

## Chapter 3

### Annual reports of agencies

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

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

##### **Commonwealth authorities**

###### ***Grains Research and Development Corporation***

3.2 The committee is pleased to note that following comments made in its report *Annual reports (No. 1 of 2008)*, the GRDC has amended the directors' certification contained in its transmittal letter. This certification, that directors are responsible for the preparation and content of the report, is now made under section 9 of the CAC Act, as specified in paragraph 4(1)(d) of the CAC Orders.

3.3 The committee is also pleased to observe that the GRDC has included more detailed information in its reporting under subsection 8(1) of the FOI Act, as mentioned in the committee's previous reports.<sup>1</sup> However, no information was provided on arrangements for others to participate in the Corporation's policy formulation process or facilities for physical access to documents. The committee encourages the GRDC to include this information in upcoming reports.

3.4 Overall the committee found the GRDC's report well presented and informative.

###### ***Grape and Wine Research and Development Corporation***

3.5 The committee found the compliance index in the GWRDC'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 GWRDC had addressed reporting requirements under its enabling legislation, the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act). In particular, the committee was unable to locate information about the activities of any companies in which the GWRDC has an interest, activities relating to the formation of a company, and details of any significant acquisitions or dispositions of real property by the GWRDC during the financial year.<sup>2</sup> The committee encourages the GWRDC to include a more comprehensive compliance index in upcoming reports, with separate

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1 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, p. 12; *Annual reports (No. 2 of 2007)*, p. 14; and *Annual reports (No. 1 of 2008)*, pp 22–23.

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

sections for compliance under the CAC Act and the PIERD Act. The GWRDC is reminded that if it has nothing to report against a particular requirement it should clearly indicate this with a nil entry.

3.6 The committee is pleased to note that following comments made in its previous reports, the GWRDC has included information about patents in its current annual report, as required by the PIERD Act.<sup>3</sup>

3.7 The committee notes that the GWRDC's revenue for the year was significantly reduced from \$28.8 million to \$23.1 million. This was due to 'the combined effects of both severe frost events in many cool climate regions and restriction on the availability of water and heat effects in warmer regions during late 2006 and 2007 respectively. This resulted in a national harvest of approximately 1.4 million tonnes, the lowest since the 1.39 million tonnes crushed nationally in 2003.'<sup>4</sup>

3.8 In response to lower than expected revenues, expenditure was also reduced from \$28.4 million to \$23.4 million, largely through changes in timing to contracted expenditure. This resulted in changes to the 2007-08 Annual Operational Plan in relation to the GWRDC's expenditure on the Australian Government Rural Research and Development priorities.<sup>5</sup>

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

3.9 In its previous report, the committee noted that LWA's annual report for 2006-07 included a compliance index, however, it was not comprehensive or easy to follow.<sup>6</sup> The committee is disappointed that LWA's 2007-08 report no longer contains a compliance index. As a result, the committee had considerable difficulty in determining whether LWA had addressed some of its reporting requirements. The committee encourages LWA to include a compliance index in its next report, and to closely align this index with the reporting requirements as set out in the CAC Act and the PIERD Act.

3.10 The committee notes that LWA has included a table which sets out the authority's compliance with statutes and government policies. While this table is clearly presented, it provides minimal detail on the action taken by LWA to comply with the relevant legislation, stating 'compliant' for a majority of items.<sup>7</sup> The

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3 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, p. 13; *Annual reports (No. 2 of 2007)*, p. 15; and *Annual reports (No. 1 of 2008)*, p. 23. See also *Primary Industries and Energy Research and Development Act 1989*, 28(1)(a)(v).

4 Grape and Wine Research and Development Corporation, *Annual Report 2007-08*, p. 4.

5 Grape and Wine Research and Development Corporation, *Annual Report 2007-08*, p. 4.

6 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 2 of 2008)*, November 2008, p. 13.

7 Land and Water Australia, *Annual Report 2007-08*, pp 81–83.

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committee reminds LWA that, in its annual report, it is required to record activities which demonstrate its compliance with legislative requirements. It is not sufficient to state 'compliant' and note that details are available on request.

3.11 The committee notes that both revenue and expenditure for the year were approximately \$4.5 million higher than forecast in LWA's 2007-08 Annual Operating Plan. LWA explained that this was due to greater than forecast activity on a number of programs, including: Tropical Rivers and Coastal Knowledge Research; Defeating the Weeds Menace; Climate Change Research Strategy for Primary Industries (CCRSPI); Healthy Soils for Sustainable Farms; and the National Land and Water Resources Audit.<sup>8</sup>

3.12 LWA reported that while it continued to attract significant research co-investment in 2007-08, there is a risk that continuing drought and water shortages will adversely affect LWA's 'capacity to attract co-investment funds in the future, particularly from enterprise-based rural R&D corporations which have been important collaborative funding partners, but which depend in part on production levies'.<sup>9</sup>

### ***Rural Industries Research and Development Corporation***

3.13 The committee considers that the RIRDC has provided a comprehensive review of its functions, activities and outcomes in its annual report for 2007-08. Its report is clear, easy to read and well structured. In addition, the RIRDC's reporting against its corporate plan and the EPBC and OH&S Acts was particularly thorough.

3.14 While the RIRDC's compliance index was detailed and useful, the committee notes that it contained some incorrect page numbers. The committee reminds the RIRDC that its reporting under the FOI Act is required to contain information about arrangements for others to participate in its policy formulation process and facilities for physical access to documents. The RIRDC has included a general statement about the Commonwealth Disability Strategy, however, there was no assessment of its performance in implementing the strategy (as outlined in paragraph 1.30). The committee encourages the RIRDC to include this information in upcoming reports.

3.15 The RIRDC reported that as its levy revenue is production-based, the impact of the drought on agricultural production has led to reduced levy revenue available to fund R&D within the Established Rural Industries portfolio. In addition, the RIRDC's long term approach to large, non-levy based industries continues to be a strategic issue. The RIRDC is currently managing this problem through prudent application of its reserves policy.<sup>10</sup>

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8 Land and Water Australia, *Annual Report 2007-08*, p. 16.

9 Land and Water Australia, *Annual Report 2007-08*, p. 14.

10 Rural Industries Research and Development Corporation, *Annual Report 2007-08*, pp 14 and 89.

### ***Wheat Export Authority***

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

3.17 The committee notes that this is the final annual report of the WEA. In line with the recommendations of the Uhrig Review and following changes to the *Wheat Marketing Act 1989*, the WEA ceased operation on 30 September 2007 and was replaced by the Export Wheat Commission (EWC) from 1 October 2007.<sup>11</sup> The committee notes that the EWC is a statutory commission under the FMA Act.<sup>12</sup>

3.18 The committee has already commented on the lateness of the WEA's 2006-07 annual report in paragraph 1.13. The committee notes that the transmittal letter in this report is incorrectly dated 15 January 2007 instead of 2008.

3.19 The committee reminds the WEA that under paragraph 4(1)(d) of the CAC Orders, certification of its report must also include a statement that directors are responsible under section 9 of the CAC Act for the preparation and content of the report of operations in accordance with Finance Minister's Orders. It is not sufficient to state that they are responsible... 'consistent with Finance Minister's Orders'.<sup>13</sup>

3.20 The committee is disappointed that despite comments in a previous report, the WEA has again failed to report against section 15 of the CAC Act in its compliance index.<sup>14</sup> This section requires agencies to notify the Minister of significant events such as forming a company or partnership, acquiring significant shareholdings or businesses, or commencing significant business activity. The WEA is reminded that if it has nothing to report against a particular requirement it should clearly indicate this with a nil entry.

3.21 Following comments made in a previous report, the committee is pleased to note that the WEA has included information about ministerial directions in its current annual report, as required by section 12 of the CAC Orders.<sup>15</sup> The committee notes that the WEA received a direction from the Minister in September 2007 to examine and report on the Services Agreement coming into effect from 1 October 2007

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11 Wheat Export Authority, *Annual Report 2006-07*, p. 1.

12 Wheat Export Authority, *Annual Report 2006-07*, pp 17 and 50.

13 Wheat Export Authority, *Annual Report 2006-07*, p. iii. See also previous comments in Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual Reports (No. 2 of 2007)*, p. 16.

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

15 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual Reports (No. 2 of 2007)*, p. 16.

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between the Australian Wheat Board Ltd (AWBL) and AWB International (AWBI). The EWC has assumed responsibility for the investigation since 1 October 2007.<sup>16</sup>

3.22 The WEA reported that additional funding was received from the Government during 2006-07 in the form of two \$500,000 payments to offset a reduction in levy collections for 2006-07 due to the drought. A further \$2 million payment was made in September 2007 to enable the WEA to remain financially viable and to cover the transition to the EWC and ongoing operational costs.<sup>17</sup>

3.23 The committee notes that members of the EWC are engaging in ongoing discussions with the Minister for Agriculture, Fisheries and Forestry regarding future funding arrangements. Due to the ongoing drought, the existing Wheat Export Charge (WEC) is generating insufficient income to meet the EWC's monthly operating expense requirements.<sup>18</sup>

## **Prescribed agencies**

### ***Dairy Adjustment Authority***

3.24 The committee reminds the DAA that it considers its annual report would benefit from a compliance index and a more comprehensive alphabetical index.<sup>19</sup>

3.25 The committee is disappointed that despite comments made in previous reports, the DAA has not fully demonstrated its compliance with the Requirements for Annual Reports.<sup>20</sup> In particular, the committee notes that the DAA has again failed to provide a summary table of resources by outcomes, and has not presented all required information regarding consultancies in accordance with the mandatory proforma. The committee reminds the DAA that as a prescribed agency under the FMA Act, it is subject to the Requirements for Annual Reports, and the checklist provided in Attachment F to those requirements.

3.26 The committee commends the DAA for certifying its compliance with the Commonwealth Fraud Control Guidelines in the prescribed manner, as outlined in paragraphs 1.35 and 1.36. In addition, the DAA's reporting on its performance against objectives was well presented, clear and easy to follow.

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16 Wheat Export Authority, *Annual Report 2006-07*, pp 8 and 47.

17 Wheat Export Authority, *Annual Report 2006-07*, p. 9.

18 Wheat Export Authority, *Annual Report 2006-07*, p. 89.

19 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, pp 5 and 14; *Annual reports (No. 2 of 2007)*, pp 6 and 17; and *Annual reports (No. 1 of 2008)*, pp 6 and 24.

20 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 2 of 2006)*, pp 14–15; *Annual reports (No. 2 of 2007)*, p. 17; and *Annual reports (No. 1 of 2008)*, p. 24.

3.27 The committee is also pleased to note that the DAA reported appropriately against its obligations under section 311A of the Commonwealth Electoral Act 1918, regarding payments to advertising, market research, or any related agencies during the financial year.

3.28 The committee notes that the DAA's annual report for 2007-08 marks the final year of substantive operations for the DAA. In April 2008, after eight years of operation, the final quarterly payment to eligible dairy producers was made. Throughout the year, the DAA and the Department of Agriculture, Fisheries and Forestry (DAFF) continued discussions to prepare for the wind-up of the DAA in 2009. As part of this process, the Secretary of DAFF assumed responsibility for the DAA from 1 July 2008. The committee notes that total payments made under the Dairy Structural Adjustment Program and the Supplementary Dairy Assistance Program amounted to \$1,745 million as at 30 June 2008.<sup>21</sup>

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

### **Commonwealth authorities**

#### *Airservices Australia*

3.29 Following the committee's comments in its previous report, the committee is pleased to observe that Airservices Australia submitted its annual report to the Minister by 15 October, as required under the CAC Act, and that the report was presented to the President of the Senate on 30 October, in line with government policy.

3.30 As mentioned in the committee's previous reports the compliance index in this report was not comprehensive.<sup>22</sup> The committee again found it difficult to ascertain whether Airservices Australia had adequately reported against section 15 of the CAC. The committee also had difficulty finding information about subsidiaries and the location of major activities and facilities. The committee encourages Airservices Australia to include a more comprehensive compliance index in upcoming reports.

3.31 The committee notes that the name of the responsible minister at the time of the report was indicated, however, he was not the Minister for the whole financial year.<sup>23</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

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21 Dairy Adjustment Authority, *Annual Report 2007-08*, pp 1 and 7. See also Department of Agriculture, Fisheries and Forestry, *Annual Report 2007-08*, p. 76.

22 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual Reports (No. 1 of 2007)*, p. 6; and *Annual Reports (No. 2 of 2008)*, p. 15.

23 Airservices Australia, *Annual Report 2007-08*, p. 7.

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the report and the names of any other responsible ministers during the period covered by the report.

3.32 The committee notes that during 2007-08, Airservices Australia undertook further restructuring of its business groups. As part of this process, the National Operations Centre was established to provide centralised national air traffic management with the aim of improving efficiency and reducing delays, fuel burn and emissions. The Environment and Climate Change team was formed to address strategy and compliance, aviation communities and the internal E-Change program. In addition, the Strategic Coordination Unit was formed to ensure integrated strategic planning across the organisation.<sup>24</sup>

3.33 The committee notes the introduction of a mandatory drug and alcohol testing regime, following amendments to the *Aviation Transport Security Act 2004* and the *Civil Aviation Act 1988*. This will cover all personnel undertaking safety-sensitive aviation activities. Airservices Australia will be required to have a drug and alcohol management plan and CASA will manage a random testing regime.<sup>25</sup>

### ***Australian Maritime College***

3.34 The committee is pleased to note that following comments made in the committee's previous reports, the AMC has included a specific date with its letter of transmittal.<sup>26</sup> The committee is also pleased to note that the AMC has provided the names of current and previous responsible ministers as required by paragraph 8 (b) of the CAC Orders, an omission in the AMC's previous report.

3.35 The committee commends the AMC for certifying its compliance with the Commonwealth Fraud Control Guidelines in the prescribed manner, as outlined in paragraphs 1.35 and 1.36.

3.36 The committee observes, however, that the AMC has once again failed to address a number of other legislative requirements under the CAC Act, as mentioned in the committee's previous reports.<sup>27</sup>

3.37 The committee notes that as of 1 January 2008, the AMC integrated with the University of Tasmania. As such, it is expected that this will be the AMC's final annual report. The *Maritime Legislation Amendment Act 2007* of 17 October 2007 repealed the AMC's governing legislation, the *Maritime College Act 1978*, and

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24 Airservices Australia, *Annual Report 2007-08*, pp 5 and 9.

25 Airservices Australia, *Annual Report 2007-08*, p. 34.

26 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2005)*, p. 5; *Annual reports (No. 1 of 2006)*, p. 5; *Annual reports (No. 1 of 2007)*, p. 8; and *Annual reports (No. 1 of 2008)*, p. 19.

27 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; *Annual reports (No. 1 of 2007)*, pp 6, 7 and 8; and *Annual reports (No. 1 of 2008)*, p. 19.

authorised the transfer of all physical and financial assets to the University of Tasmania. The AMC now operates as an institute within the University of Tasmania and has ceased to exist as a separate legal entity under Commonwealth law.<sup>28</sup>

### ***Australian Maritime Safety Authority***

3.38 The committee considers that AMSA has provided a comprehensive review of its functions, activities and achievement of objectives in its annual report for 2007-08. Its report is easy to read and well presented.

3.39 The committee notes that AMSA included a compliance index in its report, however, it was not comprehensive or easy to follow. For example, some items were not mentioned in the compliance index, while others were located in two places in the text but only referenced in the index once. In particular, the committee had difficulty locating the following:

- Developments since the end of the financial year which may affect the authority's operations – this information was only located in the text of the financial statements, with no reference in the compliance index.<sup>29</sup>
- While ministerial directions under AMSA's enabling act were addressed, there was no reference in the text to ministerial directions under section 28 of the CAC Act.<sup>30</sup>
- Indemnities and insurance premiums in place for officers were listed in the compliance index, however, no details were given in relation to these items as specified under section 16 of the CAC Orders. Instead, the report gave details in relation to workers' compensation premiums.<sup>31</sup>
- The reference to the responsible minister only mentioned the current minister. Details of the previous responsible minister were provided elsewhere in the text under 'Corporate Governance Arrangements' but were not listed in the compliance index.<sup>32</sup>
- The reference to judicial decisions and reviews by outside bodies only contained information about judicial decisions and decisions of administrative tribunals. Information about reviews by parliamentary committees and the Auditor-General was provided separately under

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28 Australian Maritime College, *Annual Report 2007*, pp 5 and 57.

29 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, s. 10 (f).

30 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, s. 12 (b).

31 Australian Maritime Safety Authority, *Annual Report 2007-08*, p. 59.

32 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, s. 8 (b). See also Australian Maritime Safety Authority, *Annual Report 2007-08*, pp 5, 70 and 141.



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'Corporate Governance Arrangements' but was not listed in the compliance index.<sup>33</sup>

3.40 The committee encourages AMSA to include a more comprehensive compliance index in upcoming reports, to more accurately reflect the requirements of the CAC Act and the CAC Orders. Where AMSA has nothing to report against an item, a nil entry should be recorded.

3.41 The committee commends AMSA on its reporting under the OH&S Act, which was particularly thorough. AMSA's reporting under the FOI Act was also well done, however, details of arrangements for outside bodies to participate in policy formulation were provided in a separate section under 'Our Stakeholders' and were not listed in the compliance index.<sup>34</sup>

3.42 The committee notes that AMSA recorded a \$2.780 million net deficit compared to a budgeted deficit of \$6.496 million. This was due to higher than expected revenue of \$8.911 million and higher than expected expenditure of \$5.195 million. Among the main reasons for higher revenue were higher subcontracted use of AMSA's Search and Rescue aeroplanes by the Australian Customs Service, increased Protection of the Sea levy rates, and higher commercial shipping activity than forecast. Increased expenditure was driven by a combination of factors including the full year impact of five new search and rescue aircraft, the extra use made by Customs of AMSA's aircraft on surveillance work, and inflation factors across all contracts.<sup>35</sup>

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

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33 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, s. 11 (a) and (b). See also Australian Maritime Safety Authority, *Annual Report 2007-08*, pp 70, 78 and 141.

34 *Commonwealth Authorities and Companies (Report of Operations) Orders 2005*, s. 17 (2) and *Freedom of Information Act 1982* s. 8 (1). See also Australian Maritime Safety Authority, *Annual Report 2007-08*, pp 58–59, 66–67 and 141.

35 Australian Maritime Safety Authority, *Annual Report 2007-08*, p. 10.

