

# **Chapter 1**

## **Introduction**

1.1 This is the Senate Environment and Communication Legislation Committee's (the committee) first report on annual reports for 2014. It examines annual reports tabled in the Senate or presented to the President between 1 May and 31 October 2013 for the departments and agencies within the relevant portfolios.

1.2 Annual reports are an important mechanism for accountability to the Parliament. They also inform other stakeholders, education and research institutions, the media and the general public about the performance of departments and agencies in providing services and implementing government policy. Annual reports are a key reference source as well as an internal management document and form part of the historical record of the Commonwealth.

### **Terms of reference**

1.3 Under Standing Order 25(20), the annual reports of certain departments and agencies are referred to the committee for examination and assessment. The committee is required 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.
- (g) Draw to the 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.

## Allocated portfolios

1.4 As at 31 October 2013, the portfolios allocated to the committee were:

- Broadband, Communications and the Digital Economy;
- Climate Change; and
- Sustainability, Environment, Water, Population and Communities.<sup>1</sup>

1.5 The committee notes that 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).<sup>2</sup>

1.6 On 15 May 2013, the Senate resolved that responsibility for climate change would stay with the Senate Environment and Communications Committee.<sup>3</sup> The Energy Efficiency portfolio was also transferred to the Economics Committee for oversight.

## Annual reporting requirements

1.7 Departments and agencies must comply with relevant reporting requirements. The Department of the Prime Minister and Cabinet issues the Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (the Requirements). This is updated annually and approved by the Joint Committee of Public Accounts and Audit (JCPAA).

1.8 The latest version of the Requirements was issued on 24 June 2013 and will apply to annual reports for 2012–13.<sup>4</sup> There was one significant amendment to the Requirements in 2013 relating to spatial reporting for selected portfolio agencies. It is stated that this requirement will improve reporting of regional expenditure.<sup>5</sup> The committee notes that both the Department of Broadband, Communications and the Digital Economy and the Department of Sustainability, Environment, Water, Population and Communities are required to provide spatial reports in their 2012–13 Annual Reports.

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

2 Economics Legislation Committee, *Budget Estimates Report 2013–14*, June 2013, p. 2.

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

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 24 June 2013, The Requirements are prepared pursuant to subsections 63(2) and 70(2) of the *Public Service Act 1999*.

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 24 June 2013, p. 27.

1.9 Commonwealth authorities and companies report under the Commonwealth Authorities and Companies Act 1997 (CAC Act). Section 9 of the CAC Act applies to Commonwealth authorities and specifies the deadline for the presentation of an annual report to the responsible Minister. Section 36 of the CAC Act outlines the reporting obligations of Commonwealth companies. Under section 48 of the CAC Act, the Minister for Finance and Deregulation may make Orders on certain matters identified in the Act. Currently, there are three Orders relating to annual reporting matters:

- *Commonwealth Authorities (Annual Reporting) Orders 2011* – this contains the requirements for the content of the report of operations of a Commonwealth authority for financial years ending on or after 30 June 2005;
- *Commonwealth Authorities and Companies Orders (Financial Statements)* – this outlines the requirements for the preparation of annual financial statements by Authorities; and
- *Commonwealth Companies (Annual Reporting) Orders 2011*.<sup>6</sup>

1.10 Some statutory authorities are required to follow the departmental guidelines if their head has the powers of a secretary as defined under the *Public Service Act 1999*. Statutory authorities also report under their respective enabling legislation.

1.11 Requirements for the annual reports of non-statutory bodies are set out in the Government Response to recommendations of the then Senate Standing Committee on Finance and Government Operations in its report entitled, *Reporting Requirements for the Annual Reports of Non-Statutory Bodies*. The response was incorporated into the *Senate Hansard* of 8 December 1987.<sup>7</sup>

## Reports referred to the committee

1.12 During the period 1 May to 31 October 2013, the following reports were tabled in the Senate or presented 'out of session' to the President of the Senate and referred to the committee:

### *Departments of State*

- Department of Broadband, Communications and the Digital Economy, Annual Report 2012–13; and
- Department of Sustainability, Environment, Water, Population and Communities, Annual Report 2012–2013, including reports on the operations of the:
  - *Environment Protection and Biodiversity Conservation Act 1999*;
  - *Natural Heritage Trust of Australia Act 1997*;

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6 Available on the Department of Finance website, <http://www.finance.gov.au/financial-framework/cac-legislation/cac-finance-ministers-orders.html>

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

- *Product Stewardship Act 2011*;
- *Product Stewardship (Oil) Act 2000*;
- *Fuel Quality Standards Act 2000*;
- *Hazardous Waste (Regulation of Exports and Imports) Act 1989*;
- *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*;
- *Water Efficiency Labelling and Standards Act 2005*;
- *Water Act 2007*; and
- *Commonwealth Environmental Water Annual Report 2012–13*.

#### ***Statutory agencies/authorities***

- Australian Broadcasting Corporation – Annual Report 2012–13;
- Australian Communications and Media Authority – Annual Report 2012–13;
- Bureau of Meteorology – Annual Report 2012–13;
- Clean Energy Regulator – Annual Report 2012–13;
- Director of National Parks – Annual Report 2012–13;
- Great Barrier Reef Marine Park Authority – Annual Report 2012–13;
- National Water Commission – Annual Report 2012–13;
- Special Broadcasting Service – Annual Report 2012–13;
- Supervising Scientist – Annual Report 2012–13; and
- Telecommunications Universal Service Management Agency – Annual Report 2012–13.

#### ***Commonwealth companies/government business enterprises***

- Australian Postal Corporation (Australia Post) – Annual Report 2012–13;
- NBN Co Limited – Annual Report 2012–2013; and
- Sydney Harbour Federation Trust – Annual Report 2012–13.

#### **Reports not examined**

1.13 The committee was also referred a range of reports relating to Acts, statements of corporate intent, policy papers, and corporate plans. The committee is not obliged to report these documents. The following were referred to the committee during the period 1 May to 31 October 2013, but are not examined in this report:

- Australian Postal Corporation (Australia Post) – Diversity and inclusion 2012–13;
- Australian Postal Corporation (Australia Post) – Statement of Corporate Intent 2013/14–2016/17;

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- *Water Act 2007* – Murray-Darling Basin Plan implementation: Initial report – Report No. 1, dated 1 March 2013;
  - National Environment Protection Council, Third review of the National Environment Protection Council Acts (Commonwealth, State and Territory), dated December 2012 and response to the report of the third review, dated April 2013;
  - Australian Competition and Consumer Commission, Telstra's Structural Separation Undertaking, Annual Compliance Report 2011–12;
  - Climate Change Authority, Renewable Energy Target Review, Final report, dated December 2012;
  - Climate Change Authority, Australian Government response to the Renewable Energy Target Review Final Report, dated March 2013; and
  - Department of Broadband, Communications and the Digital Economy, Digital television transmission and reception, Report, May 2013.

### **Apparently satisfactory**

1.14 Standing Order 25(20)(a) requires the committee to report to the Senate on whether annual reports are 'apparently satisfactory'. In making this assessment, the committee considers such aspects as timeliness of presentation and compliance with relevant reporting requirements.

1.15 The committee found all reports examined in this report to be generally of a high standard. They effectively described the function, activities and financial positions of the various departments and agencies. The committee therefore finds all of the annual reports to be 'apparently satisfactory'. Chapter 2 provides a more detailed examination of a number of reports referred to the committee.

### **Timeliness**

1.16 Under the Requirements, annual reports of departments and executive and prescribed agencies are to be tabled by 31 October each year unless another date is specified in an agency's legislation. Where a body is unable to meet this deadline, an extension of time to report can be sought under the provisions of subsections 34C(4)–(7) of the *Acts Interpretation Act 1901*.<sup>8</sup> These provisions provide for the departmental secretary to advise the responsible minister of the reasons for the delay. The responsible minister is to table this explanation in the Parliament on the next available sitting day.

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8 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 28 June 2012, p. 2.

1.17 Organisations reporting under the CAC Act are required to provide an annual report to the responsible minister by the fifteenth day of the fourth month after the end of the financial year. For the standard financial year, this is 15 October.

1.18 Appendix 1 provides a table showing the annual reports tabled (or presented) in the Senate and the House of Representatives between 1 May to 31 October 2013, and referred to the committee, with relevant tabling dates.

1.19 All 2012–13 annual reports examined in this report were provided within the appropriate timeframes.

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

1.20 In accordance with Standing Order 25(20)(d), the committee is required to take into account any relevant remarks about the reports made in debate in the Senate. In consideration of the Director of National Parks annual report for 2012–13, Senator Birmingham took the opportunity to thank the Director of National Parks, Mr Peter Cochrane:

He was appointed by former environment minister Senator Robert Hill and served through the entire duration of the previous government and into the new government. Peter Cochrane did a remarkable job during that time of managing Australia's National Parks estate—in particular, the terrestrial national parks owned and maintained by the Commonwealth, for which he had responsibility. Mr Cochrane oversaw the continued development, preservation and successful maintenance of sites such as Kakadu in the Northern Territory; Uluru in the Northern Territory; the national parks on Christmas Island, Norfolk Island and the Cocos (Keeling) Islands; Booderee National Park at Jervis Bay; and the Australian National Botanical Gardens here in the ACT. He also assumed responsibilities in that time for our marine reserves and, in doing so, was obviously crucial to the initial work and management as the Commonwealth took steps in that space.<sup>9</sup>

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9 Senator the Hon Simon Birmingham, *Senate Hansard*, 13 February 2014, p. 91.