



Part *three*

Services, accountability and governance

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supporting our business

There are four groups that provide organisational support. They are:

- ▶ Analysis and Planning
- ▶ Human Resources
- ▶ Finance and Information
- ▶ Government and Corporate Services, including Government, Industry and Policy (see page 28); Export Finance Assistance Programs (see page 35); Corporate Marketing and Communications (see page 26); and Business Effectiveness (see page 50).

ANALYSIS AND PLANNING

The Analysis and Planning Unit supported the Board, Managing Director and executive team with high level research, information and analysis to ensure Austrade's policies and programs were aligned with government priorities and opportunities emerging from global economic trends and the Australian industry environment. Corporate, operational and divisional plans were developed through consultations with the executive team and KPIs were aligned with Austrade's strategic direction.

Analysis and Planning also managed various programs to enhance business processes and practices. A Strategic Management Group consisting of 20 of Austrade's key leaders met in November 2004 to discuss how to enhance the organisation's business systems and client service offering. Analysis and Planning coordinated Austrade's contribution to the APEC initiative of 'buddying' with regional trade promotion agencies. Visits and information exchanges were hosted on behalf of Austrade's partner organisation, the China Council for the Promotion of International Trade (CCPIT).

corporate and operational plans

The Corporate Plan is a rolling, three-year document setting out Austrade's view of the operating environment and the key strategies it will pursue over that period. In accordance with Section 67 of the Australian Trade Commission Act, the Corporate Plan for the years 2005–06 to 2007–08 was submitted to the Minister for Trade, and approved.

Austrade also prepares the Operational Plan, an annual document that outlines the inputs (resources) and outputs contributing to the achievement of the high-level outcomes set by the government under its outcome/output budget process.

Austrade continues to work on improving processes for business planning, budgeting and reporting to the Board.



HAZEL BENNETT

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**Group Manager,
Analysis and Planning**

Hazel is Austrade's Group Manager, Analysis and Planning. Hazel has over 20 years business experience, principally in the area of strategy and operational performance improvement. Before joining Austrade, Hazel was a partner in Deloitte Consulting where she worked with clients from a variety of industries, most recently focusing on the government and communications sectors.

HUMAN RESOURCES

In 2004–05, Austrade reviewed and redesigned the human resources function to better meet the needs and business objectives of a dynamic and rapidly changing organisation. The revised structure reflects the commitment of the Human Resources (HR) division to:

- ▶ enhance program management and the overall alignment of HR initiatives with the Austrade environment
- ▶ increase Austrade's ability to source, attract and develop talented people
- ▶ improve performance management processes and enhance linkages with learning and development
- ▶ improve the consistency and quality of HR service levels.

Drawing on input from senior Austrade executives, HR team members and employee climate survey results, HR developed a new structure which is built around the following work units:

- ▶ HR strategy and policy
- ▶ workforce and talent management
- ▶ capability development
- ▶ people services
- ▶ regional client services.

Managers of each unit together with their teams provide advice, support and solutions to the HR Director, Regional Directors and other clients on developing and implementing tailored HR strategies, policies and programs. Their role also includes managing the delivery of high quality HR services.

As part of the restructure, the role of HR managers in the Austrade regions was reviewed and enhanced and the need for dedicated HR advisers for the Sydney and Canberra offices was identified.

EMPLOYEE NUMBERS

Austrade's employment numbers increased from 1008 in 2003–04 to 1058 in 2004–05. This increase in staffing numbers reflects recruitment to maximise the benefits arising from the implemented FTAs and focus in key markets such as China. Deployment for Australia and overseas included coordination of 22 overseas postings, implementation of structural reviews, return to Australia placements and the commencement of second level succession plans. For more details about Austrade's employee numbers see Appendix D.

CERTIFIED AGREEMENT

Austrade's Certified Agreement 2003–06 covering Austrade Performance Levels (APL) 1–5 continued to operate. The Agreement was made directly with staff under Section 170LK and is due to expire on 30 June 2006. Preliminary planning work has commenced for the next Agreement.

PERFORMANCE MANAGEMENT

To strengthen organisational performance and test major changes to Austrade's performance management arrangements, staff and managers in the Europe, Middle East and Africa region tested a new **Partnering2Perform** online performance management system. Targeted at aligning behaviours to employee roles and 'job families', **Partnering2Perform** has, at its core, a sophisticated online appraisal system which both manager and employee are able to access, review and update at quarterly intervals.

The system takes users through the four stages of the performance management cycle—self-assessment of capabilities, a development plan, a performance plan, and quarterly performance reviews.



MARCIA KIMBALL

Human Resources Director

Marcia is Austrade's Human Resources Director. Before joining Austrade in June 2000, Marcia held senior corporate and human resources management positions with Air Services Australia and the Civil Aviation Safety Authority (CASA). Before joining the public sector, Marcia worked in education reaching the level of Deputy Principal.

Designed to speed up processes using a virtual environment, the system helps staff manage their careers better and understand their performance, by not only measuring what they achieve, but also looking at how they achieve results. The online tool helps individuals and managers set clearly defined targets and performance expectations.

Following the successful pilot the **Partnering2Perform** system will be implemented across the whole of Austrade for the 2005–06 performance management cycle.

PERFORMANCE BONUS PAYMENTS

New bonus arrangements were introduced during 2004–05 for the Senior Executive Group (APL 6–8) to provide greater incentives for high-level performance. Under individual bonus plans, Senior Executive Group members may receive a bonus of up to 20 per cent of their gross annual salary.

Staff in the APL 1–5 group, who achieve an ‘exceptional’ performance rating, are eligible to receive a bonus payment of up to 5 per cent of their gross annual salary. This is limited to 10 per cent of these employees.

Overseas engaged employees are eligible to receive a bonus payment ranging from 2 to 12 per cent of their gross annual salary, depending on performance outcomes.

Under all of these performance bonus arrangements a total of 494 employees received bonus payments.

TRAINING AND DEVELOPMENT — AUSTRADE INSTITUTE

The **Austrade Institute** continued to build on its success as a ‘virtual’ corporate university, offering hundreds of online and face-to-face education and training courses to Austrade employees and Austrade allies. The number of enrolments in 2004–05 rose to 4000, compared to 2000 enrolments in 2003–04. Membership of the Austrade Institute’s alumni which links former Austraders with the business community, academics and researchers, increased from 298 in 2003–04 to 330 in 2004–05.

In 2005 the Austrade Institute suite of export facilitation, interpersonal and business skills, and desktop online training was made available to employees of the Export Finance and Insurance Corporation (EFIC) and Invest Australia’s offshore staff.

OCCUPATIONAL HEALTH AND SAFETY

As a responsible employer, Austrade is committed to maintaining a healthy and safe work environment. In 2004–05 Austrade continued to focus on effective occupational health and safety (OH&S) practices to meet its obligations and ensure the welfare of its employees. Important elements of Austrade’s approach include a dedicated OH&S intranet site accessible to all managers, staff and contractors, and designated health and safety representatives throughout Austrade’s overseas and Australian network.

2004–05 highlights include:

- ▶ supporting work groups for all employees, as part of a worldwide OH&S effort
- ▶ using SafetyMap, which is an approved audit tool, to conduct in-house OH&S inspections
- ▶ conducting office audits and workstation assessments across a variety of Austrade work environments
- ▶ working with Austrade’s Business Effectiveness Unit to ensure office refurbishments comply with OH&S legislation
- ▶ introducing a whistleblower policy and maintaining existing first aid, anti-discrimination, harassment and bullying policies
- ▶ helping employees to achieve a sustainable work–life balance.

In 2004–05 no directions or notices were given to Austrade under sections 29, 45, 46 or 47 of the *Occupational Health and Safety Act 1991*. There were no Section 68 notices, which require reporting a death or serious injury.

Austrade continued its aim to reduce workplace injury numbers, most notably raising awareness via briefings at induction and pre-posting courses. Where injury or disease did occur, management implemented a strategy to decrease time off work by intervening early with employee assistance and rehabilitation programs.

WORKPLACE DIVERSITY

Austrade encourages all employees to value diversity and to reach their full potential, and actively works to prevent any discrimination, consistent with the *Workplace Relations Act 1996*.

Under its Workplace Diversity Program, in 2004–05 the Employee Assistance Program — which provides a confidential and professional counselling

service—was extended to cover all Australia-based and overseas engaged employees.

As well, ongoing initiatives to support employees' diverse needs included:

- ▶ emergency child care and family support services through the Family Care Link Program
- ▶ an assistance program for partners of Austrade employees overseas
- ▶ a support service for families relocating within Australia or returning to Australia from overseas
- ▶ recognition of cultural and religious events, enabling employees to balance their work, cultural and religious commitments.

Based on the success of previous intakes of Indigenous cadets, Austrade anticipates participating in the Indigenous Cadetship Program in the coming year.

DISABILITY ACTION PLAN

In line with the requirements of the *Disability Discrimination Act 1992*, Austrade aims to give people with disabilities access to Austrade's facilities, programs and services.

Austrade's Client Service Charter also helps to ensure that the needs of people with disabilities are met, for example, by making public information about Austrade available in accessible formats and by providing a feedback mechanism through which people can raise concerns.

Austrade is committed to maintaining and improving an accessible and inclusive work environment that values employees with disabilities and their contributions to the organisation.

In 2005–06, work will start on developing a strategy to upgrade the use of technology, to make Austrade even more accessible to people with disabilities, from both outside and within the organisation.

ETHICAL STANDARDS

Austrade has a Code of Ethical Business Conduct, which provides guidelines on ethical questions and assessment of corporate integrity. The code covers diverse issues, including but not limited to, honesty, privacy, transparency and preservation of Austrade's assets. All issues outlined in the Code of Ethical Business Conduct are linked to the Austrade Code of Conduct, which covers the behaviour of all employees.

SHARING EXPERTISE THROUGH THE AUSTRADE INSTITUTE

In 2004–05, Austrade facilitated an APEC-funded senior executive coaching project in partnership with trade promotion experts from Canada and Japan. The project partners shared their knowledge and expertise to coach senior executives from APEC countries, including Chile, China, Mexico, Peru and the Philippines.

As an extension of the coaching project, an AusAID-funded Assisting Companies to Export (ACE) suite of online export training modules was also developed. The suite of 12 online modules is targeted at building the export facilitation skills and capabilities of trade promotion organisations (TPOs) from APEC countries.

In the lead-up to the April 2005 meeting of the APEC Working Group on Trade Promotion—attended by Austrade as Australia's representative—the ACE e-learning portal was showcased to 13 TPOs at an Export Facilitation Training Workshop in Pusan, Republic of Korea.

Delivered through the Austrade Institute's Learning Management System, the portal provides an overview of the fundamentals of export and introduces ways of assisting companies in their export journey. The portal is simple to use and gives TPO staff access to online training to build fundamental export facilitation skills.



Austrade's Kevin Jones and Sally Deane (first row, second and third from left) with participants at the APEC Export Facilitation Training Workshop in Pusan

SERVICING SOUTHERN SYDNEY EXPORTERS

John McCumstie is an export adviser servicing new exporters in the southern metropolitan region of Sydney. He has held numerous roles over his 31 year career with Austrade, including postings to Jakarta, Darwin, Sydney and Townsville.

In 2004–05 John received the inaugural Client Services Division Austrade Values Award for his service to the export community, for maintaining strong internal and ally networks and for helping other Austraders to develop their full potential.

In 2004–05 he assisted 17 new exporters achieve their first export sale, 15 of which were on the New Exporter Development Program. John has also been instrumental in organising and conducting workshops with ally organisations, aimed at preparing companies in southern Sydney to export.



John McCumstie holding his Client Services Division Austrade Values Award

CLIENT SERVICES

The Client Service Initiatives unit is a small team focused on the continual improvement of Austrade's service offering, standards and programs.

CLIENT SERVICE CHARTER

Austrade's commitment to high quality and consistent service delivery is reflected in its Client Service Charter.

The charter sets out the service standards clients can expect from Austrade and outlines how to provide feedback. Austrade provides opportunities for clients to comment on their satisfaction with Austrade's services through the annual client satisfaction survey and other research.

Austrade's clients can provide feedback on service delivery via the telephone, post, email or website. This year 360 compliments and 139 complaints were received. For further details on how Austrade handles client feedback see Appendix B.

Austrade experienced an 83 per cent increase in the amount of compliments recorded over the reporting report and a 28 per cent increase in complaints. Austrade made a conscious and planned effort to increase the amount of feedback captured over the financial year and this, in part, explains the increase. Some temporary issues with the stability of the corporate website also contributed to the increase in complaints.

Staff communications highlighted that all feedback should be seen as an opportunity for improvement and in the case of compliments the organisation was keen to celebrate positive feedback. Another factor contributing to the higher feedback numbers, was the overall increase in numbers of clients serviced by the organisation.

IMPROVING CLIENT SERVICES

In Austrade's ongoing efforts to improve client services research and analysis was conducted in several areas in 2004–05:

Export sustainability

A project was initiated to identify what makes a sustainable exporter and how Austrade can help firms to reach export sustainability. External research conducted as part of the review confirmed that 80 per cent of surveyed companies that had achieved a New/NEDP export sale with Austrade's assistance had gone on to make further export sales. Analysis was also conducted on the different levels of export commitment.

Delivery of export opportunities

Austrade reviewed the processes and mechanisms used to deliver export opportunities to clients and potential clients. As a result of the analysis it was agreed that Austrade would use the website as the main means of delivering export opportunities. The key benefit of using the website is that it ensures opportunity details are available to a wide spectrum of potential Australian suppliers.

Market selection advice

Helping clients to select the right export market is a key service delivered by Austrade. In 2004–05 a revised market selection process pilot began. The process streamlined the delivery of market selection advice by utilising the services of online information specialists in Australia and allowing staff located in the market to focus on in-market comment on prospects.

Table 9: Client feedback 2002–03 to 2004–05

	2002–03	2003–04	2004–05
Compliments	267	197*	360
Complaints	101	109*	139

* The 2003–04 figures listed here differ slightly from those highlighted in the 2003–04 annual report as some compliments and complaints were entered retrospectively.

Table 10: Compliments and complaints received by service type, 2004–05

Service type	Compliments (360)	Complaints (139)
Preparing for export	15%	22%
Market selection and making the right connections	21%	20%
Bringing new opportunities and markets to clients	40%	16%
Export Market Development Grants	23%	17%
Austrade website	1%	24%
Other	0%	1%

FINANCE AND INFORMATION DIVISION

The Finance and Information Division is headed by the Chief Finance and Information Officer (CFIO). In 2004–05 the division worked to consolidate the changes made in the preceding period, and undertook a major restructuring of its technology and information groups, to deliver further efficiencies, service quality improvements and savings to the organisation.

In 2004–05 significant projects were undertaken to deliver better information to business managers whilst providing greater control to the executive and Board of the financial resources of the organisation. Key financial information systems and processes were automated and rationalised to free up more resources to undertake direct service delivery activities. Specific achievements include the implementation of a new expense-based travel system and the implementation of an automated foreign currency-based budgeting and forecasting tool. Both initiatives have contributed to improvements in budget management and reduced time in processes.

During the year the division applied advances in technology and the changing market for telecommunications bandwidth to benefit the organisation. These changes have allowed an increase in bandwidth capacity across the international network to better support video conferencing and Austrade's mobile workforce. Video conferencing facilities have now been rolled out across all major centres in Australia and overseas.

The 2004–05 year also saw the successful deployment of a complete new computer operating system with the rollout of Windows Server 2003 and Windows XP. This provides significantly greater

levels of security whilst enabling more mobile access to key business tools. Other initiatives have been launched which will further leverage this capability in future years.

In 2005–06, the Finance and Information Division will commence delivery of some key improvement programs that will have an ongoing benefit to the organisation. They include an integrated enterprise content management system to provide better access to information by Austrade staff and improve the tailored delivery of appropriate intellectual property to allies, clients and customers via the extranet, and improvements to the organisation's knowledge management framework.

BUSINESS EFFECTIVENESS

The Business Effectiveness unit within Austrade is responsible for the development and provision of policies, advice and support to Austrade business units in the areas of risk management, contract management, corporate governance, procurement, security, property and legal matters.

CONSULTANCY SERVICES

In 2004–05, Austrade entered into 181 agreements with consultants to the value of \$4.21 million, not including variable and out-of-pocket expenses.

Austrade engages consultants where it lacks specialist expertise or where an independent perspective is appropriate. The selection and appointment of consultants is undertaken in accordance with Austrade's procurement policy.

Additional information is available on the Austrade website.



GREG FIELD

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**Chief Finance and
Information Officer**

Greg is Austrade's Chief Finance and Information Officer. Before joining Austrade in July 2003, Greg was a partner in PricewaterhouseCoopers and IBM Consulting Services and worked with governments around the country and in the Asia-Pacific region on financial management, performance measurement, information systems requirements and optimising the delivery of corporate services. He is Chartered Accountant and CPA.

COMPETITIVE TENDERING AND CONTRACTING

From 1 January 2005 Austrade is subject to the Commonwealth Procurement Guidelines (CPG). Austrade has updated all procurement policy and guidance including automated tender templates to comply with all CPG requirements.

Value for money represents the core principle in Austrade's procurement policies, as well as the requirement that procurement is conducted in an efficient, effective and ethical manner. Austrade encourages competition through non-discriminatory competitive procurement processes.

Training in procurement and contracts management has been delivered to staff in all state offices. Seminars and workshops are regularly provided on Austrade's procurement framework.

Austrade is seeking to achieve organisational efficiencies and cost saving through a more strategic approach to organisational-wide procurement. In 2004–05 opportunities for such improvement have been identified from changes to international travel arrangements and through renegotiated telephony contracts. More areas will be explored in 2005–06.

Business opportunities and the Austrade Annual Procurement Plan (APP) are now advertised on AusTender www.tenders.gov.au in accordance with the CPG.

AUSTRADE SECURITY

In 2004–05 Austrade undertook protective security risk reviews of higher-risk sole posts, in addition to the ongoing schedule of reviews. Significant security upgrades were also completed at a number of posts, including the relocation of one post as part of a comprehensive program to upgrade physical security across the organisation, in compliance with Australian Government guidelines.

With 125 points of presence overseas, the changing international security environment continues to pose challenges in the delivery of services to Australian exporters overseas. Although the Jakarta attack in September 2004 resulted in the temporary closure of the Austrade Jakarta office, the overall impact of global security changes on Austrade operations has been limited. Austrade nonetheless attaches the highest priority to the security of the people who visit and work in overseas posts and continues to monitor the evolving international security environment closely.

Austrade received \$8.4 million in security-related funding in 2004–05 out of a five-year package totalling \$28.4 million. In the 2005–06 Budget the Australian Government also announced \$32.9 million over four years for further security upgrades including post relocations, perimeter security upgrades, emergency communications, enhanced security awareness training for staff and additional resources to manage the implementation of these measures.

Implementation of security upgrades will be ongoing in 2005–06. The additional funding allocated by the Australian Government will supplement existing activities and expenditure being incurred to strengthen security and enhance Austrade's efforts to ensure the safety of the people who work in and visit its posts overseas.

In 2004–05, the Australian National Audit Office (ANAO) completed a performance audit of DFAT and Austrade in relation to protecting Australian missions and staff overseas. The report made a number of recommendations for enhancing Austrade's approach to security at its overseas posts. The recommendations are consistent with the measures and activities implemented in 2004–05 and will inform ongoing activities to enhance security of Austrade posts and residences in the context of the changing global security environment.



HAMISH McCORMICK

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Executive Director
Government and
Corporate Services

Hamish is Austrade's Executive Director, Government and Corporate Services. Before joining Austrade in June 2005, Hamish held the position of Head of the Asia Trade Task Force in the Department of Foreign Affairs and Trade where he led the initial work for free trade agreements with ASEAN and Malaysia. Hamish has held other senior roles within the department including an overseas appointment to Australia's Permanent Mission to the World Trade Organization, based in Geneva.

SECURITY AWARENESS

Austrade continued to maintain close links with DFAT to ensure consistency between Austrade advice to Australian exporters and that given to the Australian public through travel advisories. A review of in-house security instructions was completed in January 2005 as part of a broader review of the Austrade Security Risk Management Framework. Security reporting systems in particular were also upgraded while ongoing training for all staff will be conducted in 2005–06 to ensure that standards are maintained and security instructions are promulgated effectively.

AUSTRADE PROPERTY PORTFOLIO

Collectively, Austrade maintains a property portfolio of 18 properties and manages leases on 197 properties overseas and within Australia. During the 2004–05 financial year Austrade completed 30 new leases, 20 renewals and relocation of three overseas posts.

The 2004–05 financial year saw the commencement of a five-year maintenance plan and budget for Austrade-owned properties which is expected to deliver significant savings while maintaining the capital value of the portfolio.

Austrade also conducted a review of property portfolio management systems during 2004–05 and is well advanced on a five-year active portfolio property strategy and related management systems.

Other significant works commenced in 2004–05 and are due for completion in 2005–06. They include a review of policy and procedures; an enhanced property information management system; establishment of a global panel of property and security service providers; and 15 significant ongoing projects including relocations, refurbishments and establishment of new posts.

ENABLING LEGISLATION

Austrade operates as a statutory authority within the Foreign Affairs and Trade portfolio. The Minister for Trade has direct responsibility for Austrade.

The enabling legislation under which Austrade operated in 2004–05 includes:

- ▶ *Australian Trade Commission Act 1985*—this Act sets out the organisation's functions and powers as well as issues relating to administration, the Board and other matters
- ▶ *Export Market Development Grants Act 1997*—the EMDG scheme is the most important export finance assistance program administered by Austrade
- ▶ *EMDG Amendment Act 2004*—this Act provides that a grant to which an applicant is otherwise entitled is not payable if, in accordance with ministerial guidelines, Austrade forms the opinion that the applicant or an associate of the applicant is 'not fit and proper' to receive a grant. This legislation applies to all EMDG applications lodged on or after 1 July 2004
- ▶ *Commonwealth Authorities and Companies Act 1997*—this Act establishes core financial, accountability and corporate governance requirements for Australian Government statutory authorities, including Austrade.

Austrade is also subject to specific statutory and regulatory requirements that influence its operations, including:

- ▶ *Privacy Act 1988*
- ▶ *Consular Privileges and Immunities Act 1972* (including the Vienna Convention on Consular Relations)
- ▶ *Freedom of Information Act 1982*
- ▶ *Ombudsman Act 1976*
- ▶ *Auditor-General Act 1997*
- ▶ *Workplace Relations Act 1996*.

Compliance with relevant legislation is reviewed on a regular basis.

AUSTRADE'S MINISTER

The responsible Minister for the reporting period, and at the date of the report of operations, was the Hon Mark Vaile MP, Deputy Prime Minister and Minister for Trade.

In addition to the responsible minister, Austrade takes account of Parliament, other ministers, central agencies such as the Department of Finance and Administration, external review bodies such as the ANAO, international treaties, clients, the public and its employees.

MINISTERIAL DIRECTIONS AND DETERMINATIONS

Section 47A of the Commonwealth Authorities and Companies (CAC) Act allows the Minister of Finance to give directions to the directors of an authority or a company on matters related to the procurement of property and services.

On 1 December 2004, Senator the Hon Nick Minchin, the Minister for Finance and Administration, issued Directions under section 47A instructing directors of relevant CAC Act bodies including Austrade that they must comply with Division 2 (Mandatory Procurement Procedures) for covered procurement. Directors were also instructed to apply Division 1 of the Commonwealth Procurement Guidelines (CPGs) or where officials take action that is not consistent with Division 1 of the CPGs must make a record of the reasons for not doing so.

Covered procurement for Austrade is procurement (other than procurements of construction services) with a threshold of \$400 000. For procurement of construction services the threshold is \$6 million.

No other ministerial direction was given by the Deputy Prime Minister and Minister for Trade or any other minister to Austrade in 2004–05.

INDEPENDENT AUDITS

In 2004–05 the Auditor-General tabled in Parliament a number of audit reports of relevance to Austrade operations. Details of audits involving Austrade are shown in Table 11.

Table 11: Audits involving Austrade 2004–05

ANAO report No. 11 2004–05: <i>Commonwealth Entities' Foreign Exchange Risk Management</i>	The report made a number of recommendations regarding enhancements to the reporting of aggregate foreign exchange exposures, gains and losses.
ANAO report No. 22 2004–05: <i>Investment of Public Funds</i>	There was no finding relevant to or any significant implications for Austrade.
ANAO report No. 26 2004–05: <i>Measuring the Efficiency and Effectiveness of E-Government</i>	The audit was designed to identify the methods used to measure the efficiency and effectiveness of service delivery through the Internet and to evaluate the adequacy of these measures.
ANAO report No. 28 2004–05: <i>Protecting Australian Missions and Staff overseas</i>	The report made a number of recommendations for enhancing Austrade's approach to security at its overseas posts. The recommendations are consistent with the measures and activities implemented during 2004–05 and will inform ongoing activities to enhance security of Austrade posts and residences in the context of the changing global security environment.

JUDICIAL DECISIONS AND REVIEW BY OUTSIDE BODIES

There were no Parliamentary inquiries into matters directly affecting Austrade or any judicial decisions.

Details of appeals to the Administrative Appeals Tribunal (AAT) under the EMDG Act are shown in Table 12. No decisions of the AAT involving EMDG appeals were referred to the Federal Court on appeal during 2004–05.

Any grant amounts payable as a result of a successful appeal are payable from the administered account and not from Austrade's departmental budget.

Table 12: Appeals to the Administrative Appeals Tribunal under the EMDG Act

Number of appeals in progress at 1 July 2004	5
Number of appeals received 1 July 2004 to 30 June 2005	7
TOTAL	12
Appeals finalised or settled prior to hearing	5
Decisions handed down	3
TOTAL	8
Number of appeals in progress at 30 June 2005	4

PRIVACY

No complaints under the *Privacy Act 1988* were received by Austrade during the 2004–05 financial year.

Training on the Commonwealth Privacy Principles and Austrade's own privacy policies is provided as part of regular corporate training including training for staff before they go on posting overseas and induction training.

FREEDOM OF INFORMATION

Austrade is required to comply with the *Freedom of Information Act 1982* (FOI Act). Austrade received four requests during 2004–05 and has met its obligations under the Act. See Appendix C.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

In accordance with the *Environmental Protection and Biodiversity Conservation Act 1999*, Austrade continues to monitor its ecologically sustainable development and environmental performance.

The development of an Environmental Management System (EMS) for Austrade is under way. It aims to reduce consumption of finite natural resources and the production of greenhouse gases while ensuring the efficient use of physical and monetary resources and the provision of healthy operating environments for employees.

The implementation of this EMS and other energy conservation measures demonstrates Austrade's commitment to meeting energy performance standards set by the Australian Greenhouse Office.

In 2004–05, a review and inspection of the Austrade-owned residential portfolio included considerations of the environmental issues impacting on the properties' condition and general services.

Austrade complies with the Australian Government's environmental purchasing policy. In assessing value for money, many criteria are considered in the context of environmental purchasing. These include:

- ▶ generating less waste
- ▶ using less energy or other resources in production and operation
- ▶ preference for goods that are made using renewable and sustainable resources, have recycled content, do not require the use of toxic chemicals in operation, and generate less polluting byproducts in production and operation
- ▶ suppliers that can demonstrate good environmental standards and practices.

Austrade also monitors the impact of its day-to-day activities on the environment and implements, where necessary, specific projects aimed at improving environmental performance.

review of operations

AND FUTURE PROSPECTS

Austrade has performed its statutory objectives and functions and delivered its principal outputs and contributions to outcomes in accordance with its operational plan for the 2004–05 year. Details of Austrade's financial and non-financial performance are set out in the KPI section (see pages 6–7) and Outcomes and outputs section (see pages 24–41) of this report.

For the 2004–05 financial year, Austrade reported a net departmental deficit of \$5.455 million. In 2003–04, there was a net surplus of \$0.312 million before repayment of a capital amount of \$9.730 million to the Australian Government.

In the 2004–05 financial year departmental equity increased from \$72.431 million to \$75.151 million compared to a decrease in 2003–04 from \$75.05 million to \$72.431 million. The increase in 2004–05 included the net departmental deficit of \$5.455 million, offset by an increase on revaluation of property, plant and equipment of \$2.047 million and an equity injection of \$6.128 million.

At 30 June 2005 net assets administered on behalf of the Australian Government amounted to \$5.230 million compared to \$4.738 million at 30 June 2004.

Cash deposits held by Austrade during the 2004–05 financial year were principally in the form of bank bills held with major Australian banks in accordance with our Treasury Policy. Austrade's major departmental investing activities in 2004–05, as reported in its financial statements, were investments of \$8.303 million in property, plant and equipment (compared to \$10.585 million spent in 2003–04) offset by proceeds from the sale of property, plant and equipment of \$0.908 million (compared to \$0.662 million in 2003–04). There were no financing activities outgoings in 2004–05 (compared to a payment to the Australian Government of foreign exchange savings of \$9.730 million in 2003–04).

There were no investing or financing activities in relation to administered items (also nil in 2003–04).

A number of specific factors, events and trends influencing Austrade's performance during the financial year have been referred to in the Managing Director's report (see pages iv–v). There were no significant events to be notified under Section 15 of the Commonwealth Authorities and Companies Act during the financial year 30 June 2005.

No other matters or circumstances have arisen during or since the end of the financial year that has significantly affected or may significantly affect:

- ▶ Austrade's operations in future financial years
- ▶ the results of those operations in future years
- ▶ Austrade's state of affairs in future financial years.

corporate governance

Throughout the financial year Austrade maintained a relevant and robust governance structure comprising the Board and its charter, corporate and operational planning structures, and risk management and internal control systems. These represent a strong mix of Board-related, external and management controls.

Best-practice principles, as set out in the Australian National Audit Office (ANAO) Better Practice Guide on public sector governance, are fundamental elements of Austrade's corporate governance framework.

AUSTRADE BOARD

The Austrade Board determines the policy to be followed in the conduct of the affairs of Austrade, including its strategic direction, setting goals and directions, financial control, monitoring performance and corporate governance.

Within the scope of the corporate and operational plans, the Board has authority to act by virtue of the powers conferred upon it under section 23 of the Australian Trade Commission Act.

The Board is accountable to the Minister for Trade. The Minister may give directions to the Board under section 10 of the Act.

The Board also recommends to the Minister for Trade the appointment of the Managing Director and Deputy Managing Director.

BOARD PROCESSES

To assist in the execution of its responsibilities, the Board has adopted its own charter and established the Board Audit, Risk, and Nomination and Remuneration Committees, which are also governed by their own charters. Board and committee charters are reviewed at least annually. Special-purpose subcommittees are constituted by the Board, as required.

The Board has established a framework for the management of Austrade that includes, by Instrument of Delegation, establishing powers reserved to the Board and powers delegated to the

Managing Director, an effective internal control and risk management environment, monitoring and accountability processes, and a code of conduct for Australian-based and overseas-engaged employees.

The agenda for Board meetings is determined by the Managing Director in consultation with the Chairman and prepared by the Board Secretary.

At each scheduled Board meeting, the Board receives a report by the Managing Director, a financial operations report for the month and various reports from management seeking the Board's guidance or decision on matters falling within the Board's ambit of responsibility. In addition to specific items for Board consideration, there are regular reviews of Austrade activities and strategies and planning for current and future activities.

With the approval of the Chairman, a member, to further his or her duties, may seek independent professional advice at Austrade's expense. In such cases, the Chairman will notify other members of this approval no later than at the next meeting of the Board and the resulting advice will be issued to other members as soon as is practical.

BOARD MEMBER ACTIVITY

The following control procedures exist for Board member activity:

- ▶ Each director makes a declaration of pecuniary interests
- ▶ Directors must disclose all potential conflicts of interest they may have with matters the Board is considering. In each case, the Board must decide whether the director should continue to take part in discussions on the matter
- ▶ The ANAO reviews the Austrade Board minutes to ensure directors have made declarations of related-party transactions that they, or the entities in which they have an interest, have had with Austrade. Austrade's annual report to Parliament discloses any such related-party transactions.

COMPOSITION OF THE BOARD

Section 12(1) of the *Australian Trade Commission Act 1985* governs the composition and membership of the Board, and provides that the Board shall consist of no fewer than 10 and no more than 12 members, namely:

- ▶ a Chairperson
- ▶ a Deputy Chairperson
- ▶ the Managing Director
- ▶ the Managing Director of the Export Finance and Insurance Corporation (EFIC) (ex officio)
- ▶ two Government members
- ▶ other members (no fewer than four and no more than six) as the Minister determines appropriate.

The terms and conditions of the appointment and retirement of non-executive directors are set out in an instrument of appointment from the Minister for Trade. Non-executive directors are usually

appointed for a three-year term, with the possibility of reappointment by the Minister.

CHANGES TO THE BOARD

The Minister for Trade appointed Mrs Kerry Sanderson AO and Mr Ian Knop for a three-year term following the retirement of Professor Eileen Doyle and Ms Mary Boydell. Ms Boydell retired from the Austrade Board on 20 July 2005. Professor Doyle retired from the Austrade Board on 19 April 2005.

Mr Michael L'Estrange replaced Dr Ashton Calvert AC as a government member on his retirement on 4 January 2005.

BOARD MEMBERSHIP 2004–05

The following members constituted the Board of Austrade at 30 June 2005.



ROSS ADLER
AO, BCom, MBA
South Australian resident
(60 years)
Non Executive Chairman

Ross Adler was appointed as a Board member on 30 October 2000 and Chairman on 8 May 2001. He is Chairman of the Board Nomination and Remuneration Committee. He was reappointed for a further three year term from 31 October 2003.

Mr Adler is Chairman and CEO of Amtrade International Pty Ltd, Chairman of Domino's Pizza Australia New Zealand Ltd, Chairman of the Adelaide Festival, a Council member of the University of Adelaide and Chairman of its Finance Committee.

He was formerly Managing Director of Santos Ltd, (1984 to 2000). From 1975 to 1984 Mr Adler was Managing Director of Brown & Dureau Limited. From 1979 to 1984 he held various senior management roles with Australian Paper Manufacturers Limited, later Amcor. He was a Director of Telstra Corporation Ltd from 1996–2001 and a Director of the Commonwealth Bank of Australia Ltd from 1991–2004.



JOHN DOWN M^{EC}
Queensland resident
(64 years)
Non Executive
Deputy Chairman

John Down was appointed to the Board as a member on 18 May 2000 and as Deputy Chairman on 19 May 2000. He was a previous Board member, member of the Board Audit Committee and a member of the Export Finance and Insurance Corporation Board. Mr Down is currently Chairman of the Board Risk Committee and a member of the Board Nomination and Remuneration Committee. He was reappointed for a further three years by the Minister from 19 May 2003.

Currently, Mr Down is Deputy Chairman and Managing Director of Viking Industries Ltd.

Mr Down jointly established the GRM Group of Companies, an integrated agribusiness group (1971–92). He was Director-General of the Office of Major Projects and Head of the Office of the Co-ordinator General in the Government of Queensland (1993–96). He was a director of QCT Resources Ltd and Annaconda Nickel Limited and several private company boards.



PETER O'BYRNE

MCom (Hons), FCPA,
FAICD
New South Wales resident
(55 years)
Managing Director

Peter O'Byrne joined Austrade in May 2002 as Managing Director. He is also ex officio on the Board of the Export Finance and Insurance Corporation and a member of the Trade Policy Advisory Council.

Before joining Austrade he was the Managing Director of Australian Hearing, an Australian Government trading enterprise, which includes the National Acoustic Laboratory and a Board member of the Cooperative Research Centre for Cochlear Implants and Hearing Aids. Mr O'Byrne was previously based in Singapore as Regional Director for the Reckitt & Colman businesses across East Asia.

He has been a Director of the World Federation of Proprietary Medicine Manufacturers, President of the Proprietary Medicine Manufacturers of Australia and a Director of the Grocery Manufacturers of Australia Ltd.



**MICHAEL
L'ESTRANGE**

BA (Hons)
Australian Capital
Territory resident
(52 years)
**Non Executive
Government Director**

Michael L'Estrange was appointed as Secretary of the Department of Foreign Affairs and Trade in January 2005, and was appointed a Government member of the Board of Austrade on 14 February 2005.

From July 2000 until this appointment, Mr L'Estrange was High Commissioner to the United Kingdom of Great Britain and Northern Ireland. Prior to that posting, he was (from March 1996) Secretary to the Cabinet and Head of the Cabinet Policy Unit on the staff of the Prime Minister.

Mr L'Estrange served in the Department of the Prime Minister and Cabinet, as well as a senior adviser to three Opposition Leaders. He is a Rhodes Scholar, and was awarded a Harkness Fellowship in international relations at Georgetown University in Washington DC and the University of California at Berkeley between 1987 and 1989. In 1995 Mr L'Estrange was the Executive Director of the Menzies Research Centre in Canberra. He is also a member of the Export Finance and Insurance Corporation Board.



MARK PATERSON

BBus, FAICD, FAIM,
FRMIA
New South Wales resident
(51 years)
**Non Executive
Government Director**

Mark Paterson was appointed to the Board as a Government member on 11 February 2002. He is Secretary of the Department of Industry, Tourism and Resources.

He is also a member of the boards of Tourism Australia, the Export Finance and Insurance Corporation, the Australian Research Council and is a member of the Trade Policy Advisory Council.

Prior to this appointment, Mr Paterson was Chief Executive of the Australian Chamber of Commerce and Industry. Earlier experience involved heading the Retailers Council of Australia and the Retail Traders Association of NSW, and periods with the Australian Chamber of Manufactures (NSW), the Australian Medical Association and the South Australian Public Service Board.



ANGUS ARMOUR

MBA, BEc (Hons), FAIBF,
FAICD

New South Wales resident
(42 years)

Non Executive
Ex Officio Director

Angus Armour was appointed Managing Director of the Export Finance and Insurance Corporation (EFIC) on 31 October 2003, and as such is an ex officio member of the Board of Austrade. EFIC is a statutory authority of the Australian Government charged with supporting Australian exports and overseas investments through finance and insurance products.

Mr Armour joined EFIC in 1993 after working for the South Pacific Project Facility of the International Finance Corporation (IFC) in Sydney, and Export Development Corporation (EDC) in Canada.



**CHRISTOPHER
ANDERSON**

BEc

New South Wales resident
(60 years)

Non Executive Director

Chris Anderson was appointed to the Austrade Board as a member on 8 May 2004.

Mr Anderson stood down as Chief Executive of Optus last year after seven years. At Optus, Mr Anderson managed the company through significant milestones including listing on the Australian Stock Exchange in 1998, the SingTel purchase of Optus in 2001 and the Optus-Foxtel content sharing Pay TV television deal in 2002.

Mr Anderson was appointed to the Board of Publishing & Broadcasting Limited (PBL) on 9 June 2004. He is also on the Board of Foxtel, SEEK, nineMSN, Hoyts and is a Member of ABN Amro's Advisory Council. The bulk of his career, from 1966–1991, was spent with John Fairfax Limited. There he had a range of editorial and managerial positions in a 25 year long career. He was appointed Managing Director and Group Editorial Director of all Fairfax group newspapers in 1987, and Chief Executive Officer, John Fairfax Group, in 1990.



MARY BOYDELL

BCom, FCA

Queensland resident
(53 years)

Non Executive Director

Mary Boydell was appointed to the Board on 21 July 1998 and reappointed for a further three years from 21 July 2001, and a further one-year term by the Minister from 21 July 2004. She was the Chairperson of the Board Audit Committee until 30 November 2004 and continued as a member.

Ms Boydell is a Fellow of the Institute of Chartered Accountants in Australia, with significant experience in business, finance and corporate administration. She serves as Chairperson of the Gladstone Area Water Board, Chair of the Rural Industries Research and Development Corporation (RIRDC). She is a Director of Burnett Water Pty Ltd and BSES Limited.

From 1995 to 2000, Ms Boydell served with the international law firm, Deacons, as Chief Financial Officer for Australia and Asia.



SARINA BRATTON

MAICD, AFAIM
New South Wales resident
(51 years)

Non Executive Director

Sarina Bratton was appointed to the Austrade Board on 19 May 2000. She is a member of the Board Risk Committee. She was reappointed for a further three years from 19 May 2003.

Mrs Bratton is the Founder and Managing Director of Orion Expedition Cruises Pty Ltd, Australia's first five-star expedition cruise operation. She was formerly the Managing Director of Norwegian Capricorn Line, a joint venture partnership between Australian interests and Norwegian Cruise Line of Miami. Prior to this she was Vice President and General Manager Asia Pacific for Cunard Line.

Mrs Bratton has been recognised by state and federal governments through various Board positions with the State Transit Authority (NSW), Australian Maritime Safety Authority (Deputy Chair) and Sydney Paralympic Organising Committee (Prime Minister's nominee).

She is presently a director of Voyages Hotels and Resorts, and was awarded the Australian Government's Centenary Medal in 2003 for her Business Leadership contributions to Australian society.



DAVID MORGAN

BCom
Victorian resident
(65 years)

Non Executive Director

David Morgan was appointed to the Board on 29 January 2001 and reappointed by the Minister for a further three years from 30 January 2004. He was Chair of the Board Risk Committee until April 2004 and then was appointed as a member and then Chair of the Board Audit Committee and is a member of the Board Nomination and Remuneration Committee.

Mr Morgan is also Chairman of the Geelong Economic Development Council, Chairman of Geelong Region Alliance Ltd and Council Member of Deakin University. In addition, he is on the Board of the Victorian Centre for Advanced Manufacturing Materials and Chairman of the National Motor Vehicle Theft Reduction Council. He is a past President of Ford Australia.



KERRY SANDERSON

AO, BSc, BEc, FCIT,
FAIM, MAICD

Western Australian
resident
(54 years)

Non Executive Director

Kerry Sanderson was appointed to the Board on 10 May 2005. She is the Chief Executive Officer of Fremantle Ports. She was appointed to this position in 1992 after almost four years as Deputy Director General of Transport for Western Australia covering all modes of transport. Prior to this, she was with the State Treasury as Director of Treasury's Economic and Financial Policy Division.

Mrs Sanderson was the recipient of the Telstra WA Business Woman of the Year Award for 1996 and was also appointed an Officer of the Order of Australia (AO) in the Queen's Birthday Honours List in 2004. In March 2005, she was awarded an honorary doctorate of letters by the University of Western Australia. She has been actively involved in a number of other Boards and committees.



**DR PAUL
SCULLY-POWER**

AM, DSM, NSM, DSc,
BSc (Hons), DipEd,
FRAeS, FAICD

New South Wales resident
(61 years)

Non Executive Director

Dr Paul Scully-Power was appointed to the Board on 4 June 2001 and reappointed for a further three years by the Minister from 4 June 2004. He is a member of the Board Risk Committee.

Dr Scully-Power is the Chief Technology Officer of the Tenix Group. He is a past Chairman of the Civil Aviation Safety Authority, a former Chancellor of Bond University, and was the inaugural Chairman of the Queensland Science and Technology Council. Prior to that, he managed and led many high-technology and industry programs in the United States, serving with the US Navy, NASA, the Pentagon and the White House. He was also the President of the Fort Trumbull Federal Credit Union. Before going to the United States, he was the inaugural Head of the Royal Australian Navy's Oceanographic Group.

STANDING COMMITTEES OF THE BOARD

Currently, the Board has three standing committees operating in accordance with charters approved by the Board: the Board Audit Committee; the Board Risk Committee; and the Board Nomination and Remuneration Committee. The Board also appoints special-purpose committees, as required, although none were created during 2004–05.

BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) is a subcommittee of the Board. It comprises a member of the Board as Chairperson and up to two other Board members appointed by the Board for a term of three years, although this may be varied.

Austrade management, and Austrade's internal auditor (KPMG) and external auditor (ANAO), attend meetings of the committee on a regular basis.

The BAC is responsible for the general oversight of Austrade's reporting and auditing arrangements, including:

- ▶ ensuring that an appropriate framework exists for management and financial reporting including accounting policies
- ▶ reviewing reports to regulators requiring Board approval
- ▶ reviewing related party transactions
- ▶ compliance with laws and regulations, significant policies and procedures and Codes of Conduct in the context of reporting and audit

- ▶ overseeing an effective internal control system
- ▶ overseeing the scope and quality of external audit
- ▶ maintenance of an effective internal audit function, including recommendations to the Managing Director on the selection of the internal auditor
- ▶ agreeing to internal audit programs and capabilities, after consultation with the Board Risk Committee, and their presentation to the Board at the start of the financial year
- ▶ liaison with the Managing Director to ensure the allocation of adequate resources to maintain the quality and viability of audit programs
- ▶ coordination of internal audit with other management advisory activities
- ▶ ensuring that effective liaison is maintained with the ANAO
- ▶ ensuring that all ANAO performance recommendations and other audits are implemented.

BOARD RISK COMMITTEE

The Board Risk Committee (BRC) is a subcommittee of the Board. It comprises a member of the Board as Chairperson and up to two other Board members appointed by the Board for a term of three years, although this may be varied.

Austrade management and Austrade's internal auditor (KPMG) attend every meeting.

The BRC is responsible for the general oversight of Austrade's risk management arrangements, including:

- ▶ ensuring that an appropriate fraud control and risk management framework is maintained by management in accordance with general corporate governance principles
- ▶ liaison with the Managing Director to ensure the allocation of adequate resources to maintain the quality and viability of risk management programs
- ▶ establishing processes for managing compliance with laws, regulations, standards and best practice guidelines including environmental and industrial relations laws.

The BAC and BRC:

- ▶ are not decision-making committees
- ▶ meet quarterly and convene extraordinary meetings, as work requires
- ▶ report to the Board after every meeting and annually
- ▶ present their proposals for the coming year's work to the Board in July each year.

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination and Remuneration Committee (BNRC) comprises the Chairman of the Board as its Chairperson, and three other Board members.

The BNRC is responsible for the general oversight of Austrade's staff recruitment and remuneration policy.

This function includes:

- ▶ managing an appropriate succession strategy for Austrade senior management
- ▶ providing recommendations to the Board on recruitment, remuneration and performance bonuses of the Managing Director and direct reports to the Managing Director
- ▶ reviewing and recommending to the Board on matters of staff employment, remuneration and performance bonus budgets and distribution policies
- ▶ delegated power to appoint an acting Deputy Managing Director to act in the role of Managing Director.

The BNRC:

- ▶ is deliberative only and not a decision-making committee, except that the Board has delegated to it the power to appoint an acting Deputy Managing Director
- ▶ has no formal work program and meets as required
- ▶ reports to the Board after every formal meeting.

In 2004–05 the BNRC did not meet formally, but exercised its delegated authority once by electronic communication to appoint an acting Managing Director.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS 2004–05

During the year the Board held 10 ordinary meetings and one extraordinary meeting. The Audit Committee held six meetings and the Risk Committee held four meetings (see Table 13).

MANAGEMENT ENVIRONMENT

Section 53(1) of the Australian Trade Commission Act provides that 'the affairs of the Commission shall, to the extent determined by the Board, be managed by the Managing Director'.

In accordance with Section 53(2), the Board has determined the extent to which the affairs of the Commission shall be managed by the Managing Director, who in turn is able to delegate powers to Austrade employees.

Section 53(3) provides that the Managing Director shall, in managing the affairs of the Commission, act in accordance with the policy of, and directions given by, the Board.

In 2004–05, the Board reviewed and amended the limitations on the powers of the Managing Director and reviewed the changes to the Managing Director's delegations to staff.

The Minister reappointed Peter O'Byrne as Managing Director for a further term on 1 May 2005.

MANAGEMENT MECHANISMS

Austrade's management mechanisms ensure effective decision-making on, and communication of, corporate governance issues and organisational priorities (see Table 14).

Table 13: Attendance at Board and committee meetings, 2004–05

Name	Board	Board Audit Committee	Board Risk Committee
Ross Adler AO	10 (11)		
John Down	9 (11)		4 (4)
Peter O'Byrne	11 (11)		
Dr Ashton Calvert AC*	5 (6)		
Michael L'Estrange	5 (5)		
Mark Paterson	7 (11)		
Chris Anderson†	7 (11)		
Mary Boydell	11 (11)	6 (6)	
Sarina Bratton	8 (11)		3 (4)
Prof Eileen Doyle	6 (8)	5 (6)	
David Morgan	9 (11)	6 (6)	
Dr Paul Scully-Power AM	8 (11)		4 (4)
Angus Armour	10 (11)		
Kerry Sanderson AO	2 (2)		

The number of meetings a director was eligible to attend is shown in brackets.

* Dr Calvert was represented by an observer on three occasions.

† Mr Anderson was granted leave from the Board for an extended absence.

Table 14: Management meetings and committees

Executive Director meetings	Fortnightly meetings of the executive team, chaired by the Managing Director, were conducted using telephone conferencing facilities. In addition, the executive team met in Australia on three occasions during 2004–05 to consider Austrade's strategic priorities and discuss a wide range of corporate policy and operational issues.
Workplace Relations Committee	The Workplace Relations Committee is the chief consultative body for human resource management and conditions of service issues affecting Austrade Australian-based staff. The committee is chaired by the Executive Director Human Resources. Members include representation from the union, Austrade management and seven employee-elected representatives. The committee met on three occasions in 2004–05.
Other senior management meetings and mechanisms	The senior management teams of each division/region held regular meetings during the year to discuss strategic and operational issues relevant to their division/region. In addition, a number of 'Stay in Touch' sessions were held in Austrade's major Australian offices. These sessions provided an opportunity for senior managers to update staff on a wide range of corporate issues. Austrade staff visiting from overseas also conducted a number of Stay in Touch sessions to update staff on developments and issues in overseas markets.

Key methods of communicating with staff include *Weekly Update*, a weekly electronic newsletter and a quarterly staff magazine, *New Horizons*.



Austrade Executive meet in Sydney in March 2005

INTERNAL CONTROL AND RISK MANAGEMENT

Austrade is committed to minimising the exposure of its clients, stakeholders, employees and assets to risks arising from Austrade activities and services.

The Austrade risk management policy as agreed with the Board Risk Committee and the Board sets out the risk management framework. Austrade's risk management framework is based on the Australian and New Zealand Standard AS/NZS4360 and seeks to ensure that risk management is a key element of all major projects, activities and procurements. Greater integration of the risk management and business planning cycles is also a key objective and the development of an enterprise-wide risk management approach in 2004–05 realised some greater integration.

An organisation-wide risk management plan is prepared annually. The Austrade Board through the Board Risk Committee provides critical oversight of risk management within the organisation and is instrumental in defining the organisation's risk appetite.

With the continued and unprecedented activity and focus around security matters at overseas posts, a key focus of Austrade's risk management activity in 2004–05 was the management of security-related risks.

Key achievements include the risk-based allocation of security resources and prioritisation of security measures, the development of a Security Risk

Management Framework and the commencement of an Austrade-wide Enterprise Security Risk Assessment (ESRA).

During 2004–05 a review of Business Continuity Planning (BCP) within Austrade was undertaken and an integrated BCP framework, policy and series of connected plans developed. This framework and associated plans have been prepared with reference to the Australian Standard AS HB221–2003 and the ANAO Best Practice Guide on Business Continuity Management.

A review took place of all existing emergency procedures, contingency plans and/or business continuity plans for all overseas posts and all Australian offices. Austrade conducted a business impact assessment in consultation with senior staff from across the organisation. Training and workshops were held for Austrade staff with responsibility for BCP in Australia and desktop testing of plans was also undertaken.

In 2005–06 the focus will be on completing the full rollout of BCP to overseas regions to improve the consistency and quality of plans, to raise awareness with staff and to further test the plans.

INTERNAL CONTROL SYSTEMS

The Board acknowledges that it is responsible for the overall internal control system, but recognises that no cost-effective internal control system will preclude all errors and irregularities. A key objective is to promote systemic awareness among staff of the control environment and risk in undertaking activities.

The main features of the Austrade's internal control framework are:

- ▶ a management environment supported by an effective schedule of delegations
- ▶ an effective risk management framework, including fraud control, risk management plans and contingency plans
- ▶ monitoring controls through effective planning and budgeting management, policies and procedures
- ▶ accountability mechanisms, including reporting and review controls.

FRAUD RISK AND FRAUD CONTROL PLAN

In accordance with the Government's Fraud Control Policy and Guidelines, Austrade's biennial fraud risk assessment and fraud control plans are part of its overarching risk management framework. Austrade continues to refine and strengthen its fraud control activities.

INTERNAL AUDIT

Internal audit within Austrade is an independent consulting activity designed to add value and improve Austrade's operations. It assists Austrade to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

KPMG, Austrade's internal auditors, undertakes a rolling audit of Austrade's internal control framework and operations of the framework consistent with the needs of management and the inherent risks of each activity. In 2004–05 the Board agreed that internal audit activity should

be governed by a three-year Internal Audit and Assurance Strategy and a rolling annual Internal Audit Plan prepared within the context of that strategy. The strategy is to be reviewed annually, and the plans reviewed, and amended if necessary, on a six-monthly basis.

INDEMNITIES AND INSURANCE PREMIUMS FOR DIRECTORS AND OFFICERS

The Board has resolved that Austrade will indemnify to the extent permitted by law all current and former directors and employees against liability to third parties when acting in good faith and in an official capacity. The indemnity also applies to legal costs incurred in defending proceedings. No indemnity was given or agreed to be given to any current or former directors or employees during the year ended 30 June 2005.