

## 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 Wine and Brandy Corporation*

3.2 Once again, the committee commends the AWBC for certifying its compliance with the Commonwealth Fraud Control Guidelines in the prescribed manner, as outlined in paragraphs 1.32 and 1.33. The committee notes the proviso that the AWBC's fraud risk assessment and fraud management plan were not completed within the timeframe specified in the guidelines.

3.3 The AWBC reported that it had achieved an operating surplus of \$526,000 for 2008-09, compared to the budgeted break-even figures in the PBS. The Chairman indicated that while this is a pleasing result, it is not the Board's intention to accumulate profits and it will be investigating ways to utilise some of its existing financial reserves for the benefit of the wine sector.<sup>1</sup>

3.4 The AWBC reported that it underwent significant restructuring in 2008-09 including the closure of its European office, changes to its North American and UK/Ireland/Europe operations, and the establishment of a marketing presence in China in partnership with Austrade. The AWBC observed that the most significant issues for the industry are the uncertainty of the system for taxing wine and the imbalance between supply and demand. There is currently an excess supply after a rebound in the national harvests for 2008 and 2009, following the severely drought-affected harvest of 2007.<sup>2</sup>

##### **Prescribed agencies**

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

3.5 The committee is pleased to note that, following the committee's comments in its previous report, the APVMA has made a number of improvements to its Annual Report for 2008-09. In particular, the APVMA has more closely aligned its compliance index with the checklist of requirements, as set out in the Requirements

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1 Australian Wine and Brandy Corporation, *Annual Report 2008-09*, pp 5 and 28.

2 Australian Wine and Brandy Corporation, *Annual Report 2008-09*, pp 5, 28 and 48.

for Annual Reports. In addition, the compliance index for the APVMA's enabling legislation now follows the 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>3</sup>

3.6 Overall, the committee found the APVMA's compliance index to be detailed, useful and easy to follow. The committee notes, however, that the compliance index contained some incorrect page numbers and that a number of mandatory items were not listed, including the following:

- where outcome and output structures differ from PBS format, details of variation and reasons for change;
- performance of purchaser/provider arrangements;
- where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change;
- narrative discussion and analysis of performance;
- performance against service charter customer service standards, complaints data, and response to complaints;
- developments since the end of the financial year; and
- grant programs.<sup>4</sup>

3.7 The committee acknowledges that a number of these mandatory requirements may not be applicable to the APVMA. In such cases, the committee considers it would be useful to record a nil entry or 'not applicable' where the APVMA has nothing to report against an item.

3.8 The committee commends the APVMA for its improved reporting on consultancy contracts and competitive tendering. As well as a mandatory proforma listing each individual consultancy to the value of \$10,000 or more, summary statements for new and ongoing consultancies have been provided in accordance with the guidelines set out in the Requirements for Annual Reports.

3.9 The committee notes that the APVMA has included a summary resource table by outcomes. While the inclusion of this table is an improvement on its previous annual report, the information provided in the final column is not in accordance with the suggested format for the table contained in the Requirements for Annual Reports.<sup>5</sup>

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

4 See 'Checklist of Requirements' in Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2009, pp 31–33.

5 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2009, p. 30.

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In addition, agencies are also required to include an agency resource statement table, a new requirement from 2008-09 onwards.<sup>6</sup>

3.10 The committee is pleased to note that the APVMA has included a date on its transmittal letter, as specified in the Requirements for Annual Reports.

3.11 The APVMA reported that throughout 2008-09 it continued the review of its cost recovery arrangements which began in 2007-08. The APVMA has considered all of the comments received and is now preparing a final cost recovery impact statement for the Minister's agreement. The final statement will set out the fee structure for the next five years, or until the next review, if the need arises before 2013. It is proposed that changes to the APVMA's cost recovery arrangements will be phased in from 2009-10 and completed by July 2011.<sup>7</sup>

3.12 The APVMA's income for 2008-09 was \$24.83 million, an increase of \$2.37 million from 2007-08. This was primarily due to higher levy revenue. Total operating expenses for 2008-09 were \$25.86 million, an increase of \$1.01 million from the previous year.<sup>8</sup>

3.13 Following comments made in its previous report, the committee is pleased to observe that the APVMA has included a number of corrections to its 2007-08 annual report, as follows:

- a date for the letter of transmittal;
- a summary resource table by outcomes;
- separate summary statements for new and ongoing consultancies; and
- a revised compliance index.<sup>9</sup>

### ***Wheat Exports Australia***

3.14 The committee notes that this is the first report of Wheat Exports Australia (WEA). WEA replaced the Export Wheat Commission (EWC) from 1 July 2008 following a change to Australia's wheat export arrangements. WEA is a prescribed agency under the FMA Act. The objective of WEA is to regulate the export of bulk

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6 See suggested format for the Agency Resource Statement table in Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2009, pp 28–29.

7 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2008-09*, pp 5 and 7.

8 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2008-09*, pp 7 and 20–21.

9 Senate Rural and Regional Affairs and Transport Legislation Committee, *Annual reports (No. 2 of 2009)*, September 2009, pp 20–21.

wheat from Australia through the Wheat Export Accreditation Scheme and inform government, growers, exporters and industry of outcomes.<sup>10</sup>

3.15 Overall the committee found WEA's report to be informative and well presented. While the report contained a useful compliance index which aided the committee in its assessment of the report, a number of items, that are mandatory if applicable, were not listed. The committee considers it would be useful to record a nil entry where WEA has nothing to report against these items.

3.16 The committee commends WEA 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>11</sup>

3.17 The committee is also pleased to note that WEA has provided 'Agency resource statement' and 'Total resources for outcomes' tables in accordance with the formats specified in the Requirements for Annual Reports.<sup>12</sup>

3.18 In addition, WEA's reporting on OH&S, and under section 311A of the *Commonwealth Electoral Act 1918* in relation to advertising and market research was of a high standard.

3.19 The committee notes that WEA 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 1.28). Instead, readers are referred to a web link for the Australian Public Service Commission's (APSC's) State of the Service Report, with WEA indicating that it had reported on its performance to the APSC through this report. WEA is reminded that this information must be included in its annual report.<sup>13</sup>

3.20 WEA reported that 'the period covered by this 2008-09 Annual Report has been one of momentous change for Australia's wheat industry'. When the *Wheat Export Marketing Act 2008* commenced on 1 July 2008, 'it removed the Single Desk export wheat marketing system and introduced competition to the exporting of Australian bulk wheat'.<sup>14</sup>

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10 Wheat Exports Australia, *Annual Report 2008-09*, pp 6 and 57.

11 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2009, pp 10–12 and 24–27.

12 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2009, pp 6–7 and 28–30.

13 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, June 2009, p. 13.

14 Wheat Exports Australia, *Annual Report 2008-09*, p. 2.

3.21 WEA indicated that the Act and the Wheat Export Accreditation Scheme will be reviewed by the Productivity Commission for reporting to the Australian Government by 30 June 2010. At the same time, DAFF, in conjunction with the Department of Finance and Deregulation, will be conducting an internal review of funding arrangements for WEA. The committee notes that the Government provided an appropriation of \$1.107 million through an Advance to the Finance Minister on 5 November 2008 for WEA operations during 2008-09.<sup>15</sup>

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

### **Commonwealth authorities**

#### *Airservices Australia*

3.22 As mentioned in the committee's previous reports the compliance index in this report was not comprehensive.<sup>16</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.

3.23 The committee commends Airservices Australia on its thorough reporting under the EPBC, FOI and OH&S Acts.

3.24 Airservices Australia reported that in 2008-09 it initiated a much more strategic focus on safety, both in its operations and workplace. The Board and Executive are in the final stages of approving a ten year safety plan, to ensure that operational and workplace safety are key considerations in the way Airservices Australia delivers projects, acquires new technology and infrastructure, refurbishes existing systems and buildings, and enhances the safety of its staff by utilising good workplace design practices.<sup>17</sup>

3.25 Airservices Australia negotiated three collective agreements with its employees and unions in the past year. The CEO explained that 'it was important that, while these agreements needed to be fair to our people, they also provided the basis for our program of ongoing productivity improvement and reform'. As Airservices Australia earns revenue from the aviation industry, the current and emerging cost pressures on the industry were key considerations in the negotiations. According to the Chairman, 'this process was not without difficulties, particularly in the air traffic

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15 Wheat Exports Australia, *Annual Report 2008-09*, pp 5 and 30.

16 Senate Rural and Regional Affairs and Transport Committee, *Annual Reports (No. 1 of 2007)*, p. 6; *Annual Reports (No. 2 of 2008)*, p. 15; and *Annual Reports (No. 1 of 2009)*, p. 24.

17 Airservices Australia, *Annual Report 2008-09*, p. 19.

agreement; however, the Board was pleased that agreements which reflected opportunities for further efficiency improvements were eventually reached'.<sup>18</sup>

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

3.26 The committee considers that CASA has fulfilled its reporting requirements to a high standard. The report is clear, well structured and easy to read. It provides a thorough review of CASA's functions, activities and outcomes for 2008-09, including comprehensive reporting under the FOI, OH&S and Commonwealth Electoral Acts.

3.27 The committee is pleased to note improvements in CASA's transmittal letter and its reporting on the Commonwealth Disability Strategy.

3.28 CASA reported that a significant milestone in 2008-09 was the finalisation of the new Civil Aviation Safety Regulation 1988 (CASR) Part 99, which establishes a framework for the development of drug and alcohol management plans covering persons involved in safety sensitive aviation activities. It also establishes a regime for random drug and alcohol tests conducted by or on behalf of CASA. The new rules were launched at the Regional Aviation Association of Australia convention on 19 September 2008. Random drug and alcohol testing commenced in April 2009. Symbion, an independent testing provider working on behalf of CASA, is expected to perform approximately 6,000 random alcohol and other drug tests during the first 12 months of operation.<sup>19</sup>

3.29 The committee notes that during the reporting period, Mr Bruce Byron completed his appointment as Director of Aviation Safety and Chief Executive Officer (CEO). His term as CEO began in December 2003 and concluded on 1 March 2009, when he was replaced by Mr John McCormick.<sup>20</sup>

3.30 The committee notes that following amendments to the *Civil Aviation Act 1988*, a new Board will be introduced from 1 July 2009 to improve CASA's governance. The functions of the new Board are to decide the objectives, strategies and policies to be followed so that CASA performs its functions in a proper, efficient and effective manner, in compliance with ministerial directions. The Board will operate at a strategic level with a particular focus on governance, while the Director of Aviation Safety will continue to be responsible for day-to-day regulatory and operational decision making.<sup>21</sup>

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18 Airservices Australia, *Annual Report 2008-09*, pp 3, 5 and 26.

19 Civil Aviation Safety Authority, *Annual Report 2008-09*, pp 14, 29 and 81.

20 Civil Aviation Safety Authority, *Annual Report 2008-09*, pp 18–19.

21 Civil Aviation Safety Authority, *Annual Report 2008-09*, pp 10, 15 and 26.

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## Statutory corporations

### *National Transport Commission*

3.31 In its previous reports the committee noted that 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>22</sup> The committee is concerned that the NTC has once again failed to address the majority of requirements under the CAC Orders.

3.32 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>23</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'.

3.33 Following comments made in its previous report, the committee is pleased to note that the NTC's *Annual Report 2009* presented to Parliament was printed in international B5 size, as specified in the *Printing standards for documents presented to Parliament*.<sup>24</sup>

## Senator Glenn Sterle Chair

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22 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; *Annual reports (No. 2 of 2008)*, p. 16; and *Annual reports (No. 2 of 2009)*, p. 26.

23 Senate Rural and Regional Affairs and Transport Committee, *Annual reports (No. 1 of 2006)*, p. 4; *Annual reports (No. 1 of 2007)*, p. 6; *Annual reports (No. 2 of 2008)*, p. 16; and *Annual reports (No. 2 of 2009)*, p. 26.

24 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) .

