

Introduction

The conduct of this review

- 1.1 On 21 March 2002 the Joint Standing Committee on Foreign Affairs, Defence and Trade decided to hold public hearings to review the 2000-2001 annual reports from the Department of Defence, the Department of Foreign Affairs and Trade, the Australian Agency for International Development (AusAID) and the Australian Trade Commission (Austrade).
- 1.2 This decision was made pursuant to paragraph 1 (b) of our resolution of appointment, which empowers us to consider and report on the annual reports of government agencies, in accordance with a schedule presented by the Speaker of the House of Representatives.¹ The Speaker's schedule lists annual reports from agencies within the Defence and Foreign Affairs portfolios as being available for review by the Committee.²
- 1.3 Two hearings were conducted as part of this review:
 - the first, convened by the Defence Sub-Committee on 8 May 2002, examined the Department of Defence's Annual Report; and
 - the second, convened by the Foreign Affairs Sub-Committee on 21 May 2002, focussed on the annual reports of the Department of Foreign Affairs and Trade, AusAID and Austrade.³

1 See the Committee's resolution of appointment at Appendix A.

2 See *Votes and Proceedings*, No. 3, 14 February 2002.

3 Issues of interest to the Committee's other sub-committees (that is, the Trade and Human Rights Sub-Committees) were also canvassed at these hearings, especially at the second hearing. A list of the witnesses who gave evidence at these hearings is at Appendix B.

- 1.4 In accordance with the *Public Service Act 1999*, chief executives of departments of state and certain prescribed agencies are required to prepare for their Ministers and present to Parliament on or before 31 October each year, a report on the performance of their agency.
- 1.5 Annual reports provide a retrospective statement of the expenditure administered, the activities undertaken and the outputs produced by agencies in the preceding financial year. They are the primary means by which agencies account to Parliament and the wider community for their performance in delivering the Government's policy outcomes.
- 1.6 Since 1994, Senate legislation committees have routinely examined the annual reports of agencies within their areas of responsibility to assess whether the reports are 'apparently satisfactory'.⁴ In conducting these examinations Senate committees typically seek to consider whether the reports comply with the *Requirements for Departmental Annual Reports*, prepared by the Department of Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit. Senate committees also commonly refer to and draw upon departmental annual reports when examining budget and additional estimates.
- 1.7 Although House and Joint committees are also able to review departmental annual reports, few such committees have taken advantage of the opportunity. As a result, Senate committees undertake most of the detailed investigations of agency performance.
- 1.8 Our decision to review the annual reports of the principal agencies within our area of interest was motivated partly by a desire to ensure both Houses of Parliament play a role in holding Executive agencies to account for their performance and their expenditure of public monies. We are of the view that members of the House should be able to participate in activities similar to those routinely available to Senators.
- 1.9 Nevertheless, we have been careful not to duplicate the type of scrutiny undertaken by the Senate Foreign Affairs, Defence and Trade Legislation Committee. Our aim has been to take a broader view of the issues canvassed in the annual reports, by:
- surveying the range of policy, operational and management issues currently on the agenda of the Government and their agencies;
 - seeking status reports on key issues of interest; and
 - importantly, seeking responses to issues canvassed in earlier reports from the Committee.

4 See Senate Standing Order 25(21).

- 1.10 The hearings have also provided an opportunity for us to seek comment on various issues which may warrant closer examination by way of a specific inquiry. This has been an important process as we consider our work priorities for the 40th Parliament.
- 1.11 We expect that these annual report reviews will become a regular part of our work program and aim to conduct hearings each year, in the period immediately after annual reports are presented.

Structure of the report

- 1.12 This report contains a summary of the key issues raised and discussed at our hearings. Although in some cases we offer comment on the evidence that was presented, the one-off nature of the hearings and the general absence of supporting written evidence means that we have not been able to present a full analysis of each issue.
- 1.13 For those readers interested in a complete record of the issues canvassed at our hearings, transcripts are available on our Internet site (www.aph.gov.au/house/committee/jfadt). Answers to the questions taken on notice at the hearings are also available on our Internet site.
- 1.14 Chapter 2 outlines the key issues canvassed at our 21 May hearing on agencies within the Foreign Affairs and Trade portfolio.
- 1.15 The key issues canvassed at our 8 May hearing on the Department of Defence Annual Report are outlined in Chapter 3 of the report.
- 1.16 The final chapter, Chapter 4, expands on one of the issues raised at the hearing on 8 May — the provision of support to Australian Defence Force personnel and their families following operational deployment and in preparation for the transition from military service to civilian life. This issue was examined in more detail at a round table forum held on 1 July.

