

The Senate

Standing Committee
on
Rural and Regional
Affairs and
Transport

Annual reports (No. 1 of 2007)

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List of Abbreviations

AMC	Australian Maritime College
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
CAC Act	Commonwealth Authorities and Companies Act 1997
CAC Orders	Commonwealth Authorities and Companies (Report of Operations) Orders 2005
DAFF	Department of Agriculture, Fisheries and Forestry
DOTARS	Department of Transport and Regional Services
EPBC Act	Environment Protection and Biodiversity Conservation Act 1999
EC	Exceptional Circumstances
FMA Act	Financial management and Accountability Act 1997
FOI	Freedom of Information
FOI Act	Freedom of Information Act 1982
NTC	National Transport Commission
OH&S Act	Occupational Health & Safety (Commonwealth Employment) Act 1991
the Act	Aircraft Noise Levy Collection Act 1995

Chapter 1

Overview

1.1 The committee is responsible for examining the annual reports of departments and agencies within two portfolios:

- Agriculture, Fisheries and Forestry; and
- Transport and Regional Services.

Terms of reference

1.2 Under Senate Standing Order 25(20), annual reports of departments and agencies shall stand referred to the 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; 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.¹

1 Standing Orders and other orders of the Senate, September 2006, p. 27 (This Standing Order was amended 24 August 1994, 13 February 1997, 11 November 1998, 3 December 1998, 13 February 2002, 19 November 2002 and 14 August 2006).

Purpose of annual reports

1.3 The tabling and scrutiny of annual reports by Senate committees, under Standing Order 25(20), is an important element in the process of accountability to Parliament. The information provided in annual reports is placed on the public record and assists Parliament in its examination of the performance of departments and agencies and the administration of government programmes.

Requirements

1.4 Annual reports are examined by the committee to determine whether they are timely and 'apparently satisfactory'. In forming its assessment, the committee considers whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports:

- for departments of state and executive agencies these are: the *Public Service Act 1999*, subsections 63(2) and 70(2), and the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, Department of Prime Minister and Cabinet, updated June 2005 and approved by the Joint Committee of Public Accounts and Audit on 29 June 2005;
- for Commonwealth authorities and companies: the *Commonwealth Authorities and Companies Act 1997* (the CAC Act), sections 9, 36 and 48, and the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*; and
- for non-statutory bodies: the requirements are contained in the Government response to the report of the Senate Standing Committee on Finance and Government Operations on Non-statutory bodies, Senate *Hansard*, 8 December 1987, pp 2643–45.

Reports referred to the committee

1.5 Standing Order 25(20)(f), requires committees to report on annual reports tabled by 31 October each year by the tenth sitting day of the following year. In this instance, the relevant date is 22 March 2007. Committees are also required to report on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year.

1.6 This report considers annual reports which were tabled in the Senate or presented to the President between 1 May 2006 and 31 October 2006.

1.7 The committee examined six annual reports of agencies within the Agriculture, Fisheries and Forestry portfolio, and seven annual reports of agencies within the Transport and Regional Services portfolio. A complete list of reports referred to the committee (including those not examined) appears at Appendix 1.

1.8 The committee is not obliged to report on Acts, statements of corporate intent, surveys, corporate plans or errata. Therefore the following 11 documents were referred to the committee but have not been examined:

- *Australian Meat and Live-stock Industry Act 1997*—Report to Parliament on compliance with funding agreement for 2004-05;
- *Australian Meat and Live-stock Industry Act 1997*—Report to Parliament on Live-stock Mortalities for Exports by Sea for the Reporting Period 1 January 2006 to 30 June 2006;
- *Dairy Produce Act 1986*—Funding contract with Dairy Australia Ltd—Report for 2004-05;
- Innovating Rural Australia: Research and development corporation outcomes—Report for 2005;
- National Residue Survey—Report for 2005-06;
- Civil Aviation Safety Authority—Corporate Plan 2006-07 to 2008-09;
- Australian Rail Track Corporation Ltd—Statement of corporate intent 2006-07;
- *Local Government (Financial Assistance) Act 1995*—Report on the operation of the Act for 2004-05;
- *Roads to Recovery Act 2000*—Roads to Recovery Programme—Report on the operation of the Act for 2004-05;
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 January to 31 March 2006; and
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 April to 30 June 2006.

Timeliness

1.9 Standing Order 25(20)(c) requires the committee to report to the Senate on the late presentation of annual reports.

1.10 As stated in the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* (Requirements for Annual Reports), annual reports must be tabled in Parliament by 31 October each year, except where an agency's own legislation specifies a timeframe for its annual report.² Those agencies reporting under the CAC Act are required to provide their annual reports to the minister by the

2 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005, p. 2.

15th day of the fourth month after the end of the financial year.³ Where the financial year ends on 30 June, this deadline translates to 15 October.

1.11 A number of annual reports were tabled in the Senate after the relevant deadlines, and consequently beyond the date that they may be considered in this report. In most cases this was due to delays by the agencies in providing the minister with the report. Annual reports which were tabled late will be examined in the next report on annual reports. A list of those reports appears at Appendix 2.

1.12 The following reports were presented to the President out of session and formally tabled on the next sitting day of the Senate, 6 November 2006:

- Department of Agriculture, Fisheries and Forestry *Annual Report 2005-06*;
- Airservices Australia *Annual Report July 2005- June 2006*;
- Australian Maritime Safety Authority *Annual Report 2005-2006*; and
- National Transport Commission *Annual Report 06*.

1.13 Although not subject to the timeframes in the CAC Act or the *Financial Management and Accountability Act 1997* (FMA Act), there have been substantial delays in the tabling of the following reports:

- Western Australian Fisheries Joint Authority Report 1 July 2003 to 30 June 2004;
- Northern Territory Fisheries Joint Authority Report 1 July 2003 to 30 June 2004; and
- Northern Territory Fisheries Joint Authority Report 1 July 2004 to 30 June 2005.

The committee has noted the delay in the presentation of these reports, and expects that the bodies in question will meet the required deadlines in the future.

1.14 As noted in the committee's reports *Annual reports (No. 1 of 2006)*, and *Annual reports (No. 2 of 2006)*, the committee wrote to the Australian Fisheries Management Authority, requesting advice about the significant delays in the tabling of a number of fisheries joint authorities' annual reports.⁴ This letter was forwarded to the Department of Agriculture, Fisheries and Forestry (DAFF) in May 2006. The department responded that state and territory governments are primarily responsible for the collation and drafting of joint authority reports. DAFF has received advice from jurisdictions indicating that the timely provision of these reports is usually

3 *Commonwealth Authorities and Companies Act 1997*, section 9.

4 *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 1 of 2006)*, p. 5; *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 2 of 2006)*, p. 4.

constrained by difficulties encountered in finalising data collection and research programs in time to comply with standard reporting requirements. In 2005 the then Minister for Fisheries, Forestry and Conservation placed a priority on preparing reports, however, some jurisdictions are still one or two reporting periods behind. The committee was also informed that a review of the arrangements for joint authority fisheries is currently underway.

1.15 The committee recognises that some bodies are required to comply with the timeframes stipulated in their enabling legislation, and appreciates that the relevant deadlines are adhered to by those agencies. Nonetheless, the committee reminds all bodies that, as stated in the *Requirements for Annual Reports*, the Government maintains its policy that all annual reports are to be tabled by 31 October.⁵

Comments on reports

1.16 Under Standing Order 25(20)(a) the committee is required to scrutinise annual reports and inform the Senate whether they are 'apparently satisfactory'. The committee assesses compliance with the reporting guidelines specified by the legislation that respective departments and agencies present their annual reports in accordance with.

1.17 The committee is of the view that the reports examined are generally 'apparently satisfactory', although some do not comprehensively address all of the legislative requirements they are subject to. However, the committee notes that any divergence from these requirements is minor. The issues of most concern are discussed below.

1.18 As commented in the committee's previous reports on annual reports, although compliance indices are no longer mandatory, the committee recommends their inclusion in annual reports. Compliance indices greatly assist the committee in its task of ensuring adherence to reporting requirements, and also serve to help agencies demonstrate that all legislative obligations have been met.

1.19 The committee found that some compliance indices were more useful than others. Unfortunately, many compliance indices were not comprehensive and did not include all reporting requirements. The committee commends the Department of Agriculture, Fisheries and Forestry (DAFF) for including a comprehensive and accurate compliance index. The adoption of the recommended practice of including a nil, n/a or "-" entry where the body has nothing to report under an item by various agencies has been appreciated by the committee.

1.20 The compliance index in the Department of Transport and Regional Services (DOTARS) annual report listed references to whole chapters against each reporting

5 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005, p. 2.

requirement, as opposed to page numbers. Due to this lack of precision, the committee found it difficult to determine if various reporting requirements had been met.

1.21 The committee is disappointed that despite comments made in its *Annual reports (No. 1 of 2006)*, neither the Australian Maritime College (AMC) nor the National Transport Commission (NTC), included compliance indices in their annual reports.⁶ Consequently the committee encountered significant difficulty in determining whether these two agencies had complied with reporting requirements under section 15 of the CAC Act.

1.22 The committee also found it difficult to ascertain whether Airservices Australia had adequately reported against section 15 of the CAC Act, and therefore considers that their annual report would benefit from a more comprehensive compliance index in the future.

1.23 Further, the committee draws attention to the importance of an alphabetic index in assisting readers to navigate annual reports. While some reports did include alphabetic indices, they were often quite brief and did not effectively aid readers of those reports. The committee considers that the NTC and AMC would both benefit from including alphabetic indices.

1.24 The committee observed that while most agencies mentioned the factors, trends or events affecting their performance, and the risks and opportunities faced by the agencies during the course of the financial year, these issues could have been more comprehensively addressed. The committee further notes that the Australian Maritime Safety Authority (AMSA) addressed this requirement particularly well, but did not include a reference to it in the annual report's compliance index.

1.25 The committee calls attention to section 17 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005* (CAC Orders) which notes that the annual reports of Commonwealth authorities must include certain matters required by the relevant sections of the following legislation: *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) section 516A, *Freedom of Information Act 1982* (FOI Act) subsection 8(1), *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OH&S Act) section 74, and *Commonwealth Electoral Act 1918* section 311A.⁷ The committee encourages agencies to look carefully at the reporting requirements under these pieces of legislation when compiling upcoming reports.

1.26 The committee notes the importance of environmentally friendly practice by organisations, and suggests that the Australian Wine and Brandy Corporation and the AMC address requirements under the EPBC Act in more detail in the future.

6 *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 1 of 2006)*, p. 4.

7 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, section 17.

1.27 The committee was satisfied with the degree of reporting against agencies' obligations under the FOI Act, but does encourage AMSA to provide more comprehensive information on arrangements that exist for others to participate in AMSA's policy formulation processes.

1.28 The committee was pleased to note that most agencies reported on the measures taken to ensure the health and safety of their employees. However, a number of agencies omitted to provide details required under section 74(1)(c) of the OH&S Act, regarding their occupational health and safety policy. The committee encourages agencies to address this in future reports.

1.29 The committee notes that many agencies omitted to include a statement of expenditure on advertising and marketing as required under section 311A of the *Commonwealth Electoral Act 1918*. The committee considers the DOTARS and DAFF annual reports are excellent examples of how this requirement should be addressed.

1.30 The committee reminds agencies that under section 14 of the CAC Orders they are required to disclose specific details pertaining to the board and to each director. The committee encourages agencies to specify this information in upcoming reports.

1.31 The committee observed that the level of detail provided in reporting on compliance with the Commonwealth Disability Strategy varied greatly. The committee is disappointed that despite comments made in its *Annual reports (No. 1 of 2006)* neither the AMC nor the NTC provided an assessment of their implementation of the Strategy.⁸ The committee notes section 18 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, which specifically states that an assessment of an authority's performance in implementing the Strategy must be provided in accordance with the terms set out in the Guide to the Performance Reporting Framework.⁹ Agencies are encouraged to adhere to this method of reporting in the future.

1.32 The committee draws attention to sections 6 and 7 of the *Requirements for Annual Reports*, which require agencies to provide specific details about consultancy contracts and any competitive tendering and contracting undertaken.¹⁰ The committee notes that CAC Act bodies should comply with the *Requirements for Annual Reports* as a matter of best practice, and should provide the relevant information in the

8 *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 1 of 2006)*, p. 4.

9 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, section 18. This Guide can be accessed on the Commonwealth Disability Strategy website at <http://www.facs.gov.au/cds>.

10 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005, pp 11-13 and 26-29.

required form. While the committee appreciates that DOTARS has provided a substantial amount of information on consultancies and contracting, the committee reminds DOTARS that under the *Requirements for Annual Reports*, this information must be presented in accordance with a mandatory proforma. The committee encourages DOTARS to adhere to this proforma in the future. DAFF is commended for its flawless reporting in this respect.

1.33 The committee notes that both DAFF and DOTARS report on their purchasing policies and procedures. However, the committee reminds both departments that under section 12(5) of the *Requirements for Annual Reports*, they are also required to provide an assessment of the performance of these policies and procedures.

1.34 The committee appreciates the information provided by DOTARS on fraud control and management practices. However the committee notes that a mandatory requirement under the *Requirements for Annual Reports* checklist is a certification of compliance with Commonwealth Fraud Control Guidelines by agency heads. Such certification is often included in the letter of transmittal of an annual report, as exemplified in the DAFF annual report.

1.35 The committee found that the AMC did not address a number of its legislative requirements under the CAC Act. While the details omitted are minor in nature, the AMC is still required to report on all requirements under the CAC Act, and the committee expects the AMC to comply with these requirements in the future. The committee is also concerned that even though the AMC's previous failures to appropriately date letters of transmittal, have been noted in the committee's reports *Annual reports (No. 1 of 2005)*, and *Annual reports (No. 1 of 2006)*, the agency has again failed to provide a specific date with its letter of transmittal.¹¹

1.36 The committee notes that while the NTC is not a Commonwealth authority for the purposes of the CAC Act, the NTC's enabling legislation states that certain sections of the CAC Act apply to it, including section 9.¹² Under schedule 1 of the CAC Act, an agency's annual report must include a report of operations prepared in accordance with the CAC Orders. The NTC has not addressed the majority of requirements under the CAC Orders, and the committee expects the NTC to ensure that its upcoming annual report satisfies all of its legislative obligations.

1.37 The committee is disappointed that although it advised in its report *Annual reports (No. 1 of 2006)* that the size of the NTC's annual report was inappropriate, the NTC has clearly not taken heed of this. The committee again draws the agency's attention to the document *Printing standards for documents presented to Parliament*

11 *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 1 of 2005)*, p. 5; *Rural and Regional Affairs and Transport Legislation Committee Annual reports (No. 1 of 2006)*, p. 5.

12 *National Transport Commission Act 2003*, section 38.

which clearly states that all documents that are to be presented to Parliament must be printed in international standard B5 size.¹³ The NTC's *Annual Report 06* was an A4 sized document. The committee expects that the NTC will take note of these printing standards when producing future reports.

1.38 The committee is pleased to find that LiveCorp and the Australian River Company Limited have complied with reporting obligations under the *Corporations Act 2001*. However, the committee notes that in the audit reports of both companies the auditors did not detail an opinion on whether they had received all information and assistance necessary to conduct the audit, or whether the respective company had retained sufficient financial records, as required under section 307 of the *Corporations Act 2001*. The committee encourages both companies to ensure that this information is incorporated in future reports.

1.39 In addition, the committee noted that the Australian River Company Limited omitted to report on any legal proceedings on behalf of the company as required under sections 300A(14)-(15) of the *Corporations Act 2001*, details of any shares, interests or options granted under sections 300(1)(d), and 300(5)-(7) or the qualifications and experience of the company secretary under section 300(10)(d). The committee expects the company to take these requirements into consideration when preparing upcoming annual reports.

Senate remarks on annual reports

1.40 In accordance with Senate Standing Order 25(20)(d), the committee is required to take into account remarks made in the Senate which are relevant to the annual reports under consideration.

1.41 Although no extensive debate on annual reports within the committee's portfolio's took place in the Senate, Senator Ian MacDonald drew attention to the Western Australian Fisheries Joint Authority's *Report 1 July 2003 to 30 June 2004* and spoke briefly about the problems faced by fisheries under the Authority, due to illegal incursions by Indonesian fishers.¹⁴

Comment on significant matters

1.42 Finally, as required under Senate Standing Order 25(20)(g), which directs the committee to comment on significant matters raised in annual reports, the committee has considered the annual reports of the:

- Department of Agriculture, Fisheries and Forestry; and
- Department of Transport and Regional Services.

13 This document can be accessed at http://www.aph.gov.au/house/committee/publ/printing_standards.htm.

14 *Senate Hansard*, 9 November 2006, p. 126.

Chapter 2

Annual reports of departments

Department of Agriculture, Fisheries and Forestry

2.1 The Department of Agriculture, Fisheries and Forestry's (DAFF) *Annual Report 2005-06* was prepared in accordance with section 63 of the *Public Service Act 1999* and tabled on 6 November 2006. The committee notes the Senate's receipt of this report on 27 October 2006.

2.2 The report is presented in accordance with the checklist of requirements stipulated in the Department of Prime Minister and Cabinet's *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005 (Requirements for Annual Reports). The DAFF *Annual Report 2005-06* contains the following information:

- the Secretary's yearly review highlighting the achievements of the department and future outlook;
- a departmental overview outlining DAFF's operations and organisational structure;
- report on performance as measured against output objectives;
- an overview of the department's management and accountability arrangements, including corporate governance practices, internal and external scrutiny, purchasing and tendering; and
- appendices detailing financial statements, Freedom of Information (FOI) requests, discretionary grants, occupational health and safety procedures and advertising and market research.

2.3 The committee notes that all mandatory requirements for the report have been met. The committee considers that the report is comprehensive, readily understandable and easy to navigate.

Departmental overview

2.4 Significant priorities and achievements for DAFF throughout the reporting period included:

- improvement of Exceptional Circumstances (EC) policy and assistance, including the provision of a more generous EC interest rate subsidy;
- development of the \$220 million *Securing our Fishing Future* package to improve the profitability of fisheries and to end overfishing. This package includes a \$150 million business exit assistance process to enable the removal of fishing concessions in four fisheries;

- development of projects to assist Australia's horticulture industries through the Industry Partnerships Programme;
- improvements in maritime security to enhance protection against illegal fishing;
- improving Australia's market access and progressing negotiations on free trade agreements through cooperation and discussions with industry, the Department of Foreign Affairs and Trade and major trading partners; and
- improving Australia's preparedness and response capacity in the event of an outbreak of pandemic avian influenza, through Exercise Eleusis and a proposed funding package of \$44.2 million in the 2006-07 Budget.¹

2.5 The committee notes the creation of a new Corporate Policy Division in November 2005 to assist with, among other things, whole-of-government planning, administration of governance, policy advice and reporting activities.²

2.6 The Secretary notes that priorities for 2006-07 include: restoring the Murray-Darling basin, implementing further measures against illegal fishing, and developing a Government response to the Corish report *Creating our future: agriculture and food policy for the next generation*.³

Report on performance

2.7 DAFF has thoroughly reviewed its performance, and the committee commends the department for reporting on its shortcomings where relevant and for identifying areas of possible improvement.

2.8 In DAFF's 2005-06 annual report, performance is measured against performance indicators specified in the 2005-06 Portfolio Budget Statements.

2.9 This is a substantive section of the report, assessing the performance of specific programmes and projects as well as the performance of administered items. The committee particularly noted the following items:

- Improving the EC programme was a priority for the department and 2005-06 saw a 70 per cent increase in EC payments issued - an expenditure of almost \$397 million. The department took a number of steps to simplify the process, handing over the issue of EC certificates to Centrelink. As a result, farmers now only have to deal with Centrelink regarding their entitlements. This also allows farmers to access information on their entitlements via the Centrelink website, hotlines,

1 Department of Agriculture, Fisheries and Forestry (DAFF), *Annual Report 2005-06*, pp 1-3.

2 DAFF, *Annual Report 2005-06*, pp 4 and 15.

3 DAFF, *Annual Report 2005-06*, pp 4-5.

and network offices. The National Agricultural Monitoring system prototype was also utilised to aid in streamlining the processing of EC applications and assessments.⁴

- A strategic industry vision was released for the Sugar Industry Reform Development Programme, and regional plans were developed. \$36 million was paid for Round 2 regional and community projects and \$73 million was provided in sustainability grants. The latter component was completed in September 2005, and the business planning for mills component was completed in December 2005.⁵
- The department began to implement the *Securing Our Fishing Future* package, which included the issue of a Ministerial direction to the Australian Fisheries Management Authority to implement a range of measures to eliminate overfishing. The report highlights the fact that this is the first time the legislative power of issuing a Ministerial direction has been used.⁶
- The Australian Quarantine and Inspection Service evaluated the use of various rapid diagnostic tests for avian influenza, and as a result a rapid diagnostic test has been implemented in Indonesia, Papua New Guinea, East Timor and northern Australia.⁷

Management and accountability

2.10 As required by the *Requirements for Annual Reports*, the report provides information on corporate governance, internal and external scrutiny, human resource management, purchasing, consultancies, and tendering and contracting.

2.11 DAFF noted the findings of the report conducted by Mr John Uhrig, *Review of the corporate governance of statutory authorities and office holders*. Following the release of the Uhrig report, ministers were asked to assess statutory authorities and other bodies within their portfolios. As a result of Minister McGauran's assessments the following changes will be implemented over 2006-07:

- research and development corporations and the Australian Wine and Brandy Corporation will no longer have government directors appointed to their boards, 'statements of expectation' will be introduced to further facilitate communication about policy, and reporting obligations under the CAC Act and the *Primary Industries and Energy Research and Development Act 1989* will be reviewed;

4 DAFF, *Annual Report 2005-06*, pp 61-65.

5 DAFF, *Annual Report 2005-06*, pp 81 and 84.

6 DAFF, *Annual Report 2005-06*, pp 82 and 90-91.

7 DAFF, *Annual Report 2005-06*, p. 171.

- governance arrangements for the Australian Pesticides and Veterinary Medicines Authority will change from the board template to the executive management template; and
- future governance arrangements for the Wheat Export Authority will be determined once the Cole inquiry is completed.⁸

2.12 Four major Australian National Audit Office (ANAO) performance audits relating to DAFF's activities were tabled during 2005-06. Audit Report No. 19 was of specific interest as it was a follow-up audit to assess DAFF's progress in implementing recommendations of the original Audit Report No. 47, *Performance audit: Managing for quarantine effectiveness*. The ANAO found that significant improvements in the administration of quarantine have since taken place, and all but two recommendations have been implemented in whole or partially, with the implementation of the remaining two currently underway. As a result of this review, five new recommendations were made, all of which were accepted by DAFF and Biosecurity Australia.⁹

2.13 The committee also noted that DAFF generated an operating surplus of \$0.5 million in 2005-06, due largely to reduced expenditure on supplier costs, such as consultants.¹⁰

Conclusion

2.14 The committee considers that DAFF's *Annual Report 2005-06* is well presented and complies with the reporting requirements of a Commonwealth department.

Department of Transport and Regional Services

2.15 The Department of Transport and Regional Services (DOTARS) *Annual Report 2005-06* was tabled in the Senate on 17 October 2006.

2.16 The report was prepared in accordance with section 63 of the *Public Service Act 1999* and other relevant legislation.

2.17 The report is presented in accordance with the checklist of requirements stipulated in the *Requirements for Annual Reports*. The DOTARS *Annual Report 2005-06* contains the following information:

- the Secretary's yearly review highlighting the achievements of the department;

8 DAFF, *Annual Report 2005-06*, pp 251-252.

9 DAFF, *Annual Report 2005-06*, p. 274.

10 DAFF, *Annual Report 2005-06*, p. 281.

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- a departmental overview outlining DOTARS' operations and organisational structure;
 - report on performance as measured against output objectives;
 - an overview of the department's management and accountability arrangements, including corporate governance practices, internal and external scrutiny, and human resource management; and
 - appendices detailing financial statements, FOI requests, procurement practices, discretionary grants and advertising and market research.

2.18 The committee draws attention to section 20 of the *Aircraft Noise Levy Collection Act 1995* (the Act) which requires a report on the operation of the Act. The committee notes that in the letter of transmittal, the Secretary has recognised the requirement to include this information in the annual report. However, no mention of the Act could be found in the body of the report. The committee recognises that DOTARS has reported on the implementation and cost of the Noise Amelioration Program, but not the source of funding for this program. In addition, it appears that this information has not been provided in the previous three annual reports. The committee further notes that income from levies is included in the financial statements, but which levies this income is sourced from, and the discrete amounts collected under particular levies is not specified. While DOTARS has indicated in the past that Airservices Australia has been contracted to collect this levy, there does not appear to be any record of this levy in the Airservices Australia annual report. The committee is concerned that as this information is not included in either the alphabetic or compliance indices it is not readily apparent or easily accessible to readers.

Departmental overview

2.19 The committee noted the following items of significance for DOTARS during 2005-06:

- the introduction of streamlined processes to improve the Regional Partnerships Programme, and the provision of grants for 309 projects;
- the implementation of the Maritime Security Identity Card scheme starting 1 November 2005;
- the review of Australia's international air services policy; and
- the proclamation of AusLink legislation on 28 July 2005.¹¹

2.20 DOTARS efforts to effectively manage its resources and its balance sheet are reflected in its reporting of an almost balanced operating outcome in 2005-06. After removing the one-off impact of the provision for asbestos-related disease claims, the department's net asset position improved by \$20.2 million.¹²

11 Department of Transport and Regional Services (DOTARS), *Annual Report 2005-06*, pp 2-9.

12 DOTARS, *Annual Report 2005-06*, p. 11.

Report on performance

2.21 DOTARS uses a rating scale to assess the achievement of programmes against performance indicators in the 2005-06 Portfolio Budget Statements. The scale ranges from 'fully achieved' to 'not achieved', and allows the reader to clearly assess the status and performance of programmes.

2.22 Under Outcome 1, only two programmes were ranked as 'not achieved'. The construction of the Echuca-Moama bridge over the River Murray has been delayed again, and funding has been carried forward to 2006-07 due to heritage issues encountered by the Victorian Government. The construction of the Wodonga rail bypass has also been delayed due to ongoing negotiations between parties on the details of the project. Consequently, funds have been moved forward to 2006-07, and the project can proceed once agreement is reached.¹³

2.23 Two programmes were only 'partly achieved' during 2005-06. Funds have been provided to support representatives from regional countries to attend International Civil Aviation Organization aviation security training, with the aim of improving aviation security in the surrounding region. No funds were expended during 2005-06, so funding has been carried forward to 2006-07.¹⁴ Construction of the Bert Hinkler Hall of Aviation has commenced, but the project had previously been delayed while the proponent considered additional sources of funding. It is to be completed by mid-2008.¹⁵

Management and accountability

2.24 The committee notes the tabling of *Roads to Recovery*, Audit Report No. 31 2005-06. The audit found that grants payments disclosed under the *Roads to Recovery Act* Special Appropriation, although validly made, were ineligible under that Special Appropriation. At the time a valid alternative appropriation was available under the Annual Administered Expenses item of the *Appropriation Act (No 1&3) 2004-05*. Although a valid and available alternative appropriation existed for the payments, DOTARS contravened section 48 of the *Financial Management and Accountability Act 1997*. This is noted in the independent audit report of the financial statements in the annual report. Consequently the financial statements for 2005-06 were amended to reflect the correct disclosure of these payments.¹⁶

13 DOTARS, *Annual Report 2005-06*, pp 82-83.

14 DOTARS, *Annual Report 2005-06*, p. 63.

15 DOTARS, *Annual Report 2005-06*, pp 131-132.

16 DOTARS, *Annual Report 2005-06*, pp 181, 244-246, and 316; ANAO, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2006*, Audit Report No. 15, 2006-2007, p. 198.

2.25 An intranet-based tool, 'iReport', enabling single point access for the reporting of fraud, theft, security, occupational health and safety incidents and harassment was developed and implemented during 2005-06.¹⁷

Conclusion

2.26 The committee considers that DOTARS' *Annual Report 2005-06* complies with the reporting requirements of a Commonwealth department.

**Senator the Hon. Bill Heffernan
Chair**

17 DOTARS, *Annual Report 2005-06*, p. 174.

Appendix 1

List of annual reports referred to the committee during the period 1 May 2006 to 31 October 2007

Department of Agriculture, Fisheries and Forestry

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
<i>Departments of State</i>					
Department of Agriculture, Fisheries and Forestry— Report for 2005-06	<i>Public Service Act 1999</i> <i>Financial Management and Accountability Act 1997</i>	18/10/06			06/11/06* (received 27/10/06)
<i>Statutory authorities</i>					
Australian Wine and Brandy Corporation—Report for 2005-06	<i>Australian Wine and Brandy Corporation Act 1980</i> <i>CAC Act 1997</i>	02/10/06	11/10/06	11/10/06	18/10/06
Australian Livestock Export Corporation (LiveCorp)— Report for 2005	<i>Australian Meat and Live-stock Industry Act 1997</i> <i>Corporations Act 2001</i>	n/a	21/02/06	21/02/06	13/06/06
<i>Australian Meat and Live-stock Industry Act 1997</i> -Report to Parliament on compliance with funding agreement for 2004-05	<i>Australian Meat and Live-stock Industry Act 1997</i>	n/a	18/07/06	18/07/06	09/08/06
<i>Australian Meat and Live-stock Industry Act 1997</i> -Report to Parliament on Live-stock Mortalities for Exports by Sea for the Reporting Period 1 January 2006 to 30 June 2006	<i>Australian Meat and Live-stock Industry Act 1997</i> (Part 2, division 5, S57AA)	n/a	07/09/06	07/09/06	10/10/06

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
<i>Dairy Produce Act 1986</i> —Funding contract with Dairy Australia Ltd—Report for 2004-05	<i>Dairy Produce Act 1986</i>	n/a	21/02/06	21/02/06	14/06/06
Innovating rural Australia: Research and development corporation outcomes—Report for 2005		n/a	31/07/06	31/07/06	15/08/06
National Residue Survey—Report for 2005-06	<i>National Residue Survey Administration Act 1992 (s10)</i>	20/09/06	25/09/06	25/09/06	10/10/06
Northern Territory Fisheries Joint Authority—Report for 2003-2004	<i>Fisheries Management Act 1991</i>	n/a	13/02/06	13/02/06	13/06/06
Northern Territory Fisheries Joint Authority—Report for 2004-2005	<i>Fisheries Management Act 1991</i>	n/a	04/05/06	04/05/06	14/06/06
Western Australian Fisheries Joint Authority—Report for 2003-2004	<i>Fisheries Management Act 1991 (s70)</i>	n/a	26/04/06	26/04/06	10/10/06

* An asterisk denotes reports presented to the President out-of-session.

Department of Transport and Regional Services

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
<i>Department of State</i>					
Department of Transport and Regional Services—Report for 2005-06	<i>Public Service Act 1999</i> (s63) <i>Airports (environment Protection) Regulations 1997</i> (para5.15(2)) <i>Air Navigation Act 1920</i> (s29) <i>Aircraft Noise levy Collection Act 1995</i> (s20) <i>Financial Management and Accountability Act 1997</i>	27/09/06	27/09/06	27/09/06	17/10/06
<i>Statutory authorities</i>					
Airservices Australia—Report for 2005-06	<i>Airservices Act 1995</i> <i>CAC Act 1997</i>	29/08/06			06/11/06* (received 26/10/06)
Australian Maritime College—Report for 2005	<i>Maritime College Act 1978</i> <i>CAC Act 1997</i>	March 2006	26/04/06	26/04/06	13/06/06
Australian Maritime Safety Authority—Report for 2005-06	<i>Australian Maritime Safety Authority Act 1990</i> <i>CAC Act 1997</i>	29/09/06			06/11/06* (received 27/10/06)
Civil Aviation Safety Authority—Corporate Plan 2006-07 to 2008-09	<i>Civil Aviation Act 1988</i> <i>CAC Act 1997</i>	06/06/06	06/06/06	06/06/06	12/09/06
National Transport Commission—Report for 2005-06	<i>National Transport Commission Act 2003</i> <i>CAC Act 1997</i>	30/09/06			06/11/06* (received 26/10/06)

Companies					
Australian Rail Track Corporation Ltd—Statement of corporate intent 2006–07		n/a	26/05/06	24/07/06	12/09/06
Australian River Co. Limited—Report for 2004-05	<i>Corporations Act 2001</i> <i>CAC Act 1997</i>	n/a	27/04/06	28/04/06	13/06/06
Other					
International Air Services Commission—Report for 2005-06	<i>International Air Services Commission Act 1992 (ss53(1))</i>	01/09/06	22/09/06	22/09/06	11/10/06
<i>Local Government (Financial Assistance) Act 1995</i> —Report on the operation of the Act for 2004-05	<i>Local Government (Financial Assistance) Act 1995</i>	n/a	29/05/06	29/05/06	13/06/06
<i>Roads to Recovery Act 2000</i> —Roads to recovery Programme—Report on the operation of the Act for 2004–05	<i>Roads to Recovery Act 2000</i>	n/a	28/04/06	28/04/06	13/06/06
<i>Sydney Airport Demand Management Act 1997</i> —quarterly report on the maximum movement limit for the period 1 January to 31 March 2006	<i>Sydney Airport Demand Management Act 1997</i>	15/05/06	17/05/06	17/05/06	09/08/06
<i>Sydney Airport Demand Management Act 1997</i> —quarterly report on the maximum movement limit for the period 1 April to 30 June 2006	<i>Sydney Airport Demand Management Act 1997</i>	31/07/06	02/08/06	02/08/06	06/09/06

* An asterisk denotes reports presented to the President out-of-session.

Appendix 2

Reports tabled after 31 October 2006

Department of Agriculture, Fisheries and Forestry

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
<i>Statutory authorities</i>					
Australian Fisheries Management Authority—Report for 2005-06	<i>Fisheries Administration Act 1991 (s88)</i> <i>CAC Act 1997</i>	10/10/06	31/10/06	31/10/06	08/11/06
Australian Pesticides and Veterinary Medicines Authority—Report for 2005-06	<i>Agriculture and Veterinary Chemicals (Administration) Act 1992</i> <i>CAC Act 1997</i>	26/09/06	19/10/06	19/10/06	08/11/06
Cotton Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	09/10/06	31/10/06	31/10/06	07/11/06
Fisheries Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	13/10/06	31/10/06	31/10/06	07/11/06
Forest and Wood Products Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	15/08/06	25/10/06	25/10/06	07/11/06
Grains Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	13/10/06	27/10/06	27/10/06	07/11/06

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
Grape and Wine Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	04/09/06	24/10/06	24/10/06	07/11/06
Land and Water Resources Research and Development Corporation (Land and Water Australia) —Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	12/10/06	31/10/06	31/10/06	07/11/06
Rural Industries Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	30/09/06	31/10/06	31/10/06	07/11/06
Sugar Research and Development Corporation—Report for 2005-06	<i>Primary Industries and Energy Research and Development Act 1989</i> <i>CAC Act 1997</i>	28/09/06	19/10/06	19/10/06	07/11/06
Other					
Torres Strait Protected Zone Joint Authority—Report for 2003-04	<i>Torres Strait Fisheries Act 1984</i>	n/a			06/02/07* (received 22/12/06)
Torres Strait Protected Zone Joint Authority—Report for 2004-05	<i>Torres Strait Fisheries Act 1984 (s41)</i>	n/a			06/02/07* (received 22/12/06)

Department of Transport and Regional Services

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date
Statutory authorities					
Civil Aviation Safety Authority—Report for 2005-06	<i>Civil Aviation Act 1988</i> <i>CAC Act 1997</i>	31/10/06	27/10/06	27/10/06	07/11/06