

## 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**

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

3.2 The committee is pleased to note that following comments made in its report *Annual reports (No. 2 of 2008)*, AFMA has amended the directors' certification contained in its transmittal letter. This certification now includes a statement that directors are responsible for the preparation and content of the report under section 9 of the CAC Act, as specified in paragraph 4(1)(d) of the CAC Orders.

3.3 Once again, 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>1</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.

3.4 Overall, the committee commends AFMA for providing a comprehensive review of its performance for 2007-08, including AFMA's progress in implementing the December 2005 Ministerial Direction to end overfishing.

3.5 As part of its response to the Ministerial Direction in 2007-08, AFMA developed harvest strategies for all Commonwealth fisheries in line with the *Commonwealth Harvest Strategy Policy and Guidelines* released in September 2007. The majority of fisheries have implemented their harvest strategies and AFMA has established a Harvest Strategy Policy Advisory Committee to provide policy advice and guidance.<sup>2</sup>

3.6 The committee notes that the remaining challenges for AFMA in implementing the Ministerial Direction include 'resource sharing between recreational

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1 Australian Fisheries Management Authority, *Annual Report 2007-08*, pp 4 and 9. See also Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 2 of 2008)*, November 2008, p. 12.

2 Australian Fisheries Management Authority, *Annual Report 2007-08*, pp 12–13.

and commercial fisheries, and resolution of Offshore Constitutional Settlements between the States and Territories and the Commonwealth'.<sup>3</sup>

3.7 The committee notes that on 1 July 2008, AFMA changed from a statutory authority under the CAC Act to a commission of the same name under the FMA Act. The major impacts of this change are as follows:

- the AFMA Board was replaced by a commission with responsibility for domestic fisheries management;
- the Managing Director was replaced by a Chief Executive who is responsible for foreign fishing compliance, finance and human resources;
- AFMA's staff became subject to the *Public Service Act 1999*; and
- a number of changes were made to AFMA's financial arrangements.<sup>4</sup>

### ***Australian Wine and Brandy Corporation***

3.8 The committee commends the AWBC for certifying its compliance with the Commonwealth Fraud Control Guidelines in the prescribed manner, as outlined in paragraphs 1.33 and 1.34.

3.9 The committee notes that the AWBC has included a very brief general statement about the Commonwealth Disability Strategy, however, there was no assessment of its performance in implementing the strategy (as outlined in paragraph 1.29). The committee encourages the AWBC to include this information in upcoming reports. Similarly, the AWBC's reporting under the EPBC Act could also be addressed in more detail in future.

3.10 The committee notes the release of the industry strategy 'Wine Australia: Directions to 2025' in late 2007. One of its recommendations led to a review of wine industry national organisational structures. Following this review, the Winemakers' Federation of Australia (WFA) has decided to further investigate a proposal to establish an industry owned service body to undertake many of the functions currently undertaken by the AWBC and the WFA.<sup>5</sup>

3.11 The AWBC reported that it had achieved an operating surplus of \$7,000 for 2007-08, \$17,000 less than the budgeted surplus of \$24,000 in the PBS. The AWBC observed that 2007-08 was a difficult year as it endeavoured to implement the recommendations of the new industry strategy 'in an environment where revenue was

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3 Australian Fisheries Management Authority, *Annual Report 2007-08*, p. 12.

4 Australian Fisheries Management Authority, *Annual Report 2007-08*, p. 70.

5 Australian Wine and Brandy Corporation, *Annual Report 2007-08*, p. 4.

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adversely impacted by the smaller 2007 vintage, the decline in the value of wine exports and difficult trading conditions experienced by the wine sector'.<sup>6</sup>

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

3.12 Once again, the committee commends the CRDC on a clear, concise and generally well constructed report. The compliance index was accurate, detailed and easy to follow, with separate sections for compliance under the CAC Act and the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act). This greatly assisted the committee in determining whether reporting requirements had been met.

3.13 The committee notes that 2007-08 was the concluding year of the CRDC 2003-2008 Strategic R&D plan. The CRDC indicated that of the '16 triple-bottom-line industry targets that were established, 14 were effectively met and only two were partially met'.<sup>7</sup>

3.14 The committee notes that the CRDC's final expenditure on outputs was \$10.46 million, in line with the estimates in the Portfolio Budget Statements for 2007–08.<sup>8</sup> The CRDC reported that revenue for the year was \$6.96 million, five percent lower than the budgeted income of \$7.30 million and 39.5 percent lower than the 2006-07 total of \$11.51 million. As the 2007-08 growing season was badly affected by drought, the estimated actual crop size was 550,000 bales, significantly less than the forecast production of 1.0 million bales.<sup>9</sup>

### ***Fisheries Research and Development Corporation***

3.15 While the committee observes that the FRDC has included more entries in its compliance index this year, its list of reporting requirements was still incomplete and not easy to follow. The committee encourages the FRDC to more closely align its compliance index with the reporting requirements as set out in the CAC Act, the CAC Orders and the PIERD Act.

3.16 The committee is pleased to note that, following the committee's previous comments, the FRDC has included details relating to significant acquisitions or dispositions of real property during the financial year.<sup>10</sup>

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6 Australian Wine and Brandy Corporation, *Annual Report 2007-08*, p. 29.

7 Cotton Research and Development Corporation, *Annual Report 2007-08*, p. 4. See also pp 7 and 10 for details of targets that were partially met.

8 Cotton Research and Development Corporation, *Annual Report 2007-08*, pp 13 and 14. See also *Portfolio Budget Statements 2007–08, Agriculture, Fisheries and Forestry Portfolio*, p. 182.

9 Cotton Research and Development Corporation, *Annual Report 2007-08*, p. 12.

10 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 1 of 2008)*, March 2008, p. 21.

3.17 The committee notes that in the FRDC's previous reports for 2004-05, 2005-06 and 2006-07, the FRDC fulfilled its reporting requirements under the FOI Act. However, the committee was disappointed to note that in the FRDC's annual report for 2007-08, readers are referred to the FRDC's website for details of its FOI Act reporting obligations. The committee emphasises that information required under subsection 8(1) of the FOI Act must be included in the body of the annual report, and encourages the FRDC to comply with this requirement in future reports.

3.18 In a previous report, the committee noted that the FRDC had introduced a new funding framework in 2006-07 to provide greater flexibility to meet stakeholder needs. In its 2007-08 report, the FRDC indicated that:

The changes did not come without problems and considerable time and resources were employed to explain the new system to stakeholders. The framework resulted in a more explicit policy focus on how and what the FRDC funds.<sup>11</sup>

3.19 The FRDC reported that 'the election of a new Federal Government has seen a heightened focus on primary industries and climate change, food security and productivity'. This has resulted in the FRDC developing a climate change program and the development of the Seafood Trade and Market Access Form in partnership with Seafood Services Australia and the Seafood Cooperative Research Centre.<sup>12</sup>

3.20 The committee notes that Recfishing Research, an initiative of FRDC and Recfish Australia, began in July 2007. Its purpose is 'to target investment and the return on investment in recreational fishing research, development and extension on a national scale'. National priorities have been established and refined in consultation with key stakeholders.<sup>13</sup>

### ***Forest and Wood Products Research and Development Corporation***

3.21 The committee notes that the FWPRDC has once again failed to include a compliance index or an alphabetical index in its annual report and has not properly dated its letter of transmittal, as required under the CAC Orders.

3.22 The committee notes that on 3 September 2007, the FWPRDC was succeeded by Forest and Wood Products Australia Ltd (FWPAL), an industry-owned company operating under the *Corporations Act 2001*. This report covers the period from 1 July to 31 August 2007 and finalises the activities of the FWPRDC.<sup>14</sup>

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11 Fisheries Research and Development Corporation, *Annual Report 2007-08*, p. 7.

12 Fisheries Research and Development Corporation, *Annual Report 2007-08*, p. 7.

13 Fisheries Research and Development Corporation, *Annual Report 2007-08*, p. 8.

14 Forest and Wood Products Research and Development Corporation, *Annual Report 1 July to 31 August 2007*, pp 1, 9 and 43-44.

3.23 The FWPRDC reported that during these two months, only a small number of projects were completed or initiated. In addition, preparatory work for the transition to FWPAL was undertaken, including finalising of agreements and completing and lodging of documents for incorporation of the new entity. FWPAL assumed all the liabilities and assets of the FWPRDC from 3 September 2007.<sup>15</sup>

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

3.24 The committee reminds the SRDC that its annual report would benefit from a more comprehensive compliance index, with separate sections for compliance under the CAC Act and the PIERD Act.

3.25 The committee notes that the SRDC's income for the year was higher than forecast. The budget forecast was \$11.196 million but actual income amounted to \$12.158 million. This was primarily due to 'the receipt of \$1 million of Regional and Community Projects (RCP) funds from the Sugar Industry Reform Program for R&D to accelerate the delivery of improved sugarcane varieties'.<sup>16</sup> Project expenditure of those funds will commence from July 2008. Industry levies and government matching income were slightly below forecast due to reduced crop size, and other income (interest and royalties) was above forecast.<sup>17</sup>

3.26 The SRDC indicated that expenditure on operations and R&D projects was \$11.093 million, lower than the forecast of \$13.063 million. Reduced project expenditure was due to delayed commencement of some new projects, delays in some milestones until 2008-09, and early conclusion of some projects. Operational expenditure was slightly below forecast due to staffing changes.<sup>18</sup>

### **Prescribed agencies**

#### ***Australian Pesticides and Veterinary Medicines Authority***

3.27 The committee notes that on 1 July 2007, the APVMA changed from a statutory authority under the CAC Act to an authority administered under the FMA Act. While the APVMA's powers and functions remain unchanged, a number of changes were made to the APVMA's governance arrangements. The Board of Directors was replaced by a chief executive officer (CEO), and a new advisory board, consisting of up to nine part-time members, was created to provide advice and make

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15 Forest and Wood Products Research and Development Corporation, *Annual Report 1 July to 31 August 2007*, p. 9.

16 Sugar Research and Development Corporation, *Annual Report 2007-08*, p. 13.

17 Sugar Research and Development Corporation, *Annual Report 2007-08*, p. 13.

18 Sugar Research and Development Corporation, *Annual Report 2007-08*, p. 13.

recommendations to the CEO. APVMA staff are now subject to the *Public Service Act 1999*.<sup>19</sup>

3.28 In August 2007, the APVMA was restructured to align 'management responsibility and resource allocation with the new executive model of governance'.<sup>20</sup>

3.29 While the APVMA's report contained a compliance index, the committee found it was difficult to follow, did not address all of the reporting requirements under the FMA Act, and included some items which are relevant under the CAC Act, but are not part of the checklist of requirements under the FMA Act. In addition, some of the page references were inaccurate. The committee encourages the APVMA to more closely align its compliance index with the checklist of requirements, as set out in the Requirements for Annual Reports.<sup>21</sup>

3.30 Further, the committee notes that the compliance index for the APVMA's enabling legislation did not follow the new reporting requirements set out in Section 61 of the *Agricultural and Veterinary Chemicals (Administration) Act 1992*, which apply from the 2007-08 financial year onwards.<sup>22</sup>

3.31 The committee reminds the APVMA that it is required to date its transmittal letter, as specified in the Requirements for Annual Reports.<sup>23</sup>

3.32 The committee notes that the compliance index for 'summary resource tables by outcomes' referred to a number of tables providing information on performance against outputs, however, none of these tables contained financial information by outcomes, as specified in the Requirements for Annual Reports.<sup>24</sup>

3.33 The APVMA is commended for complying with the requirement to complete a mandatory proforma listing each individual consultancy to the value of \$10,000 or more. However, the committee observes that the summary statement on consultancies was not in accordance with the guidelines set out in the Requirements for Annual Reports. It contained a single statement about expenditure and number of contracts

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19 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2007-08*, pp 2, 51–52 and 86.

20 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2007-08*, p. 2.

21 See 'Checklist of Requirements' in Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, pp 30–32.

22 *Agricultural and Veterinary Chemicals (Administration) Act 1992*, Section 61. See also Table A, Section 14 of the notes to this Act.

23 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, p. 16.

24 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, pp 7 and 29.

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awarded, however, separate details on the number of new and ongoing consultancies, and the total expenditure on both of these categories must be provided.<sup>25</sup>

3.34 The committee is pleased to note that, following the committee's comments in an earlier report, the APVMA has included a correction to its 2006-07 annual report. The APVMA has included a statement about expenditure on advertising and market research, indicating that no amounts over \$10,000 were paid under this category during 2006-07.<sup>26</sup>

### ***Export Wheat Commission***

3.35 The committee notes that this is the first report of the EWC, covering the period 1 October 2007 to 30 June 2008. In line with the recommendations of the Uhrig Review and following changes to the *Wheat Marketing Act 1989*, the EWC replaced the Wheat Export Authority from 1 October 2007. The EWC is a statutory commission under the FMA Act. The committee notes that the EWC was replaced by a new body, Wheat Exports Australia (WEA), on 1 July 2008.

3.36 Overall the committee found the EWC's report to be informative and well presented. The report contained a detailed and useful compliance index which aided the committee in its assessment of the report.

3.37 The committee commends the EWC for fully complying with the requirements relating to consultancy contracts and competitive tendering. As well as the summary statements for new and ongoing consultancies, a listing of individual consultancies was provided in accordance with the mandatory proforma set out in the Requirements for Annual Reports.<sup>27</sup>

3.38 In addition, the EWC's reporting on OH&S, and under section 311A of the *Commonwealth Electoral Act 1918* in relation to advertising and market research was particularly good.

3.39 The committee notes that the EWC has included a brief general statement about the Commonwealth Disability Strategy, however, there was no assessment of its performance in implementing the strategy (as outlined in paragraph 1.29). Instead, readers are referred to a web link for the Australian Public Service Commission's (APSC's) State of the Service Report, with the EWC indicating that it had reported on

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25 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, p. 11.

26 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 1 of 2008)*, March 2008, p. 20.

27 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, pp 10–12 and 25–28.

its performance to the APSC through this report. The EWC is reminded that this information must be included in its annual report.<sup>28</sup>

3.40 The EWC's reporting under the FOI Act did not contain information about arrangements that exist for others to participate in the agency's policy formulation process. The committee notes that various details on its consultation processes were provided elsewhere in the text under 'Communicating Results and Seeking Feedback' and 'Stakeholder Relations' but were not cross-referenced in the compliance index or the FOI appendix.

3.41 The committee notes that the compliance index for 'Summary resource tables by outcomes' referred to a number of tables providing information on performance against targets, however, none of these tables contained financial information by outcomes, as specified in the Requirements for Annual Reports.<sup>29</sup>

3.42 The EWC reported that 'the past year has seen the greatest series of changes in Australia's wheat marketing arrangements since World War II'. The change of government in November 2007 led to reform of Australia's wheat marketing arrangements towards the liberalisation of bulk exports. The EWC undertook considerable preliminary work on new governance and other arrangements in the lead-up to the establishment of a new body, Wheat Exports Australia. In June 2008, legislation was passed to reform the export of wheat in bulk, ending the wheat export monopoly arrangements held by AWBI since privatisation of the Australian Wheat Board in 1999.<sup>30</sup>

3.43 The committee notes that the drought had a severe impact on the EWC's income, which was mainly based on the Wheat Export Charge (WEC), levied on the volume of wheat exports. During 2007-08 the EWC used funding from the Government, provided as a grant to the Wheat Export Authority in the previous financial year, to cover the costs of transition and ongoing operational costs. These funds were also drawn on to cover the transition to Wheat Exports Australia.<sup>31</sup>

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28 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, p. 13.

29 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2008, pp 7 and 29.

30 Export Wheat Commission, *Annual Report 2007-08*, pp 12–13.

31 Export Wheat Commission, *Annual Report 2007-08*, p. 15.



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

### Commonwealth authorities

#### *Civil Aviation Safety Authority*

3.44 The committee considers that CASA has once again fulfilled its reporting requirements to a high standard. CASA has provided a comprehensive review of its functions, activities and outcomes for 2007-08 and its report is clear and well structured. The committee notes that CASA's reporting under the FOI, OH&S and Commonwealth Electoral Acts was particularly thorough.

3.45 The committee is pleased to note that, following the committee's previous comments, CASA's transmittal letter has been provided in a larger format that is easier to read.<sup>32</sup> However, the committee was disappointed that CASA's report no longer contains a certification of its compliance with the Commonwealth Fraud Control Guidelines, as outlined in paragraphs 1.33 and 1.34.

3.46 CASA reported that its three major undertakings for the year have gone through the development phase and are being implemented. These are:

- the Aviation Safety Oversight Program to define how individual staff do their work with airlines and operators;
- adjustments to CASA's organisational groups to facilitate their dealings with industry; and
- the Workforce Capability Framework to enable CASA to better define and put in place the skills to deliver operational and support functions.<sup>33</sup>

3.47 The committee also notes the following items of significance for CASA:

- development of regulations for the alcohol and other drugs testing program during 2007–08 which came into effect on September 2008. An educational campaign for industry has commenced, along with commissioning of a Virtual Resource Centre, appointment of an independent testing provider for random testing, and training of medical review officers;<sup>34</sup>
- successful transfer of responsibility for regulating and administering Australia's airspace from Airservices Australia to CASA on 1 July 2007;<sup>35</sup>

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32 Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 2 of 2008)*, November 2008, p. 15.

33 Civil Aviation Safety Authority, *Annual Report 2007-08*, pp 3 and 9.

34 Civil Aviation Safety Authority, *Annual Report 2007-08*, pp 8 and 45.

35 Civil Aviation Safety Authority, *Annual Report 2007-08*, p. 8.

- an above average result in the International Civil Aviation Organization audit of Australia's safety oversight capabilities in February 2008, particularly in relation to CASA's risk-based surveillance approach, airworthiness directives, defect-reporting system and safety promotion campaigns;<sup>36</sup> and
- announcement of the government's intention to appoint a Board for the future governance of CASA, which is likely to be in place during 2009.<sup>37</sup>

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

3.48 In its previous reports the committee noted 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.<sup>38</sup> The committee is concerned that the NTC has once again failed to address the majority of requirements under the CAC Orders.

3.49 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>39</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'.

3.50 The committee notes that the NTC's *Annual Report 2008* was again an A4 size document. The NTC is reminded that the *Printing standards for documents presented to Parliament* clearly state that all documents to be presented to Parliament must be printed in international B5 size.<sup>40</sup>

### **Commonwealth companies**

#### ***Australian Rail Track Corporation***

3.51 The committee is pleased to note that, following the committee's previous comments, the ARTC has included information in the director's report section of its *Annual Report 2008* on the following:

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36 Civil Aviation Safety Authority, *Annual Report 2007-08*, pp 5, 8 and 61.

37 Civil Aviation Safety Authority, *Annual Report 2007-08*, p. 5.

38 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; *Annual reports (No. 1 of 2007)*, pp 8–9; and *Annual reports (No. 2 of 2008)*, p. 16.

39 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; *Annual reports (No. 1 of 2007)*, p. 6; and *Annual reports (No. 2 of 2008)*, p. 16.

40 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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- events since the end of the financial year which may affect the corporation's operations; and
  - dividends or distributions paid during the year.<sup>41</sup>

3.52 The committee notes that the ARTC annual report no longer contains an alphabetical index. The ARTC is reminded that its annual report would benefit from the inclusion of both an alphabetical and compliance index. The committee also encourages the ARTC to comply with the *Printing standards for documents presented to Parliament* which specify that all documents to be presented to Parliament must be printed in international B5 size.<sup>42</sup>

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

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41 As required under the *Corporations Act 2001*, ss. 299(1)(d) and 300 (1)(a) and (b). See also Senate Standing Committee on Rural and Regional Affairs and Transport, *Annual reports (No. 2 of 2008)*, November 2008, p. 17.

42 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) .

