

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE ECONOMICS
LEGISLATION COMMITTEE

REPORT ON THE EXAMINATION OF ANNUAL
REPORTS

NO. 1 OF 2001

MARCH 2001

© Commonwealth of Australia 2001

ISSN 1323-7411

This report was printed by the Senate Printing Unit, Parliament House, Canberra.

SENATE ECONOMICS LEGISLATION COMMITTEE

MEMBERSHIP

Core Members

Senator B Gibson (Chair)	(Tasmania, LP)
Senator S Murphy (Deputy Chair)	(Tasmania, ALP)
Senator G Chapman	(South Australia, LP)
Senator G Campbell	(New South Wales, ALP)
Senator A Murray	(Western Australia, AD)
Senator J Watson	(Tasmania, LP)

Substitute Members

Senator Allison to substitute for Senator Murray for resources issues.

Replacement Members

Senator Calvert to replace Senator Chapman on 21 February 2001 for the consideration of the 2001 additional estimates.

Participating Members

Senator E Abetz	(Tasmania, LP)
Senator R Boswell	(Queensland, NPA)
Senator B Brown	(Tasmania, AG)
Senator P Calvert	(Tasmania, LP)
Senator S Conroy	(Victoria, ALP)
Senator the Hon P Cook	(Western Australia, ALP)
Senator H Coonan	(New South Wales, LP)
Senator W Crane	(Western Australia, LP)
Senator A Eggleston	(Western Australia, LP)
Senator J Faulkner	(New South Wales, ALP)
Senator A Ferguson	(South Australia, LP)
Senator J Ferris	(South Australia, LP)
Senator B Harradine	(Tasmania, Ind)
Senator Harris	(Queensland, PHON)
Senator S Knowles	(Western Australia, LP)
Senator R Lightfoot	(Western Australia, LP)
Senator K Lundy	(Australian Capital Territory, ALP)
Senator B Mason	(Queensland, LP)
Senator J McGauran	(Victoria, NPA)
Senator M Payne	(New South Wales, LP)
Senator A Ridgeway	(New South Wales, AD)
Senator C Schacht	(South Australia, ALP)
Senator N Sherry	(Tasmania, ALP)
Senator T Tchen	(Victoria, LP)
Senator J Tierney	(New South Wales, LP)

Secretariat

Peter Hallahan, Secretary
Matthew Lemm, Research Officer

SG.64, Parliament House
Canberra ACT 2600
Tel: 02 6277 3540
Fax: 02 6277 5719

TABLE OF CONTENTS

Members of the Committee	iii
Report to the Senate	
Preface	1
Requirements	1
Documents referred	2
IIF (CM) Investments Pty Limited and IIF Investments Pty Limited	3
Appendix 1 -List of Reports and Tabling Dates	5
Appendix 2 -Minister's Letter of Extension	7
Appendix 3 -Correspondence from IIF (CM) Investments Pty Limited and IIF Investments Pty Limited	9

REVIEW OF ANNUAL REPORTS

PREFACE

This report was prepared pursuant to the resolution of the Senate of 24 August 1994¹, and subsequent amendment of 1 May 1996², relating to the consideration of annual reports by Committees.

Annual reports of departments and agencies shall stand referred to the legislation committees in accordance with an allocation of departments and agencies in a resolution of the Senate. Each committee shall:

- (a) Examine each annual report referred to it and report to the Senate whether the report is apparently satisfactory.
- (b) Consider in more detail, and report to the Senate on, each annual report which is not apparently satisfactory, and on the other annual reports which it selects for more detailed consideration.
- (c) Investigate and report to the Senate on any lateness in the presentation of annual reports.
- (d) In considering an annual report, take into account any relevant remarks about the report made in debate in the Senate.
- (e) If the committee so determines, consider annual reports of departments and budget-related agencies in conjunction with examination of estimates.
- (f) Report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year.
- (g) Draw to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports.
- (h) Report to the Senate each year whether there are any bodies which do not present annual reports to the Senate and which should present such reports.³

Requirements

The information contained in annual reports is an important tool in the process of accountability to Parliament. Such information gives ministers and the Parliament an accurate report of the activities of an agency over the financial year. To fulfil this role annual reports are required to meet certain requirements as contained in:

- *Requirements for Annual Reports*⁴, produced by the Department of Prime Minister and Cabinet; and the
- *Commonwealth Authorities Act 1997*, in relation to Commonwealth companies.

1 *Journals of the Senate*, 24 August 1994, p. 2049.

2 *Journals of the Senate*, 1 May 1996, p. 61.

3 Standing Orders 25(21), February 2000, p 27.

4 May 2000

Documents referred—Apparently Satisfactory

The Senate Economics Legislation Committee is responsible for the examination of annual reports within the portfolios of the Treasury and the Department of Industry, Science and Resources. The reports that fall within these portfolio areas are as follows:

Industry, Science and Resources portfolio

- Australian Institute of Marine Science
- Australian Nuclear Science and Technology Organisation
- Australian Sports Commission
- Australian Tourist Commission
- Commonwealth Scientific and Industrial Research Organisation
- Department of Industry, Science and Resources
- Joint Coal Board
- Industry Research and Development Board
- Snowy Mountains Hydro-Electric Authority

Treasury portfolio

- Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Securities and Investment Commission
- Australian Office of Financial Management
- Australian Prudential Regulation Authority
- Australian Statistics Advisory Council
- Commissioner of Taxation
- Companies and Securities Advisory Committee
- Department of the Treasury
- Financial Reporting Council
- Reserve Bank of Australia
- Reserve Bank of Australia, EEO
- Royal Australian Mint
- Superannuation Complaints Tribunal

The Committee has examined these reports and considers that with the exception of the two reports referred to in the following paragraph, they are apparently satisfactory in relation to the reporting requirements. Agencies should note however that committees may choose,

under Standing Order 25 (2)(b), to inquire further into matters discussed in the annual reports. This order allows legislation committees to inquire into and report upon ‘the performance of departments and agencies allocated to them’.

IIF (CM) Investments Pty Limited and IIF Investments Pty Limited – Annual Reports

IIF (CM) Investments Pty Limited and IIF Investments Pty Limited failed to present annual reports by the due date of 15 October 2000. The Chairman of both companies, Dr Paul Moy, wrote to the Minister seeking and subsequently receiving an extension to 20 November 2000. On 5 December 2000 Dr Moy wrote again to the Minister informing him that the two companies would be unable to meet the deadline of 20 November and stated that the reports would be submitted by 24 December 2000.⁵ The Committee notes with concern that both annual reports have not been tabled to date and has resolved to write to the Chairman, Dr Moy, requesting a reply within 14 days. The Committee will comment on these reports in its Report on Annual Reports No. 2 of 2001.

Senator the Hon B Gibson
Chairman

5 See appendices 2 and 3

APPENDIX 1**LIST OF REPORTS AND TABLING DATES FOR THE PERIOD 30 APRIL 2000
AND 31 OCTOBER 2000**

Portfolio	Date Tabled
Industry, Science and Resources portfolio	
Australian Institute of Marine Science	30 October 2000
Australian Nuclear Science and Technology Organisation	31 October 2000
Australian Tourist Commission	30 October 2000
Commonwealth Scientific and Industrial Research Organisation	30 October 2000
Department of Industry, Science and Resources	31 October 2000
Joint Coal Board	31 October 2000
Industry Research and Development Board	6 September 2000
Snowy Mountains Hydro-Electric Authority	30 October 2000
Treasury portfolio	
Australian Bureau of Statistics	3 October 2000
Australian Competition and Consumer Commission	30 October 2000
Australian Securities and Investment Commission	30 October 2000
Australian Office of Financial Management	31 October 2000
Australian Prudential Regulation Authority	5 September 2000
Australian Statistics Advisory Council	30 October 2000
Commissioner of Taxation	31 October 2000
Companies and Securities Advisory Committee	30 October 2000
Department of the Treasury	31 October 2000
Financial Reporting Council and Australian Accounting Standards Board	30 October 2000
Reserve Bank of Australia	5 September 2000
Reserve Bank of Australia, EEO	10 October 2000
Royal Australian Mint	10 October 2000
Superannuation Complaints Tribunal	30 October 2000



SENATOR THE HON NICK MINCHIN

Minister for Industry, Science and Resources

STATEMENT GRANTING EXTENSION OF TIME FOR THE PRESENTATION OF IIF INVESTMENTS PTY LIMITED'S AND IIF (CM) INVESTMENTS PTY LIMITED'S 1999-2000 ANNUAL REPORTS

I have granted IIF Investments Pty Limited and IIF (CM) Investments Pty Limited an extension from 15 October 2000 to 20 November 2000 for the submission of their 1999-2000 annual reports. I expect to table the annual reports as soon as practicable after that date.

The companies have sought an extension on the basis that the Innovation Investment Fund managers experienced technical and other difficulties in providing them with the necessary financial information.

Nick Minchin

30 OCT 2000



IIF (CM) INVESTMENTS PTY LIMITED

(ACN 084 498 993)
(ABN 70 084 498 993)

9

IIF (CM) INVESTMENTS PTY LIMITED
C/- VENTURE CAPITAL PROGRAMS
LEVEL 6
33 ALLARA STREET
CANBERRA ACT 2601

GPO BOX 9839
CANBERRA ACT 2601

TEL: 61 (0) 2 6213 7394
FAX: 61 (0) 2 6230 6428

APPENDIX 3

Senator the Hon Nick Minchin
Minister for Industry, Science
and Resources
Parliament House
CANBERRA ACT 2600

Dear Senator Minchin

I am writing to seek an extension of time for IIF (CM) Investments Pty Limited to submit its 1999-2000 annual report.

As you know, IIF (CM) Investments Pty Limited is one of the Commonwealth's investment companies for the Innovation Investment Fund (IIF) Program. It invests and manages the Commonwealth's investment in the Coates Myer IIF Fund which has been established as partnership.

According to the Department of Prime Minister and Cabinet's guidance on the preparation of 1999-2000 annual reports, the company is obliged to provide annual reports to you by 15 October 2000.

The Coates Myer IIF Fund's governing documents requires it to provide financial statements by 30 September. The Fund was unable to meet this deadline due to the unavailability of key staff. The already tight timeframe and the delay has meant that the company is unable to meet the 15 October deadline. I expect the company will submit its annual report by 20 November 2000.

Yours sincerely



Dr Paul Moy
Chairman
13 October 2000

IIF INVESTMENTS PTY LIMITED

(ACN 082 153 884)
(ABN 55 082 153 884)

10

IIF INVESTMENTS PTY LIMITED
C/- VENTURE CAPITAL PROGRAMS
LEVEL 6
33 ALLARA STREET
CANBERRA ACT 2601

GPO BOX 9839
CANBERRA ACT 2601

TEL: 61 (0) 2 6213 7394
FAX: 61 (0) 2 6230 6428

Senator the Hon Nick Minchin
Minister for Industry, Science
and Resources
Parliament House
CANBERRA ACT 2600

Dear Senator Minchin

I am writing to seek an extension of time for IIF Investments Pty Limited to submit its 1999-2000 annual report.

As you know, IIF Investments Pty Limited is one of the Commonwealth's investment companies for the Innovation Investment Fund (IIF) Program. It invests and manages the Commonwealth's investment in four of the Round One venture capital funds (IIF Funds) established as unit trusts. The funds concerned are Allen and Buckeridge II, AMWIN Innovation Fund, Momentum Ventures Unit Trust and the Australian Bioscience Trust.

According to the Department of Prime Minister and Cabinet's guidance on the preparation of 1999-2000 annual reports, the company is obliged to provide annual reports to you by 15 October 2000.

The IIF Funds' governing documents requires them to provide financial statements by 30 September. However, this year some of the funds experienced technical and other difficulties in providing their financial statements within the required timeframe. The already tight timeframe and the delay has meant that the company is unable to meet the 15 October deadline. The IIF Funds' financial statements are required to value the company's assets and are required by the company's auditors (the ANAO) to verify this value. I expect the company will submit its annual report by 20 November 2000.

Yours sincerely



Dr Paul Moy
Chairman
13 October 2000

Senator the Hon Nick Minchin
Minister for Industry, Science
and Resources
Parliament House
CANBERRA ACT 2600

Dear Senator Minchin

I refer to my letter of 13 October 2000 seeking an extension of time to 20 November 2000 for IIF (CM) Investments Pty Limited to submit its 1999-2000 annual report.

The preparation and finalisation of the company's annual report has taken longer than anticipated. The company met on 4 December and agreed to the annual report. The annual reports are expected to be submitted to you by 24 December 2000.

Yours sincerely



Dr Paul Moy
Chairman
5 December 2000

IIF INVESTMENTS PTY LIMITED
C/- VENTURE CAPITAL PROGRAMS
LEVEL 6
33 ALLARA STREET
CANBERRA ACT 2601

GPO BOX 9839
CANBERRA ACT 2601

TEL: 61 (0) 2 6213 7394
FAX: 61 (0) 2 6230 6428

12

Senator the Hon Nick Minchin
Minister for Industry, Science
and Resources
Parliament House
CANBERRA ACT 2600

Dear Senator Minchin

I refer to my letter of 13 October 2000 seeking an extension of time to 20 November 2000 for IIF Investments Pty Limited to submit its 1999-2000 annual report.

The preparation and finalisation of the company's annual report has taken longer than anticipated. The company met on 4 December and agreed in principle to the draft annual report pending the resolution of a number of minor matters. The annual reports are expected to be submitted to you by 24 December 2000.

Yours sincerely



Dr Paul Moy
Chairman
5 December 2000

