

Chapter 1

Overview

1.1 The Senate Rural and Regional Affairs and Transport Legislation Committee (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.¹

Terms of reference

1.2 Under Senate Standing Order 25(20), annual reports of departments and agencies 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 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 *Journals of the Senate*, No. 74, 8 February 2012, pp 2043–2044.

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 government 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 government 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.

1.5 For departments of state and executive agencies the requirements are contained in the:

- *Public Service Act 1999*, subsections 63(2) and 70(2); and
- *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.

1.6 For Commonwealth authorities and companies the requirements are contained in the:

- *Commonwealth Authorities and Companies Act 1997* (the CAC Act), sections 9, 36 and 48; and
- *Commonwealth Authorities and Companies (Report of Operations) Orders 2008* (CAC Orders).

1.7 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.²

1.8 As mentioned in the committee's Report on Annual Reports (No. 1 of 2012), 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.

1.9 The committee notes that 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

2 *Senate Hansard*, 8 December 1987, pp 2643–45.

wholly-owned Commonwealth companies'³ and that these Orders require Commonwealth companies to report specific public sector issues in their annual reports, in addition to the requirements of the *Corporations Act 2001*.

1.10 Annual reports for Commonwealth authorities and companies for the 2012-13 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

1.11 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. This year, that date is 12 September 2012. 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.

1.12 This report considers annual reports which were tabled in the Senate or presented to the President of the Senate between 1 November 2011 and 30 April 2012.⁴ It includes annual reports submitted to the Minister before 30 October 2011, but tabled after that date and therefore not considered as part of the committee's report *Annual Reports (No. 1 of 2012)*.

1.13 The committee examined eight annual reports of agencies within the Agriculture, Fisheries and Forestry portfolio, one annual report of an agency within the Infrastructure and Transport portfolio, and one annual report of an agency within the Regional Australia, Local Government, Arts and Sport portfolio, as follows:

- Australian Fisheries Management Authority—Report for 2010-11;
- Australian Transport Safety Bureau—Report for 2010-11;
- Cotton Research and Development Corporation—Report for 2010-11;
- Fisheries Research and Development Corporation—Report for 2010-11;
- Grains Research and Development Corporation—Report for 2010-11;
- Grape and Wine Research and Development Corporation—Report for 2010-11;
- National Capital Authority—Report for 2010-11;
- Rural Industries Research and Development Corporation—Report for 2010-11;
- Sugar Research and Development Corporation—Report for 2010-11; and
- Wheat Exports Australia—Report for 2010-11.

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

4 As noted in *Annual Reports (No. 1) of 2012*, a number of reports were tabled on 1 November 2011 and examined in the committee's *Annual Reports (No. 1) of 2012*.

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

Reports not examined

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

- Australia Business Arts Foundation Ltd—Financial Statements for the year ended 30 June 2011;
- *Australian Meat and Live-stock Industry Act 1997*—Livestock mortalities during exports by sea—report for the period 1 July to 31 December 2011;
- Australian Sports Commission—Strategic Plan 2011-12 to 2014-15;
- *Dairy Produce Act 1986*—Report for 2010-11 in relation to the compliance with the statutory funding agreement between the Commonwealth of Australia and Dairy Australia Limited;
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 July to 30 September 2011; and
- *Sydney Airport Demand Management Act 1997*—quarterly report on the maximum movement limit for the period 1 October to 31 December 2011.

Timeliness

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

1.17 As stated in the 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.⁵ Those Commonwealth authorities and companies 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.⁶ Where the authorities and companies' financial year ends on 30 June, this deadline translates to 15 October.

1.18 The committee notes that all Commonwealth authorities' annual reports examined in this report were not sent to the Minister by the 15 October. Section 28 of the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act) states that a Research and Development (R&D) Council must, 'as soon as practicable

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, July 2011, p. 2.

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

after 30 June each year', prepare and give to the Minister a report of its operations during the financial year that ended on that day.

1.19 Where an agency's own legislation provides a timeframe for its annual report, an alternative timeframe applies. However, the committee reminds such bodies that it is the Government's policy that all annual reports should be tabled in Parliament by 31 October.⁷

1.20 As noted in the committee's report *Annual reports (No. 1 of 2012)*, a number of annual reports were tabled in the Senate after the appropriate deadlines and will be examined in this report.⁸

1.21 Although not subject to the timeframes in the CAC Act or *Financial Management and Accountability Act 1997* (FMA Act), the committee notes a significant delay in the tabling of the Torres Strait Protected Zone Joint Authority (TSPZJA) *Annual Report 2009-10*. The TSPZJA has not tabled an annual report since its 2008-09 Annual Report (tabled in the Senate on 21 June 2011). The committee encourages the TSPZJA to produce its annual report in a more timely manner.

Comments on reports

1.22 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 make this assessment the committee examines whether annual reports comply with the statutory reporting guidelines relevant to each particular report.

1.23 The committee considers that the reports examined are generally 'apparently satisfactory', although some do not comprehensively address all of their legislative requirements. While any divergence from these requirements is mostly minor in nature, the committee encourages agencies to pay particular attention to the matters discussed below.

Aids to Access: Indexes

Compliance indexes

1.24 As mentioned in previous reports, compliance indexes greatly facilitate the committee's task of ensuring adherence to reporting requirements, and also assist agencies to demonstrate that all legislative obligations have been met.

1.25 The committee finds it especially helpful when wording or phrases contained in legislation are used in the compliance index. If a variation of the wording is used, items listed in the compliance index can be too broad to be considered useful.

1.26 This is especially relevant to bodies reporting under the PIERD Act. The committee finds that while most agencies listed the PIERD Act reporting requirements separately to the compliance index, the list of PIERD Act reporting requirements

7 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, July 2011, p. 2.

8 Senate Rural and Regional Affairs and Transport Legislation Committee, *Annual reports (No. 1 of 2012)*, March 2012, p. 5.

rarely appeared to be complete. The committee recommends creating this list directly from the reporting requirements listed in the PIERD Act for a more comprehensive compliance index.

1.27 The committee considers that where items are not applicable, the compliance index would benefit from the inclusion of these items, with an 'N/A' where appropriate.

1.28 The committee considers that while it has not used identical wording from the legislation, the Fisheries Research and Development Corporation has provided a thorough compliance index for its reporting under the PIERD Act.⁹

Changes to legislative requirements for Commonwealth authorities

1.29 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.

1.30 The committee considers the Fisheries Research and Development Corporation and the Grains Research and Development Corporation have fulfilled this reporting requirement to a high standard.¹⁰ Further discussion on reporting under the FOI Act is included in chapter 2.

Report on performance

1.31 The Requirements for Annual Reports states that the annual report must include a review of performance during the year, in relation to deliverables and Key Performance Indicators of programs, and their 'effectiveness in achieving the planned outcomes'. Specifically, it states:

Descriptions of processes and activities should be avoided. Rather, reporting should be aimed at providing an assessment of how far the agency has progressed towards outcomes.¹¹

1.32 For agencies reporting under the CAC Act, the CAC Orders state that the assessment of performance should address both the efficiency and effectiveness of the operations of the authority, and 'make clear links between outcomes, strategies for achieving those outcomes and the principal outputs'.¹²

1.33 For bodies required to report under the PIERD Act, section 28(b)(i) states that the directors must include 'an assessment of the extent to which its operations during the period have achieved its objectives as stated in its R&D plan'.

9 Fisheries Research and Development Corporation, *Annual Report 2010-11*, p. 173.

10 Fisheries Research and Development Corporation, *Annual Report 2010-11*, pp 90 and 165–166; Grains Research and Development Corporation, *Annual Report 2010-11*, p. 101.

11 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, July 2011, p. 6.

12 *Commonwealth Authorities and Companies (Report of Operations) 2008*, p. 6.

1.34 The committee considers that while the reporting on performance was presented clearly, and used helpful tables, a number of annual reports did not provide a thorough assessment of the effectiveness of performance. Rather, an 'achievements' column was provided, with a description of activities that have taken place.¹³ Displaying the information in this way provides no direct correlation between the targets and their achievements, and the committee finds it difficult to assess whether targets were achieved or not.

1.35 The committee considers that the Sugar Research and Development Corporation, the Cotton Research and Development Corporation, and the Australian Fisheries Management Authority all fulfilled this reporting requirement to a high standard.

Reviews by outside bodies

1.36 The committee notes that on 15 June 2011, the Australian Government released the final report of the Productivity Commission inquiry into the rural research and development corporations, as well as the preliminary government response to the Productivity Commission's report, and the National Strategic Rural R&D Investment Plan.

1.37 On 23 July 2012, the Minister for Agriculture, Fisheries and Forestry released a Rural Research and Development Policy Statement, which incorporated the response to the two reports.¹⁴ The committee expects that any changes to the R&D bodies as a result of these reports will be included in future annual reports where appropriate.

Senate remarks on annual reports

1.38 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. However, the committee notes that the Australian Fisheries Management Authority—Report for 2010-11 is listed for future debate on the Senate Notice Paper.¹⁵

13 See, for example, Fisheries Research and Development Corporation, *Annual Report 2010-11*, pp 27–28, 39–40, 48, 53 and 59; Grape and Wine Research and Development Corporation, *Annual Report 2010-11*, pp 20–41; and Grains Research and Development Corporation, *Annual Report 2010-11*, pp 77, 91, 95, 96–97.

14 www.daff.gov.au/agriculture-food/innovation/productivity-commission-review-of-the-research-and-development-corporation (accessed 6 September 2012).

15 *Senate Notice Paper*, No. 106, 10 September 2012, Proof Copy, p. 12.