

The Senate

---

Economics  
Legislation Committee

---

Annual reports (No. 2 of 2013)

December 2013

© Commonwealth of Australia 2013

ISBN 978-1-74229-910-5

Printed by the Senate Printing Unit, Parliament House, Canberra.

# Senate Economics Legislation Committee

## Members

Senator David Bushby, **Chair**, LP, TAS  
Senator Gavin Marshall, **Deputy Chair**, ALP, VIC  
Senator Alan Eggleston, LP, WA  
Senator Louise Pratt, ALP, WA  
Senator John Williams, NATS, NSW  
Senator Nick Xenophon, IND, SA

## Secretariat

Dr Kathleen Dermody, Secretary  
Ms Kate Campbell, Research Officer  
Ms Morana Kavgic, Research Officer  
Ms Leonie Lam, Research Officer

PO Box 6100  
Parliament House  
Canberra ACT 2600  
Ph: 02 6277 3540  
Fax: 02 6277 5719  
E-mail: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)  
Internet: [www.aph.gov.au/senate\\_economics](http://www.aph.gov.au/senate_economics)



# TABLE OF CONTENTS

<b>Abbreviations .....</b>	<b>vii</b>
<b>Chapter 1.....</b>	<b>1</b>
<b>Overview .....</b>	<b>1</b>
Introduction .....	1
Terms of reference.....	1
Purpose and requirements of annual reports .....	2
Changes to reporting requirements.....	3
Organisational and operational changes .....	3
Annual reports referred to the committee.....	4
Additional reports referred to the committee .....	5
Timeliness.....	6
Remarks made in the Senate.....	7
Other comments on reports .....	7
<b>Chapter 2.....</b>	<b>11</b>
<b>Individual 2011–2012 Annual Reports .....</b>	<b>11</b>
Reports under the Industry, Innovation, Science, Research and Tertiary Education portfolio .....	11
Reports under the Resources, Energy and Tourism portfolio .....	14
Reports under the Treasury portfolio .....	15
<b>Appendix 1 .....</b>	<b>17</b>
<b>Industry, Innovation, Science, Research and Tertiary Education portfolio.....</b>	<b>17</b>
<b>List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later.....</b>	<b>17</b>
<b>Appendix 2 .....</b>	<b>19</b>
<b>Resources, Energy and Tourism Portfolio .....</b>	<b>19</b>

<b>List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later.....</b>	<b>19</b>
<b>Appendix 3.....</b>	<b>21</b>
Treasury portfolio .....	21
<b>List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later.....</b>	<b>21</b>
<b>Appendix 3.....</b>	<b>21</b>
Treasury portfolio .....	21
<b>List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later.....</b>	<b>21</b>
<b>Appendix 4.....</b>	<b>23</b>
Industry, Innovation, Science, Research and Tertiary Education portfolio structure .....	23
<b>Appendix 5.....</b>	<b>25</b>
Resources, Energy and Tourism portfolio structure and outcomes .....	25
<b>Appendix 6.....</b>	<b>27</b>
Treasury portfolio structure and outcomes.....	27

# Abbreviations

ACRE	Australian Centre for Renewable Energy
ARENA	Australian Renewable Energy Agency
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
DCCEE	Department of Climate Change and Energy Efficiency
DIICCSRTE	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
DIISRTE	Department of Industry, Innovation, Science, Research and Tertiary Education
DRET	Department of Resources, Energy and Tourism
FMA Act	<i>Financial Management and Accountability Act 1997</i>
HoR	House of Representatives
IIF	Innovation Investment Fund
PM&C	Department of Prime Minister and Cabinet
PM&C guidelines	<i>Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies</i> , last revised on 28 June 2012
R&D	Research and Development





# Chapter 1

## Overview

### Introduction

1.1 This is the Senate Economics Legislation Committee's (the committee) second and final report on annual reports in 2013. It provides an overview of the committee's examination of annual reports for the 2011–12 financial year tabled after 31 October 2012.

### Terms of reference

1.2 Annual reports of departments and agencies are referred to Senate committees under Senate Standing Order 25(20). During the reporting period, the Senate Economics Legislation Committee was responsible for the scrutiny of departments and agencies in the following portfolios:

- Industry, Innovation, Science, Research and Tertiary Education;
- Resources, Energy and Tourism; and
- Treasury.<sup>1</sup>

1.3 The structures and outcomes for each of these portfolios are summarised in Appendices 4, 5 and 6 respectively.

1.4 Standing order 25(20)<sup>2</sup> requires the committee to:

- (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;

---

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

2 *Standing Orders and other orders of the Senate*, June 2009, p. 28.

- (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.

## **Purpose and requirements of annual reports**

1.5 Annual reports provide information on the success of departments and agencies in meeting their targets and therefore assist in ensuring the public accountability of government departments and agencies. Their tabling in the Parliament and scrutiny by Senate committees allows Parliament to make informed judgments on the executive's performance in administering government programs.

1.6 Indeed, as highlighted in the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (Requirements for Annual Reports)*:

Annual reports serve to inform the Parliament (through the responsible Minister), other stakeholders, educational and research institutions, the media and the general public about the performance of departments in relation to services provided. Annual reports are a key reference document and a document for internal management. They form part of the historical record.<sup>3</sup>

1.7 The annual reporting requirements are set down in the following instruments:

- Departments of State and Executive Agencies present their annual reports pursuant to sections 63(2) and 70(2) of the *Public Service Act 1999*,<sup>4</sup> and the Department of the Prime Minister and Cabinet's (PM&C) *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (Requirements for Annual Reports)*, revised 28 June 2012.
- Commonwealth authorities and companies present their annual reports pursuant to their own enabling legislation and/or sections 9, 36 and 48 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act).
- For non-statutory bodies, the requirements are contained in the Government response to the report of the Senate Standing Committee on Finance and Public Administration on Non-statutory bodies, *Senate Hansard*, 8 December 1987, pp 2643–45.

---

3 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (Requirements for Annual Reports)*, 28 June 2012, paragraph 5.

4 The financial statements must be produced in accordance with the amended *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2008)*.

1.8 The legislation governing the annual reports of various agencies and the tabling information is shown in Appendices 1, 2 and 3.

1.9 The enabling legislation of some agencies may require that agency to report on matters other than those included in the guidelines, or impose different reporting requirements. The committee's view is that such agencies, while bound by their enabling legislation, should also comply with the Department of the Prime Minister and Cabinet (PM&C) guidelines, to the extent that the requirements do not conflict.

### **Changes to reporting requirements**

1.10 In preparing this report, the committee kept in mind the requirements released by the Department of PM&C, and approved by the Joint Committee of Public Accounts and Audit. Requirements for Annual Reports for 2011–12 include significant amendments relating to:

- consultancy reporting;
- carer recognition (applicable to public service care agencies);
- work health and safety; and
- freedom of information.<sup>5</sup>

1.11 Attention also needs to be given to other information to be included by legislation, including advertising and market research, as well as ecologically sustainable development and environmental performance.

1.12 The specific requirement for disability reporting in individual annual reports has been discontinued given that it occurs through other mechanisms. To preserve the level of parliamentary scrutiny of disability issues, each report must now include an explicit and transparent reference to other reporting mechanisms, noting where agency level information can be found. A suggested form of words to satisfy the requirement is set out in the PM&C Requirements for Annual Reports released in June 2012.

### **Organisational and operational changes**

1.13 Due to the machinery of government changes of March 2013 and the subsequent amendment of the Administrative Arrangements Order, the Department of Climate Change and Energy Efficiency (DCCEE) was abolished and the Climate Change functions transferred to the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE), thereby creating the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE).

---

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 28 June 2012, p. i.

1.14 Despite this change, the portfolio coverage of the committee remains unchanged due to a motion passed in the Senate on 15 June 2013 determining that responsibility for climate change would stay with the Senate Environment and Communications Committee.<sup>6</sup>

1.15 Similarly, the Energy Efficiency functions from the DCCEE were transferred to the Department of Resources, Energy and Tourism (DRET). As such, the Resources, Energy and Tourism portfolio now encompasses matters relating to energy efficiency.

1.16 This report examines the final annual report by the Australian Centre for Renewable Energy (ACRE) Board. Projects and measures previously managed by the ACRE Board, the Australian Solar Institute, and DRET as part of the Clean Energy Future Package announced by the Prime Minister on 8 July 2011 have been incorporated into the Australian Renewable Energy Agency (ARENA). This new agency, established on 1 July 2012 as an independent statutory authority under the *Australian Renewable Energy Agency Act 2011*, comes under the Resources, Energy and Tourism portfolio.

### **Annual reports referred to the committee**

1.17 The committee reported on annual reports tabled in the Senate by 31 October 2012 in its report *Annual reports (No. 1 of 2013)* tabled on 14 March 2013, which examined 36 annual reports.

1.18 Under Standing Order 25(20)(f), the committee is required to report on the annual reports of departments and agencies tabled in the Senate by 30 April each year by the tenth sitting day after 30 June of that year. Accordingly, this report examines the annual reports 2011–12 of the following seven bodies:

#### *Prescribed agencies under the FMA Act*

- Australian Prudential Regulation Authority;

#### *Statutory bodies/authorities not under the FMA Act*

- Australian Centre for Renewable Energy Board (independent statutory advisory board);
- Innovation Australia (independent statutory body);

#### *Non-statutory bodies*

- Foreign Investment Review Board;

---

6 *Journals of the Senate*, No. 145, 15 May 2013, p. 3929.

---

*Commonwealth authorities (under the CAC Act)*

- Australian National University (statutory authority);

*Commonwealth companies (under the CAC Act)*

- IIF Investments Pty Limited; and

*Other companies, limited by shares*

- Snowy Hydro Limited (statutory corporation).

1.19 Comments on these individual reports are contained in Chapter 2, where reports are listed in alphabetical order under each portfolio.

### **Additional reports referred to the committee**

1.20 In addition to the aforementioned reports, the following reports were also referred to the committee in the reporting period. The committee notes that these reports are referred for information only, and the committee is not required to report on them by the terms of the Standing Order:

- Australian Nuclear Science and Technology Organisation Act—Statement under section 7—Disclosure of the Australian Nuclear Science and Technology Organisation's interest in a company, tabled 19 November 2012;
- Australian Research Council—Strategic Plan 2012–13 to 2014–15, tabled 5 February 2013;
- Department of Finance and Deregulation—Consolidated Financial Statements for the year ended 30 June 2012, tabled 5 February 2013;
- Finance—Advances provided under the annual Appropriation Acts—Report for 2011–12, tabled 5 February 2013;
- Tax expenditures statement 2012, tabled 5 February 2013;
- Productivity Commission—Inquiry Report No. 59—Barriers to Effective Climate Change Adaptation, dated 19 September 2012, tabled 19 March 2013;
- Australian Government response to the Productivity Commission report: Barriers to Effective Climate Change Adaptation, dated March 2013, tabled 19 March 2013;
- Productivity Commission—Report No. 61—Compulsory licensing of patents, dated 28 March 2013, tabled 18 June 2013;
- Australian Research Council—Strategic plan 2013–14 to 2015–16, tabled 25 June;
- Department of Resources, Energy and Tourism—Energy use in the Australian Government's operations—Reports for 2010–11 and 2011–12; tabled 26 June 2013; and

- Productivity Commission—Report No. 62—Electricity network regulatory frameworks—Volume 1 and Volume 2, dated 9 April 2013, Government response, dated June 2013, tabled 26 June 2013.

## **Timeliness**

1.21 Standing Order 25(20)(c) requires the committee to report to the Senate on the late presentation of annual reports. The annual reports considered in this report were tabled after 31 October 2012.

### ***Departments and FMA Act entities***

1.22 Subsection 4(1) of Part 1 of the PM&C *Requirements for Annual Reports* states that annual reports of departments and agencies under the FMA Act framework are to be presented to each House of Parliament on or before 31 October in the year the report is given. Furthermore, if Senate Supplementary Estimates hearings are scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to those hearings.

### ***CAC Act entities***

1.23 Section 9 of the CAC Act stipulates that the deadline for furnishing the minister with the annual reports of Commonwealth authorities is the 15<sup>th</sup> day of the 4<sup>th</sup> month after the end of the financial year; that is, 15 October.

1.24 According to section 36(1) of the CAC Act a Commonwealth company must give the responsible Minister:

- (a) a copy of the company's financial report, directors' report and auditor's report that the company is required by the *Corporations Act 2001* to have for the financial year (or would be required by that Act to have if the company were a public company); and
- (b) any additional report under subsection (2); and
- (c) in the case of a wholly-owned Commonwealth company—any additional information or report required by the Finance Minister's Orders.

1.25 Section 36(1A) of the CAC Act stipulates that a Commonwealth company must give the report to the responsible Minister by:

- (a) if the company is required by the *Corporations Act 2001* to hold an annual general meeting—the earlier of the following:
    - (i) 21 days before the next annual general meeting after the end of the financial year;
    - (ii) 4 months after the end of the financial year; and
  - (b) in any other case—4 months after the end of the financial year;
- or the end of such further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.

1.26 It should be noted that while the legislative requirements for the tabling of annual reports vary between different types of agencies, the Government's policy is 'that all annual reports should be tabled by 31 October'.<sup>7</sup>

1.27 The committee notes in particular that the Australian National University 2012 annual report was tabled in the House of Representatives on 27 June 2013 but was tabled in the Senate on 13 November 2013.

### ***Other entities***

1.28 Entities reporting in accordance with their own legislation are often required to prepare for the relevant Minister their annual report 'as soon as is practicable' after a particular date. The committee draws attention to subsections 34C(2) and 34C(3) of the *Acts Interpretation Act 1901*, which stipulate that where no date for providing a report to a Minister is specified, the report should be presented no more than six months after the reporting period, and the Minister must provide the report to the Parliament within 15 sitting days after the Minister receives it.

### **Remarks made in the Senate**

1.29 Senate Standing Order 25(20)(d) directs the committee to take into account remarks made in the Senate when considering annual reports.

1.30 One annual report considered in this report was the subject of debate in the Senate chamber:

- On 27 February 2013, Senator Fiona Nash referred to the Foreign Investment Review Board's (FIRB) 2011–12 annual report. In her speech, Senator Nash commented on the level of foreign investment in Australian agricultural land and businesses, and the increase in foreign proposals and approvals in that year.<sup>8</sup> Senator Nash again referred to the FIRB annual report in the same context on 28 February 2013 during Questions without notice.<sup>9</sup>

### **Other comments on reports**

1.31 Under Standing Order 25(20)(a), the committee is required to examine the annual reports of departments and agencies and report to the Senate on whether they are 'apparently satisfactory'. Taking into account the reporting guidelines specified by the legislation under which departments and agencies present their annual reports, the

---

7 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 28 June 2012, p. 2; and *Guidelines for the Presentation of Government Documents to the Parliament (Including Government Responses to Committee Reports, Ministerial Statements, Annual Reports and Other Instruments)*, December 2012, paragraph 4.8.

8 *Senate Hansard*, 27 February 2013, pp 1177-1178.

9 *Senate Hansard*, 28 February 2013, pp 1322-1323.

committee considers that the reports it has examined are generally 'apparently satisfactory'.

1.32 Despite this, the committee considers that some aspects of agency annual reports could be improved. One of the things that the committee examines is whether annual reports contain discussion of external scrutiny and parliamentary accountability.

### ***External scrutiny and accountability***

1.33 It is required that annual reports:

... must provide information on the most significant developments in external scrutiny of the department and the department's response, including particulars of:

(a) judicial decisions and decisions of administrative tribunals that have had, or may have, a significant impact on the operations of the department; and

(b) reports on the operations of the department by the Auditor-General (other than the report on financial statements), a Parliamentary committee or the Commonwealth Ombudsman.<sup>10</sup>

1.34 Annual reports should be a primary reference document for parliamentarians and others looking for information about external scrutiny of government agencies. As noted, the primary purpose of annual reports is accountability to the Parliament—it is therefore important that details about external scrutiny are included in a clear manner in annual reports. Details on parliamentary scrutiny should be included in annual reports, including appearances at Senate estimates hearings (which are the subject of biannual reports to the Senate) and any evidence or submissions made to parliamentary inquiries. The reports should also note that they are subject to scrutiny by this and any other committee.

1.35 During the reporting period, Australian Prudential Regulation Authority (APRA) included in its annual report information relating to two performance audits by the Australian National Audit Office (ANAO) in which APRA was a respondent—*Administration of Grant Reporting Obligations* and *Development and Approval of Grant Program Guidelines*.<sup>11</sup> APRA also noted the three outstanding investigations from 2010/11 by the Commonwealth Ombudsman relating to applications for the

---

10 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 28 June 2012, pp 9–10. Clause 11 of Schedule 1 of the *Commonwealth Authorities and Companies (Report of Operations) Orders 2008* states that the same requirements apply to Commonwealth authorities that present their annual reports in accordance with the provisions of section 9 of the CAC Act.

11 *Australian Prudential Regulation Authority Annual Report 2012*, p. 158.



early release of superannuation benefits will be reported on by the Department of Human Services as the early release function has been transferred to them.<sup>12</sup>

1.36 One of the key requirements for an annual report is that it should 'be written in plain English and provide sufficient information and analysis for the Parliament to make a fully informed judgement on departmental performance'.<sup>13</sup>

### ***Compliance indices or lists of requirements***

1.37 The inclusion of a compliance index or a list of requirements in annual reports is mandatory for all departments and agencies under the FMA Act and CAC Act. The index preferably should include a nil return entry where the agency has nothing to report under an item. A compliance index is a useful feature of reports and considerably assists the committee's task of assessing reports. It also assists agencies by clearly showing that their compliance obligations have been met. It can be particularly useful for agencies with reporting requirements under various Acts.

1.38 The committee notes that only one annual report examined in this report included a compliance index. The committee wishes to draw to the attention of portfolio departments and agencies that the inclusion of the reporting requirements, particularly the mandatory elements contained in the *Requirements for Annual Reports*, is an essential part of the reporting and accountability mechanism.

---

12 Australian Prudential Regulation Authority Annual Report 2012, p. 158.

13 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 28 June 2012, paragraph 7.



## Chapter 2

### Individual 2011–2012 Annual Reports

#### Reports under the Industry, Innovation, Science, Research and Tertiary Education portfolio

##### *Australian National University—annual report 2012*

##### *Reporting requirements*

2.2 The committee considers that the Australian National University (ANU) has met its reporting requirements under the CAC Act and the *Australian National University Act 1991*.

2.3 The committee notes that the ANU's annual report was not tabled in the House of Representatives until 27 June 2013 and was not tabled in or presented to the Senate until 13 November 2013, after the commencement of the forty-fourth Parliament.

2.4 Although the ANU's annual report contains an index, the committee suggests that a compliance index be added to enhance the report's accessibility.

2.5 The committee is pleased with the annual report's inclusion of some amended statutory reporting requirements on such areas as work health and safety, environmental performance and freedom of information.<sup>1</sup>

2.6 In relation to disability reporting, the committee commends ANU for its inclusion of a comprehensive section detailing its commitment to providing access to staff and students, and its collaboration with stakeholders in the wider ACT community. In 2012, it successfully ran the pilot program 'Participation Assistants for Students with Asperger's Syndrome' to assist students with Asperger's Syndrome in their integration into university studies and life.<sup>2</sup>

##### *Operational matters*

2.7 The ANU topped the nation in the Commonwealth's Excellence in Research for Australia ratings and has been awarded nearly \$37 million by the Australian Research Council to fund one hundred projects spanning a variety of disciplines.<sup>3</sup>

---

1 *Australian National University Annual Report 2012*, pp 153-154.

2 *Australian National University Annual Report 2012*, pp 72-73.

3 *Australian National University Annual Report 2012*, p. 9.

2.8 The ANU also further demonstrated its commitment to public policy through the renaming and expansion of the Crawford School of Public Policy and the establishment of the ANU Public Policy Fellows Program.<sup>4</sup>

### ***IIF Investments Pty Limited—annual report 2011–12***

#### *Reporting requirements*

2.9 The committee considers that IIF Investments Pty Ltd as a wholly owned Commonwealth company limited by shares has met its overall reporting requirements under the *Corporations Act 2001* and the CAC Act, including the requirements set out in the *Commonwealth Companies (Annual Reporting) Orders 2011*.

2.10 The annual report does not contain a compliance index, which as noted by the committee in previous years, was also the case with 2009–10 and 2010–11 annual reports. A compliance index would be a useful addition as it would enable readers to better navigate the report, particularly given that the company is required to comply with two separate acts.

#### *Operational matters*

2.11 IIF Investments Pty Ltd is the only company remaining from the original five IIF companies established as a mechanism to deliver the government's capital into the venture capital funds licensed under Rounds 1 and 2 of the Innovation Investment Fund, the Pre-Seed Fund and the Renewable Energy Equity Fund programs.<sup>5</sup> The other four programs were voluntarily deregistered through the Australian Investments and Securities Commission in 2010 and 2011.<sup>6</sup> The board has been advised that changing the arrangements for funds invested by IIF Investments Pty Ltd may have unintended tax consequences and as such, both the board and department have concluded that there is no choice but to maintain IIF Investments Pty Ltd and it is unlikely that the company will be wound up.<sup>7</sup>

### ***Innovation Australia—annual report 2011–12***

#### *Reporting requirements*

2.12 The committee considers that Innovation Australia has met its reporting requirements under the *Industry Research and Development Act 1986*.

---

4 Australian National University Annual Report 2012, p. 35.

5 IIF Investments Pty Limited 2011-12 Annual Report, p. 3.

6 IIF Investments Pty Limited 2011-12 Annual Report, p. 8.

7 IIF Investments Pty Limited 2011-12 Annual Report, p. 4.

2.13 The committee notes that again (as in the 2009–10 and 2010–11 annual reports) there is no date on the letter of transmittal. The letter should be dated in full on the day the signatory approves the final text of the report.

2.14 The committee also notes that although the report indicates that it was prepared in accordance with identified sections of the *Industry Research and Development Act 1986* data, it would be better if this information were set out in the form of a compliance index.

#### *Operational matters*

2.15 During the reporting period 2011–12, Innovation Australia and its predecessor, the Industry Research and Development Board, celebrated its 25<sup>th</sup> anniversary with the publication *Twenty-five years of Innovation in Australia*. The publication recognised the important role innovation has played in the development of new industries and a better quality of life in Australia.<sup>8</sup> Functions in Brisbane and Perth were held to raise awareness of the role of innovation in lifting productivity and economic growth in Australia. A showcase event in Brisbane, *Australia: People Making the Difference*, highlighted the benefits of investment in innovation for society. In Perth, Innovation Australia met with business leaders and key industry stakeholders and discussed Australian Government initiatives that encourage innovation.<sup>9</sup>

2.16 Innovation Australian worked in partnership with DIISRTE to design three new programs under the government's Clean Energy Future plan; the Clean Technology Investment Program, the Clean Technology Food and Foundries Investment Program and the Clean Technology Innovation Program.<sup>10</sup>

2.17 On 24 August 2011, the *Tax Laws Amendment (Research and Development) Bill 2010* was passed in Parliament. The R&D Tax Incentive replaced the R&D Tax Concession for income years commencing on or after 1 July 2012.<sup>11</sup>

2.18 Other highlights and developments mentioned in the report included: Innovation Australia's continued advocacy role and its international collaboration with representatives from governments and private organisations<sup>12</sup>; Commercialisation Australia Board's approval of 185 applications with a total value of \$71.23 million to support talented researchers, entrepreneurs and firms to build sustainable businesses

---

8 *Innovation Australia Annual Report 2011-12*, p. 2.

9 *Innovation Australia Annual Report 2011-12*, p. 5.

10 *Innovation Australia Annual Report 2011-12*, p. 2.

11 *Innovation Australia Annual Report 2011-12*, p. 4.

12 *Innovation Australia Annual Report 2011-12*, pp 2-6.

by converting innovative intellectual property into successful commercial ventures<sup>13</sup>; and staffing changes, including new appointments to the Innovation Australia Board.<sup>14</sup>

## **Reports under the Resources, Energy and Tourism portfolio**

### ***Australian Centre for Renewable Energy Board—annual report 2011–12***

#### *Reporting requirements*

2.19 The committee considers that the final Australian Centre for Renewable Energy (ACRE) Board report, prepared by the Australian Renewable Energy Agency (ARENA), meets the requirements set out in Section 26 of the *Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Act 2011*.

2.20 The committee notes that the report does not contain a compliance index.

#### *Operational matters*

2.21 Due to the government's announcement on 10 July 2011 that it would establish ARENA on 1 July 2012 as part of the Clean Energy Future Plan, a significant portion of the ACRE Board's work during the 2011–12 year comprised preparing various programs and projects for potential transfer to ARENA.<sup>15</sup> The ACRE Board took away several lessons from this experience and recommended that ARENA continue to invest time early on in strategy and development and undertake widespread consultation prior to implementing new programs.<sup>16</sup>

### ***Snowy Hydro Ltd —Consolidated financial report for the reporting period 3 July 2011 to 30 June 2012***

#### *Reporting requirements*

2.22 The committee considers that Snowy Hydro Ltd has met its requirements under the *Corporations Act 2001* and the *Snowy Hydro Corporatisation Act 1997*, noting that as a statutory corporation and a company limited by shares it is not subject to the PM&C guidelines for annual reports.

2.23 The committee notes there is no date on the letter of transmittal. The letter should be dated in full on the day the signatory approves the final text of the report.

---

13 *Innovation Australia Annual Report 2011-12*, pp 3 and 19.

14 *Innovation Australia Annual Report 2011-12*, p. 7.

15 *Innovation Australia Annual Report 2011-12*, p. 3.

16 *Australian Centre for Renewable Energy Board Annual Report 2011-12*, p. 12.

---

*Operational matters*

2.24 The report outlines the 2011–12 financial performance of Snowy Hydro Ltd and that of its active wholly owned controlled entities; Red Energy Pty Ltd, Valley Power Pty Ltd, and various inactive subsidiaries. The consolidated entity owns, manages and maintains the Snowy Mountains Hydro-scheme and two power stations in Victoria, and for the reporting period ending 30 June 2012, the net profit after tax was \$258.8 million.<sup>17</sup>

**Reports under the Treasury portfolio**

*Australian Prudential Regulation Authority — annual report 2011–12*

*Reporting requirements*

2.25 The committee considers that the Australian Prudential Regulation Authority (APRA) has met its reporting requirements under the FMA Act and the *Australian Prudential Regulation Authority Act 1998*.

2.26 The committee is pleased to note APRA's inclusion of statutory reporting information covering work health and safety, freedom of information, environmental performance and advertising and market research.<sup>18</sup>

2.27 In relation to consultancy reporting, APRA noted that it engages consultants where it lacks specialist expertise or when independent research, review or assessment is required, and it takes into account the skills and resources available in-house prior to engaging external expertise. During the reporting period, APRA'S total expenditure on consultancies was \$3.11 million. Of those, 13 were ongoing consultancy contracts valued at \$2.05 million and 35 were new consultancy contracts valued at \$1.06 million.<sup>19</sup>

2.28 The committee commends APRA on the inclusion of a comprehensive compliance index.

*Operational matters*

2.29 In 2011–12 APRA participated in the second review of Australia under the International Monetary Fund's Financial Sector Assessment Program (FSAP), which evaluates the strength and potential vulnerabilities of a country's financial system and regulatory architecture. Although the FSAP report had not yet been finalised at the

---

17 *Snowy Hydro Limited – Consolidated financial report for the reporting period 3 July 2011 to 30 June 2012*, p. 4.

18 *Australian Prudential Regulation Authority Annual Report 2012*, pp 54-57.

19 *Australian Prudential Regulation Authority Annual Report 2012*, p. 159.

time of the printing of the annual report, APRA noted that preliminary indications suggested a strong endorsement.<sup>20</sup>

2.30 APRA welcomed the new four year funding arrangement to begin in 2012–13, noting that it would ensure APRA's continued capacity to supervise the Australian financial system.<sup>21</sup>

### ***Foreign Investments Review Board — annual report 2011–12***

#### ***Reporting requirements***

2.31 The committee notes that the annual reports of the Foreign Investment Review Board (FIRB) are not statutorily mandated, but prepared in accordance with the Board's responsibility to advise the Government on foreign investment matters.

#### ***Operational matters***

2.32 In 2011–12, FIRB examined a range of high profile investment applications, including in the resources sector which made up the majority of business applications, continuing the trend from previous years.<sup>22</sup> In relation to investment application approvals by sector, the real estate sector passed the mineral exploration and development sector as the largest industry sector by value of approvals.<sup>23</sup>

2.33 The United States of America was again the largest source of proposed foreign investment, followed by the United Kingdom, China, Japan and Canada.<sup>24</sup> FIRB welcomed the announcement of a Commonwealth foreign ownership register for agricultural land and noted it was assisting the working group established to develop the register.<sup>25</sup>

2.34 As noted in Chapter 1 of this report, FIRB's annual report was the subject of discussion in the Senate on 27 and 28 February 2013.

## **Senator David Bushby**

### **Chair**

---

20 Australian Prudential Regulation Authority Annual Report 2012, p. 12.

21 Australian Prudential Regulation Authority Annual Report 2012, p. 13.

22 Foreign Investment Review Board Annual Report 2011-12, p. iii.

23 Foreign Investment Review Board Annual Report 2011-12, pp 22-23.

24 Foreign Investment Review Board Annual Report 2011-12, p. 29.

25 Foreign Investment Review Board Annual Report 2011-12, p. iii.



# Appendix 1

## Industry, Innovation, Science, Research and Tertiary Education portfolio

### List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later

Reporting body	Legislation	Date of transmittal letter	Date sent to Minister	Date received by Minister	Date tabled/ presented*
Australian National University	<i>Australian National University Act 1991</i>  <i>Commonwealth Authorities and Companies Act 1997</i>	22 March	12 Apr	8 May	Senate 13 Nov  HoR 27 June
IIF Investments Pty Limited	<i>Corporations Act 2001</i>  <i>Commonwealth Authorities and Companies Act 1997</i>	30 Oct	31 Oct	31 Oct	Senate 28 Nov  HoR 28 Nov
Innovation Australia	<i>Industry Research and Development Act 1986</i>	Date not provided	27 Feb	28 Feb	Senate 19 March  HoR 18 March



## Appendix 2

### Resources, Energy and Tourism Portfolio

#### List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later

Reporting body	Legislation	Date of transmittal letter	Date sent to Minister	Date received by Minister	Date tabled/ presented*
Australian Centre for Renewable Energy Board	<i>Australian Renewable Energy Agency (Consequential Amendments and Transitional Provisions) Act 2011</i>	29 Nov	6 Dec	7 Dec	Senate 5 Feb (11 Dec*)  HoR 5 Feb
Snowy Hydro Limited – Consolidated Financial Report for the reporting period 3 July 2011 to 30 June 2012	<i>Snowy Hydro Corporatisation Act 1997</i>  <i>Corporations Act 2001</i>	Letter not provided	6 March	6 March	Senate 20 March  HoR 20 March



## Appendix 3

### Treasury portfolio

#### List of annual reports tabled in the Senate in the period 1 November 2012 - 30 April 2013 and later

Reporting body	Legislation	Date of transmittal letter	Date sent to Minister	Date received by Minister	Date tabled/ presented*
Australian Prudential Regulation Authority	<i>Australian Prudential Regulation Authority Act 1998</i>  <i>Financial Management and Accountability Act 1997</i>	12 Oct	26 Oct	26 Oct	Senate 19 Nov (9 Nov*)  HoR 26 Nov
Foreign Investments Review Board	<i>Foreign Acquisitions and Takeovers Act 1975</i>	20 Dec	17 Jan	17 Jan	Senate 25 Feb (22 Feb*)  HoR 14 March



# Appendix 4

## Industry, Innovation, Science, Research and Tertiary Education portfolio structure†



<sup>1</sup> Senator Evans is also Leader of the Government in the Senate

<sup>2</sup> Minister Combet is also the Minister for Climate Change and Energy Efficiency

<sup>3</sup> Minister O'Connor is also the Minister for Housing and the Minister for Homelessness

<sup>4</sup> Senator Lundy is also the Minister for Sport and the Minister for Multicultural Affairs

<sup>5</sup> Parliamentary Secretary Dreyfus is also the Cabinet Secretary and Parliamentary Secretary for Climate Change and Energy Efficiency

† The portfolio structure above has since changed and is no longer current.

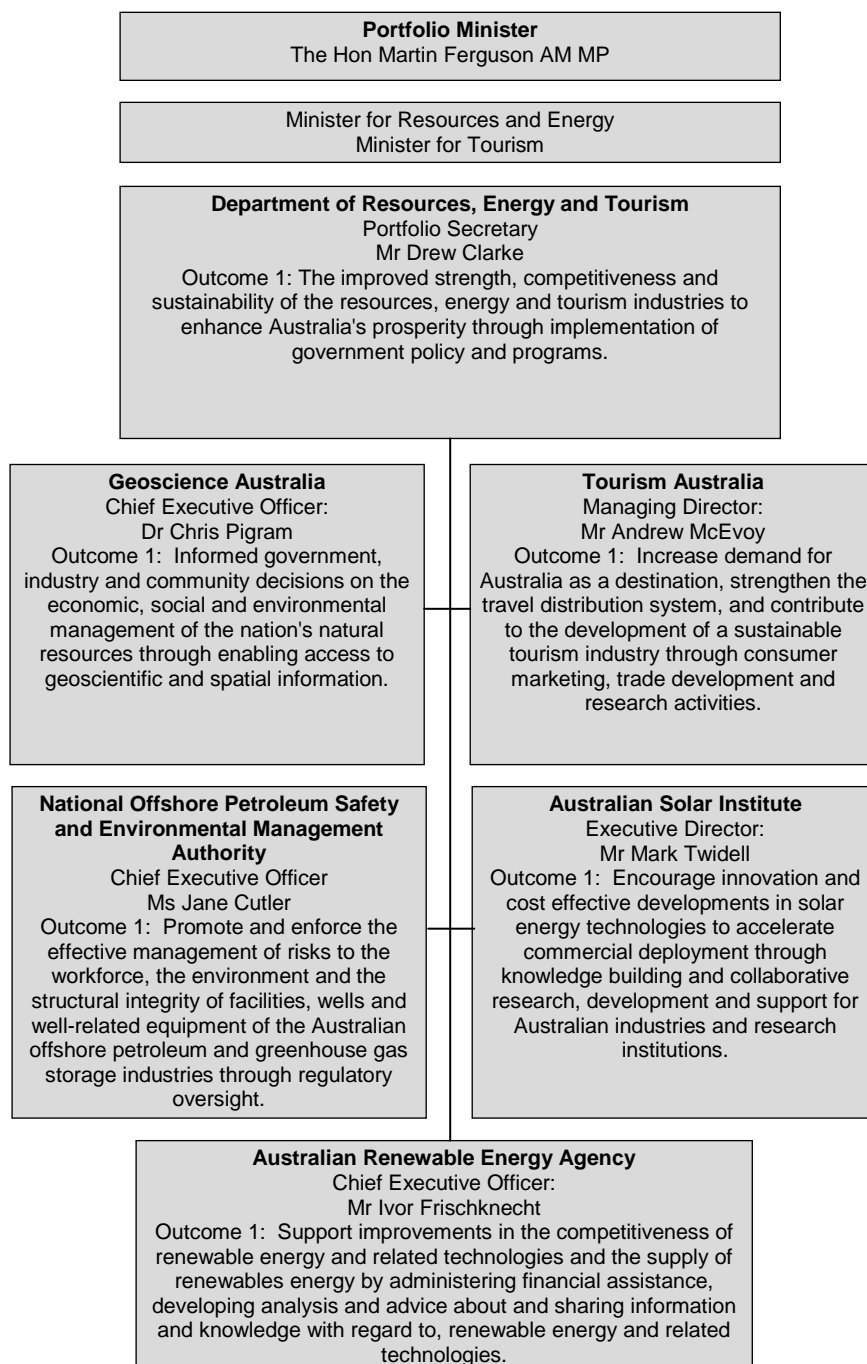
Source: *Portfolio Additional Budget Statements 2012-13*, Industry, Innovation, Science, Research and Tertiary Education portfolio, p. 4.





## Appendix 5

### Resources, Energy and Tourism portfolio structure and outcomes†



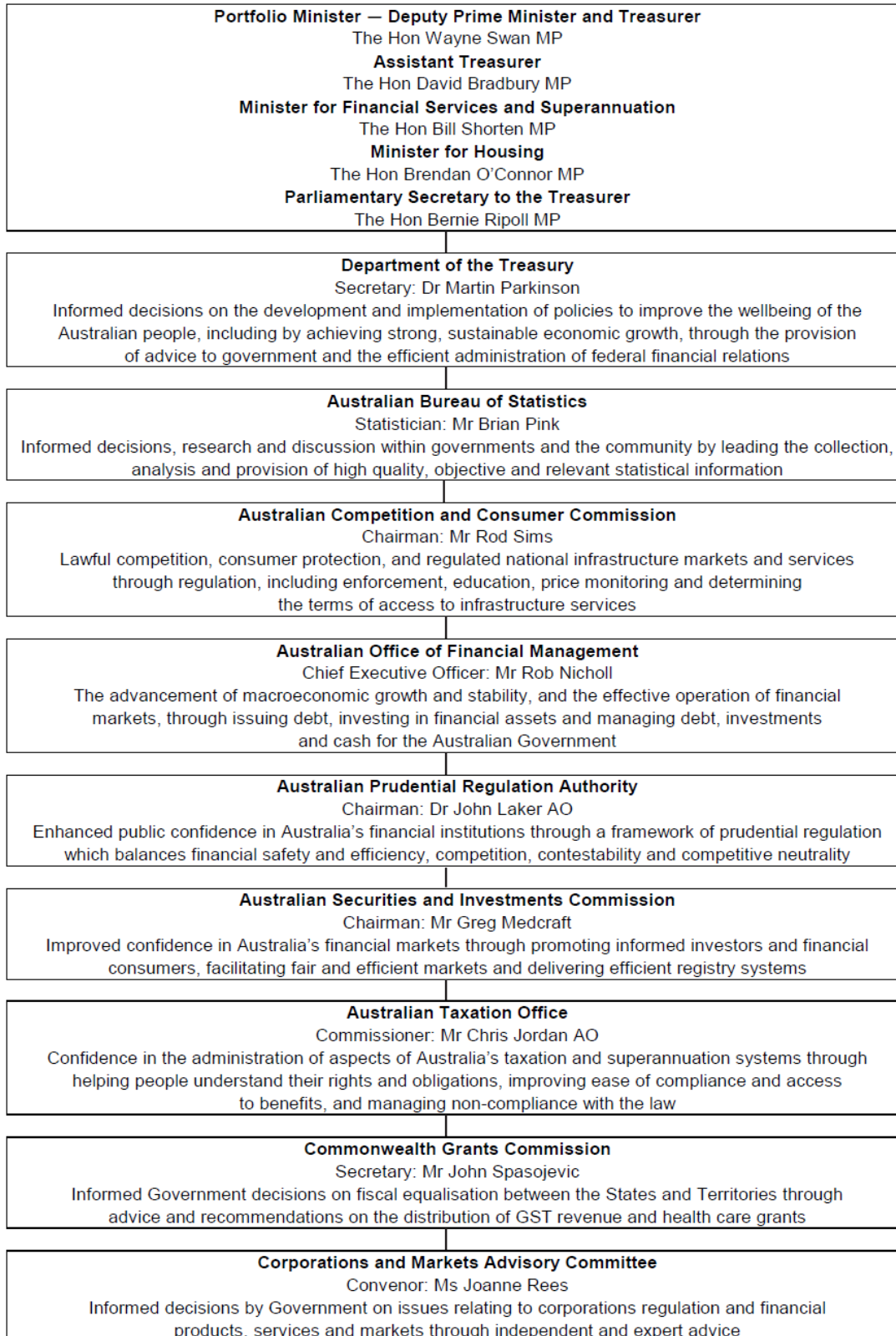
† The portfolio structure above has since changed and is no longer current.

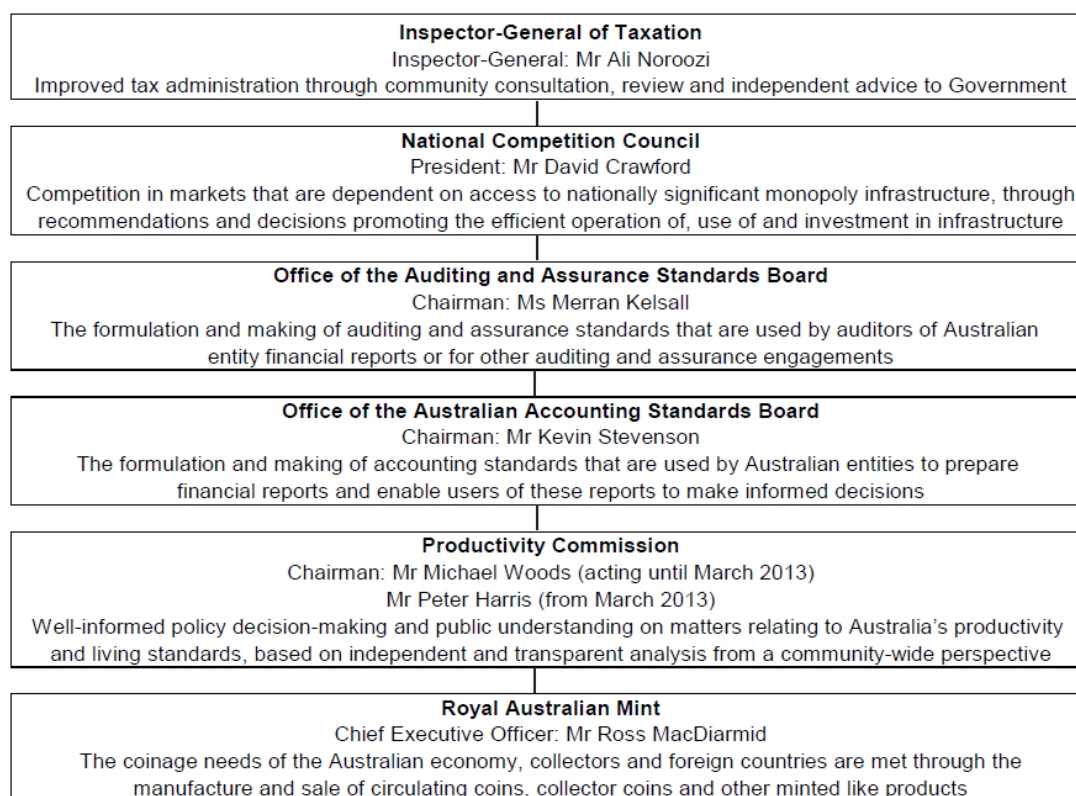
Source: *Portfolio Additional Budget Statements 2012-13*,  
Resources, Energy and Tourism portfolio, p. 4.



# Appendix 6

## Treasury portfolio structure and outcomes†





† The portfolio structure above has since changed and is no longer current.

Source: *Portfolio Additional Budget Statements 2012–13*,  
Treasury portfolio, pp 4–5.