

The Senate

Standing Committee on
Rural and Regional Affairs
and Transport

Annual reports (No. 2 of 2008)

November 2008

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Table of Contents

Membership of the Committee	iii
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List of Abbreviations	vii
------------------------------------	------------

Chapter 1

Overview	1
Terms of reference.....	1
Purpose of annual reports	2
Requirements	2
Reports referred to the committee	2
Reports not examined.....	3
Timeliness.....	4
Comments on reports.....	5
Senate remarks on annual reports.....	10
Comment on significant matters.....	10

Chapter 2

Annual Reports	11
Agriculture, Fisheries and Forestry portfolio	11
Infrastructure, Transport, Regional Development and Local Government portfolio	14

Appendix 1

List of annual reports referred to the committee during the period 1 November 2007 to 30 April 2008.....	19
Agriculture, Fisheries and Forestry portfolio	19
Infrastructure, Transport, Regional Development and Local Government portfolio	22

List of Abbreviations

AFMA	Australian Fisheries Management Authority
ARTC	Australian Rail Track Corporation
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
CAC Orders	<i>Commonwealth Authorities and Companies (Report of Operations) Orders 2005</i>
CASA	Civil Aviation Safety Authority
CEOs	Chief Executive Officers
CRDC	Cotton Research and Development Corporation
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI Act	<i>Freedom of Information Act 1982</i>
LWA	Land and Water Australia
NTC	National Transport Commission
OH&S Act	<i>Occupational Health & Safety (Commonwealth Employment) Act 1991</i>
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PIERD Act	<i>Primary Industries and Energy Research and Development Act 1989</i>
R&D	Research and Development
Requirements for Annual Reports	<i>Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies</i>
SRDC	Sugar Research and Development Corporation
Uhrig review	<i>Review of the corporate governance of statutory authorities and office holders</i>
WEA	Wheat Export Authority

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
- Infrastructure, Transport, Regional Development and Local Government.

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 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 2007 and approved by the Joint Committee of Public Accounts and Audit on 13 June 2007;
- 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 the committee 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 was 17 September 2008. On that date, the committee sought and obtained an extension of time to report until 13 November 2008. The committee is 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 of the Senate between 1 November 2007 and 30 April 2008 are considered in this report. This includes annual reports submitted to the minister before 31 October 2007, but tabled subsequent to that date and therefore not considered as part of the committee's report *Annual reports (No. 1 of 2008)*.

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

within the Infrastructure, Transport, Regional Development and Local Government portfolio, as follows:

- Australian Fisheries Management Authority;
- Cotton Research and Development Corporation;
- Land and Water Australia;
- Sugar Research and Development Corporation;
- Airservices Australia;
- Civil Aviation Safety Authority;
- National Transport Commission;
- Australian Rail Track Corporation; and
- International Air Services Commission.

1.8 A complete list of reports referred to the committee (including those not examined) appears at Appendix 1.

Reports not examined

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

- *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 to 31 December 2007;
- Regional Forest Agreement for the Southern Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Southern Region – Annual report 2002-03;
- Regional Forest Agreement for the Southern Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Southern Region – Annual report 2003-04;
- Regional Forest Agreement for the North East Region of New South Wales (Upper North East and Lower North East Regions) – Progress on the implementation of the Regional Forest Agreement for the North East Region – Annual report 2002-03;
- Regional Forest Agreement for the North East Region of New South Wales (Upper North East and Lower North East Regions) – Progress on the implementation of the Regional Forest Agreement for the North East Region – Annual report 2003-04;
- Regional Forest Agreement for the Eden Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Eden Region – Annual report 2002-03;

- Regional Forest Agreement for the Eden Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Eden Region – Annual report 2003-04; and
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 July to 30 September 2007.

Timeliness

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

1.11 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.

1.12 As noted in the committee's report, *Annual reports (No. 1 of 2008)*, a number of annual reports were tabled in the Senate after the appropriate deadlines, and consequently will be examined in this report.⁴

1.13 The committee notes that due to the election period, eight out of the nine reports examined were presented to the Senate out of session after 31 October 2007, and formally tabled on the next sitting day of the Senate, 12 February 2008. The remaining report was tabled in the Senate on 11 March 2008. These reports are identified in Appendix 1.

1.14 The committee is concerned that six out of seven agencies reporting under the CAC Act failed to submit their annual reports to the minister by 15 October as required. The committee expects that all agencies subject to the CAC act will ensure that upcoming annual reports meet the relevant deadlines.

1.15 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. The committee has noted on previous occasions the failure of the WEA to meet its annual reporting deadline.⁵ The

2 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2007, p. 2.

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

4 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 1 of 2008)*, March 2008, p. 4.

5 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, p. 4; and *Annual reports (No. 2 of 2007)*, p. 4.

committee is disappointed that the WEA has once again failed to meet this deadline. As the WEA's report was not tabled until 13 May 2008 it will be examined in the committee's next report on annual reports.

1.16 While the committee is not required to consider reports on the implementation or operation of Acts or programmes, the committee notes a very significant delay in the tabling of the following reports:

- Regional Forest Agreement for the Southern Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Southern Region – Annual report 2002-03;
- Regional Forest Agreement for the Southern Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Southern Region – Annual report 2003-04;
- Regional Forest Agreement for the North East Region of New South Wales (Upper North East and Lower North East Regions) – Progress on the implementation of the Regional Forest Agreement for the North East Region – Annual report 2002-03;
- Regional Forest Agreement for the North East Region of New South Wales (Upper North East and Lower North East Regions) – Progress on the implementation of the Regional Forest Agreement for the North East Region – Annual report 2003-04;
- Regional Forest Agreement for the Eden Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Eden Region – Annual report 2002-03; and
- Regional Forest Agreement for the Eden Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Eden Region – Annual report 2003-04.

1.17 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

Comments on reports

1.18 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.

⁶ Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2007, p. 2.

1.19 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: Indexes

Alphabetical indexes

1.20 Under subsection 8(2) of the Requirements for Annual Reports, all annual reports are required to incorporate aids to access, including alphabetical indexes.⁷ The committee notes the importance of an alphabetical index in assisting readers to navigate annual reports. While most reports did include alphabetical indexes, some were quite brief and did not effectively aid readers. The committee again notes that the National Transport Commission (NTC) would benefit from including an alphabetical index.

Compliance indexes

1.21 As mentioned in the committee's previous reports on annual reports, although compliance indexes are no longer mandatory, the committee recommends their inclusion in annual reports.⁸ Compliance indexes 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.

1.22 The committee found that some compliance indexes were more useful than others. Unfortunately, many compliance indexes did not address all of the reporting requirements and in some cases, the page references given in the compliance indexes were incorrect or too broad to be useful.

1.23 The committee commends those agencies which included compliance indexes for each piece of legislation they are required to report under, and notes that the compliance indexes of the Australian Fisheries Management Authority (AFMA) and the Cotton Research and Development Corporation (CRDC) annual reports were exemplary. Further, the committee is pleased that a number of agencies have now adopted the recommended practice of including a nil, n/a or "-" entry where the body has nothing to report under an item.

1.24 The committee is disappointed that despite comments made in its previous reports, the Australian Rail Track Corporation Limited (ARTC) and the NTC again

7 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2007, pp 5 and 17.

8 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; *(No. 2 of 2006)*, p. 5; *(No. 1 of 2007)*, p. 5; *(No. 2 of 2007)*, p. 5; and *(No. 1 of 2008)*, p. 5.

failed to include compliance indexes in their annual reports.⁹ Consequently the committee found it difficult to determine whether these reports complied with a number of relevant requirements.

Report on performance

1.25 The committee considers that most annual reports would benefit from an explanation (textual or visual) which clearly defines and links, where applicable, statutory objectives, annual operational plan or corporate plan objectives, research and development objectives and outputs/outcomes. This would assist in demonstrating how agencies have performed in relation to each of these requirements, as required under the *Commonwealth Authorities and Companies (Report of Operations) Orders 2005* (CAC Orders), and whether they have achieved their objectives.¹⁰

Legislative requirements for Commonwealth authorities

1.26 The committee draws attention to section 17 of the CAC Orders which notes that the annual reports of Commonwealth authorities must include certain matters required by the relevant sections of the following legislation:¹¹

- *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.

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

1.27 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 AFMA report. 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.

1.28 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 a number of bodies omitted to provide information on arrangements that exist for others to participate in the agency's policy formulation processes. AFMA and

9 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; *(No. 2 of 2006)*, p. 5; *(No. 1 of 2007)*, p. 6; and *(No. 2 of 2007)*, p. 6.

10 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, para. 10(1)(a).

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

the Civil Aviation Safety Authority (CASA) both addressed this requirement comprehensively.

1.29 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 CASA annual report provides a good example of how this requirement should be addressed.

Commonwealth Disability Strategy

1.30 Under section 18 of the CAC Orders, an assessment of an authority's performance in implementing the Commonwealth Disability Strategy (the Strategy) must be provided in accordance with the terms set out in the Guide to the Performance Reporting Framework.¹² The committee again observed significant variation in the level of detail provided regarding compliance with the Strategy. The committee strongly encourages agencies to assess compliance in accordance with the recommended guide in future reports.

Consultancy contracts and competitive tendering and contracting

1.31 The committee notes that under the Requirements for Annual Reports, agencies are required to provide information about consultancy contracts and any competitive tendering and contracting undertaken.¹³ The committee reminds agencies that the method of presentation for this information is specified in detail in the Requirements for Annual Reports. While a majority of agencies provided some basic information about consultancies, most of it was not in the required format and did not provide an adequate level of detail. In several annual reports, however, the committee was unable to locate any information about consultancies.

1.32 Consequently, the committee emphasises 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.

Fraud Control Certification

1.33 While most agencies provided varying degrees of information about their fraud control plans, the committee draws attention to the *Commonwealth Fraud Control Guidelines 2002*. Under these guidelines:

12 *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>.

13 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2007, pp 11–13 and 26–29.

CEOs of agencies covered by the Commonwealth Fraud Control Guidelines are to certify to their Minister or Presiding Officer in their agency's annual report that they are satisfied that their agency has prepared fraud risk assessments and fraud control plans, and has in place appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the agency and comply with the Guidelines.¹⁴

1.34 The committee encourages agency heads to make a specific certification in keeping with the guidelines. The committee highlights the CASA annual report as an example of how to fully comply with this requirement.

Consistency of reporting documents

1.35 The committee also took account of the Senate Finance and Public Administration Committee report, *Transparency and accountability of Commonwealth public funding and expenditure*, in its examination of annual reports. The committee took particular note of the following comment:

It would be useful therefore if Legislative and General Purpose Committees in their reports on annual reports checked that the reports accurately reflect the performance indicators in the PBSs and PAES. It would also be useful if they reported on comparisons of the final expenditure on outputs (or programs) with the estimates.¹⁵

1.36 The committee notes that in several cases, performance indicators differed between budget documents and agencies' annual reports. The committee also found that estimates expenditure figures in budget documents and actual expenditure figures in annual reports were often not easily comparable.

1.37 The committee encourages agencies to ensure that outcome/output information and performance indicators remain consistent between budget documents and annual reports. Further, where there is variation between these documents, the accountability process would be enhanced if both the former and the new performance information were provided, as well as the reasons for the revisions.

1.38 The committee notes that under the Requirements for Annual Reports the provision of such information is a mandatory requirement, and as a matter of best practice, CAC Act bodies should also provide this information.¹⁶

14 Attorney-General's Department, *Commonwealth Fraud Control Guidelines 2002*, May 2002, p. 2. See also Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2007, p. 8.

15 Senate Standing Committee on Finance and Public Administration, *Transparency and accountability of Commonwealth public funding and expenditure*, March 2007, p. 64.

16 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2007, p. 6.

Senate remarks on annual reports

1.39 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. No substantive debate on annual reports within the committee's portfolios took place in the Senate.

Comment on significant matters

1.40 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);
- Cotton Research and Development Corporation (CRDC);
- Land and Water Australia (LWA);
- Sugar Research and Development Corporation (SRDC);
- Airservices Australia;
- Civil Aviation Safety Authority (CASA);
- National Transport Commission (NTC); and
- Australian Rail Track Corporation (ARTC).

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.¹

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);²
- 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.³

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 million⁴ but actual expenditure amounted to \$50.234 million.⁵ 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.⁶

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 2006.⁷ 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'.⁸

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,

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.

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.⁹ 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.¹⁰

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 million¹¹ but actual expenditure amounted to \$11.887 million.¹² 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.¹³

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.¹⁴ 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.¹⁵

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.¹⁶ The committee notes that its Phase 1 Report was released in July 2008.¹⁷

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.¹⁸ 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 million¹⁹ but actual expenditure amounted to \$10.724 million.²⁰ 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.²¹

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.

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.²²

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'.²³

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 2005.²⁴ 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 2007.²⁵ CASA's new power to regulate and administer Australia's airspace is

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*.²⁶

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.²⁷

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 2008.²⁸

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.²⁹ 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.³⁰ 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.

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.

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.³¹

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*.³²

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.³³ 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

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 .

Appendix 1

List of annual reports referred to the committee during the period 1 November 2007 to 30 April 2008

Agriculture, Fisheries and Forestry portfolio

	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 2006-07	<i>Fisheries Administration Act 1991</i> <i>CAC Act 1997</i>	11/09/07	16/10/07	16/10/07	12/02/08* (received 13/11/07)
Cotton Research and Development Corporation— Report for 2006-07	<i>PIERD Act 1989</i> <i>CAC Act 1997</i>	08/10/07	16/10/07	16/10/07	12/02/08* (received 09/11/07)
Land and Water Resources Research and Development Corporation (Land and Water Australia)— Report for 2006-07	<i>PIERD Act 1989</i> <i>CAC Act 1997</i>	15/10/07	16/10/07	16/10/07	12/02/08* (received 01/11/07)
Sugar Research and Development Corporation— Report for 2006-07	<i>PIERD Act 1989</i> <i>CAC Act 1997</i>	28/09/07	16/10/07	16/10/07	12/02/08* (received 08/11/07)
<i>Other</i>					
<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 July to 31 December 2007	<i>Australian Meat and Live-stock Industry Act 1997</i>	n/a	22/02/08	22/02/08	18/03/08

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
Regional Forest Agreement for the Southern Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Southern Region – Annual report 2002-03	<i>Regional Forest Agreements Act 2002</i>	n/a	06/02/08	06/02/08	19/03/08
Regional Forest Agreement for the Southern Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Southern Region – Annual report 2003-04	<i>Regional Forest Agreements Act 2002</i>	n/a	06/02/08	06/02/08	19/03/08
Regional Forest Agreement for the North East Region of New South Wales (Upper North East and Lower North East Regions) – Progress on the implementation of the Regional Forest Agreement for the North East Region – Annual report 2002-03	<i>Regional Forest Agreements Act 2002</i>	n/a	06/02/08	06/02/08	19/03/08
Regional Forest Agreement for the North East Region of New South Wales (Upper North East and Lower North East Regions) – Progress on the implementation of the Regional Forest Agreement for the North East Region – Annual report 2003-04	<i>Regional Forest Agreements Act 2002</i>	n/a	06/02/08	06/02/08	19/03/08
Regional Forest Agreement for the Eden Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Eden Region – Annual report 2002-03	<i>Regional Forest Agreements Act 2002</i>	n/a	06/02/08	06/02/08	19/03/08

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
Regional Forest Agreement for the Eden Region of New South Wales – Progress on the implementation of the Regional Forest Agreement for the Eden Region – Annual report 2003-04	<i>Regional Forest Agreements Act 2002</i>	n/a	06/02/08	06/02/08	19/03/08

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

Infrastructure, Transport, Regional Development and Local Government portfolio

	Legislation	Letter of transmittal date	Date Sent to Minister	Date received by Minister	Tabling date*
Statutory authorities					
Airservices Australia—Report for 2006-07	<i>Air Services Act 1995</i> <i>CAC Act 1997</i>	19/09/07	15/10/07	15/10/07	11/03/08
Civil Aviation Safety Authority—Report for 2006-07	<i>Civil Aviation Act 1988</i> <i>CAC Act 1997</i>	14/12/07	20/12/07	20/12/07	12/02/08* (received 05/02/08)
National Transport Commission—Report for 2006-07	<i>National Transport Commission Act 2003</i> <i>CAC Act 1997</i>	07/09/07	09/01/08	14/01/08	12/02/08* (received 05/02/08)
Companies					
Australian Rail Track Corporation Ltd—Report for 2006-07	<i>Corporations Act 2001</i>		17/12/07	22/12/07	12/02/08* (received 22/01/08)
Other					
International Air Services Commission—Report for 2006-07	<i>International Air Services Commission Act 1992</i>	10/12/07	12/12/07	12/12/07	12/02/08* (received 17/01/08)
<i>Sydney Airport Demand Management Act 1997</i> —quarterly report on the maximum movement limit for the period 1 July to 30 September 2007	<i>Sydney Airport Demand Management Act 1997</i>	15/11/07	19/11/07	19/11/07	11/03/08

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

