

SENATE FINANCE  
AND PUBLIC  
ADMINISTRATION  
LEGISLATION  
COMMITTEE

ANNUAL  
REPORTS  
(No. 2 of 2007)

**Government Response to the Senate Standing Committee on Finance and Public Administration Report - Annual Reports (No. 2 of 2007)**

**Recommendation 1**

**The committee recommends that the Health Services Australia Group include comments from external audits in all future annual reports.**

The ownership of HSA and its subsidiaries (HSA Group) was transferred to Medibank Private Limited on 1 April 2009. As a result of that transfer, HSA Group is no longer required to table a standalone annual report. Its report on operations and financial results will be incorporated into the Medibank Annual Report, including consolidated financial statements.

Notwithstanding the above, the HSA Group has always prepared its annual reports in accordance with the requirements of: the *Corporations Act 2001*; the *Commonwealth Authorities and Companies Act 1997*; the Governance Arrangements for Commonwealth Government Business Enterprises; and the Department of the Prime Minister and Cabinet. There is no requirement to include comments from external audits and the HSA Group has not deviated from what is prescribed for inclusion in annual reports.

In addition, there is already a mechanism in place for the Australian National Audit Office to table a report on matters of significance found during the course of their audits and this recommendation would result in duplication.

**Recommendation 2**

**The committee recommends that all Commonwealth departments and bodies include a detailed account of the organisation's contracts and consultancies which is easily identified within their annual report.**

The Government considers that information on procurement contracts and consultancies should be publicly available, with a materiality threshold of \$10,000. Rather than including a detailed account of contracts and consultancies in the annual reports of all Commonwealth departments and bodies, the Government considers that AusTender, which is the Australian Government's central on-line portal for reporting procurement information, provides significant and sufficient transparency in procurement reporting that meets the intent of the recommendation. Agencies are required to report information on contracts, including consultancies, on AusTender within six weeks of a contract being entered into.

**Recommendation 3**

**The committee recommends that the Australian Accounting Standards Board amend AASB 124 so that it includes a requirement for Commonwealth companies to disclose in their annual reports, the number of directors and the number of senior executives that fall within \$10,000 income bands.**

AASB 124 *Related Party Disclosures* applies to all types of reporting entities other than public sector not-for-profit entities. Accordingly, AASB 124 would apply to Public Non-Financial Corporations under the classifications employed by the Australian Bureau of Statistics such as Medibank Private and Australia Post.

AASB 124 includes a range of disclosure requirements, including the requirement to disclose aggregate key management personnel compensation in five categories. The Standard superseded by AASB 124 required disclosure within \$10,000 remuneration bands, but this requirement was not included in AASB 124 as it is not a requirement of International Financial Reporting Standards.

The Finance Minister's Orders (section 22) still require disclosures of director and executive remuneration within \$15,000 bands, but that for-profit Commonwealth entities are exempted from this requirement provided they comply with AASB 124.

Since 2007, AASB decided not to expand the scope of its project to develop a Standard on related party disclosures for not-for-profit public sector entities to for-profit public sector entities. This is on the basis that the AASB considers all for-profit entities should be required to achieve compliance with International Financial Reporting Standards, which in the Australian context includes AASB 124.