

Chapter 1

Overview

1.1 The committee is responsible for examining the annual reports of departments and agencies within three portfolios:

- Agriculture, Fisheries and Forestry;
- Infrastructure and Transport; and
- Regional Australia, Local Government, Arts and Sport.

Terms of Reference

1.2 Under Senate Standing Order 25(20), annual reports of departments and agencies shall stand referred to the legislation 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 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 attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports.
- (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.

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* (Requirements for Annual Reports), Department of the Prime Minister and Cabinet (PM&C), approved by the Joint Committee of Public Accounts and Audit on 6 July 2011 and updated by PM&C on 8 July 2011;
- 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 2008* (CAC Orders); 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.

1.5 The committee notes that on 22 September 2011 the Finance Minister signed the *Commonwealth Authorities (Annual Reporting) Orders 2011*. These Orders commenced on 14 October 2011, the day after registration, and replace the *Commonwealth Authorities and Companies (Annual Reporting) Orders 2008*.¹

1.6 The Finance Minister also signed the *Commonwealth Companies (Annual Reporting) Orders 2011* on 22 September 2011. These Orders commenced on 13 October 2011, the day after registration. The committee notes that, prior to these Orders, 'no reporting Orders have been issued for wholly-owned Commonwealth companies'² and that these Orders require Commonwealth companies to report

1 *Commonwealth Authorities (Annual Reporting) Orders 2011*, Explanatory Statement, p. 1.

2 *Commonwealth Authorities (Annual Reporting) Orders 2011*, Explanatory Statement, p. 2.

specific public sector issues in their annual reports, in addition to the requirements of the *Corporations Act 2001*.³

1.7 Annual reports for Commonwealth authorities and companies for the 2011-12 financial year should be prepared in accordance with the *Commonwealth Authorities (Annual Reporting) Orders 2011*, and the *Commonwealth Companies (Annual Reporting) Orders 2011*, respectively.

Reports referred to the committee

1.8 Standing Order 25(20)(f) requires the committee to report on annual reports tabled by 31 October each year by the tenth sitting day of the following year. This year, that date is 15 March 2012. The committee is also required to report on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year, this year, that date is 12 September 2012.

1.9 On 8 February 2012, the Senate amended the continuing order relating to the allocation of departments and agencies to committees. The change of allocations resulted in the Rural Affairs and Transport Committee changing its name to the Rural and Regional Affairs and Transport Committee. The change also resulted in the recently established Regional Australia, Local Government, Arts and Sport portfolio moving from the Finance and Public Administration Committee's responsibilities to the Rural and Regional Affairs and Transport Committee's responsibilities. The committee now has responsibility for the oversight of the following portfolios:

- Agriculture, Fisheries and Forestry;
- Infrastructure and Transport; and
- Regional Australia, Local Government, Arts and Sport.⁴

1.10 As these changes occurred after 31 October 2011, reports within the Regional Australia, Local Government, Arts and Sport (RALGAS) portfolio, can be found in the Finance and Public Administration Committee's *Report on Annual Reports (No. 1 of 2012)*.⁵ Reports from the RALGAS portfolio which were tabled after 31 October 2011 and by 30 April 2012 will be considered in this committee's *Report on Annual Reports (No. 2 of 2012)*.

1.11 This report considers annual reports which were tabled in the Senate or presented to the President of the Senate between 1 May 2011 and 1 November 2011. The committee notes that the *Report on Annual Reports (No.1)* considers reports tabled between 1 May and 31 October, however, five annual reports, including the

3 *Commonwealth Companies (Annual Reporting) Orders 2011*, Explanatory Statement, p. 1.

4 *Journals of the Senate No. 74*, 8 February 2012, pp 2043–2044.

5 This report can be found at www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=fapa_ctte/annual/index.htm (accessed 9 March 2012).

Department of Infrastructure and Transport's annual report, were tabled in the Senate on 1 November 2011.⁶ The committee reminds Departments, and executive and prescribed agencies, that annual reports must be tabled in each House of Parliament by 31 October⁷, and that:

If Senate Estimates is scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to those hearings.⁸

1.12 The committee examined two annual reports of agencies within the Agriculture, Fisheries and Forestry portfolio and five annual reports of agencies within the Infrastructure and Transport portfolio, as follows:

- Department of Agriculture, Fisheries and Forestry—Report for 2010-11;
- Australian Pesticides and Veterinary Medicines Authority—Report for 2010-11;
- Wine Australia—Report for 2010-11;
- Department of Infrastructure and Transport—Report for 2010-11;
- Airservices Australia—Report for 2010-11;
- Australian Maritime Safety Authority—Report for 2010-11;
- Civil Aviation Safety Authority—Report for 2010-11;
- National Transport Commission—Report for 2010-11; and
- Australian Rail Track Corporation—Report for 2010-11.

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

Reports not examined

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

- *Acts Interpretation Act 1901*—Statement pursuant to subsection 34C(7) relating to the delay in presentation of a report—*Australian Meat and Live-stock Industry Act 1997*—Funding agreement 2010-14 between the Commonwealth of Australia and Australian Livestock Export Corporation Limited (Livecorp);

6 For a full list of annual reports tabled on 1 November 2011, see paragraph 1.17.

7 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, p. 2.

8 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, p. 2.

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- *Australian Meat and Live-stock Industry Act 1997*—Funding agreement 2010-14 between the Commonwealth of Australia and Australian Livestock Export Corporation Limited (Livecorp);
 - *Sydney Airport Demand Management Act 1997*—Quarterly report on the maximum movement limit for Sydney Airport for the period 1 April to 30 June 2011; and
 - *Sydney Airport Demand Management Act 1997*—Quarterly report on the maximum movement limit for Sydney Airport for the period 1 July to 30 September 2011.

Timeliness

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

1.16 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.⁹ 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.¹⁰ Where the financial year ends on 30 June, this deadline translates to 15 October.

1.17 A number of annual reports were tabled in the Senate after the appropriate deadlines, beyond the date that they may be considered in this report. Five reports within the Infrastructure and Transport portfolio were tabled one day after the reporting deadline but have still been considered in this report. Those reports tabled late but still considered in this report are as follows:

- Airservices Australia—Report for 2010-11;
- Australian Maritime Safety Authority—Report for 2010-11;
- Civil Aviation Safety Authority—Report for 2010-11;
- Department of Infrastructure and Transport—Report for 2010-11; and
- National Transport Commission—Report for 2010-11.

9 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, p. 2.

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

Comments on reports

Changes to legislative requirements for Departments, Executive Agencies and FMA Act Bodies

1.18 The committee notes that the Information Publication Scheme, introduced in May 2011, has replaced the former annual report publication requirements in section 8 of the *Freedom of Information Act 1982* (FOI Act). For the period 1 July 2010 to 30 April 2011, annual reports should contain a section 8 statement, explaining these changes.¹¹

1.19 With the introduction of a new National Disability Strategy, the reporting requirements for the Commonwealth Disability Strategy have been discontinued. Annual reports must now include an explicit and transparent reference to other disability reporting mechanisms, specifically noting where agency level information can be found.¹²

1.20 The committee also notes new reporting requirements for departments whose activities impact on social inclusion outcomes, which require information about relevant programs and progress in relation to social inclusion strategic change indicators.¹³

Changes to departmental structure

1.21 On 14 September 2010, the Australian Government issued a new Administrative Arrangements Order (AAO). This resulted in the Department of Infrastructure and Transport reducing its outcomes from three to two, and transferring its Regional Development and Local Government functions to the recently established Department of Regional Australia. The Department of Infrastructure and Transport's *Annual Report 2010-11* reflects the outcome and program structure and key performance indicators published in the 2010-11 Portfolio Budget Statement (PBS), with regard to the AAO of 14 September 2010.

List of requirements/Compliance index

1.22 The committee is pleased to note that a number of annual reports have improved their compliance indexes and reporting on requirements listed in the compliance index. A 'List of Requirements' is a mandatory inclusion specified in the

11 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, pp i, 14–15 and 20–22.

12 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, pp i, 15 and 29.

13 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, pp i, 7–8 and 29.

Requirements for Annual Reports.¹⁴ This list greatly facilitates the committee's task of ensuring adherence to reporting requirements, as well as assisting agencies to clearly demonstrate that all legislative obligations have been met.

1.23 The committee considers that as a matter of best practice, CAC Act bodies should provide equivalent information in the form of a compliance index based on requirements in the CAC Act and their own governing legislation.

1.24 The committee is especially pleased with the Australian Rail Track Corporation and the National Transport Commission's inclusion of a complete compliance index, and reporting on items that were not included in previous reports.

Report on performance

1.25 The committee considers that most annual reports have provided a clear and thorough report on performance. Annual reports that contained the information presented in tables, with a status marking items as 'achieved' or 'partially achieved' were especially effective in demonstrating performance in relation to requirements, and whether or not objectives were achieved. The Requirements of Annual Reports specifies that the review must include:

a statement noting if the department has historically met each Key Performance Indicator (KPI). For those KPIs that have not been achieved, a brief explanation is to be included.¹⁵

1.26 The committee considers that the Department of Infrastructure and Transport has fulfilled this reporting requirement to a high standard.

14 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, p. 17.

15 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 8 July 2011, p. 7.

