

The Senate

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Finance and Public Administration  
Legislation Committee

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## **Introduction**

1.1 This report provides the reader with an overview of the Committee's examination of annual reports for the 2002-03 financial year.

### *Terms of Reference*

1.2 Under Senate Standing Order 25(21) the annual reports of departments and agencies stand referred to legislation committees in accordance with the allocation of departments and agencies in a resolution of the Senate. Each 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; and
- (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.

### *Allocated Portfolios*

1.3 In accordance with the allocation of departments and agencies to Committees which was last amended by the Senate on 13 February 2002, the Finance and Public Administration (F&PA) Legislation Committee has responsibility for the oversight of the following portfolios:

- Parliament;
- Prime Minister and Cabinet; and
- Finance and Administration.

### *Annual reports referred*

1.4 In accordance with Senate Standing Order 25(21)(f) this report examines those annual reports presented between 1 May 2003 and 31 October 2003. During that period ten annual reports of statutory authorities, two reports on the operation of legislation, four annual reports of government companies and six annual reports of departments were received.

### **Method of Assessment**

1.5 Annual reports, together with the estimates process, provide a mechanism for parliamentary (and public) scrutiny of the operations of government. Thus, there are guidelines mandating what information must be included in the report and how the information should be presented. Annual reports 'should provide sufficient information and analysis for the Parliament to make a fully informed judgement on departmental performance'.<sup>1</sup>

1.6 The Senate Standing Order referred to earlier requires that the Committee examine reports referred to it to determine whether they are timely and 'apparently satisfactory'. In forming its assessment the Committee has considered whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports. The relevant Acts are:

- *Public Service Act 1999*;
- *Parliamentary Services Act 1999*;
- *Financial Management and Accountability Act 1997*; and
- *Commonwealth Authorities and Companies Act 1997*.

1.7 Statutory authorities report under their respective acts, for example, the Australian Electoral Commission reports under section 17 of the *Commonwealth Electoral Act 1918*.

1.8 The *Requirements for Annual Reports* (the guidelines), June 2003, issued by the Department of the Prime Minister and Cabinet (PM&C) with the approval of the Joint Committee of Public Accounts and Audit is the authoritative source outlining the requirements for preparing and presenting annual reports. These guidelines may be found on the Internet at [http://www.pmc.gov.au/docs/govt\\_index.cfm#Requirements](http://www.pmc.gov.au/docs/govt_index.cfm#Requirements).

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1 *Requirements for Annual Reports*, June 2003, Department of the Prime Minister and Cabinet, p.4

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## Reports Examined

1.9 The following 22 reports for the financial year 2002-03 were tabled or presented 'out of session' to the President of the Senate by 31 October 2003 and were referred to the Committee:

### *Parliamentary Departments<sup>2</sup>*

- Department of the Senate;
- Department of the Parliamentary Library;
- Department of the Parliamentary Reporting Staff; and
- Joint House Department.

### *Executive Departments*

- Department of the Prime Minister and Cabinet; and
- Department of Finance and Administration (DOFA).<sup>3</sup>

### *Statutory Agencies or Authorities*

- Australian National Audit Office;
- Australian Public Service Commission;
- Office of the Official Secretary to the Governor-General;
- Office of the Commonwealth Ombudsman;<sup>4</sup>
- Australian Electoral Commission;
- Commissioner for Superannuation;
- Commonwealth Grants Commission;
- Commonwealth Superannuation Scheme Board;

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2 As a matter of comity between the Houses, it is traditional that neither House inquires into the operations of the other House. For this reason, neither the annual report of, nor the proposed expenditure for, the Department of the House of Representatives is referred to a Senate committee for review.

3 Corrigenda to the report were presented to the President of the Senate on 13 February 2004, and subsequently tabled in the Senate on 1 March 2004.

4 Also referred to the Legal and Constitutional Legislation Committee.

- Public Sector Superannuation Scheme Board; and
- Australian Industry Development Corporation.

*Commonwealth Companies, including Government Business Enterprises*

- National Australia Day Council;
- Australian Submarine Corporation;<sup>5</sup>
- ComLand Limited; and
- Medibank Private.<sup>6</sup>

*Reports on the operation of acts*

- Parliamentary Service Commissioner—report under subsection 42(1) of the *Parliamentary Services Act 1999*;
- Consultancies engaged under section 4 of the *Members of Parliament (Staff) Act 1984*; and

*Other reports*

- Medibank Private (Statement of Corporate Intent 2003-06).<sup>7</sup>

1.10 The following reports were tabled in the Senate after 31 October 2003. These reports will be canvassed in the Committee's second report on annual reports due to be presented to the Senate in September 2004:

- Australian Political Exchange Council;
- Australian Public Service Commission—State of the Service Report 2002-03;
- Employment National;
- Camden Airport Limited;
- Bankstown Airport Limited;
- Hoxton Airport Limited;

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5 Also referred to the Foreign Affairs, Defence and Trade Legislation Committee.

6 Also referred to the Community Affairs Legislation Committee.

7 Also referred to the Community Affairs Legislation Committee.

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- Inspector-General of Intelligence and Security; and
  - Official Establishments Trust.

### **Non-Reporting Bodies**

1.11 Standing Order 25(21)(h) requires that the Committee inquire into, and report on, any bodies which do not present annual reports to the Senate but should present such reports.

1.12 The Committee approached this in two ways. First, the Committee checked the Administrative Arrangements Orders (dated 18 December 2003) for the list of legislation administered by portfolio ministers and consequently, departments and agencies. Extracts of the relevant text from the Orders are at Appendix 2 and 3.

1.13 Second, the Committee consulted DOFA's List of Australian Government Bodies. The list identifies the agencies that are required to report and the Acts under which they report. This list may be found at the following internet address: [http://www.finance.gov.au/finframework/docs/CAC-FMA\\_Flipchart.pdf](http://www.finance.gov.au/finframework/docs/CAC-FMA_Flipchart.pdf)

1.14 The Committee is not aware of any bodies that have neglected to furnish a report for presentation to the parliament.

### **Timeliness**

1.15 Most reports must be tabled in parliament by 31 October each year unless another date is specified, for example, in an agency's own legislation.<sup>8</sup>

1.16 Where a department or agency cannot meet its deadline for reporting, it may apply to the minister for an extension. Where an extension is granted, the minister must table a copy of the application together with a statement specifying the length of the extension and the reasons for granting the extension.<sup>9</sup> The Committee is not aware of any extensions during this reporting period.

1.17 All reports were tabled on time. For each report referred to it the Committee recorded the following dates:

- date of letter of transmittal;

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8 *Requirements for Annual Reports*, June 2003, Department of the Prime Minister and Cabinet, p.2

9 *Acts Interpretation Act 1901*, section 34C, Reprint No.8

- date report submitted to Minister;<sup>10</sup>
- date report received by the Minister; and
- date report is tabled or presented to the President or a temporary chair of committees.

1.18 Appendix 1 shows these key dates.

### **Assessment of Reports**

1.19 In determining whether a report was satisfactory, the Committee applied the PM&C guidelines. In particular, to assess whether the reports adequately met reporting requirements, they were assessed against the checklist at Attachment E in the guidelines.

1.20 The Committee paid particular attention to departments and agencies reporting against outcomes as set down in their respective portfolio budget statements (PBS) and portfolio additional estimates statements (PAES) and notes that the majority of agencies report performance against outcome structures as set out in these documents.

1.21 The Committee has found that all the reports are 'apparently satisfactory'. It notes also that all financial statements included in the reports received an unqualified report from the Auditor-General.

### **Senate Debate**

1.22 Few annual reports are debated in the Senate, but many remain on the Senate Notice Paper for future consideration. However, annual reports are often used as references for avenues of examination during estimates hearings.

1.25 One annual report that was considered by the Senate was the Australian Electoral Commission's (AEC) annual report for 2002-03. The debate paid particular attention to the AEC's educational programs, which is one of the agency's main outcomes. While certain programs were commended, the Senate was alerted to the lack of educational programs that adequately inform citizens of their voting rights, how to enrol, how voting operates and in particular, the 'limited range of activities

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10 The Daily Senate Order of Business includes these dates when listing Government documents to be presented. This practice arose in response to concerns raised by this Committee in its 1989 report *The Timeliness and Quality of Annual Reports* and the 1991 *Report on Annual Reports* about the length of time reports spent in Minister's office. The Government included in its 1991 *Guidelines for the Preparation of Departmental Annual Reports* the requirement that the dates of submission to and receipt by the Minister be included when tabling arrangements are made. The Legal and Constitutional Affairs Committee in its 1991 *Report on Annual Reports* further recommended this practice be extended to non-departmental bodies. Today the *Guidelines for Presentation of Government Documents, Ministerial Statements, and Government Responses to the Parliament*, includes the obligation to provide the dates.

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with an Indigenous focus'.<sup>11</sup> The Senate was told that, due to budget constraints, 'there are limited funds ... when it comes to helping Indigenous people undertake educational activities to show them the meaning ... and power of the vote'.<sup>12</sup>

## **Selected Agencies**

### *Joint House Department*

1.23 Among significant issues reported by the Joint House Department were matters that relate to the security of Parliament House and the amalgamation of the three 'service' departments.

1.24 On security, specific mention was made of the installation of temporary vehicle barriers around Parliament House.<sup>13</sup> This matter was also raised at the Committee's consideration of the Budget Additional Estimates on 16 February 2004. The Committee was informed at that hearing that the Parliament would be asked in March 2004 to extend approval for the barriers for a year so that a new system of bollards and cables could be erected to prevent vehicle access to the buildings but which would give pedestrians access to the top of the building.<sup>14</sup>

1.25 Joint House Department also reported that, mainly because of the impact of security measures at the entrance and the placement of security barriers on the grass ramps, the building's design integrity index had fallen by one percent.<sup>15</sup> At the estimates hearing on 16 February the Committee was told that the barriers:

... were only ever placed there to be a temporary barrier, and certainly they do not meet our integrity design principles for the building. In the design process for these new barriers, we are using the original architect, MGT Architects and Romaldo Guirgola, to ensure that we come up with a satisfactory result.<sup>16</sup>

1.26 The Committee trusts that in its first annual report the new Department of Parliamentary Services will be able to report that new permanent barricades that meet the integrity design principles have been successfully erected.

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11 Senate *Hansard*, 8 October 2003, p. 15861

12 Senate *Hansard*, 8 October 2003, p. 15861

13 Joint House Department, Annual Report 2002-2003, p.2

14 Committee *Hansard*, 16 February 2004, p.13

15 Joint House Department, Annual Report 2002-2003, p.23

16 Mr A Smith, Estimates (Additional Budget Estimates), *Committee Hansard*, 16 February 2004, p.13

1.27 The Joint House Department also reported that during 2002-2003 the House of Representatives and the Senate had approved the Public Service Commissioner's recommendation that the department and the Departments of the Parliamentary Library and the Parliamentary Reporting staff be abolished and a new joint department be established.<sup>17</sup> Because the departments were abolished and a new Department of Parliamentary Services was established on 1 February 2004, this is the final report of the Joint House Department for a full financial year.

1.28 The 2002-2003 annual report is also the final report submitted by Mr Michael Bolton, who was secretary of the Joint House Department for 17 years. The Committee records its appreciation of his long and meritorious service to the Parliament.

#### *Department of the Senate*

1.29 In its annual report the Department of the Senate reported that members of this Committee had expressed concerns about the requirement placed on the parliamentary departments to find savings of \$18.8 million over the three years 2004-05 to 2006-07 to fund additional security measures for Parliament House.<sup>18</sup>

1.30 This matter was raised in the Committee's hearings on the Additional Budget Estimates in February 2004. At the hearing the President of the Senate reminded the Committee that savings should result from the amalgamation of the three service departments, but that these savings were unlikely to match the full costs of the new security arrangements.<sup>19</sup> The Clerk of the Senate in answer to a question stated that:

There should be no impact of the amalgamation on the funding of the Department of the Senate, because the amalgamations involves only the three joint departments and the savings will come out of the areas of responsibility of those joint departments.<sup>20</sup>

1.31 The Clerk noted however that the 2004-05 Budget had not yet been produced.

1.32 The Committee is aware of the strictly limited ability of the Chamber Departments to find savings for the additional security measures required because of the national significance of Parliament House. It accepts the logic that if savings from the amalgamation of some parliamentary departments must be dedicated to enhanced security then these savings must flow directly from the amalgamation.

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17 Joint House Department, Annual Report 2002-2003

18 Department of the Senate Annual Report 2002-03, pp.78,79

19 Committee *Hansard*, 16 February 2004, p.2

20 Committee *Hansard*, 16 February 2004, p.2

**Senator Brett Mason**

**Chair**



## Appendix 1

*Department and agency annual reports for the 2002-03 financial year— Dates relating to the timeliness of presentation and debate in the Senate*

Reporting Body	Sent to Minister or Presiding Officer	Received by Minister	Tabled or Presented*	Consideration in the Senate – debate
<b>PARLIAMENT</b>				
Department of the Senate	3/09/03	–	15/09/03	
Department of the Parliamentary Library	27/10/03	–	31/10/03*	
Department of the Parliamentary Reporting Staff	17/10/03	–	31/10/03*	
Joint House Department	15/09/03	–	14/10/03	
Parliamentary Service Commissioner	20/10/03	–	27/10/03	
<b>PRIME MINISTER AND CABINET PORTFOLIO</b>				
Department of the Prime Minister and Cabinet	7/10/03	7/10/03	14/10/03	14/10/03; 30/10/03; and 12/02/04
Australian National Audit Office	7/10/03	–	7/09/03	
Australian Public Service Commission (APSC)	19/09/03	19/09/03	15/10/03	
Commonwealth Ombudsman	30/10/03	–	31/10/03*	
Inspector-General of Intelligence and Security	28/10/03	29/10/03	25/11/03	25/11/03
National Australia Day Council	15/10/03	15/10/03	28/10/03	
Office of the Official Secretary to the Governor-General	9/10/03	9/10/03	28/10/03	
APSC – State of the Service Report	5/11/03	12/11/03	2/12/03	

<b>Reporting Body</b>	<b>Sent to Minister or Presiding Officer</b>	<b>Received by Minister</b>	<b>Tabled or Presented*</b>	<b>Consideration in the Senate – debate</b>
<b>FINANCE AND ADMINISTRATION PORTFOLIO</b>				
Department of Finance and Administration	16/10/03	16/10/03	28/10/03	27/11/03
Australian Electoral Commission	1/10/03	1/10/03	8/10/03	8/10/03
Commonwealth Grants Commission	12/09/03	12/09/03	17/09/03	
Commissioner for Superannuation	24/09/03	24/09/03	28/09/03	
Commonwealth Superannuation Scheme Board	1/10/03	1/10/03	28/10/03	
Public Sector Superannuation Scheme Board	1/10/03	1/10/03	28/10/03	
Australian industry Development Corporation	25/09/03	26/09/03	28/10/03	
Australian Submarine Corporation Pty Ltd	16/10/03	27/10/03	30/10/03	30/10/03
Bankstown Airport Ltd	24/10/03	24/10/03	25/10/03	
Camden Airport Ltd	24/10/03	24/10/03	25/10/03	
Comland Ltd	11/09/03	11/09/03	29/10/03	
Employment National Ltd	24/10/03	24/10/03	26/10/03	
Hoxton Park Airport Ltd	24/10/03	24/10/03	25/11/03	
Telstra Instalment Receipt Trustee Limited <sup>1</sup>				
Medibank Private	–	–	25/09/03*	
Members of Parliament Staff Act	1/10/03	1/10/03	28/10/03	

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1 The Committee notes that the report of Telstra Instalment Receipt Trustee Limited is included in the annual report of the Department of Finance and Administration, p. 261

## Appendix 2

Extract from the *Administrative Arrangement Orders*, 18 December 2003, p.28

### **PART 14 THE DEPARTMENT OF THE PRIME MINISTER AND CABINET**

#### *Matters dealt with by the Department*

Co-ordination of Government administration  
 Assistance to Cabinet and its Committees  
 Policy advice and administrative support to the Prime Minister  
 Intergovernmental relations and communications with State and Territory Governments  
 Australian honours and symbols policy  
 Government ceremonial and hospitality  
 Status of women  
 Co-ordination of Government communications and advertising  
 Counter terrorism policy co-ordination

#### *Legislation administered by the Minister*

*Administrative Arrangements Act 1987*  
*Auditor-General Act 1997*  
*Australian Capital Territory Government Service (Consequential Provisions) Act 1994*  
*Complaints (Australian Federal Police) Act 1981, Part III*  
*Flags Act 1953*  
*Governor-General Act 1974*  
*House of Representatives (Quorum) Act 1989*  
*Inspector-General of Intelligence and Security Act 1986*  
*Office of National Assessments Act 1977*  
*Ombudsman Act 1976*  
*Parliamentary Commission of Inquiry (Repeal) Act 1986*  
*Parliamentary Presiding Officers Act 1965*  
*Public Service Act 1999*  
*Resource Assessment Commission Act 1989*  
*Royal Commissions Act 1902*  
*Royal Powers Act 1953*  
*Royal Style and Titles Act 1973*  
*Senate (Quorum) Act 1991*



## Appendix 3

Extract from the *Administrative Arrangement Orders*, 18 December 2003, pp.18-19

### PART 9 THE DEPARTMENT OF FINANCE AND ADMINISTRATION

#### *Matters dealt with by the Department*

Budget policy advice and process, and review of governmental programs  
 Government financial accountability, governance and financial management frameworks  
 Shareholder advice on Government Business Enterprises  
 General policy guidelines for Commonwealth statutory authorities  
 Superannuation for Commonwealth employees  
 Asset sales  
 Strategic property management in Australia, including acquisition, ownership and disposal of real property  
 Procurement policy and services (including competitive tendering and contracting, removals and disposals)  
 Electoral matters  
 Administration of Parliamentarians' entitlements  
 Administration of the Commonwealth's self-managed general insurance fund (Comcover)

#### *Legislation administered by the Minister*

*Aerospace Technologies of Australia Limited Sale Act 1994*  
*AIDC Sale Act 1997*  
*Airports (Transitional) Act 1996*  
 Appropriation Acts  
*Audit (Transitional and Miscellaneous) Amendment Act 1997*  
*Australian Capital Territory (Planning and Land Management) Act 1988*, section 27 insofar as it relates to the declaration of land in the Australian Capital Territory to be National Land where the land is required for Commonwealth purposes other than for the special purposes of Canberra as the National Capital  
*Australian Industry Development Corporation Act 1970*  
*CFM Sale Act 1996*  
*Commonwealth Authorities and Companies Act 1997*  
*Commonwealth Electoral Act 1918*  
*Commonwealth Electoral Legislation (Provision of Information) Act 2000*  
*Commonwealth Funds Management Limited Act 1990*  
*Commonwealth Grants Commission Act 1973*  
*Commonwealth Vehicles (Registration and Exemption from Taxation) Act 1997*  
*CSL Sale Act 1993*  
*Financial Management and Accountability Act 1997*

*Lands Acquisition Act 1989*  
*Lands Acquisition (Defence) Act 1968*  
*Lands Acquisition (Northern Territory Pastoral Leases) Act 1981*  
*Lands Acquisition (Repeal and Consequential Provisions) Act 1989*  
Loan Acts, except insofar as they give authority to borrow  
*Loan (Temporary Revenue Deficits) Act 1953*, section 3  
Loan (War Service Land Settlement) Acts  
*Members of Parliament (Life Gold Pass) Act 2002*  
*Members of Parliament (Staff) Act 1984*  
*Ministers of State Act 1952*  
*Northern Territory (Commonwealth Lands) Act 1980*  
*Northern Territory (Self-Government) Act 1978*, sections 69 and 70  
*Papua New Guinea (Staffing Assistance) Act 1973*, insofar as it relates to  
superannuation and retirement benefits  
*Papua New Guinea (Staffing Assistance) Termination Act 1976*  
*Parliamentary Allowances Act 1952*  
*Parliamentary Contributory Superannuation Act 1948*  
*Parliamentary Entitlements Act 1990*  
*Parliamentary Precincts Act 1988*  
Parliamentary Retiring Allowances (Increases) Acts  
*Public Accounts and Audit Committee Act 1951*  
*Public Works Committee Act 1969*  
*Qantas Sale Act 1992*, except to the extent administered by the Treasurer or the  
Minister for Transport and Regional Services  
*Referendum (Machinery Provisions) Act 1984*  
*Representation Act 1983*  
Salaries Adjustment Acts  
Superannuation Acts  
*Superannuation Benefits (Supervisory Mechanisms) Act 1990*  
*Superannuation (Distribution of Surplus) Act 1974*  
Superannuation (Pension Increases) Acts  
*Superannuation (Productivity Benefit) Act 1988*  
Supply Acts  
Surplus Revenue Acts  
*Territory Authorities (Financial Provisions) Act 1978*  
*Transferred Officers' Allowances Act 1948*  
*Treaty of Peace (Germany) Act 1919*  
*War Gratuity Act 1945*  
*War Gratuity Appropriation Act 1948*  
*Western Australia (South-West Region Water Supplies) Agreement Act 1965*