit of the Department of the Environment and Energy. ACIAR requires the proponent to submit a letter indicating that it agrees with the findings of the risk assessment.

Under the EPBC Guidelines, the ACIAR CEO is required to decide whether or not with the proposed risk-management approaches there is still a significant risk of environmental impact sufficient to warrant a formal referral of the matter to the Australian Government Department of the Environment and Energy.

For any project for which potential significant environmental risks were identified during the project development phase, ACIAR includes a standard condition that the commissioned organisation must annually report to ACIAR on its implementation of the stated environmental risk-management procedures and/or any special conditions imposed by the relevant Minister in the event that the project had been formally referred to the Department of the Environment and Energy.

During project development, ACIAR also considers whether or not a project has any relevance to other international arrangements to which Australia is a signatory. This includes obligations under international arrangements to which Australia is a signatory, specifically for the use of biological resources, being met and properly documented.

Letters of approval relating to the use of experimental animals and/or genetically modified organisms must be provided, along with five letters confirming compliance with regulations relating to germplasm transfer, quarantine requirements, biosafety and so on.

How the outcomes of the organisation contribute to ecologically sustainable development

The ACIAR governing legislation outlines the mandate and functions of the Centre under Section 5, including the formulation of policies to deliver against this mandate. Agricultural research is linked explicitly with sustainability. At the operational level project development, evaluation and monitoring deliver on this mandate.

Effect of the organisation's activities on the environment

ACIAR-supported projects often have strong environmental benefits. These are spread throughout the organisation's mandated region of operations, in developing countries of the Indo-Pacific. ACIAR projects address problems in developing countries that may also yield results applicable to environmental management in Australia. Such benefits are either a secondary objective or are the result of research having application within Australian settings.

- » Social Sciences—mitigating and adapting against climate change; policy and institutional frameworks and their impacts on water management
- » Crops—introducing crop management practices in concert with higher yielding varieties in farming systems, deploying alternative cropping methods; developing control and management strategies for weeds and pests threatening crop species; collection and conservation of unique crop and legume germplasm
- » Fisheries—management of cross-country fisheries resources, sustainable management of marine species, including inshore fisheries; and research to develop and implement sustainable aquaculture technologies to minimise wild capture and harvest in the ACIAR-mandated region
- » Forestry—enhancements of breeding technologies for Australian species, such as eucalypts and acacias, widely used for forestry plantations in Australia and parts of Asia; improving disease and pest-surveillance methodologies and management; germplasm utilisation and management
- » Water and Climate Change—developing water allocation and management strategies; investigating new approaches to managing and alleviating the effects of salinity and soil acidification; assessing land suitability, crop diversification and constraints; minimising pollutants in waterways; developing and promoting new cropping systems for conservation agriculture.



Measures being taken by the organisation to minimise the impact of its activities on the environment

The size and resourcing of the agency has resulted in the choice to adopt an informal system for managing environmental impacts, built upon the EMS framework circulated to government departments and agencies. The framework has been used to ensure that environmental performance within the Canberra premises is as effective as possible.

ACIAR has installed a number of measures to mitigate its use of resources. ACIAR House in Canberra has 50 solar panels installed on the roof producing an estimated output of 8,795 kilowatts. Rainwater tanks with a capacity of 40,000 litres capture runoff, and a grey-water reuse system is installed.

ACIAR established a Sustainability Committee in 2018-19, to explore additional environmental measures that can be undertaken by the organisation, including better ways of offsetting travel-related emissions and ways of improving wildlife habitat in the environs of ACIAR House.

ACIAR is the sole building tenant, responsible for the management of all infrastructure and implementation of policies to deliver sound environmental management at its Canberra premises. Like all government agencies and departments, daily operations generate waste and consume electricity, water and materials.

Mechanisms for reviewing and increasing the effectiveness of these measures

Formal reporting guidelines on environmental management and associated activities are used for an internal review of environment management processes. These include:

- » Sustainable procurement guide (2013)
- » Energy Use in Commonwealth Operations (annual publication)
- » The Australian National Audit Office (ANAO) Green Office Procurement and Sustainable Office Management (2008).

Table 3.12. Resource use by ACIAR House, Canberra, 2017-18 and 2018-19

Resource	Usage	
	2017-18	2018-19
Energy (kilowatt hours)	234,496	308,754
Water (kilolitres)	1355	2448

CASE STUDY

Improving mungbean production

Mungbean is a highly nutritious and fast-growing crop, and a valued rotation option in rice-based cropping systems of South and South-East Asia. There is also a growing mungbean industry in subtropical agricultural areas of Australia.

ACIAR has supported the International Mungbean Improvement Network through several projects with partners in Bangladesh, India, Myanmar and Australia. The network provides access to diverse mungbean genetics, so partners can develop varieties that not only yield well, but also are resistant to pests and diseases, and resilient to seasonal variability, especially heat and drought.

Bringing the partner countries together under the umbrella of the International Mungbean Improvement Network means that scientists can work together using standardised and modernised technologies to adopt more reliable and effective plant breeding techniques. Data capture in the network has moved from notebooks and Excel spreadsheets to a customised online database.

A key partner in the network is the World Vegetable Centre (WorldVeg), which provided mungbean germplasm for research on 296 mungbean varieties. By standardising procedures for trials across variable environments, and using a shared and standardised online database, mungbean data is harmonised, giving it greater integrity and making it more useful for plant breeders.

Mini-core collections tested lines of mungbean at multiple locations for their susceptibility to prevalent diseases, such as powdery mildew, anthracnose, root rot and mosaic virus; and key insect pests, such as thrips, bruchids (weevils) and whitefly. The project documents the complex interrelationships between pest and disease susceptibility, and key plant traits such as germination rate, days to flowering and maturity, and yield. Almost four years into the project, WorldVeg reports that the collaboration on research, breeding and development has seen widespread adoption of improved WorldVeg mungbean lines in South Asia and Myanmar. Improved varieties are planted on 87% of the mungbean cultivation area in Myanmar, 81% in India, and 72% in Bangladesh.

Communication activities to build and expand the network are a major part of the project, with sharing of information via newsletters (Mung Central), regular workshops and field days for farmers and researchers, and innovative use of technology such as the Mung Advisor app, launched in India in May 2019.

Current success will be built on with a new project in 2019–20, which expands the network to include Kenya, Tanzania and Uganda.



PART 4

**Financial statements
2018-19**

CONTENTS

Independent Auditor’s Report	61
Statement by Chief Executive Officer and Chief Finance Officer	63
Primary Financial Statements	
Statement of Comprehensive Income	64
Statement of Financial Position	65
Statement of Changes in Equity	67
Cash Flow Statement	68
Administered Schedule of Comprehensive Income	70
Administered Schedule of Assets and Liabilities	71
Administered Reconciliation Schedule	72
Administered Cash Flow Statement	73
Overview	74
Notes to the Financial Statements	
1. Financial Performance	75
1.1 Expenses	75
1.2 Own-Source Revenue and Gains	77
2. Income and Expenses Administered on Behalf of Government	78
2.1 Administered—Expenses	78
2.2 Administered—Income	79
3. Financial Position	80
3.1 Financial Assets	80
3.2 Non-Financial Assets	81
3.3 Payables	84
4. Assets and Liabilities Administered on Behalf of Government	85
4.1 Administered—Financial Assets	85
4.2 Administered—Non-Financial Assets	86
4.3 Administered—Payables	86
5. Funding	87
5.1 Appropriations	87
5.2 Special Accounts	90
5.3 Net Cash Appropriation Arrangements	90
6. People and Relationships	91
6.1 Employee Provisions	91
6.2 Key Management Personnel Remuneration	92
6.3 Related Party Disclosures	93
7. Managing Uncertainties	94
7.1 Contingent Assets and Liabilities	94
7.2 Financial Instruments	95
7.3 Administered—Financial Instruments	96
7.4 Fair Value Measurement	98
8. Other information	99
8.1 Aggregate Assets and Liabilities	99

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Minister for Foreign Affairs

Opinion

In my opinion, the financial statements of the Australian Centre for International Agricultural Research ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to the financial statements, comprising an Overview, Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Rita Bhana

Senior Director

Delegate of the Auditor-General

Canberra

12 September 2019

Statement by Chief Executive Officer and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Centre for International Agricultural Research will be able to pay its debts as and when they fall due.



Andrew Campbell
Chief Executive Officer
12 September 2019



Audrey Gormley
Chief Finance Officer
12 September 2019

PRIMARY FINANCIAL STATEMENTS

Statement of Comprehensive Income

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	7,329	5,871	6,744
Suppliers	1.1B	4,491	4,118	4,849
Depreciation and amortisation	3.2A	482	366	344
Total expenses		12,302	10,355	11,937
Own-Source Income				
Own-source revenue				
Sale of goods and rendering of services	1.2A	2,636	1,195	2,259
Other revenue	1.2B	32	30	32
Total own-source revenue		2,668	1,225	2,291
Gains				
Gains from sale of assets		8	27	-
Total gains		8	27	-
Total own-source income		2,676	1,252	2,291
Net cost of services		9,626	9,103	9,646
Revenue from Government	1.2C	9,302	9,364	9,302
Surplus/(Deficit) before income tax on continuing operations		(324)	261	(344)
OTHER COMPREHENSIVE INCOME				
Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		(49)	(57)	-
Total other comprehensive income / (loss)		(49)	(57)	-
Surplus/(Deficit) after income tax on continuing		(373)	204	(344)

The above statement should be read in conjunction with the accompanying notes.

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

Depreciation and amortisation

The increase in Depreciation largely reflects the purchase of laptops as part of a refresh program, as well as the full year effect of the agency's project management system which went live part-way through 2017-18.

Sale of goods and rendering of services

Revenue from rendering services is primarily associated with management fees from agreements with the Department of Foreign Affairs and Trade for the management of Research Programs. The agreements provide for ACIAR to draw on the management fee (up to a capped limit) with the variance to budget consistent with the increase in overall costs.

Gains from sale of asset & Changes in asset revaluation surplus

A motor vehicle was sold during the year which was not anticipated during budget development.

PRIMARY FINANCIAL STATEMENTS

Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
ASSETS				
Financial Assets				
Cash and cash equivalents	3.1A	12	11	125
Trade and other receivables	3.1B	3,280	3,731	3,879
Total financial assets		3,292	3,742	4,004
Non-Financial Assets				
Leasehold improvements	3.2A	859	936	803
Plant and equipment	3.2A	596	180	184
Intangibles	3.2A	1,752	1,954	2,000
Other non-financial assets	3.2B	261	96	247
Total non-financial assets		3,468	3,166	3,234
Total assets		6,760	6,908	7,238
LIABILITIES				
Payables				
Suppliers	3.3A	327	335	638
Other payables	3.3B	667	662	350
Total payables		994	997	988
Provisions				
Employee provisions	6.1A	2,059	1,994	2,487
Total provisions		2,059	1,994	2,487
Total liabilities		3,053	2,991	3,475
Net assets		3,707	3,917	3,763
EQUITY				
Contributed equity		2,593	2,479	2,724
Reserves		98	147	204
Retained surplus		1,016	1,291	835
Total equity		3,707	3,917	3,763

The above statement should be read in conjunction with the accompanying notes.

PRIMARY FINANCIAL STATEMENTS

Statement of Financial Position (continued)

as at 30 June 2019

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

Cash and Cash equivalents

This reflects the cash balance of day to day operations with funds being drawn to meet payments as required, and changes from time to time in the normal course of business.

Trade and other receivables

This reflects the impact of laptop and Storage Area Network purchases as part of the IT refresh program, as well as an amount of \$0.131 million for an equity injection in 2015-16 for fit-out works at the Bangkok and Indonesian offices which expired on 1 July 2018.

Plant and equipment

This reflects the impact of depreciation, offset by IT related expenditure on the laptop and end-of-life Storage Area Network refresh program.

Intangibles

This reflects the full year amortisation effect of the agency's project management system which went live part-way through 2017-18.

Suppliers and Other payables

ACIAR recognises payables and accrued expenditure at the end of the year for work performed but not yet paid (including salaries), this amount changes from time to time in the normal course of business.

Employee provision

A number of long serving staff retired during the year which reduced provision balances for leave below those anticipated during budget development.

PRIMARY FINANCIAL STATEMENTS

Statement of Changes in Equity

for the period ended 30 June 2019

	Retained earnings			Asset revaluation reserve			Contributed equity/capital			Total equity		
	2019	2018	Original Budget	2019	2018	Original Budget	2019	2018	Original Budget	2019	2018	Original Budget
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance												
Balance carried forward from previous period	1,291	1,030	1,179	147	204	204	2,479	2,234	2,479	3,917	3,468	3,862
Adjusted opening balance	1,291	1,030	1,179	147	204	204	2,479	2,234	2,479	3,917	3,468	3,862
Comprehensive income												
Surplus / (deficit) for the period	(324)	261	(344)	n/a	n/a	n/a	n/a	n/a	n/a	(324)	261	(344)
Other comprehensive income / (loss)	49	-	-	(49)	(57)	-	-	-	-	-	(57)	-
Total comprehensive income / (loss)	(275)	261	(344)	(49)	(57)	-	-	-	-	(324)	204	(344)
Transactions with owners												
Distributions to owners												
Returns of capital:												
Equity injection - Appropriations	-	-	-	-	-	-	(131)	-	-	(131)	-	-
Contributions by owners												
Departmental capital budget	-	-	-	-	-	-	245	245	245	245	245	245
Equity injection - Appropriations	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	114	245	245	114	245	245
Closing balance as at 30 June	1,016	1,291	835	98	147	204	2,593	2,479	2,724	3,707	3,917	3,763

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

In addition to the flow-on impact of items referred to in the Statement of Comprehensive Income and the Statement of Financial Position a revaluation write-back of \$48,764 was recognised for the disposal of assets not contemplated during budget development, and an uspent 2015-16 equity injection for fit-out works at the Bangkok and Indonesian offices expired on 1 July 2018.

PRIMARY FINANCIAL STATEMENTS

Cash Flow Statement

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		9,754	9,440	9,259
Sales of goods and rendering of services		2,636	1,225	2,259
Net GST received		376	340	-
Total cash received		12,766	11,005	11,518
Cash used				
Employees		7,223	6,159	6,671
Suppliers		5,044	4,432	4,847
Total cash used		12,267	10,591	11,518
Net cash from operating activities		499	414	-
INVESTING ACTIVITIES				
Cash received				
Proceeds from sales of property, plant and equipment		14	21	-
Total cash received		14	21	-
Cash used				
Purchase of property, plant and equipment		626	794	245
Total cash used		626	794	245
Net cash (used by) investing activities		(612)	(773)	(245)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		245	245	245
Total cash received		245	245	245
Cash used				
Returns of capital		131	-	-
Total cash used		131	-	-
Net cash from financing activities		114	245	245
Net increase / (decrease) in cash held		1	(114)	-
Cash and cash equivalents at the beginning of the reporting period		11	125	125
Cash and cash equivalents at the end of the reporting period	3.1A	12	11	125

The above statement should be read in conjunction with the accompanying notes.

PRIMARY FINANCIAL STATEMENTS

Cash Flow Statement (continued)

for the period ended 30 June 2019

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

Sales of goods and rendering of services

Revenue from rendering services is primarily associated with management fees from agreements with the Department of Foreign Affairs and Trade for the management of Research Programs. The agreements provide for ACIAR to draw on the management fee (up to a capped limit) with the variance to budget consistent with the increase in overall costs.

Net GST received

This reflects GST payments expected to be received from the Australian Taxation Office based on estimates of expenditure made during budget development. It is not unusual for this amount to change from time to time in the normal course of business.

Proceeds from sales of property, plant and equipment

A motor vehicle was sold during the year.

Purchase of property, plant and equipment (PP&E)

ACIAR budgeted for purchases of PP&E consistent with its known Departmental Capital Budget. However, during the year ACIAR made planned use of current year revenue which it had not included in its budget to upgrade aged IT hardware.

Returns of capital

An uspent 2015-16 equity injection for fit-out works at the Bangkok and Indonesian offices which expired on 1 July 2018.

PRIMARY FINANCIAL STATEMENTS

Administered Schedule of Comprehensive Income

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
International development assistance	2.1A	113,217	112,491	117,631
Total expenses		113,217	112,491	117,631
Income				
Revenue				
Non-taxation revenue				
External funds	2.2A	11,951	13,687	15,391
Total non-taxation revenue		11,951	13,687	15,391
Total revenue		11,951	13,687	15,391
Net cost of services		101,266	98,804	102,240
(Deficit) after income tax		(101,266)	(98,804)	(102,240)
Total comprehensive (loss)		(101,266)	(98,804)	(102,240)

The above schedule should be read in conjunction with the accompanying notes.

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

External funds

The majority of ACIAR's external funds currently come from DFAT. Due to a slowing of the growth in Australia's aid programme external funding was less than originally budgeted.

PRIMARY FINANCIAL STATEMENTS

Administered Schedule of Assets and Liabilities

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	4.1A	8,861	13,181	8,904
Taxation receivables	4.1B	825	1,468	1,407
Trade and other receivables	4.1C	1,626	647	561
Total financial assets		11,312	15,296	10,872
Non-financial assets				
Other non-financial assets	4.2	54	34	-
Total non-financial assets		54	34	-
Total assets administered on behalf of Government		11,366	15,330	10,872
LIABILITIES				
Payables				
Suppliers	4.3A	2,645	2,396	2,305
Other payables	4.3B	900	1,462	1,352
Total payables		3,545	3,858	3,657
Provisions				
Employee provisions	6.1B	153	150	152
Total provisions		153	150	152
Total liabilities administered on behalf of Government		3,698	4,008	3,809
Net assets		7,668	11,322	7,063

The above schedule should be read in conjunction with the accompanying notes.

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

Taxation receivables

This reflects GST receivable from the Australian Taxation Office based on estimates of expenditure made during budget development. It is not unusual for this amount to change from time to time in the normal course of business.

Trade and other receivables

The budget assumes that revenues will be received before year end. In this instance the closing balance reflects cash receivable from Department of Foreign Affairs and Trade.

Other non-financial assets

ACIAR recognises prepayments at the end of the year for goods and services paid for but not yet consumed, this amount changes from time to time in the normal course of business.

Suppliers and Other payables

ACIAR recognises payables and accrued expenditure at the end of the year for work performed but not yet paid (including salaries), this amount changes from time to time in the normal course of business.

PRIMARY FINANCIAL STATEMENTS

Administered Reconciliation Schedule

for the period ended 30 June 2019

	2019	2018
	\$'000	\$'000
Opening assets less liabilities as at 1 July	11,322	15,042
Net (cost of)/contribution by services		
Income	11,951	13,687
Expenses	(113,217)	(112,491)
Transfers (to)/from the Australian Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities	97,946	95,519
Appropriation transfers to OPA		
Transfers to OPA	(334)	(435)
Closing assets less liabilities as at 30 June	7,668	11,322

The above schedule should be read in conjunction with the accompanying notes.

Accounting Policy

Administered Cash Transfers to and from the Official Public Account

Revenue collected by ACIAR for use by the Government, rather than ACIAR, is Administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the Administered cash held by the entity on behalf of the Government and reported as such in the Schedule of Administered Cash Flows and in the Administered Reconciliation Schedule.

PRIMARY FINANCIAL STATEMENTS

Administered Cash Flow Statement

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
External funds		10,972	13,600	15,391
Net GST received		6,624	5,500	5,000
Total cash received		17,596	19,100	20,391
Cash used				
International development assistance		119,529	117,937	122,631
Total cash used		119,529	117,937	122,631
Net cash (used by) operating activities		(101,933)	(98,837)	(102,240)
Cash and cash equivalents at the beginning of the reporting period				
		13,181	16,883	13,179
Cash from Official Public Account				
Appropriations		104,573	101,166	97,965
		104,573	101,166	97,965
Cash to Official Public Account				
Appropriations		6,960	6,031	-
		6,960	6,031	-
Cash and cash equivalents at the end of the reporting period				
	4.1 A	8,861	13,181	8,904

This schedule should be read in conjunction with the accompanying notes.

Budget Variances Commentary

All variances above 10% of the relevant category are considered significant and explained below.

External funds

Less than budgeted due to a combination of delays in contracting overseas research activity, delays in external funders confirming availability of funds and the securing of less external funding than originally budgeted.

Net GST received

This reflects GST payments expected to be received from the Australian Taxation Office based on estimates of expenditure made during budget development. It is not unusual for this amount to change from time to time in the normal course of business.

OVERVIEW

Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with :

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b) Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Administered Schedules and related notes.

Except where otherwise stated, Administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Australian Accounting Standards.

Events After the Reporting Period

Departmental

There have been no events or transactions after the reporting date which could significantly affect the ongoing structure and financial activities of ACIAR.

Administered

There have been no events or transactions after the reporting date which could significantly affect the ongoing structure and financial activities of ACIAR.

Taxation

ACIAR is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

All new/revised/amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the entity's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

1. Financial Performance

This section analyses the financial performance of ACIAR for the year ended 2019.

1.1: Expenses

	2019	2018
	\$'000	\$'000
<u>1.1A: Employee Benefits</u>		
Wages and salaries	5,381	4,563
Superannuation:		
Defined contribution plans	455	410
Defined benefit plans	585	339
Leave and other entitlements	879	405
Separation and redundancies	29	154
Total employee benefits	7,329	5,871

Accounting Policy

Accounting policies for employee related expenses are contained in the People and Relationships section.

1.1B: Suppliers

Goods and services supplied or rendered

Contractors, consultants and service providers	1,311	1,247
Travel	624	559
IT Services	832	685
Property services (excluding rent)	350	296
Workforce capability	329	262
Publications and promotion	48	106
Other	258	264
Total goods and services supplied or rendered	3,752	3,419
Goods supplied	542	501
Services rendered	3,210	2,918
Total goods and services supplied or rendered	3,752	3,419
Other suppliers		
Operating lease rentals	699	652
Workers compensation expenses	40	47
Total other suppliers	739	699
Total suppliers	4,491	4,118

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

1.1: Expenses (continued)

	2019	2018
	\$'000	\$'000
Leasing commitments		
ACIAR, in its capacity as lessee, has in place a number of non-cancellable operating lease agreements for office accommodation in Canberra and overseas. The terms and conditions of these leases vary based on local market conditions.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	900	834
Between 1 to 5 years	3,641	3,411
More than 5 years	918	1,642
Total operating lease commitments¹	5,459	5,887

¹Commitments are GST inclusive where relevant.

Accounting Policy

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

1.2: Own-Source Revenue and Gains

	2019	2018
	\$'000	\$'000
Own-Source Revenue		
<u>1.2A: Sale of Goods and Rendering of Services</u>		
Sale of goods	20	13
Rendering of services	2,616	1,182
Total sale of goods and rendering of services	2,636	1,195

Accounting Policy

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer; and
- ACIAR retains no managerial involvement or effective control over the goods.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

1.2B: Other Revenue

Resources received free of charge

Remuneration of auditors	32	30
Total other revenue	32	30

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

1.2C: Revenue from Government

Appropriations

Departmental appropriation	9,302	9,364
Total revenue from Government	9,302	9,364

Accounting Policy

Revenue from Government

Amounts appropriated for Departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that ACIAR does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for Departmental reporting.

2.1: Administered—Expenses

	2019	2018
	\$'000	\$'000
<u>2.1A: International Development Assistance</u>		
Research program	77,168	78,954
Multilateral program	22,907	23,914
Education and training	10,277	8,299
Communicating research results	2,865	1,324
Total international development assistance	113,217	112,491
International Development Assistance is made up of:		
Employee benefits	2,282	2,940
Supplier expenses	110,935	109,551
Total	113,217	112,491

Accounting Policy

International Development Assistance

ACIAR administers international development assistance programs and projects on behalf of the Government.

International development assistance liabilities are recognised to the extent that:

- (i) the services required to be performed by the recipient have been performed; or
- (ii) the contract eligibility criteria have been satisfied, but payments due have not been made.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

2.2: Administered—Income

	2019	2018
	\$'000	\$'000
Revenue		
Non-Taxation Revenue		
<u>2.2A: External Funds</u>		
External funds	11,951	13,687
Total external funds	11,951	13,687

Accounting Policy

All Administered revenues are revenues relating to ordinary activities performed by the entity on behalf of the Australian Government. As such, Administered appropriations are not revenues of the individual entity that oversees distribution or expenditure of the funds as directed.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

3. Financial Position

This section analyses the ACIAR's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

3.1: Financial Assets

	2019	2018
	\$'000	\$'000
3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	12	11
Total cash and cash equivalents	12	11

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- cash on hand;
- demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- cash in special accounts.

3.1B: Trade and Other Receivables

Appropriations receivable

Appropriation receivable	3,231	3,682
Total appropriations receivable	3,231	3,682

Other receivables

GST receivable from the Australian Taxation Office	49	49
Total other receivables	49	49
Total trade and other receivables (net)	3,280	3,731

Credit terms for goods and services were within 30 days (2018: 30 days)

Accounting Policy

Financial Assets

Trade receivables and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

3.2: Non-Financial Assets

3.2A: Reconciliation of the Opening and Closing Balances of Leasehold Improvements, Plant and Equipment and Intangibles

	Leasehold improvements	Plant and equipment	Intangibles Computer software ¹	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	1,054	258	2,514	3,826
Accumulated depreciation, amortisation and impairment	(146)	(78)	(641)	(865)
Work in progress	28	-	81	109
Total as at 1 July 2018	936	180	1,954	3,070
Additions				
Purchase	75	547	4	626
Depreciation and amortisation	(151)	(125)	(206)	(482)
Disposals				
Asset cost	(14)	(27)	(80)	(121)
Accumulated depreciation	13	21	80	114
Total as at 30 June 2019	859	596	1,752	3,207
Total as at 30 June 2019 represented by				
Gross book value	1,143	778	2,519	4,440
Accumulated depreciation, amortisation and impairment	(284)	(182)	(767)	(1,233)
Total as at 30 June 2019	859	596	1,752	3,207

¹The carrying amount of computer software included \$1.752 million of internally generated software.

No indicators of impairments were found for leasehold improvements, plant and equipment or computer software.

No leasehold improvements, plant and equipment or computer software are expected to be sold or disposed of within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

3.2: Non-Financial Assets (continued)

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 7.4. On 30 June 2019, an independent valuer from Jones Lang LaSalle conducted the revaluations. This did not result in a change to the fair value of leasehold improvements or property, plant and equipment.

	2019	2018
	\$'000	\$'000
ACIAR has a number of contractual commitments for the acquisition of plant and equipment and intangible assets		
Within 1 year	8	41
Between 1 to 5 years	-	-
Total commitments¹	8	41

¹Commitments are GST inclusive where relevant.

Accounting Policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Asset Recognition Threshold

Purchases of leasehold improvements, plant and equipment and intangibles are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Following initial recognition at cost, leasehold improvements, plant and equipment assets are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

3.2: Non-Financial Assets (continued)

Depreciation

Depreciable leasehold improvements, property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ACIAR using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Leasehold improvements	Lower of useful life or lease term	Lower of useful life or lease term
Plant and equipment	3 to 10 years	3 to 10 years

Impairment

All assets are assessed for impairment annually. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ACIAR were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of leasehold improvements or plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Intangibles

ACIAR's intangibles comprise software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the ACIAR's software are 3 to 10 years (2018: 3 to 10 years).

All computer software assets are assessed for indications of impairment annually.

	2019	2018
	\$'000	\$'000
3.2B: Other Non-Financial Assets		
Prepayments	261	96
Total other non-financial assets	261	96

No indicators of impairment were found for other non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

3.3: Payables

	2019	2018
	\$'000	\$'000
<u>3.3A: Suppliers</u>		
Trade creditors and accruals	327	335
Total suppliers	<u>327</u>	<u>335</u>

All supplier payables are expected to be settled within 12 months.

Settlement was usually made within 30 days.

3.3B: Other Payables

Salaries and wages	159	116
Superannuation	6	8
Rent payable	33	7
Lease incentive	237	277
Other	232	254
Total other payables	<u>667</u>	<u>662</u>

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

4. Assets and Liabilities Administered on Behalf of Government

This section analyses assets used to conduct operations and the operating liabilities incurred as a result which ACIAR does not control but administers on behalf of the Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for Departmental reporting.

4.1: Administered—Financial Assets

	2019	2018
	\$'000	\$'000
<u>4.1A: Cash and Cash Equivalents</u>		
Cash in special accounts	8,851	13,171
Cash on hand or on deposit	10	10
Total cash and cash equivalents	8,861	13,181
<u>4.1B: Taxation Receivables</u>		
GST receivable from Australian Taxation Office	825	1,468
Total taxation receivables (net)	825	1,468
<u>4.1C: Trade and Other Receivables</u>		
Goods and services receivables	1,626	3
Other receivables	-	644
Total trade and other receivables (net)	1,626	647

No indicators of impairment were found for trade and other receivables.

Trade and other receivables credit terms were within 30 days (2018 : 30 days).

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

4.2: Administered—Non-Financial Assets

	2019	2018
	\$'000	\$'000
4.2: Other Non-Financial Assets		
Prepayments	54	34
Total other non-financial assets	54	34

4.3: Administered—Payables

	2019	2018
	\$'000	\$'000
4.3A: Suppliers		
Trade creditors and accruals	2,645	2,396
Total suppliers	2,645	2,396
Settlement was usually made within 30 days.		
4.3B: Other Payables		
GST payable to OPA	856	1,403
Salaries and wages	42	55
Superannuation	2	4
Total other payables	900	1,462

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

5. Funding

This section identifies ACIAR's funding structure.

5.1: Appropriations

5.1A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2019	Annual Appropriation ¹ \$'000	Section 74 Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2019 (current and prior years) \$'000	Variance ² \$'000
DEPARTMENTAL					
Ordinary annual services	9,302	2,650	11,952	12,266	(314)
Capital Budget ³	245	-	245	252	(7)
Total departmental	9,547	2,650	12,197	12,518	(321)
ADMINISTERED					
Ordinary annual services					
Administered items	97,965	-	97,965	97,612	353
Total administered	97,965	-	97,965	97,612	353

Notes:

¹In 2018-19, there was an unspent 2015-16 equity injection (\$131k) which expired on 1 July 2018.

²In 2018-19, the variances reflect:

Ordinary annual services- ACIAR use of available appropriation for the upgrade of aged IT hardware.

Capital Budget - The overspend is offset by a corresponding underspend in 2017-18 Financial years.

³Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

5.1: Appropriations (continued)

Annual Appropriations for 2018					
	Annual Appropriation ¹ \$'000	Section 74 Adjustments to appropriation \$'000	Total appropriation \$'000	Appropriation applied in 2018 (current and prior years) \$'000	Variance ² \$'000
DEPARTMENTAL					
Ordinary annual services	9,364	1,195	10,559	10,642	(83)
Capital Budget ³	245	-	245	238	7
Total departmental	9,609	1,195	10,804	10,880	(76)
ADMINISTERED					
Ordinary annual services	96,882	-	96,882	95,084	1,798
Administered items	96,882	-	96,882	95,084	1,798
Total administered	193,764	-	193,764	190,168	3,596

Notes:

¹In 2017-18, there were no appropriations which have been quarantined.

²In 2017-18, the variances are not considered material.

³Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

5.1: Appropriations (continued)

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority	2019	2018
\$'000	\$'000	\$'000
DEPARTMENTAL		
Appropriation Act (No 4) 2015-16 Non Operating - Equity Injection	-	131
Appropriation Act (No 1) 2017-18 Capital Budget (DCB) Non Operating	-	7
Appropriation Act (No 1) 2017-18	-	3,544
Appropriation Act (No 1) 2018-19 Capital Budget (DCB) Non Operating	-	-
Appropriation Act (No 1) 2018-19	3,231	-
Cash on hand or on deposit	12	11
Total	3,243	3,693
ADMINISTERED		
Appropriation Act (No 1) 2017-18	416	2,423
Appropriation Act (No 1) 2018-19	2,360	-
Cash on hand or on deposit	10	10
Total	2,786	2,433

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

5.2: Special Accounts

5.2: Special Accounts (Recoverable GST exclusive)

	ACIAR Special Account ¹	
	2019	2018
	\$'000	\$'000
Balance brought forward from previous period	13,171	15,402
Increases		
Other receipts	13,257	14,825
Total increases	13,257	14,825
Available for payments	26,428	30,227
Decreases		
Administered		
Payments made to suppliers	(17,577)	(17,056)
Total Administered	(17,577)	(17,056)
Total decreases	(17,577)	(17,056)
Total balance carried to the next period	8,851	13,171
Balance represented by:		
Cash held in the Official Public Account	8,851	13,171
Total balance carried to the next period	8,851	13,171

¹Appropriation: *Public Governance, Performance and Accountability Act 2013* section 80
 Establishing Instrument: *Australian Centre for International Agricultural Research Act 1982* section 33
 Purpose: For crediting amounts received from time to time to cover the discharge of costs.

5.3: Net Cash Appropriation Arrangements

	2019	2018
	\$'000	\$'000
Total comprehensive income excluding depreciation / amortisation expenses previously funded through revenue appropriations	109	570
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(482)	(366)
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(373)	204

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

6.1: Employee Provisions

	2019 \$'000	2018 \$'000
<u>6.1A: Employee Provisions</u>		
Leave	1,561	1,599
Other	498	395
Total employee provisions	2,059	1,994
<u>6.1B: Administered - Employee Provisions</u>		
Leave	153	150
Total employee provisions	153	150

Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period, minus the fair value at the end of the reporting period of plan assets (if any), out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including ACIAR's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long-service leave has been determined by reference to the shorthand method. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. ACIAR recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

ACIAR's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and other superannuation funds held outside the Australian Government are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's Administered schedules and notes.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

6.1: Employee Provisions (continued)

ACIAR makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. ACIAR accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

For other superannuation funds held outside the Australian Government, as employer, ACIAR, contributes a minimum of 9.5% of superannuable salaries.

6.2: Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ACIAR, directly or indirectly, including any director (whether executive or otherwise) of ACIAR. ACIAR has determined the key management personnel to be the Portfolio Minister (the Minister for the Department of Foreign Affairs and Trade), Cabinet Ministers, Chief Executive Officer, Chief Finance Officer and other Senior Management Team members. Key management personnel remuneration is reported in the table below:

	2019	2018
	\$'000	\$'000
Short-term employee benefits	1,448	1,451
Post-employment benefits	249	286
Other long-term employee benefits	103	194
Total senior executive remuneration expenses¹²	1,800	1,931

The total number of key management personnel that are included in the above table is 6 (2018: 7).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister and Cabinet Ministers. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by ACIAR.

2. Comparative numbers for short-term employee benefits and long-term employee benefits for 2017-18 were changed to correct the recognition of short-term employee benefits (annual leave) of \$0.107 million which had been included in long-term employee benefits in 2017-18.

Further, during 2018-19 ACIAR identified an error in the calculation of the Chief Executive Officer's pay which resulted in back payment of non-salary allowances of \$0.039 million which had not been included short-term employee benefits in 2017-18.

To correct both changes, the comparatives for 2017-18 for short-term employee benefits has been adjusted from \$1.305 million to \$1.451 million and long-term employee benefits has been adjusted from \$0.301 million to \$0.194 million.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

6.3: Related Party Disclosures

Related party relationships:

ACIAR is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister (the Minister for the Department of Foreign Affairs and Trade), Cabinet Ministers, and Executive, and other Australian Government entities.

Transactions with related parties:

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

The following transactions with related parties occurred during the financial year:

- The entity transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including the payment of workers compensation and insurance premiums. These are not considered individually significant to warrant separate disclosure as related party transactions.
- Refer to Note 6.1 Employee Provisions for details on superannuation arrangements with the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), and the PSS accumulation plan (PSSap).

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

7. Managing Uncertainties

This section analyses how ACIAR manages financial risks within its operating environment.

7.1A: Contingent Assets and Liabilities

Quantifiable Contingencies

At 30 June 2019, ACIAR had no quantifiable contingencies (2018: \$Nil).

Unquantifiable Contingencies

At 30 June 2019, ACIAR had no unquantifiable contingencies (2018: \$Nil).

7.1B: Administered—Contingent Assets and Liabilities

Quantifiable Contingencies

At 30 June 2019, ACIAR had no quantifiable contingencies (2018: \$Nil).

Unquantifiable Contingencies

At 30 June 2019, ACIAR had no unquantifiable contingencies (2018: \$Nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position, but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

7.2: Financial Instruments

	2019	2018
	\$'000	\$'000
7.2A: Categories of Financial Instruments		
Financial Assets under AASB 139		
Loans and receivables		
Cash and cash equivalents		11
Financial Assets under AASB 9		
Financial assets at amortised cost		
Cash and cash equivalents	12	
Total financial assets at amortised cost	<u>12</u>	<u>11</u>
Financial Liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	327	335
Other payables ¹	502	538
Total financial liabilities at amortised cost	<u>829</u>	<u>873</u>

1. During the 2019 financial year, the ACIAR determined that Other payables of \$284K were understated in the financial instruments disclosure note in the 2018 financial statements by \$254K, as these account balances incorrectly excluded other external liabilities, included within the Other payables category. The 2018 comparative disclosures have been restated with Other payables now reported as \$538K (2018 financial statements: \$284K).

Classification of financial assets on the date of initial application of AASB 9.

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and Cash Equivalents	3.1A	Loans and receivables	Amortised Cost	11	11
Total financial assets				<u>11</u>	<u>11</u>

Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.

Financial assets at amortised cost	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassifica- tion \$'000	Remeasure- ment \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Loans and receivables				
Cash and Cash Equivalents	11	-	-	11
Total amortised cost	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

7.2: Financial Instruments (continued)

Accounting policy

Financial assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, ACIAR classifies its financial assets as financial assets measured at amortised cost.

The classification depends on ACIAR's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when ACIAR becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial Liabilities

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

7.3: Administered—Financial Instruments

		2019	2018		
		\$'000	\$'000		
7.3A: Categories of Financial Instruments					
Financial Assets under AASB 139					
Loans and receivables					
Cash on hand or on deposit			13,181		
Trade and other receivables			647		
Financial Assets under AASB 9					
Financial assets at amortised cost					
Cash on hand or on deposit		8,861			
Trade and other receivables		1,626			
Total financial assets at amortised cost		10,487	13,828		
Financial Liabilities					
Financial liabilities measured at amortised cost					
Trade creditors		2,645	2,396		
Total financial liabilities at amortised cost		2,645	2,396		
Classification of financial assets on the date of initial application of AASB 9.					
Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018	AASB 9 carrying amount at 1 July 2018
				\$'000	\$'000
Cash and Cash Equivalents	4.1A	Loans and receivables	Amortised Cost	13,181	13,181
Trade receivables	4.1C	Loans and receivables	Amortised Cost	647	647
Total financial assets				13,828	13,828
Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9.					
	AASB 139 carrying amount at 30 June 2018	Reclassification	Remeasure-ment	AASB 9 carrying amount at 1 July 2018	
	\$'000	\$'000	\$'000	\$'000	
Financial assets at amortised cost					
Loans and receivables					
Cash and Cash Equivalents	13,181	-	-	13,181	
Trade receivables	647	-	-	647	
Total amortised cost	13,828	-	-	13,828	

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

7.4: Fair Value Measurements

Accounting policy

ACIAR engaged the service of the Jones Lang LaSalle (JLL) to conduct a desktop review of carrying amounts for all non-financial assets at 30 June 2019. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years with the previous valuation conducted at 30 June 2017. JLL has provided written assurance to the ACIAR that the models developed are in compliance with AASB 13.

The methods utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence - Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Depreciated Replacement Cost approach. Under the Depreciated Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration. For all Leasehold Improvement assets, the consumed economic benefit / asset obsolescence deduction is determined based on the term of the associated lease.

ACIAR's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Non-financial assets ¹	Valuation Method	Fair value measurements at the end of the reporting period	
		2019 \$'000	2018 \$'000
Leasehold improvements	Depreciated replacement cost	859	936
Plant and equipment	Depreciated replacement cost	596	180

¹No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2019 (2018: Nil).

ACIAR's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all non-financial asset's is considered their highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 June 2019

8. Other Information

8.1: Aggregate Assets and Liabilities

8.1A: Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	3,553	3,838
More than 12 months	3,207	3,070
Total assets	6,760	6,908
Liabilities expected to be settled in:		
No more than 12 months	1,943	1,989
More than 12 months	1,110	1,002
Total liabilities	3,053	2,991

8.1B: Administered - Aggregate Assets and Liabilities

	2019	2018
	\$'000	\$'000
Assets expected to be recovered in:		
No more than 12 months	11,366	14,686
More than 12 months	-	-
Total assets	11,366	14,686
Liabilities expected to be settled in:		
No more than 12 months	3,610	3,968
More than 12 months	88	40
Total liabilities	3,698	4,008

CASE STUDY

Sowing the seeds of change

Gender equality is crucial to alleviating poverty in rural communities. In April 2019, ACIAR and the University of Canberra, with support from CGIAR, hosted the 'Seeds of change' conference. This international agricultural research-for-development gender conference brought together 280 experts and researchers from 45 countries to participate in three days of discussion on gendered relationships in agriculture.

Delegates heard from prominent researchers and workers in the field, including Professor Naila Kabeer, Professor of Gender and Development at the London School of Economics; Professor Katherine Gibson, of the Institute for Culture and Society at Western Sydney University; Dr Jayne Curnow, ACIAR Social Sciences Research Program Manager; and Vicki Wilde, Senior Program Officer, Agricultural Development and Women's Economic Empowerment, Bill & Melinda Gates Foundation.

Professor Kabeer delivered a public lecture to a capacity-filled auditorium, examining themes of empowerment and agency, arguing that 'empowerment cannot be conflated with labour force participation'. She pointed to the complexity of interconnected norms, resources, rules and identities which constrain the agency and empowerment of individuals, saying gender is only part of that social structure.

Dr Jayne Curnow gave a well-received address, emphasising that just as successful bio-physical scientific research requires appropriately qualified experts in cropping, livestock or soil, so too gender-focused research requires social science experts, not bio-physical scientists 'doing gender'. Conference attendees enjoyed what one speaker described as 'energising and honest conversations about what was working and what was not' in tackling the complex and multi-dimensional normative and power structures that prevent people from enjoying a gender equitable society.

The conference considered the role of men and masculinities too, in poverty reduction, with Juan Gonzalo Jaramillo, formerly of CIMMYT, saying that 'gender is a relational concept ... we need to examine how the configuration of the masculine is linked with the definition of femininities in a given time and place'.

The conference was also notable for its use of innovative technologies aimed at reaching a wider audience, and allowing those unable to attend in person to participate in real time. In a first for ACIAR Outreach, five lectures and panel discussions, representing nine hours of footage, were livestreamed online. These can now be viewed on the ACIAR YouTube channel. Eighteen panellists and presenters featured in a series of interviews also posted on YouTube, and a dedicated 'Gender Portal' website, created as a taster for the conference, now serves as an archive and extension of conference proceedings.

Conference: Seeds of change-gender equity through agricultural research-for-development



PART 5

Appendixes

Appendix 1. Basis of authority	102
Appendix 2. Organisational structure	103
Appendix 3. Staffing statistics	104

Appendix 1. Basis of authority

The governing legislation for ACIAR is the *Australian Centre for International Agricultural Research Act 1982* (the ACIAR Act), proclaimed on 3 June 1982 as Act No. 9 of 1982. The ACIAR Act was described as 'an Act to encourage research for the purpose of identifying, or finding solutions to, agricultural problems of developing countries'.

The Act was amended in 2007, coming into effect from 1 July 2007. The principal purpose of the amendments introduced in the *Australian Centre for International Agricultural Amendment Act 2007* (the Amendment Act), was to change the governance arrangements of ACIAR. This replaced the Board of Management with an executive management structure with a Chief Executive Officer (CEO) and a seven-member Commission. The functions of the CEO are set out at Section 5 of the legislation, and cited below.

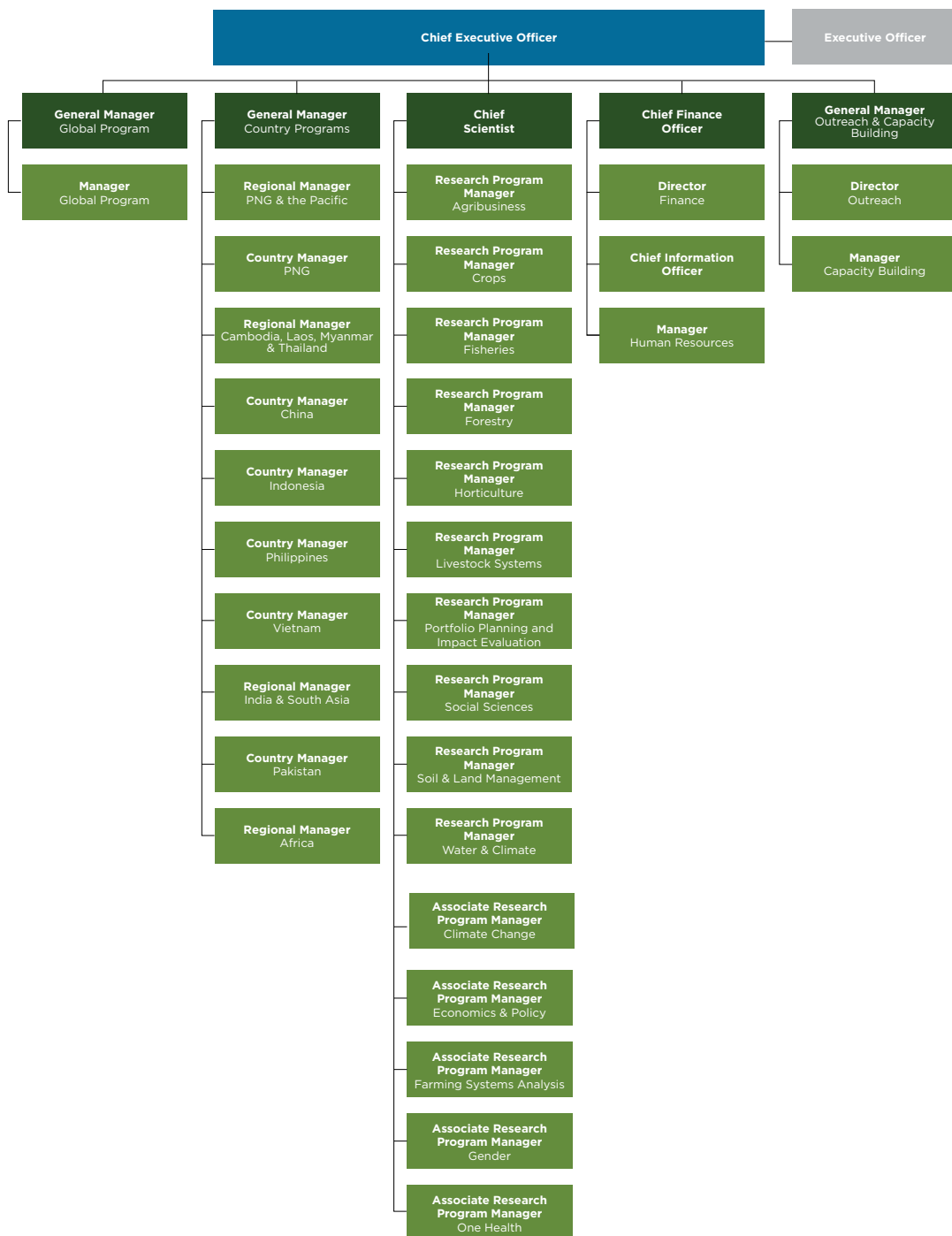
5. Functions of the CEO

1. The functions of the CEO are:
 - a. 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
 - b. 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
 - c. to communicate to persons and institutions the results of such agricultural research
 - d. to establish and fund training schemes related to the research programs referred to in paragraph (a)
 - e. to conduct and fund development activities related to those research programs
 - f. to fund international agricultural research centres.
2. The CEO must, in performing his or her functions with respect to agricultural research, have regard to the need for persons or institutions in developing countries to share in that research.
3. Nothing in this section authorises, or permits, the CEO to carry out research on behalf of the Commonwealth.
4. The CEO must, in performing his or her functions, comply with any directions given to the CEO under section 5A.

5A. Power of Minister to give directions

1. The Minister may, by writing, give directions to the CEO with respect to the performance of the CEO's functions under this Act (including in relation to the appropriate strategic direction the CEO should take in performing his or her functions). Note: A direction under this section is included in the annual report: see section 39.
2. A direction given under subsection (1) is not a legislative instrument.

Appendix 2. Organisational structure



Appendix 3. Staffing statistics

Table A3.1. Employee numbers, 30 June 2019

Public Service Act 1999 employee numbers (ongoing and non-ongoing), 30 June 2019.

	Ongoing staff	Non-ongoing staff	Total
Full-time	25	25	50
Male	6	11	19
Female	19	14	29
Part-time	10	1	11
Male	1	0	1
Female	9	1	10
Total	35	26	61

Table A3.2. Staff turnover, 2015-16 to 2018-19

Employee turnover in ACIAR for 2018-19 is 22% lower than previous years. Thirteen employees ceased employment. Table A3.2 shows a comparison of employee turnover over the past four years.

	2015-16	2016-17	2017-18	2018-19
Retrenched	1	0	3	1
Promotions/transfers	4	3	1	0
End of contract	7	3	6	6
Resigned	1	3	13	3
Retired	2	2	0	3
Leave without pay	0	4	0	0
Temporary movement	0	0	0	0
Other	0	0	0	0
Total	15	15	23	13

Table A3.3. Non-APS employees employed overseas, 30 June 2019

ACIAR employed 22 staff overseas. These staff are locally-engaged staff to provide program support in-country. Details below were current at 30 June 2019.

Location	Male	Female	Full-time	Part-time	Total
Vientiane	1	1	2	0	2
Beijing	1	0	1	0	1
Hanoi	1	2	3	0	3
Jakarta	0	3	3	0	3
Manila	0	2	2	0	2
New Delhi	0	2	2	0	2
Nairobi	1	1	2	0	2
Port Moresby	0	2	2	0	2
Fiji	1	1	2	0	2
Yangon	1	0	1	0	1
Islamabad	1	1	2	0	2
Total	7	15	22	0	22

Table A3.4. Employee classification structure, 30 June 2019

ACIAR employees as at 30 June 2019, covered by the ACIAR Enterprise Agreement 2015–2018 by broadband. Excludes SES (1 male, 2 female).

ACIAR broadband	APS classification	Salary range	No. employees by classification	Ongoing	Non-ongoing	Female	Male
Band 4	EL2	\$128,131–\$139,374	5	3	2	3	2
Band 3	EL1	\$102,397–\$107,704	9	6	3	5	4
Band 2	APS6	\$80,697–\$89,375	12	10	2	8	4
	APS5	\$73,488–\$76,387	9	7	2	8	1
	APS4	\$66,434–\$70,128	12	7	5	10	2
Band 1	APS3	—	No employees at this level				
	APS2	—	No employees at this level				
	APS1	—	No employees at this level				
Research Program Managers							
Band 4	EL2–RPM	\$143,547–\$179,865	11	0	11	7	4





PART 6

Reference material

Abbreviations and acronyms	108
List of requirements	109
Index	114
Contact us	118

Abbreviations and acronyms

AC	Companion of the Order of Australia
ACIAR	Australian Centre for International Agricultural Research
ACIAR Act	<i>Australian Centre for International Agricultural Research Act 1982</i>
AICD	Australian Institute of Company Directors
AM	Member of the Order of Australia
AO	Order of Australia
APAARI	Asia-Pacific Association of Agricultural Research Institutions
APS	Australian Public Service
CABI	Centre for Agriculture and Bioscience International
CEO	Chief Executive Officer
CGIAR	formerly the Consultative Group on International Agricultural Research
Commission	Commission for International Agricultural Research
Council	Policy Advisory Council
CRC	Cooperative Research Centre
CSIRO	Commonwealth Scientific and Industrial Research Organisation (Australia)
CultiAF	Cultivate Africa's Future
DFAT	Department of Foreign Affairs and Trade (Australia)
EL	Executive Level
EPBC Act	<i>Environmental Protection and Biodiversity Conservation Act 1999</i>
FAO	Food and Agriculture Organization (of the United Nations)
FOI Act	<i>Freedom of Information Act 1982</i>
FTE	full-time equivalent (staff)
FTSE	Fellow of the Australian Academy of Technology and Engineering
G20	The Group of Twenty—an international forum for global economic cooperation comprising 20 members: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, United Kingdom, United States, and the European Union
GST	goods and services tax
MAICD	member of the Australian Institute of Company Directors
NESB	non-English speaking background
No.	number
OAM	Medal of the Order of Australia
PEO	Principal Executive Officer
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PNG	Papua New Guinea
RPM	Research Program Manager
SDIP	Sustainable Development Investment Portfolio
SES	Senior Executive Service (of APS)
WorldFish	CGIAR Research Program Fish
WorldVeg	World Vegetable Center

List of requirements

The table below contains a list of annual report requirements prepared in accordance with paragraph 17AJ(d) of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). Page references for ACIAR compliance with these requirements are provided in the right-hand column of the table.

PGPA Rule reference	Description	Requirement	Page
17AD(g)	Letter of transmittal		
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) and any enabling legislation that specifies additional requirements in relation to the annual report	Mandatory	i
17AD(h)	Aids to access		
17AJ(a)	Table of contents	Mandatory	ii
17AJ(b)	Alphabetical index	Mandatory	114
17AJ(c)	Abbreviations and acronyms	Mandatory	108
17AJ(d)	List of requirements	Mandatory	109
17AJ(e)	Details of contact officer	Mandatory	118
17AJ(f)	Entity's website address	Mandatory	118
17AJ(g)	Electronic address of report	Mandatory	118
17AD(a)	Review by accountable authority		
17AD(a)	A review by the accountable authority of the entity	Mandatory	1
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	A description of the role and functions of the entity	Mandatory	13
17AE(1)(a)(ii)	A description of the organisational structure of the entity	Mandatory	103
17AE(1)(a)(iii)	A description of the outcomes and programs administered by the entity	Mandatory	20
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan	Mandatory	22
17AE(1)(b)	An outline of the structure of the portfolio of the entity	Portfolio departments — mandatory	n.a.
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statements, Portfolio Additional Estimates Statements or other portfolio estimates statements that were prepared for the entity for the period, include details of variation and reasons for change	If applicable, mandatory	n.a.

17AD(c)	Report on the performance of the entity		
	Annual performance statement		
17AD(c)(i)16F	Annual performance statement in accordance with paragraph 39(1)(b) and section 16F of the Rule	Mandatory	22-28
17AD(c)(ii)	Report on financial performance		
17AF(1)(a)	A discussion and analysis of the entity's financial performance	Mandatory	29-31
17AF(1)(b)	A table summarising the total resources and total payments of the entity	Mandatory	30
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results	If applicable, mandatory	n.a.
17AD(d)	Management and accountability		
	Corporate governance		
17AG(2)(a)	Information on compliance with section 10 of the PGPA Rule (fraud systems)	Mandatory	40
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared	Mandatory	41
17AG(2)(b)(ii)	A certification by accountable authority that the entity has in place appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud	Mandatory	41
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity	Mandatory	41
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance	Mandatory	34-41
17AG(2)(d)-(e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the PGPA Act that relate to noncompliance with finance law and action taken to remedy noncompliance	If applicable, mandatory	n.a.
	External scrutiny		
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny	Mandatory	48
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity	If applicable, mandatory	n.a.
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor-General (other than the report under section 43 of the PGPA Act), a parliamentary committee or the Commonwealth Ombudsman	If applicable, mandatory	n.a.
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period	If applicable, mandatory	n.a.

Management of human resources			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives	Mandatory	49-51
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including statistics on: <ul style="list-style-type: none"> » staffing classification level » full-time employees » part-time employees » gender » staff location » employees who identify as Indigenous. 	Mandatory	49
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i>	Mandatory	49
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements, etc. identified in paragraph 17AG(4)(c)	Mandatory	49
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level	Mandatory	105
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees	Mandatory	50
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay	If applicable, mandatory	50
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level	If applicable, mandatory	50
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level	If applicable, mandatory	50
17AG(4)(d)(iv)	Information on aggregate amount of performance payments	If applicable, mandatory	50
Asset management			
17AG(5)	An assessment of effectiveness of asset management where asset management is a significant part of the entity's activities	If applicable, mandatory	n.a.
17AG(6) Purchasing			
17AG(6)	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i>	Mandatory	52-53
17AG(7) Consultants			
17AG(7)(a)	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST)	Mandatory	53

17AG(7)(b)	A statement that 'During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].'	Mandatory	53
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged	Mandatory	53
17AG(7)(d)	A statement that 'Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.'	Mandatory	53
Australian National Audit Office access clause			
17AG(8)	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract	If applicable, mandatory	n.a.
Exempt contracts			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published on AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters	If applicable, mandatory	n.a.
17AG(10) Small business			
17AG(10)(a)	A statement that '[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and medium-sized enterprise and small enterprise participation statistics are available on the Department of Finance's website.'	Mandatory	53
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium-sized enterprises	Mandatory	53
17AG(10)(c)	If the entity is considered by the department administered by the Finance Minister as material in nature—a statement that '[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the survey of Australian Government payments to small business are available on the Treasury's website.'	If applicable, mandatory	53
Financial statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the PGPA Act	Mandatory	60-99

17AD(f)	Other mandatory information		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that 'During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website.'	If applicable, mandatory	n.a.
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect	If applicable, mandatory	54
17AH(1)(b)	A statement that 'Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website].'	If applicable, mandatory	n.a.
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information	Mandatory	51
17AH(1)(d)	A reference to the website where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found	Mandatory	54
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	n.a.
17AH(2)	Information required by other legislation	Mandatory	n.a.

Index

- A**
- abbreviations and acronyms 108
 - ABC (media) 8
 - Accountable Authority 22, 52
 - accounting practices 48
 - ACIAR Collaborative Environment (ACE) 40
 - ACIAR Enterprise Agreement 2015-2018* 35-6, 105
 - advertising 54
 - Agribusiness program (ACIAR) 12
 - Anderson, Prof. Kym (Policy Advisory Council President) 47
 - Annual Operational Plan 52
 - Annual Performance Statement 22-8
 - Annual Procurement Plan 52
 - APS Code of Conduct 40
 - APS Values 40
 - aquaculture
 - Myanmar 5
 - oysters, northern Vietnam 10
 - Asia-Pacific Association of Agricultural Research Institutions (APAARI) 2
 - Asia-Pacific Consortium on Agricultural Biotechnology and Bioresources 2
 - Audit Committee 34, 40
 - membership and meetings attended 40
 - Aumua, Dr Audrey 47
 - AusTender website 52
 - Australasian Aid Conference 9
 - Australia-Africa Biosecurity Partnership 2014-17 8
 - Australia-Pacific Biosecurity Partnership 8
 - Australian Aid Policy 12
 - Australian Centre for International Agricultural Research (ACIAR) 13
 - Annual Performance Statement 22-8
 - area of operation in the Indo-Pacific region 14-15, 16-17
 - authority 34, 48, 102
 - and the Commission 9, 34, 42-5, 102
 - corporate governance 34-47
 - economic returns to bilateral project investments 13
 - enabling legislation i, 12, 34
 - Executive team 34, 35, 38-9
 - governance structure 34
 - highlights at a glance vi
 - mission 15
 - organisational structure 103
 - outcome and program structure 20-1
 - and the Policy Advisory Council 9, 46-7
 - purpose 13, 22
 - research portfolio 4, 12
 - strategic objectives 4, 5-8, 12, 20, 22, 23-8
 - 10-Year Strategy 1, 13, 20, 22
 - vision 15
 - Australian Centre for International Agricultural Research Act 1982* i, 12, 34, 35, 42, 46, 48, 102
 - Australian Centre for International Agricultural Research Amendment Act 2007* 102
 - Australian National Audit Office 40, 48
 - independent auditor's report 61-2
 - Australia's aid program 13
 - awards (to ACIAR) 4
- B**
- Bangladesh 6, 58
 - Baudron, Dr Frédéric 7
 - bilateral research partnerships 3-4, 4, 12, 13, 16, 17
 - Blackall, Dr Pat 6
 - Bo, Dr Nguyen Van 47
 - building scientific and policy capability see capacity building
- C**
- CABI (Centre for Agriculture and Bioscience International) 2
 - Campbell, Prof. Andrew (CEO) i, 1-9, 22, 36, 37, 41, 42, 43, 44, 63
 - background 38
 - Canadian International Development Research Centre (IDRC) 3, 39
 - Canarium indicum* (galip nut) industry, PNG 32
 - capacity building (strategic objective) 8, 12, 16, 17
 - performance against this criteria 28
 - Philippines 3
 - selected projects and programs meeting this criteria 28
 - Carer Recognition Act compliance 51
 - cash flow statement 68-9
 - CGIAR 2, 13, 100
 - ACIAR relationship with 2
 - Chameleon soil moisture detection 18
 - Chetra, Dr Sar 47
 - Chief Executive Officer i, 34, 36, 37, 40, 63, 102, 103
 - responsibilities 35, 102
 - review 1-9
 - Chief Finance Officer 36, 37, 63, 103
 - role 38
 - Chief Scientist 36, 37, 103
 - role 38
 - Chohan, HE Naela 47
 - CIMMYT (International Maize and Wheat Improvement Centre) 2, 7
 - climate change, mitigating 6, 24
 - coastal fisheries, Myanmar 5
 - co-investment programs 3, 12, 16, 17
 - collaborative international programs and partnerships 1, 12, 13
 - Comcover 48
 - Commission for International Agricultural Research (the Commission) 9, 34, 42-5, 102
 - advice to the Minister 34, 42
 - costs 43
 - joint and parallel meetings with Policy Advisory Council in Laos 46, 47
 - meetings 43
 - members (Commissioners) 42, 43, 44-5
 - role 34, 42
 - Commissioners 42, 43, 44-5
 - disclosure of interests 42

Commonwealth Disability Strategy 51
 Commonwealth Procurement Rules 52
 communication 8–9, 16, 17
 competitive tendering 52
 consultants 53
 contacts 116
 contracts 52, 53
 corporate governance 34–47
 Corporate Plan 2018–19 20, 21, 50
 Courville, Dr Sasha 42, 43, 44
 Crawford Fund 8
 Crawford Fund Conference 9
 Crops Program (ACIAR) 12, 56
 CSIRO 18
 Cultivate Africa's Future (CultiAF), Phase 2
 partnership with IDRC 3
 Curnow, Jane 100

D

Dean, Eleanor 36, 37, 38
 background 39
 Department of the Environment and Energy 55
 Department of Foreign Affairs and Trade (DFAT)
 39
 funding by 5, 29
 discretionary grants 54

E

East and South-east Asia region 1, 14
 research expenditure 16, 17
 Eastern and Southern Africa region 1, 14
 research expenditure 16, 17
 ecologically sustainable development and
 environmental performance 55–7
 effect of organisation's activities on the
 environment 56
 how the organisation's outcomes contribute
 to ESD 56
 measures to minimise organisation's impact
 on the environment 57
 mechanisms for reviewing and increasing the
 effectiveness of these measures 57
 project-related environmental impacts 55
 Employee Assistance Program 51
 employees *see* staff
 empowering women and girls 1, 6, 12, 26, 100
 enabling legislation i, 12, 34
 energy usage (ACIAR) 57
 enterprise agreement 35–6, 50, 105
 entity resource statement 2018–19 30
*Environmental Protection and Biodiversity
 Conservation Act 1999* 55
 Executive team 34, 35, 38–9
 remuneration 36–7, 92, 104
 expenditure 31
 by Indo-Pacific region 16, 17
 external scrutiny 48

F

farm power, access to 7
 Fiji 5, 9
 financial accountability and compliance 48
 financial overview 16–17
 research expenditure by program 16
 research expenditure by region 16
 financial performance 16–17, 29–31
 administered activity 16, 17, 29
 departmental activity 16, 29
 entity resource statement 2018–19 30
 revenue and expenditure 31

financial statements 59–99
 notes to 75–99
 fish
 coastal fisheries, Myanmar 5
 projects, Laos 47
 rice–fish production systems 5
see also aquaculture
 Fisheries Program (ACIAR) 12, 56
 food security and poverty reduction (strategic
 objective) 5, 12
 performance against this criteria 23
 selected projects and programs meeting this
 criteria 23
 Foreign Affairs and Trade Portfolio 22
 Forestry Program (ACIAR) 12, 56
 forestry projects, Laos 47
 Fraud Compliance Statement 41
 fraud control plan 40
Freedom of Information Act 1982 54
 fruit crops, Pacific communities 5

G

galip nuts, PNG 32
 gender equality
 conference 1, 6, 100
 promotion of 6
 gender equity and women's empowerment
 (strategic objective) 6, 12
 performance against this criteria 26
 selected projects and programs meeting this
 criteria 26
 General Manager, Country Programs 36, 37, 103
 role 39
 General Manager, Global Program 36, 37, 103
 role 39
 General Manager, Outreach & Capacity Building
 36, 37, 103
 role 39
 global partnerships 2–3
The Good Cooks television series (SBS) 9
 Gormley, Audrey 36, 37, 63
 background 38
 governance structure 34
 Governor-General 35
 graduate program (ACIAR) 8

H

Harding, Prof. Sandra 42, 43, 45
 Heatley, Don (Commission Chair) 42, 43, 44
 highlights at a glance vi
 Himalayan river basins, water, energy and food
 projects 5
 Horne, Dr Peter 36, 37, 38
 background 39
 Horticulture Program (ACIAR) 12
 human health and nutrition (strategic objective)
 6, 12
 performance against this criteria 25
 selected projects and programs meeting this
 criteria 25
 Human Resource Manual (ACIAR) 35
 human resources management 49–51
 Carer Recognition Act compliance 51
 organisation bonuses 36, 50
 performance management 49, 50
 social inclusion strategy 50–1
 work health and safety 51
 workplace diversity 51
see also staff

- I**
 Impact Evaluation Program (ACIAR) 12, 17
 In, Vu Van 10
 inclusive value chains (strategic objective) 7, 12
 performance against this criteria 27
 selected projects and programs meeting this criteria 27
 independent auditor's report 61–2
 India 6, 58
 Individual Development and Performance Evaluation Scheme 49, 50
 Individual Flexibility arrangements (IFA) 50
 Indo-Pacific region
 ACIAR area of operation 14–15
 research expenditure 16–17
 Indonesia 9
 Information Publications Scheme 54
 insurance 48
 internal audit 40
 International Development Research Centre (Canada) 3, 39
 International Mungbean Improvement Network 2, 58
 IRRI (International Rice Research Institute) 2
 irrigation monitoring technology 18
- J**
 Jaramillo, Juan Gonzalo 100
 John Allwright Fellowship Executive Leadership (JAFel) program 9
 John Allwright Fellowships (JAF) 8, 28
 John Dillon Fellowships (JDF) 8, 28
 Joint Standing Committees on Foreign Affairs, Defence and Trade 48
- K**
 Kabeer, Naila 100
 Kelemu, Dr Segenet 47
 Kenya 58
 key management personnel, remuneration 36–7, 92
 Kiribati 18
 Kropff, Dr Martin 2
- L**
 Lao-Australian partnership on agriculture research 47
 Laos 9, 46–7
 leadership training 8
 learning and development (ACIAR staff) 8, 50
 letter of transmittal i
 list of requirements 109–13
 Livestock Systems Program (ACIAR) 12
- M**
 McCluskey, Su 42, 43, 45
 Malawi 18
 management and accountability 33–57
 market research 54
 Marriott, Catherine 42, 43, 45
 Matainaho, Prof. Teatulohi 47
 media partnerships 8–9
 Minister of Agriculture and Forestry (Laos) 47
 Minister for Foreign Affairs i, 4, 34
 Commission advice to 34, 42
 Policy Advisory Council advice to 34
 power to give directions 102
 mission (ACIAR) 15
 Morell, Dr Matthew 2
 Mozambique 9
 multilateral partnerships 12, 13, 16, 17
 mungbean production, improving 2, 58
 Myanmar 5, 58
- N**
 National Farmers' Federation Year Book 54
 National Marine Broodstock Centre, Cat Ba, northern Vietnam 10
 National University of Laos 47
 natural resources and climate change (strategic objective) 5–6, 12
 performance against this criteria 24
 selected projects and programs meeting this criteria 24
 Nepal 6
 New Zealand 8
 Nkomo, Sergeant 18
 Northern Agriculture and Forestry College (Laos) 47
 NSW Department of Primary Industry 10
- O**
 O'Connor, Dr Wayne 10
 organisation bonuses 36, 50
 organisational structure 103
 outcome and program structure 20–1
 performance against strategic objectives 22, 23–8
 Outreach program (ACIAR) 8–9, 16, 17
 oyster industry, northern Vietnam 10
- P**
 Pacific region 1, 14
 fruit crops 5
 research expenditure 16, 17
 Pacific Step-up 1
 Pakistan 18
 Papua New Guinea 32
 Parliamentary submissions 48
Partners in research for development (magazine) 8
 Payne, Senator the Hon Marise i, 4
 performance bonus 36, 50
 performance criteria, for strategic objectives 22–8
 performance management 49, 50
 Persley, Prof. Gabrielle 42, 43, 45
 Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (PCAARRD) 3
 Philippines 3, 6, 9
 Phillips, Dr Mike 5
 pig production, Philippines 6
 pipis (clams) 10
 Policy Advisory Council 9, 34, 46–7
 advice to the Minister 46–7
 joint and parallel meetings with Commission in Laos 9, 46, 47
 meetings 46
 membership 46, 47
 role 46–7
 Portfolio Budget Statement 2018–19 7, 20, 21, 22
 postgraduate fellowships 8, 28
 poverty reduction see food security and poverty reduction
 procurement 52–3
 program 1 20, 21
 Program support (ACIAR) 17
 project-related environmental impacts 55
 Protiviti (auditors) 40

Public Governance, Performance and Accountability Act 2013 i, 22, 34, 48
Public Service Act 1999 34, 35, 48, 50, 104
publications 8
purchasing 52

R

remuneration
 Commissioners 43
 executive 36–7, 92, 104
 key management personnel 36–7, 92
 staff 104
Remuneration Tribunal 15, 35, 43, 92
research partnerships 12
research portfolio 4, 12
 and strategic objectives 4
resource use (ACIAR) 57
revenue 31
rice–fish production systems 5
risk management and business continuity
 planning 40

S

Samoa 5
SBS (media) 8, 9
Seeds of Change – Gender in International Research for Development conference, Canberra 1, 6, 9, 100
small business participation in procurement market 53
small-scale grain processing 7
Smith, Dr Jimmy 2
social inclusion strategy 50–1
social media 116
Social Sciences Program (ACIAR) 12, 56
Soil and Land Management Program (ACIAR) 12
Souphanouvong University 47
South Africa 18
South Asia region 1, 14
 research expenditure 16, 17
staff
 classification structure 105
 Employee Assistance Program 51
 enterprise agreement 35–6, 50, 105
 graduate program 8
 Individual Development and Performance Evaluation Scheme 49, 50
 learning and development 8, 50
 numbers 49, 104
 overseas staff 49, 105
 statistics 49, 104–5
 turnover 104
 work health and safety 51
 workplace diversity 51
statement by Chief Executive Officer and Chief Finance Officer 63
Statement for Australia’s Carers 51
statement of changes in equity 67
statement of comprehensive income 64
statement of financial position 65–6
Stirzaker, Dr Richard 18
strategic objectives (ACIAR) 5–8, 12, 20, 22
 performance against 23–8
 and research portfolio 4
Sub-Saharan Africa 7
Sustainability Committee 57
Sustainable Development Investment Portfolio (SDIP) 5

T

Tanzania 9, 18, 58
teak wood production, Laos 47
10-Year Strategy 2018–27 (ACIAR) 1, 4, 13, 20, 22
Tonga 5
training and development (ACIAR staff) 50
Transformative Agriculture and Enterprise Development Program (TADEP) project, PNG 32
‘Transforming the global food system: challenges and opportunities’ forum, Canberra 2
two-wheel tractor-based technologies 7

U

Uganda 58
Underhill, Prof. Steven 5
United Nations 2030 Agenda for Sustainable Development Goals 1, 4, 12, 13
University of Adelaide 32
University of Canberra 1, 6, 9, 100
University of New England 8
University of Queensland 6
University of the Sunshine Coast 5, 32

V

value chains, inclusive 7, 12, 27
Vietnam 9, 10
Vietnam Government, awards Friendship Order to ACIAR 4
Vietnamese Research Institute for Aquaculture 10
Virtual Irrigation Academy (VIA) 18
vision (ACIAR) 15

W

Walker, Dr Daniel 36, 37
 background 38
Wallace, Prof. Helen 32
Water and Climate Program (ACIAR) 12, 56
water usage (ACIAR) 57
Win, Dr Su Su 48
women
 gender equality and empowerment 6, 26, 100
 as smallholder pig farmers, Philippines 6
Wood, Mellissa 36, 37, 38
 background 39
work health and safety 51
Work Health and Safety Act 2011 51
workplace diversity 51
World Agroforestry Conference, Fourth 9
World Vegetable Center (WorldVeg) 2, 58
WorldFish 5

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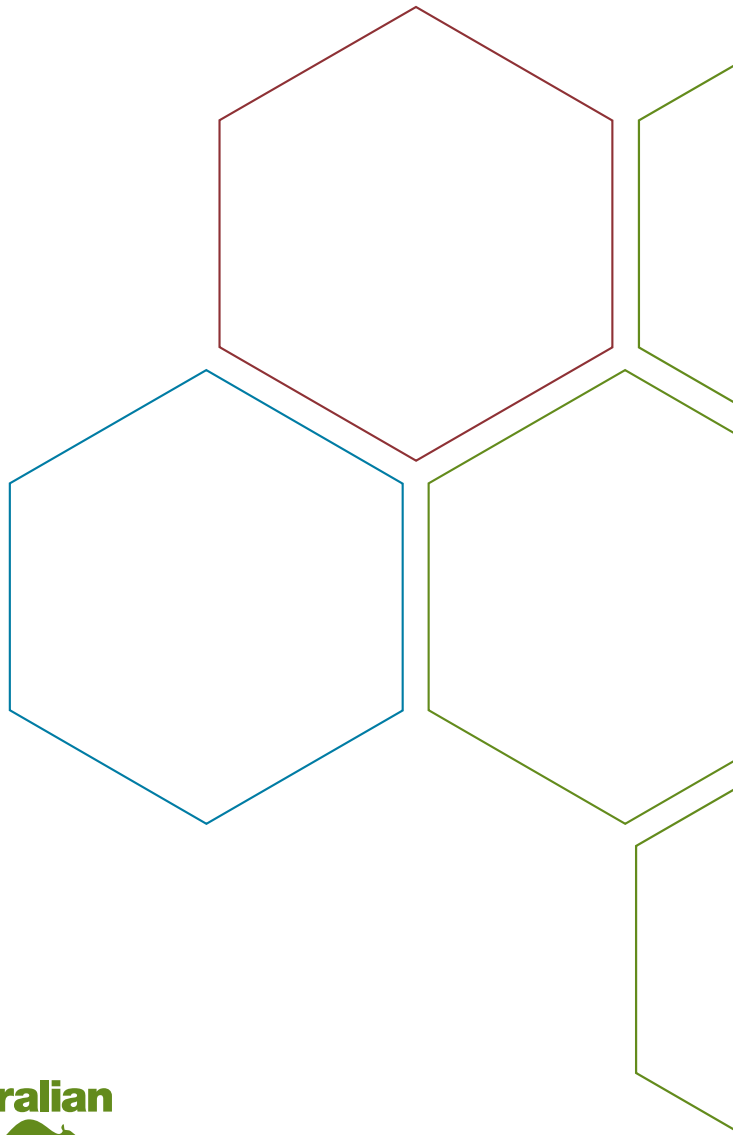
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