

## Chapter 2

### Annual Reports

2.1 The committee considered all of the following reports to be 'apparently satisfactory'.

#### **Agriculture, Fisheries and Forestry portfolio**

##### **Commonwealth authorities**

###### *Australian Fisheries Management Authority*

2.2 The committee considers that AFMA has provided a comprehensive review of its performance for 2006-07. AFMA's reporting on factors, events or trends influencing performance, significant changes occurring during the year, and under the EPBC and FOI Acts was particularly thorough. The report also included detailed and useful compliance and alphabetic indexes.

2.3 Once again, AFMA has reported to a high standard on its progress in implementing the December 2005 Ministerial Direction to AFMA to end overfishing.<sup>1</sup>

2.4 The committee notes AFMA's reporting on the following significant changes in its state of affairs or principal activities:

- In October 2006 the government announced that the governance arrangements for AFMA will change from 1 July 2008. AFMA will become an independent commission under the *Financial Management and Accountability Act 1997* (FMA Act) within the Agriculture, Fisheries and Forestry portfolio. This decision arose out of the Review of the Corporate Governance of Statutory Authorities and Office Holders (the Uhrig Review);<sup>2</sup>
- As part of the *Securing our Fishing Future* package, AFMA received a levy subsidy of \$7 million for 2006–07. The subsidy has been provided over three years and will reduce to \$5 million in 2007–08 and \$3 million in 2008–09;
- During the year, responsibility for the operation of the Horn Island Transitory Accommodation Facility was transferred to the Australian Customs Service; and
- AFMA relocated to new premises in Canberra.<sup>3</sup>

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1 Australian Fisheries Management Authority, *Annual Report 2006-07*, pp 212–219. See also pp 12–14.

2 Australian Fisheries Management Authority, *Annual Report 2006-07*, pp 10, 158 and 172.

3 Australian Fisheries Management Authority, *Annual Report 2006-07*, p. 172.

2.5 The committee notes that AFMA had a significant variation between its final expenditure on outputs against the estimates in the Portfolio Budget Statements for 2006–07. The budget estimate was \$62.078 million<sup>4</sup> but actual expenditure amounted to \$50.234 million.<sup>5</sup> AFMA explained that it returned around \$7.3 million to the government for unspent funding on foreign compliance activities, primarily due to fewer apprehensions of illegal foreign fishing vessels than expected.<sup>6</sup>

2.6 The committee reminds AFMA that under paragraph 4(1)(d) of the CAC Orders, certification of its 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.

2.7 The committee notes that the name of the responsible minister at the time of the report was indicated, however, he took over from 27 January 2006.<sup>7</sup> The committee draws attention to paragraph 8 (b) of the CAC Orders, which states that the report must specify the name of the responsible minister at the date of the report and the names of any other responsible ministers during the period covered by the report.

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

### ***Cotton Research and Development Corporation***

2.9 The committee found the CRDC's report to be clear, concise and well presented. The compliance index was accurate and detailed enough to be useful, with separate sections for compliance under the CAC Act and the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act). It also included a nil entry when the CRDC had nothing to report under an item. CRDC's reporting on performance against objectives was particularly clear and easy to follow.

2.10 The committee notes that the CRDC has provided a list of consultancies with a description of services but no information about contract prices. The CRDC included the total cost of consultancies but stated 'it is Corporation policy not to disclose amounts paid to individual consultants due to privacy and confidentiality arrangements'.<sup>8</sup>

2.11 The committee observes that CRDC's enabling legislation, the PIERD Act, was amended during 2006–07 in response to the Uhrig Review. The changes, intended to enhance governance of Rural Research and Development (R&D) Corporations,

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4 *Portfolio Budget Statements 2006–07, Agriculture, Fisheries and Forestry Portfolio*, p. 110.

5 Australian Fisheries Management Authority, *Annual Report 2006-07*, p. 30.

6 Australian Fisheries Management Authority, *Annual Report 2006-07*, pp 31 and 172.

7 Australian Fisheries Management Authority, *Annual Report 2006-07*, p. 19.

8 Cotton Research and Development Corporation, *Annual Report 2006-07*, p. 85.

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include the abolition of the position of Government Director on the CRDC's Board and consultation with the Minister in preparing or varying a research and development plan.<sup>9</sup> In March 2007, CRDC received the initial statement of expectations from the government, as required following the Uhrig Review, to which CRDC responded with a statement of intent.<sup>10</sup>

2.12 The committee notes that the CRDC had a significant variation between its final expenditure on outputs against the estimates in the Portfolio Budget Statements for 2006–07. The budget estimate was \$14.16 million<sup>11</sup> but actual expenditure amounted to \$11.887 million.<sup>12</sup> The CRDC explained that this arose primarily from the CSIRO's decision not to take up funding that had been allocated for the core cotton breeding program. In addition, the recruitment of six new regional Extension Officers was delayed and CRDC's contribution to the National Program for Sustainable Irrigation was met with carry-over money from the previous year.<sup>13</sup>

2.13 The committee commends the CRDC on a generally well constructed report.

### ***Land and Water Australia***

2.14 While LWA included a compliance index in its report, with separate sections for compliance under the CAC Act, the CAC Orders and its enabling legislation, the PIERD Act, it was not comprehensive or easy to follow. Some items were not addressed in the index, others were located in two places in the text but only referenced in the index once, or had different references in the compliance and alphabetical indexes. Consequently the committee found it difficult to determine if LWA had addressed some of its reporting requirements. The committee encourages LWA to more closely align its compliance index with the reporting requirements as set out in the above pieces of legislation.

2.15 The committee notes that during 2006–07, LWA's enabling legislation, the PIERD Act, was amended in response to the Uhrig Review. This resulted in the creation of a new accountability and reporting requirement and the discontinuation of the position of Government Director on the LWA Board.<sup>14</sup> In March 2007, LWA received the initial statement of expectations from the government, as required following the Uhrig Review, to which LWA responded with a statement of intent.<sup>15</sup>

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9 Cotton Research and Development Corporation, *Annual Report 2006-07*, p. 81.

10 Cotton Research and Development Corporation, *Annual Report 2006-07*, pp 23 and 83.

11 *Portfolio Budget Statements 2006–07, Agriculture, Fisheries and Forestry Portfolio*, p. 187.

12 Cotton Research and Development Corporation, *Annual Report 2006-07*, pp 14 and 113.

13 Cotton Research and Development Corporation, *Annual Report 2006-07*, pp 1 and 87.

14 Land and Water Australia, *Annual Report 2006–07*, p. 8.

15 Land and Water Australia, *Annual Report 2006–07*, p. 38.

2.16 The committee notes that a new development for LWA is leading the National Climate Change Research Strategy for Primary Industries (CCRSPI) on behalf of a consortium of Federal, State and Territory Governments, the Rural Research and Development Corporations and the CSIRO.<sup>16</sup> The committee notes that its Phase 1 Report was released in July 2008.<sup>17</sup>

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

2.17 The committee found the compliance index in the SRDC's report to be adequate for assessing compliance under the CAC Act, even though it was missing some items. The committee had some difficulty, however, in determining if the SRDC had addressed reporting requirements under its enabling legislation, the PIERD Act, particularly regarding its activities involving patents, companies in which it has an interest, and details of any significant acquisitions or dispositions of real property by the SRDC during the financial year.<sup>18</sup> The committee encourages the SRDC to include a more comprehensive compliance index in upcoming reports, with separate sections for compliance under the CAC Act and the PIERD Act.

2.18 The committee notes a variation between the final expenditure on outputs against the estimates in the Portfolio Budget Statements for 2006–07. The budget estimate was \$11.981 million<sup>19</sup> but actual expenditure amounted to \$10.724 million.<sup>20</sup> The SRDC explained that expenditure on both R&D projects and operations was lower than forecast, largely due to delayed commencement of some new projects.<sup>21</sup>

## **Infrastructure, Transport, Regional Development and Local Government portfolio**

### **Commonwealth authorities**

#### ***Airservices Australia***

2.19 While Airservices Australia submitted its annual report to the minister by 15 October, as required under the CAC Act, the report was not tabled in the Senate until 11 March 2008. The committee notes this considerable delay, even allowing for the election period.

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16 Land and Water Australia, *Annual Report 2006–07*, p. 8.

17 Land and Water Australia website: <http://products.lwa.gov.au/products/pn21393> (accessed 29 October 2008).

18 *Primary Industries and Energy Research and Development Act 1989*, 28(1)(a)(v), (vi), (vii) and (viii).

19 *Portfolio Budget Statements 2006–07, Agriculture, Fisheries and Forestry Portfolio*, p. 317.

20 Sugar Research and Development Corporation, *Annual Report 2006–07*, p. 15.

21 Sugar Research and Development Corporation, *Annual Report 2006–07*, p. 15.

2.20 As mentioned in the committee's *Annual Reports (No. 1 of 2007)*, the compliance index in this report was not comprehensive. The committee again found it difficult to ascertain whether Airservices Australia had adequately reported against section 15 of the CAC. The committee encourages Airservices Australia to include a more comprehensive compliance index in upcoming reports.

2.21 The committee notes the successful transfer of regulatory functions from Airservices Australia to the Civil Aviation Safety Authority (CASA) on 1 July 2007. Airservices Australia reported that this has removed the last vestige of airspace regulation from the organisation, allowing them to give a dedicated focus to their core business of air traffic management.<sup>22</sup>

### ***Civil Aviation Safety Authority***

2.22 The committee considers that CASA has fulfilled its reporting requirements to a high standard. The committee commends CASA for certifying its compliance with the Commonwealth Fraud Control Guidelines in the prescribed manner, as outlined in paragraphs 1.33 and 1.34. In addition, CASA's reporting under the FOI, OH&S and Commonwealth Electoral Acts was particularly thorough.

2.23 The committee notes that this report was sent to the Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Anthony Albanese MP, on 20 December 2007, some two months after it was due. In CASA's transmittal letter it states that 'this report was presented to the (then) Minister for Transport and Regional Services, the Hon Mark Vaile MP, on 12 October 2007. Due to the caretaker period no further action was taken at that time to approve the report for tabling'.<sup>23</sup>

2.24 The committee observes that CASA's transmittal letter has been reduced to less than half its usual size. This has resulted in very small print that is difficult to read. Given the important information contained in the transmittal letter, the committee encourages CASA to reproduce a full page document in future reports.

2.25 In a previous report the committee noted that CASA had implemented significant structural change since 2005.<sup>24</sup> The committee notes that in 2006–07 the Office of Airspace Regulation was established, paving the way for the transfer of responsibility for regulation of airspace from Airservices Australia to CASA from 1 July 2007.<sup>25</sup> CASA's new power to regulate and administer Australia's airspace is

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22 Airservices Australia, *Annual Report 2006–07*, pp 3 and 10.

23 Civil Aviation Safety Authority, *Annual Report 2006–07*, transmittal letter, p. ii.

24 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 2 of 2007)*, September 2007, pp 12–13.

25 Civil Aviation Safety Authority, *Annual Report 2006–07*, pp 4 and 5.

contained in the *Airspace Act 2007* and *Airspace (Consequential and Other Measures) Act 2007*.<sup>26</sup>

2.26 CASA reported that it continues to place high priority on the regulation and surveillance of aircraft maintenance regimes. A major step during the year was the amendment of the Civil Aviation Orders as a transitional measure pending the development and implementation of a new suite of aviation maintenance regulations. The new regulations will harmonise with European Aviation Safety Agency regulations and will reflect their essential features.<sup>27</sup>

2.27 The committee notes that, in response to the Uhrig Review, it is expected that CASA will become an agency administered under the FMA Act instead of the CAC Act from 1 July 2008.<sup>28</sup>

### ***National Transport Commission***

2.28 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 relating to annual reporting requirements. 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 committee is concerned that the NTC has once again failed to address the majority of requirements under the CAC Orders. The committee encourages the NTC to ensure that its upcoming annual report satisfies all of its legislative obligations.

2.29 The committee is disappointed that despite comments in its previous reports the NTC has again failed to include a compliance index or an alphabetical index.<sup>29</sup> The committee calls the NTC's attention to subsection 6(1) of the CAC Orders which clearly states that reports 'must be constructed having regard to the interests of users', and expects that the NTC will include appropriate aids to access in future.

2.30 The NTC's attention is again drawn to the document *Printing standards for documents presented to Parliament*, which quite clearly states that all documents to be presented to Parliament must be printed in international B5 size.<sup>30</sup> The NTC's *Annual Report 2007* was again an A4 size document. It is the committee's expectation that the NTC will apply these printing standards when producing upcoming reports.

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26 Civil Aviation Safety Authority, *Annual Report 2006–07*, p. 16.

27 Civil Aviation Safety Authority, *Annual Report 2006–07*, p. 4.

28 Civil Aviation Safety Authority, *Annual Report 2006–07*, p. 13.

29 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; and *Annual reports (No. 1 of 2007)*, p. 6.

30 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).

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## Commonwealth companies

### *Australian Rail Track Corporation*

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

2.32 The committee is disappointed that despite comments made in its previous reports, the ARTC has again omitted to include information in its annual report on the following:

- any events since the end of the financial year which may affect the corporation's operations; and
- any legal proceedings on behalf of the company.<sup>31</sup>

2.33 In addition, the committee was unable to locate any information in the ARTC's report about dividends or distributions paid during the year. The ARTC is reminded that it is obliged to report on the above information under the *Corporations Act 2001*.<sup>32</sup>

2.34 The ARTC's attention is again drawn to the document *Printing standards for documents presented to Parliament*, which quite clearly states that all documents to be presented to Parliament must be printed in international B5 size.<sup>33</sup> The ARTC's *Annual Report 2007* was again an A4 size document. It is the committee's expectation that the ARTC will apply these printing standards when producing upcoming reports.

**Senator Glenn Sterle**  
**Chair**

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31 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, p. 14; and *Annual reports (No. 2 of 2007)*, pp 16–17.

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

33 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) .