

## Chapter 2

### Annual Reports

2.1 The committee considered all of the following reports to be 'apparently satisfactory'. Comments are made to indicate where further improvement in legislative reporting is expected. The committee notes in particular that the inclusion of references to an agency's FOI Act reporting obligations and its main corporate governance practices, while repetitive, are requirements that must be met in an annual report. It is not good enough to refer readers of the report to an agency's website for such information.

#### **Commonwealth Authorities**

##### *Australian Fisheries Management Authority*

2.2 The committee notes that the qualifications of directors, and details of whether each director is executive or non-executive were not specified in the report. This however is a minor divergence from the requirements, and on the whole, the committee considers this an exemplary report. AMFA is commended for addressing all of its reporting requirements so comprehensively.

##### *Civil Aviation Safety Authority*

2.3 Section 9 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, requires agencies to provide an outline of their organisational structure. CASA has presented an outline of its new organisational structure, implemented on 1 July 2005. Although this is useful, CASA has not provided an outline of the structure under which it operated during the financial year under review. Best practice would have been to include an outline of both structures.

##### *Fisheries Research and Development Corporation*

2.4 The committee notes the chart outlining the FRDC's operating context, which is an informative reference, but encourages the FRDC to also include a more detailed outline of its organisational structure in future reports, as required by section 9 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*.

2.5 The committee also noted, with some interest, that readers of the annual report were referred to the FRDC's website for information relating to the responsibilities of various board committees. The FRDC is reminded that under section 15 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, it is required to include this information in its report.

2.6 The committee appreciates the FRDC's clear identification of companies in which it holds an interest, and commends the FRDC for including this information in its compliance index.

### ***Forest and Wood Products Research and Development Corporation***

2.7 The committee is disappointed that the FWPRDC has again failed to include important aids to facilitate access to its report, such as an alphabetical index and a compliance index. The FWPRDC is reminded that section 6 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, regarding standards of presentation, states that reports 'must be constructed having regard to the interests of users.' It is expected that this will be remedied in the upcoming annual report.

2.8 The absence of any form of index made it difficult for the committee to assess if certain reporting requirements had been met under the CAC Act. Of particular concern was the difficulty encountered by the committee in determining if the FWPRDC had addressed its reporting requirements under its enabling legislation, namely the sections of the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act), regarding the FWPRDC's activities involving patents, and details of any interest the FWPRDC holds in companies.<sup>1</sup>

### ***Grains Research and Development Corporation***

2.9 The committee notes that no statement of corporate governance is included in the annual report; rather, readers are referred to the Grains Research and Development Corporation (GRDC) Operating Manual for this information. The GRDC is reminded that section 15 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, requires a statement of the authority's main corporate governance practices to be included in the annual report.

2.10 Similarly, readers are referred to the GRDC website for details pertaining to the agency's FOI Act reporting obligations. The committee advises that all required information be included in the annual report proper in the future.

2.11 The committee found that the GRDC did not specifically indicate which of its research and development activities related to ecologically sustainable development, as required under subsection 28(1)(a)(ia) of the PIERD Act. The GRDC is encouraged to specify this information in upcoming reports.

### ***Grape and Wine Research and Development Corporation***

2.12 The committee notes that some page references given in the compliance index of this report were incorrect. Furthermore, a number of reporting requirements were not included in the compliance index, and due to the absence of an alphabetical index, it was unnecessarily difficult to assess whether the GWRDC had satisfied all of its legislative requirements.

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1 *Primary Industries and Energy Research and Development Act 1989*, sections 28(1)(a)(v)-(vii).

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2.13 The committee notes that certain information required under the PIERD Act was not supplied, particularly concerning the GWRDC's activities regarding patents, and whether the GWRDC had formed, or held any interest in, any companies.<sup>2</sup>

2.14 While the GWRDC did state that no ministerial directions were issued in the period under review, the committee reminds the GWRDC that under section 12 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, it must also report on any ministerial directions since the end of the financial year, and on those continuing from previous financial years.

### ***Sugar Research and Development Corporation***

2.15 The committee found that the SRDC provided aggregate funding figures for programs rather than the costs of individual projects. The latter information is required under section 28(1)(a)(ii) of the PIERD Act, and the committee encourages the SRDC to provide more specific amounts of its expenditure per project in future reports.

### ***Wheat Export Authority***

2.16 The committee wishes to make it clear that comments made in this report relate solely to the quality and content of the WEA's annual report, and should not be construed as being comments on the wider issues in which the WEA is involved.

2.17 The committee commends the WEA for implementing various suggestions made in the committee's report *Annual reports (No. 2 2005)*, as mentioned in paragraphs 1.22 and 1.33.<sup>3</sup>

2.18 The committee compliments the WEA on its clear method of recording results against outputs in readily understandable tables. The committee was also pleased to find that the efficiency of WEA's operations and strategies were clearly measured.

2.19 The committee did discern however, that the WEA did not report against section 15 of the CAC Act in its compliance index. This section requires agencies to provide the minister with details of any subsidiaries formed, any interest acquired in existing companies or any significant business activity undertaken by an authority. The WEA is reminded that if it has nothing to report against a particular requirement it should clearly indicate this with a nil entry.

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2 *Primary Industries and Energy Research and Development Act 1989*, sections 28(1)(a)(v)-(vii).

3 *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 2 of 2005)*, pp. 4-6.

## **Commonwealth Companies**

### ***Australian Rail Track Corporation Limited***

2.20 The committee considers that the ARTC annual report would benefit from a compliance index or at the very least a more comprehensive alphabetical index.

2.21 The committee notes that the ARTC did not specifically report on any significant events which may have affected the corporation's operations, or on any legal proceedings on behalf of the company, as required under the *Corporations Act 2001*.<sup>4</sup> The committee encourages the ARTC to take these two requirements into consideration when preparing future reports.

2.22 The committee draws the ARTC's attention to the document *Printing standards for documents presented to Parliament* which clearly states that all documents that are to be presented to Parliament must be printed in international standard B5 size.<sup>5</sup> The ARTC's 2005 annual report was an A4 sized document. The committee expects that the ARTC will take note of these printing standards when producing future reports.

### ***Maritime Industry Finance Company Limited***

2.23 The committee found that MIFCo omitted to report on any environmental reporting requirements it is subject to, or on any legal proceedings on behalf of the company, as required under the *Corporations Act 2001*.<sup>6</sup> The committee reminds MIFCo that if these requirements do not apply to their operations, this should be indicated in the report.

## **Prescribed Agencies**

### ***Dairy Adjustment Authority***

2.24 The committee believes that the DAA annual report would benefit from a more comprehensive alphabetical index. The inclusion of a compliance index would also be ideal.

2.25 The DAA is a prescribed agency under the FMA Act, and as such, is subject to the *Requirements for Annual Reports*. The committee observed that the DAA did not cover a number of its legislative obligations in its report, but was particularly concerned by its failure to provide a summary table of resources by outcomes as

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4 *Corporations Act 2001*, sections 299(1)(d) and 300(14)-(15).

5 This document can be accessed at [http://www.aph.gov.au/house/committee/publ/printing\\_standards.htm](http://www.aph.gov.au/house/committee/publ/printing_standards.htm).

6 *Corporations Act 2001*, sections 299(1)(f) and 300(14)-(15).

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required in subsection 11(3) of the *Requirements for Annual Reports*.<sup>7</sup> The committee encourages the DAA to adhere closely to the checklist provided in Attachment F to the *Requirements for Annual Reports* in the compilation of upcoming reports.

2.26 The committee further notes that while the DAA has provided some information regarding consultancies, this detail is not presented in accordance with the mandatory proforma. The committee expects this will be remedied in future reports.

### ***National Capital Authority***

2.27 The committee compliments the NCA on the high standard of its annual report. The outcome and output structure was presented very clearly, and performance indicators were recorded in easily comprehensible tables. The committee also notes the NCA's flawless summary table of total resources used by outcomes, and identifies it as a perfect reporting example.

2.28 The committee does consider that the NCA annual report would benefit from a more comprehensive compliance index, as some difficulty was encountered in establishing compliance with various requirements, particularly whether or not any discretionary grant programmes are administered by the NCA. The committee recommends that the NCA implement the practice of recording a nil entry against requirements on which it has nothing to report.

2.29 The committee discerned that the NCA did not discuss its performance against its Customer Service Charter, and although it was noted that there were no instances of fraud during the period, no mention was made of whether the Chief Executive had certified the NCA's compliance with the Commonwealth Fraud Control Guidelines. The NCA is reminded that these are both mandatory reporting requirements under the *Requirements for Annual Reports*, and encourages the NCA to ensure these areas are addressed more thoroughly in future reports.<sup>8</sup>

**Senator the Hon. Bill Heffernan**  
**Chair**

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7 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005, pp. 8 and 30.

8 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005, pp. 7-8.