

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 1992, 14 August 2006: with effect from 11 September 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 programs.

Requirements

1.4 The 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: *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 30 April each year by the tenth sitting day after 30 June of that year. In this instance, the relevant date is 12 September 2007. Committees are also required to report on annual reports tabled by 31 October each year by the tenth sitting day of the following year.

1.6 Annual reports which were tabled in the Senate or presented to the President between 1 November 2006 and 30 April 2007 are considered in this report. This includes annual reports submitted to the minister before 31 October 2006, but tabled subsequent to that date and therefore not considered as part of the committee's report, *Annual reports (No. 1 of 2007)*.

1.7 The committee examined 17 annual reports of agencies within the Agriculture, Fisheries and Forestry portfolio and four 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.

Reports not examined

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

- Dairy Australia: Delivering for the dairy industry—Report for 2005-06;
- *Australian Meat and Live-stock Industry Act 1997*—Report to Parliament on Live-stock Mortalities for Exports by Sea for the Reporting Period 1 July 2006 to 31 December 2006;
- *Dairy Produce Act 1986*—Funding contract with Dairy Australia Ltd—Report for 2005-06;
- Airservices Australia—National Equity and Diversity Program 2004-2007: Progress Report 2005-2006;
- Airservices Australia—Corporate Plan July 2006-June 2011;
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 July to 30 September 2006; and
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 October to 31 December 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 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.

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

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

1.11 As noted in the committee's report, *Annual reports (No. 1 of 2007)*, a significant number of annual reports were tabled in the Senate after the appropriate deadlines, and consequently will be examined in this report.⁴

1.12 The committee restates its concerns regarding the late presentation of reports, as noted in its report *Annual reports (No. 2 of 2006)*.⁵ All twelve agencies subject to the CAC Act examined in this report, failed to submit their annual reports to the minister by 15 October as required (with the exception of the Wheat Export Authority – see paragraph 1.13). The committee expects that all agencies subject to the CAC Act will ensure that upcoming annual reports meet the relevant deadlines.

1.13 The committee notes that as the Wheat Export Authority's (WEA) financial year ends on 30 September annually, it is not required to provide the minister with its annual report until 15 January the following year. However, the committee remains disappointed that the WEA fails to meet this deadline. The committee expects that future reports will comply with required timeframes.

1.14 The following reports were presented to the Senate out of session, and formally tabled on the next sitting day of the Senate, 6 February 2007:

- Torres Strait Protected Zone Joint Authority—Report for 2003-04;
- Torres Strait Protected Zone Joint Authority—Report for 2004-05; and
- Maritime Industry Finance Company Ltd—Report for 2005-06.

1.15 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:

- Torres Strait Protected Zone Joint Authority—Report for 2003-04; and
- Torres Strait Protected Zone Joint Authority—Report for 2004-05.

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.

1.16 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.⁶

4 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2007)*, p. 4.

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

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

Comments on reports

1.17 Under Standing Order 25(20)(a) the committee is required to scrutinise annual reports and inform the Senate as to whether they are 'apparently satisfactory'. To form this assessment the committee examines whether annual reports comply with the statutory reporting guidelines relevant to each particular report.

1.18 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. It is noted, however, that any divergence from these requirements is only minor in nature. The issues of most concern are discussed below.

Aids to Access: Indices

Alphabetical indices

1.19 Under subsection 8(2) of the Requirements for Annual Reports, all annual reports are required to incorporate aids to access, including alphabetical indices.⁷ The committee notes the importance of an alphabetical index in assisting readers to navigate annual reports. While some reports did include alphabetical indices, they were often quite brief and did not effectively aid readers. The committee again notes that the Forest and Wood Products Research and Development Corporation (FWPRDC) and the Grape and Wine Research and Development Corporation (GWRDC) would benefit from including alphabetical indices.

Compliance indices

1.20 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 facilitate the committee's task of ensuring adherence to reporting requirements, and also assist agencies to clearly demonstrate that all legislative obligations have been met.

1.21 The committee found that some compliance indices were more useful than others. Unfortunately, a number of the page references given in the compliance indices were either incorrect, or too broad to be useful. Moreover, many compliance indices were not comprehensive and did not address all reporting requirements. Consequently the committee found it difficult to ascertain if certain agencies reported on:

- whether any 'significant events' (as referred to in section 15 of the CAC Act) had taken place during the financial year;

7 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2005, pp 5 and 17.

- the occurrence of any significant changes to the authority's state of affairs or principal activities during the financial year;
- the existence of, and relevant information relating to, any subsidiaries; and
- developments since the end of the financial year which may affect the authority's operations (the committee notes that this information is usually contained in the notes to the financial statements but is often incorrectly referenced in indices).

If the above listed requirements are not applicable to the agency, a nil, n/a or "-" entry should be recorded in the compliance index, or an equivalent statement should be included in the annual report.

1.22 The committee commends those agencies which included compliance indices for each piece of legislation they are required to report under, and notes that the compliance indices of the Rural Industries Research and Development Corporation (RIRDC) and the Australian Fisheries Management Authority (AFMA) annual reports were exemplary. Further, the committee recognises that the recommended practice of including a nil, n/a or "-" entry where the body has nothing to report under an item has been adopted by a number of agencies, a most useful development.

1.23 The committee is disappointed that despite comments made in its report *Annual reports (No. 2 of 2006)*, the Dairy Adjustment Authority (DAA), the FWPRDC, the Murray-Darling Basin Commission, the Maritime Industry Finance Company Ltd (MIFCo) and the Australian Rail Track Corporation Limited (ARTC) again failed to include compliance indices in their annual reports. Consequently the committee found it difficult to determine whether these reports complied with a number of relevant requirements.⁸

Legislative requirements for Commonwealth authorities

1.24 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:⁹

- *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) section 516A;
- *Freedom of Information Act 1982* (FOI Act) subsection 8(1) ; and
- *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OH&S Act) section 74.

8 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, pp 5-6.

9 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, s. 17.

The committee encourages agencies to look carefully at the reporting requirements under these pieces of legislation when compiling upcoming reports.

1.25 The committee reminds agencies that they are required to report on *all* five requirements under subsection 516A(6) of the EPBC Act, as exemplified in the RIRDC and AFMA reports. The committee particularly notes that several agencies failed to include information required under paragraphs 516(6)(c) and (e) of the EPBC Act, and encourages agencies to address these requirements in more detail in the future.

1.26 The committee observed that several agencies did not adequately address all requirements under subsection 8(1) of the FOI Act. In particular, the committee observed that most bodies omitted to provide information on arrangements that exist for others to participate in the agencies' policy formulation processes. In this instance the AFMA and the Australian Pesticides and Veterinary Medicines Authority (APVMA) annual reports are exceptions, as both agencies comprehensively address all of the relevant obligations.

1.27 Omissions were again noted in most agencies' attempts to report against the OH&S Act, particularly regarding paragraph 74(1)(c). The committee considers that the Civil Aviation Safety Authority's (CASA) annual report provides a good example of how this requirement should be addressed.

Commonwealth Disability Strategy

1.28 The level of detail provided regarding compliance with the Commonwealth Disability Strategy varied greatly. The committee notes section 18 of the CAC Orders, 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.¹⁰ Agencies are consequently encouraged to apply this method of assessment in upcoming reports.

Consultancy contracts and competitive tendering and contracting

1.29 The committee notes 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.¹¹ The committee reminds agencies that the method of presentation for this information is specified quite explicitly in the Requirements for Annual Reports. While the majority of agencies did provide varying degrees of information on these matters, the information was often not consolidated and was difficult to locate. Consequently, the committee emphasises

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

11 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.

that as a matter of best practice, CAC Act bodies should comply with the Requirements for Annual Reports, and provide all relevant detail in accordance with the required proforma. Further, the committee suggests that all agencies list consultancy and contract services in the compliance index or at the very least in the alphabetical index of their annual reports.

1.30 Further comment regarding compliance with statutory reporting guidelines is included in Chapter 2, and relates to the annual reports of the following bodies:

- Australian Fisheries Management Authority (AFMA);
- Australian Pesticides and Veterinary Medicines Authority (APVMA);
- Civil Aviation Safety Authority (CASA);
- Cotton Research and Development Corporation (CRDC);
- Fisheries Research and Development Corporation (FRDC);
- Forest and Wood Products Research and Development Corporation (FWPRDC);
- Grains Research and Development Corporation (GRDC);
- Grape and Wine Research and Development Corporation (GWRDC);
- Land and Water Australia (LWA);
- Rural Industries Research and Development Corporation (RIRDC);
- Sugar Research and Development Corporation (SRDC);
- Wheat Export Authority (WEA);
- Australian Rail Track Corporation (ARTC);
- Maritime Industry Finance Company Ltd (MIFCo);
- Dairy Adjustment Authority (DAA); and
- National Capital Authority (NCA).

Senate remarks on annual reports

1.31 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.

1.32 While no substantive debate on annual reports within the committee's portfolios took place in the Senate, Senator O'Brien lodged a number of written Questions on Notice regarding CASA's *Annual Report 2005-06*.

Comment on significant matters

1.33 Finally, Senate Standing Order 25(20)(g) directs the committee to comment on significant matters raised in annual reports relating to the operations and

performance of reporting bodies. The committee has considered the annual reports of the following agencies in Chapter 2:

- Australian Fisheries Management Authority (AFMA); and
- Civil Aviation and Safety Authority (CASA).

