

Chapter 2

Annual Reports

2.1 The committee considered all of the following reports to be 'apparently satisfactory'. Comments are made to indicate where improved compliance with legislative reporting requirements is expected.

Commonwealth authorities

Australian Fisheries Management Authority

Comments

2.2 The committee reminds AFMA that certain details of directors must be provided in the annual report, including the qualifications of each director and whether the director is executive or non-executive.

2.3 The committee also notes that under paragraph 4(1)(d) of the CAC Orders, certification of the report must also include a statement that directors are responsible for the preparation and content of the report of operations under section 9 of the CAC Act. AFMA is encouraged to include such a statement in its letter of transmittal in future reports.

2.4 These are, however, very minor discrepancies, and the committee commends AFMA for its consistently outstanding reporting performance.

Operations and Performance

2.5 In November 2005 the Australian Government launched the \$220 million *Securing Our Fishing Future* package. As part of this initiative, on 16 December 2005, the Minister for Fisheries, Forestry and Conservation issued AFMA with a ministerial direction under section 91 of the *Fisheries Administration Act 1991*. The direction required AFMA to

...accelerate our programs aimed at ending overfishing, re-building overfished stocks and minimising fishing impacts on the marine environment in Commonwealth fisheries.¹

2.6 The committee notes that AFMA has comprehensively reported its progress in implementing the ministerial direction in an appendix to the report. Some of the key measures undertaken in response to the ministerial direction include:²

1 Australian Fisheries Management Authority, *Annual Report 05/06*, p. 6.

2 Australian Fisheries Management Authority, *Annual Report 05/06*, pp 4-30.

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- the completion of Ecological Risk Assessments for all major Commonwealth fisheries;
 - the development and preparation of a Harvest Strategy Framework across all Commonwealth fisheries. This will clearly state the rules and processes for the creation of management measures; and
 - the introduction or reduction of total allowable catches for a number of overfished stocks.

2.7 AFMA was also granted additional funding to continue its work combating illegal foreign fishing. This facilitated the opening of a new base for foreign compliance operations in Darwin, which will eventually house up to 50 staff.³

Australian Pesticides and Veterinary Medicines Authority

2.8 The committee observes that in its enabling legislation, APVMA is defined as a statutory agency for the purposes of the *Public Service Act 1999*. Consequently, under section 311A of the *Commonwealth Electoral Act 1918*, APVMA is required to report on any amounts paid to any advertising, market research, or any related agencies during the financial year. The committee reminds APVMA that if it has nothing to report against this requirement, it should clearly indicate this with a nil entry.

Civil Aviation Safety Authority

Comments

2.9 The committee notes that in addition to the obligation to report any ministerial directions issued to the authority under paragraph 12(1)(a) of the CAC Orders and sections 12 and 49 of the *Civil Aviation Act 1988*, CASA is also required to report on any general policies of the government notified by the minister under paragraph 12(1)(b) of the CAC Orders. The committee encourages CASA to report on this requirement in future reports, and reminds CASA that if it has nothing to report against this obligation, this should be indicated by a nil entry.

2.10 The committee considers this a minor divergence from the reporting requirements and commends CASA on an otherwise exemplary annual report.

Operations and Performance

2.11 CASA underwent significant change during 2005-2006, with the implementation of a new organisational structure on 1 July 2005, in order to align CASA more closely with the operations of the aviation industry. Consequently, a

3 Australian Fisheries Management Authority, *Annual Report 05/06*, pp 4-8.

number of changes in senior management also took place. The restructure included the relocation of operational headquarters to Brisbane.⁴

2.12 CASA continued to implement structural change during the financial year, with the creation of the following new offices:

- Industry Complaints Commissioner. This office was established in February 2006 in an effort to ensure consistency of regulatory decision making and reduce the trend of industry complaints.⁵
- Planning and Governance Office. Established in November 2005 to consolidate strategic roles within CASA and to facilitate effective coordination of working groups.⁶

2.13 On 1 January 2006, CASA introduced the first phase of its cost-recovery program, which will be implemented over three years to bring CASA in line with the Australian Government's formal cost-recovery policy. The fee structure is designed to charge realistic fees which reflect the costs incurred by CASA and will result in a sustainable funding model for the authority. CASA notes that in response to feedback regarding the new fee structure, certain reforms will be implemented in Phase 2, which was due to be implemented from 1 July 2007.⁷

Cotton Research and Development Corporation

2.14 The committee compliments the CRDC on a generally well constructed report. The committee particularly appreciated the CRDC's clear and readily understandable method of recording its performance against objectives. In addition, the CRDC addressed factors, trends or events affecting their performance, risks and opportunities the authority faced, and the strategies adopted to manage these, very well.

Fisheries Research and Development Corporation

2.15 The committee encountered some difficulty in ascertaining the FRDC's compliance with various obligations under its enabling legislation and the CAC Orders, as a number of reporting requirements were not included in either the compliance or alphabetical indices. In particular, the committee found it difficult to determine if the FRDC had addressed reporting requirements under its enabling legislation, the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act), regarding its activities involving patents and details of any significant

4 Civil Aviation Safety Authority, *Annual Report 2005-06*, pp 6 and 55.

5 Civil Aviation Safety Authority, *Annual Report 2005-06*, pp 48 and 55.

6 Civil Aviation Safety Authority, *Annual Report 2005-06*, pp 47 and 55.

7 Civil Aviation Safety Authority, *Annual Report 2005-06*, p. 99.

acquisitions or dispositions of real property by the FRDC during the financial year.⁸ The committee encourages the FRDC to include a more comprehensive compliance index in upcoming reports.

2.16 The committee also notes that readers of the annual report are again referred to the FRDC's website for details relating to the responsibilities of the FRDC's board committees. The committee encourages the FRDC to include this information in the body of its report in the future, as required under section 15 of the CAC Orders.

Forest and Wood Products Research and Development Corporation

2.17 The committee is disappointed that despite comments in its report *Annual reports (No. 2 of 2006)*, the FWPRDC has again failed to include a compliance index or an alphabetical index.⁹ The committee calls the FWPRDC's attention to subsection 6(1) of the CAC Orders which quite clearly states that reports 'must be constructed having regard to the interests of users', and expects that the FWPRDC will include appropriate aids to access in upcoming annual reports.

2.18 Due to the absence of any form of index, the committee found it considerably difficult to assess whether the FWPRDC had satisfied its reporting requirements under both the CAC Orders and its enabling legislation, the PIERD Act. In particular, the committee was unable to locate information in FWPRDC's annual report regarding any significant acquisitions or dispositions of real property during the financial year, or details of any interest it holds in companies, information which the FWPRDC is required to include in its annual report under the PIERD Act.¹⁰

Grains Research and Development Corporation

2.19 The committee is pleased to note that the GRDC has included a corporate governance statement in the body of its *Annual Report 2005-2006*, as recommended in the committee's report *Annual reports (No. 2 of 2006)*.¹¹

2.20 However, the committee observes that readers are still referred to the GRDC website for details regarding FOI Act reporting obligations. The committee reminds the GRDC that information required under subsection 8(1) of the FOI Act must be included in the body of GRDC's annual report, and expects that the GRDC will comply with this requirement in future reports.

8 *Primary Industries and Energy Research and Development Act 1989*, subpara. 28(1)(a)(v) and (viii).

9 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, September 2006, p. 12.

10 *Primary Industries and Energy Research and Development Act 1989*, subpara. 28(1)(a)(vii)-(viii).

11 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, September 2006, p. 12.

Grape and Wine Research and Development Corporation

2.21 The committee again noticed that the compliance index in this report was not comprehensive, and due to the absence of an alphabetical index, the committee encountered some difficulty in ascertaining whether the GWRDC had complied with all relevant statutory reporting requirements.

2.22 The committee notes that while a page reference regarding judicial decisions and reviews by outside bodies was included in the compliance index, no information relating to these matters could be identified in the body of the report.

2.23 The committee is disappointed that despite concerns raised in the report *Annual reports (No. 2 of 2006)*, the GWRDC has not attempted to demonstrate its compliance with sections of the PIERD Act requiring information on the GWRDC's activities involving patents or any interest it may hold in companies.¹²

Land and Water Australia

2.24 The committee noted with some interest that entries in the LWA's compliance index refer to a table which sets out the authority's compliance with government statutes and policies. While this table is useful, it does not detail the activities the LWA has undertaken to adhere to the relevant legislation. The committee reminds the LWA that in its annual report, the authority is required to record activities which demonstrate its compliance with legislative requirements. It is not satisfactory to simply state that the authority is compliant. The committee notes that the relevant information is included in the body of the report, but is not referenced in the compliance or alphabetical indices. The committee suggests that the LWA references legislative requirements appropriately in future reports.

2.25 The committee notes that the LWA records its achievements against outputs well, but considers that the LWA annual report would benefit from a chart which clearly defines and links statutory objectives, annual operational plan or corporate plan objectives, research and development objectives and outputs/outcomes.

Rural Industries Research and Development Corporation

2.26 The committee recognises the RIRDC's exemplary method of reporting against its corporate plan, and further commends the authority for certifying its compliance with the Commonwealth Fraud Control Guidelines.

2.27 The committee notes with interest that readers of the RIRDC annual report are referred to the authority's Employment Policy for details pertaining to RIRDC's compliance with OH&S Act requirements. The RIRDC is reminded that under

12 Senate Rural and Regional Affairs and Transport Committee, *Annual Reports (No. 2 of 2006)*, September 2006, p. 13; *Primary Industries and Energy Research and Development Act 1989*, subpara. 28(1)(a)(vi)-(vii).

section 17 of the CAC Orders, and section 74 of the OH&S Act, the RIRDC is required to include this information in its annual report.

Sugar Research and Development Corporation

2.28 The committee suggests that in future reports, the SRDC record attendance at board meetings and attendance at board committee meetings separately, as the attendance of board committee members who are not directors of the board, is not recorded in the table currently provided.

Wheat Export Authority

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

2.30 The committee appreciates the WEA's method of tabulating results against outputs in a manner which is very easy to comprehend, and commends the WEA for clearly and specifically measuring the efficiency and effectiveness of the operations and strategies employed to achieve its outputs.

2.31 The committee found that while the WEA provided useful information on how the authority is responsible to the minister, no statement regarding any specific directions issued by the minister was apparent in the annual report. The WEA is reminded that under section 12 of the CAC Orders, it is required to include this information in its report. If the WEA has nothing to report under this requirement this should be indicated with a nil entry.

2.32 The committee also notes that in the WEA's letter of transmittal, the statement that directors are responsible for the preparation and content of the report of operations, is made under section 48 of the CAC Act as opposed to section 9 as required under paragraph 4(1)(d) of the CAC Orders.

Commonwealth companies

Australian Rail Track Corporation

2.33 The committee restates that it considers the ARTC annual report would benefit from a more comprehensive alphabetical index. The inclusion of a compliance index would also be useful.

2.34 The committee is disappointed that despite comments made in its report *Annual reports (No. 2 of 2006)*, the ARTC again omitted to include information in its annual report regarding any events since the end of the financial year which may affect the corporation's operations, or regarding any legal proceedings on behalf of the

company.¹³ The ARTC is reminded that it is obliged to report on this information under the *Corporations Act 2001*.¹⁴

2.35 The ARTC's attention is again drawn to the document *Printing standards for documents presented to Parliament*, which quite explicitly states that all documents that are to be presented to Parliament must be printed in international B5 size.¹⁵ The ARTC's *Annual Report 2006* was again an A4 size document. It is the committee's expectation that the ARTC will apply these printing standards when producing upcoming reports.

Maritime Industry Finance Company Limited

2.36 The committee notes that MIFCo again failed to specifically report on any environmental reporting requirements it is subject to, or any legal proceedings on behalf of the company, despite the fact that this information is required under the *Corporations Act 2001*.¹⁶ MIFCo is reminded that if these requirements do not apply to their operations, this should be indicated in the report.

Prescribed agencies

Dairy Adjustment Authority

2.37 The committee reaffirms its consideration that the DAA annual report would benefit from a compliance index and a more comprehensive alphabetical index.

2.38 The committee is disappointed that despite comments made in its report *Annual reports (No. 2 of 2006)*, the DAA has not fully demonstrated its compliance with the Requirements for Annual Reports. In particular, the committee is concerned that the DAA has again failed to provide a summary table of resources by outcomes, and has not presented information regarding consultancies in accordance with the mandatory proforma. As a prescribed agency under the FMA Act, the DAA is subject to the Requirements for Annual Reports, and the checklist provided in Attachment F to those requirements. The committee expects that the DAA will carefully consider and incorporate these requirements when compiling upcoming reports.

2.39 The committee commends the DAA for appropriately certifying its compliance with the Commonwealth Fraud Control Guidelines.

13 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, September 2006, p. 14.

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

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

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

National Capital Authority

2.40 The committee compliments the NCA on its consistently high reporting standard. The outcome/output structure was again presented in an easily comprehensible manner, and performance indicators were clearly tabulated. The NCA's reporting against a number of statutory guidelines under the Requirements for Annual Reports is exemplary, including its presentation of information on: total resources used by outcomes, consultancy and contract services let, and amounts paid to advertising, market research, or related agencies during the financial year.

2.41 The committee is disappointed however, that notwithstanding comments made in the committee's report *Annual reports (No. 2 of 2006)*, the NCA did not discuss its performance against its Customer Service Charter and did not appear to include any certification of its compliance with the Commonwealth Fraud Control Guidelines.¹⁷ These are both mandatory reporting obligations under the Requirements for Annual Reports, and the committee expects that the NCA will address these requirements in upcoming annual reports.¹⁸

2.42 The committee is particularly pleased to note that the NCA has included a reference for discretionary grants in its compliance index as recommended in the report *Annual reports (No. 2 of 2006)*.¹⁹ However, a number of legislative obligations as listed in Attachment F to the Requirements for Annual Reports were still not included in the compliance index. The committee encourages the NCA to take this checklist into consideration when compiling its alphabetical and compliance indices in the future.

Senator the Hon. Bill Heffernan
Chair

17 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, September 2006, p. 15.

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

19 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, September 2006, p. 15.