

The Senate

Economics Legislation Committee

Annual reports (No. 1 of 2004)

March 2004

© Commonwealth of Australia 2004

ISBN 0 642 71353 7

Printed by the Senate Printing Unit, Parliament House, Canberra.

SENATE ECONOMICS LEGISLATION COMMITTEE

CORE MEMBERS

Senator George Brandis, Chair	(Queensland, LP)
Senator Ursula Stephens, Deputy Chair	(New South Wales, CL)
Senator Grant Chapman	(South Australia, LP)
Senator Andrew Murray	(Western Australia, AD)
Senator John Watson	(Tasmania, LP)
Senator Ruth Webber	(Western Australia, ALP)

SUBSTITUTE MEMBERS

Senator Allison to replace Senator Murray for matters relating to the Resources portfolio

Senator O'Brien to replace Senator Webber for matters relating to tourism

Senator Ridgeway to replace Senator Murray for the committee's consideration of the provisions of the Treasury Legislation Amendment (Professional Standards) Bill 2003

Senator Ridgeway to replace Senator Murray for the committee's consideration of the provisions of the Textile, Clothing and Footwear Strategic Investment Program Amendment Bill 2004

PARTICIPATING MEMBERS

Senator the Hon Eric Abetz	(Tasmania, LP)
Senator the Hon Ronald Boswell	(Queensland, NPA)
Senator Geoffrey Buckland	(South Australia, ALP)
Senator George Campbell	(New South Wales, ALP)
Senator Kim Carr	(Victoria, ALP)
Senator John Cherry	(Queensland, AD)
Senator Stephen Conroy	(Victoria, ALP)
Senator the Hon Peter Cook	(Western Australia, ALP)
Senator the Hon Helen Coonan	(New South Wales, LP)
Senator Alan Eggleston	(Western Australia, LP)
Senator Christopher Evans	(Western Australia, ALP)
Senator the Hon John Faulkner	(New South Wales, ALP)
Senator Alan Ferguson	(South Australia, LP)
Senator Jeannie Ferris	(South Australia, LP)
Senator Michael Forshaw	(New South Wales, ALP)
Senator Brian Harradine	(Tasmania, Ind)
Senator Leonard Harris	(Queensland, PHON)
Senator Linda Kirk	(South Australia, ALP)
Senator Susan Knowles	(Western Australia, LP)
Senator Meg Lees	(South Australia, Ind)
Senator Ross Lightfoot	(Western Australia, LP)

PARTICIPATING MEMBERS (Continued)

Senator Joseph Ludwig	(Queensland, ALP)
Senator Kate Lundy	(Australian Capital Territory, ALP)
Senator Sue Mackay	(Tasmania, ALP)
Senator Gavin Marshall	(Victoria, ALP)
Senator Brett Mason	(Queensland, LP)
Senator Julian McGauran	(Victoria, NPA)
Senator Shayne Murphy	(Tasmania, Ind)
Senator Marise Payne	(New South Wales, LP)
Senator Aden Ridgeway	(New South Wales, AD)
Senator the Hon Nick Sherry	(Tasmania, ALP)
Senator Natasha Stott Despoja	(South Australia, AD)
Senator Tsebin Tchen	(Victoria, LP)
Senator John Tierney	(New South Wales, LP)
Senator Penny Wong	(South Australia, ALP)

SECRETARIAT

Dr Sarah Bachelard, Secretary
Dr Anthony Marinac, Principal Research Officer
Ms Stephanie Holden, Senior Research Officer
Mr Matthew Lemm, Research Officer
Ms Barbara Rogers, Executive Assistant

Suite SG.64

Parliament House

Canberra ACT 2600

Ph: 02 6277 3540

Fax: 02 6277 5719

E-mail: economics.sen@aph.gov.au

Internet: http://www.aph.gov.au/senate/committee/economics_ctte/index.htm

TABLE OF CONTENTS

Membership of the Committee	iii
REVIEW OF ANNUAL REPORTS	
Preface	1
Reports Presented	1
Industry, Tourism and Resources portfolio	1
Treasury Portfolio	2
Requirements	2
Comments on Reports	3
Productivity Commission – Failure to present a report	4
NCC – Late reporting	4
ATO – Taxation (Interest on Overpayments) Act 1983 and Commonwealth Places Windfall Tax (Collection) Act 1998 – Failure to present reports	5
Royal Australian Mint – Change in reporting format	5
Letters of transmittal and tabling legislation	5
Debate on Annual Reports in the Senate	6
Australian Bureau of Statistics	6
Comment on Significant Issues	6
APPENDIX 1	
TREASURY PORTFOLIO – LIST OF ANNUAL REPORTS AND DATES	7
APPENDIX 2	
INDUSTRY, TOURISM AND RESOURCES PORTFOLIO – LIST OF ANNUAL REPORTS AND DATES	11

REVIEW OF ANNUAL REPORTS

Preface

1.1 Pursuant to Senate Standing Order 25 (21)¹ annual reports of departments and agencies stand referred to Legislation Committees. The portfolio responsibilities allocated to the Economics Committee are for the departments and agencies within the Treasury and Industry, Tourism and Resources portfolios. When considering these reports the Committee is required to:

- (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.²

Reports presented

1.2 Below is a list of the agencies which tabled annual reports in Parliament in the portfolios referred to the Economics Committee. All agencies that were required to present reports have done so unless otherwise noted in the report.

Industry, Tourism and Resources portfolio

- AusIndustry-Industry, Research and Development Board
- Australian Technology Group Limited

1 February 2004

2 Standing Orders 25(21), February 2004, p 27.

- Australian Tourist Commission
- Department of Industry, Tourism and Resources
- Pooled Development Funds Registration Board

Treasury portfolio

- Australia and the International Financial Institutions
- Australian Bureau of Statistics
- Australian Competition and Consumer Commission
- Australian Office of Financial Management
- Australian Prudential Regulation Authority
- Australian Securities and Investment Commission
- Australian Statistics Advisory Council
- Commissioner of Taxation
- Companies Auditors Liquidators Disciplinary Board
- Corporations and Markets Advisory Committee
- Financial Reporting Council and Australian Accounting Standards Board
- National Competition Council
- Treasury
- Superannuation Complaints Tribunal
- Reserve Bank of Australia
- Reserve Bank of Australia Equity and Diversity Report
- Reserve Bank – Payments System Board
- Royal Australian Mint
- Takeovers Panel

Requirements

1.3 The information contained in annual reports is an important tool in the process of accountability to Parliament, as it provides ministers and the Parliament with advice about the activities of departments and agencies over the financial year. To fulfil their accountability functions, annual reports are required to meet requirements as contained in:

- *Requirements for Annual Reports June 2003*, produced by the Department of Prime Minister and Cabinet;
- *Commonwealth Authorities Act 1997*;
- *Public Service Act 1999*; and
- *Acts Interpretation Act 1901*.

1.4 The legislation identifies the types of Commonwealth authorities that are required to table an annual report and establishes the administrative processes and timing for tabling. In addition, the *Requirements for Annual Reports June 2003* identifies the elements required to be included in annual reports. This information ensures that all agencies reports meet their accountability requirements and offer consistency to readers. The core information required in each annual report presented is as follows:

- letter of transmittal;
- review by the departmental secretary;
- departmental overview;
- report on performance;
- management and accountability;
- a table of contents and index;
- financial statements; and
- glossary of abbreviations and acronyms.³

Comments on Reports

1.5 Standing Order 21(25)(a) requires the Committee to examine the annual reports referred and to determine if they are apparently satisfactory. In assessing the annual reports, the Committee noted the timeliness of presentation in addition to the factors contained in the guidelines as noted above.

1.6 The Committee found that the majority of reports within its portfolios had been lodged with the appropriate minister on time, were tabled in Parliament within the specified period and met the reporting requirements. They are thus, apparently satisfactory.

1.7 However, on this occasion the Committee notes that there were a small number of reports that failed to meet some of the basic requirements. These omissions included:

- failing to include a letter of transmittal (ASIC, Reserve Bank of Australia, Reserve Bank of Australia – Payment Systems Board); and
- failing to identify what legislation the report was being presented under (APRA, Corporations and Markets Advisory Committee, Reserve Bank of Australia, Reserve Bank of Australia – Payment Systems Board, Australian Tourist Commission).

1.8 Additionally, the Committee notes that the Productivity Commission has failed to present its annual reports.

3 Requirement for Annual Reports, Department of Prime Minister and Cabinet, June 2003.

1.9 The Committee has also identified two cases where the ATO has failed to report on legislation which they administer. These are the *Taxation (Interest on Overpayments) Act 1983* and the *Commonwealth Places Windfall Tax (Collection) Act 1998*. Both these acts currently require annual reporting to the Parliament.

1.10 The Committee has concerns that the failure to meet these tabling requirements may be indicative of a wider problem within the ATO in sufficiently managing its reporting requirements to the Parliament. These issues are addressed in more detail below.

Productivity Commission – Failure to present a report

1.11 At the time of publication the Productivity Commission's report was yet to be tabled in Parliament. The Commission's requirements for tabling are contained in s.10 of the *Productivity Commission Act 1998* (the Act). Section 10 (1) of the Act requires that:

The Commission must, soon as practicable after the end of each financial year, prepare and give to the Minister a report of the Commission's operations during that financial year.

1.12 The Committee draws the Commission's attention to s.34C(2) and (3) of the *Acts Interpretations Act 1901*. These sub-sections note that if an act does not specify a date in which a report needs to be presented then the date should not be more than six months after the end of the reporting period.

1.13 The Committee understands that the Productivity Commission intends to table its report in mid March. The Committee will continue to monitor the chamber for the tabling of the report.

NCC - Late reporting

1.14 The National Competition Council (NCC) is required to present its annual report in accordance with s.290 of the *Trade Practices Act 1974*. The section specifies that the NCC is required to give a report to the Minister for tabling within 60 days of the end of the financial year.

1.15 In correspondence dated 27 August 2003 the NCC sought and was granted an extension to its reporting date. The Minister determined that the report should be presented to the Government by 19 September 2003. However, the report was not tabled in the Parliament until 29 October 2003.

1.16 While noting the report in question was tabled late on this occasion the Committee notes the timely reporting patterns of the NCC in previous years. The Committee does not believe any further action is required.

ATO – Taxation (Interest on Overpayments) Act 1983 and Commonwealth Places Windfall Tax (Collection) Act 1998 - Failure to present reports

1.17 The Committee notes that under section 7 of the *Taxation (Interest on Overpayments) Act 1983* the Commissioner of Taxation, as soon as practicable after 30 June each year, must prepare and furnish to the Minister a report on the working of the Act for presentation to Parliament. The Commissioner also has a similar tabling responsibility under s.10 of the *Commonwealth Places Windfall Tax (Collection) Act 1998*. It appears to date that no reports have been tabled in Parliament. The Committee intends to seek advice from the ATO on its reporting procedure in regard to this matter.

1.18 The Committee notes that according to the current Administrative Arrangements⁴ the departments and agencies within the Treasury portfolio administer over 240 separate acts. The number of acts administered by the portfolio creates some difficulty in identifying and monitoring the tabling requirements.

1.19 The Committee recommends that in future agencies include an index in their annual reports identifying the legislation administered by them that contains reporting requirements.

1.20 In addition the Committee intends, via the estimates process, to identify the tabling requirements of all departments and agencies under its portfolio responsibilities to ensure that all reporting requirements are met.

Royal Australian Mint – Change in reporting format

1.21 The Committee notes the change in the Royal Australian Mint's (the Mint) reporting format. In previous years the Mint has produced a separate report from that of the Treasury. However for the 2002 – 2003 financial year the Mint's reporting requirements are contained in the Treasury's annual report.

Letters of transmittal and tabling legislation

1.22 The Committee notes that several agencies from across both portfolios failed to meet two fundamental requirements when preparing annual reports. Some agencies failed to identify within the letter of transmittal the legislation under which the report was tabled, and some failed to include a letter of transmittal at all.

1.23 The Australian Prudential Regulatory Authority, the Australian Tourist Commission, the Corporations and Markets Advisory Committee, the Reserve Bank, and the Payments Systems Board did not identify the legislation under which they are required to report to Parliament. The Reserve Bank of Australia and the Payment Systems Board also failed to include a letter of transmittal, while ASIC identified the legislation under which it reports but did not include a letter of transmittal to the relevant Minister.

1.24 The Committee draws the attention of all departments and agencies to the requirements contained in the *Requirements for Annual Reports, June 2003* available from the Department of Prime Minister and Cabinet at www.pmc.gov.au/publications.cfm

Debate on Annual Reports in the Senate

Australian Bureau of Statistics

1.25 The Committee is required under standing order 25(21) (d) to consider any remarks made in reference to the annual reports in the Senate chamber. One report was commented on, namely the Australian Bureau of Statistics' (ABS) annual report commented upon by Senator Crossin on 8 October 2003.

1.26 In acknowledging the important and valuable work of the ABS, the Senator raised the issue of possible inaccuracies in the some the census material. She noted that there was no evidence in the annual report indicating any review on the collection of data as it relates to indigenous Australians. Senator Crossin expressed concerns that due to factors such as remoteness, literacy and oral comprehension problems there may be inaccuracies with census data relating to indigenous Australians.

1.27 Senator Crossin supported a review of collection data processes to ensure that all indigenous Australians are accurately counted by the next census collection date.

Comment on Significant Issues

1.28 Pursuant to standing order 21(25)(g) the Committee is required to draw to the attention of the Senate any matters of significance noted in the annual reports.

1.29 The Committee has selected for brief comment matters raised in the Australian Securities and Investment Commission's (ASIC) annual report and the Australian Competition and Consumer Commission's (ACCC) annual report.

1.30 The Committee notes that 53 matters have been referred to ASIC as a result of the HIH Royal Commission. In addition, ASIC reports that as a result of its enforcement activities, 29 people have been gaoled and 16 directors have been banned with a further 39 persons banned from providing financial services.

1.31 The ACCC commented on the impact of recent close scrutiny of the organisation by the Dawson, Parer and Wilkinson reviews. Dawson reviewed the competition provisions of the Trade Practices Act, Wilkinson reviewed the health and medical sectors in rural and regional Australia, and Parer reviewed the energy market. The ACCC noted that, as they are implemented by Government, the recommendations from these reviews will have an impact on the Trade Practices Act and the operations of the ACCC.

SENATOR GEORGE BRANDIS
Chairman

APPENDIX 1

TREASURY PORTFOLIO - LIST OF ANNUAL REPORTS AND DATES

Department/Agency	Legislation	Date of Transmittal	Date of Tabling
The Treasury	<i>Public Service Act 1999</i>	11/10/03	29/10/03
Australian Bureau of Statistics	<i>Australian Bureau of Statistics Act 1975</i>	1/9/03	8/10/03
Australian Office of Financial Management	<i>Public Service Act 1999</i>	3/10/03	29/10/03
Australian Statistics Advisory Council	<i>Australian Bureau of Statistics Act 1975</i>	13/10/03	28/10/03
Australian Competition and Competition Commission	<i>Trade Practice Act 1974</i>	28/8/03	28/10/03
National Competition Council	<i>Trade Practice Act 1974</i>	9/9/03	29/10/03
Commissioner of Taxation	<i>Taxation Administration Act 1953</i>	17/10/03	28/10/03
Commissioner of Taxation – data matching program	<i>Data-matching Program (Assistance and Tax) Act 1990</i>	11/03	10/2/04
Australian Prudential Regulation Authority	<i>Commonwealth Authorities and Companies Act 1997</i>	2/10/03	30/10/03
Australian Securities and Investments Commission	<i>Commonwealth Authorities and Companies Act 1997</i>		25/11/03
Corporations and Markets Advisory Committee	<i>Commonwealth Authorities and Companies Act</i>	12/9/03	2/12/03

Department/Agency	Legislation	Date of Transmittal	Date of Tabling
	<i>1997</i>		
Financial reporting Council and the Australian Accounting Standards Board	<i>Australian Securities and Investments and Investments Commission Act 2001 and the Commonwealth Authorities and Companies Act 1997</i>	12/9/03	25/11/03
Foreign Investment Review Board	<i>Not required to present a report</i>	8/12/03	29/1/04
Productivity Commission	<i>Productivity Commission Act 1998</i>		
Superannuation Complaints Tribunal	<i>Superannuation (Resolution of Complaints) Act 1993</i>	20/10/03	10/2/04
Companies Auditors and Liquidators Disciplinary Board	<i>Australian Securities and Investments and Investments Commission Act 2001</i>	21/10/02	26/11/03
Reserve Bank of Australia			16/9/03
Payment Systems Board - Reserve Bank of Australia			2/10/03
Equity and Diversity – Reserve Bank of Australia	<i>Equal Employment Opportunity (Commonwealth Authorities) Act 1987</i>		14/10/03
Takeover Panel	<i>Australian Securities and Investments and Investments Commission Act</i>	10/10/03	2/12/03

Department/Agency	Legislation	Date of Transmittal	Date of Tabling
	<i>2001</i>		
Australia and the International Financial Institutions	<i>International Monetary Agreements Act 1947</i>		25/11/03
Council of Financial Regulations	<i>Not required to present report</i>		25/9/03

APPENDIX 2

INDUSTRY, TOURISM AND RESOURCES PORTFOLIO – LIST OF ANNUAL REPORTS AND DATES

Department/Agency	Legislation	Date of Transmittal	Date of Tabling
Industry, Tourism and Resources	<i>Public Service Act 1999</i>	12/9/03	14/10/03
Australian Tourist Commission	<i>Commonwealth Authorities and Companies Act 1997</i>	10/03	14/10/03
National Standards Commission	<i>Commonwealth Authorities and Companies Act 1997</i>	3/10/03	25/11/03
AusIndustry - Industry, Research and Development Board	<i>Industry Research and Development Act 1986</i>	10/12/03	9/1/04
Pooled Development Funds Registration Board	<i>Pooled Development Funds Act 1992 and Venture Capital Act 2002</i>	10/12/03	3/2/04
Australian Technology Group Limited	<i>Commonwealth Authorities and Companies Act 1997</i>		10/2/04