

# Chapter 1

## Overview

1.1 The Senate Rural and Regional Affairs and Transport Legislation Committee's (the committee) report on annual reports provides an overview of the committee's examination of annual reports for the 2014–15 financial year tabled between 1 November 2015 and 30 April 2016. The committee is responsible for examining the annual reports of departments and agencies within the portfolios of:

- Agriculture and Water Resources; and
- Infrastructure and Regional Development.<sup>1</sup>

1.2 This is the second of two reports on annual reports that the committee is required to produce in 2016.

### Terms of reference

1.3 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 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.

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<sup>1</sup> *Journals of the Senate*, No. 2, 13 November 2013, pp. 88–89.

## **Purpose of annual reports**

1.4 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 departments and agencies and the administration of government programs.

## **Reports referred to the committee**

1.5 In accordance with Standing Order 25(20)(f), this report examines annual reports tabled between 1 November 2015 and 30 April 2016. The committee examined the following reports:

### *Agriculture and Water Resources Portfolio*

- Australian Grape and Wine Authority—Report for 2014-15;
- Rural Industries Research and Development Corporation—Report for 2014-2015;
- Fisheries Research and Development Corporation—Report for 2014–15;
- Grains Research and Development Corporation—Report for 2014–15;
- Cotton Research and Development Corporation—Report for 2014–15;
- Australian Pesticides and Veterinary Medicines Authority—Annual Report 2014–15;
- Torres Strait Protected Zone Joint Authority—Annual Report for the Financial Years 2011–12, 2012–13 and 2013–14;
- Queensland Fisheries Joint Authority—Report for 2014–15;
- Northern Territory Fisheries Joint Authority—Report for 2014–15;
- Western Australian Fisheries Joint Authority—Report for 2014–15;
- Murray- Darling Basin Authority—Annual Report 2014–15;
- Dairy Australia Limited—Report for 2014–15; and
- Australian Livestock Export Corporation Limited (LiveCorp)—Report for 2014–15.

### *Infrastructure and Regional Development Portfolio*

- National Capital Authority—Annual Report 2014–15;
- Airservices Australia—Report for 2014–15;
- Australian Maritime Safety Authority—Report for 2014–15; and
- National Heavy Vehicle Regulator – Annual Report 2014–15.

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## Reports not examined

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

- Report to the Parliament in relation to the Funding Agreement 2010-14 with the Australian Livestock Export Corporation Limited (LiveCorp);
- Report to the Parliament in relation to the Statutory Funding Agreement 2013-17 (funding contract) with Dairy Australia Limited;
- Australian Meat and Live-stock Industry Act 1997—Live-stock mortalities during exports by sea—Report for the period 1 July to 31 December 2015;
- Australian Meat and Live-stock Industry Act 1997—Live-stock mortalities during exports by sea—Report for the period 1 January to 30 2015;
- Independent Reviewer's Report to the Australian and Tasmanian Governments on the third five-yearly review of the Tasmanian Regional Forest Agreement—November 2015;
- The Australian National Audit Office Independent Report of Norfolk Island's Financial Statements 2014-15;
- *Sydney Airport Demand Management Act 1997*—Quarterly report on the maximum movement limit for Sydney Airport for 1 July to 30 September 2015; and
- *Sydney Airport Demand Management Act 1997*—Quarterly report on the maximum movement limit for Sydney Airport for 1 October to 31 December 2015.

1.7 Appendix 1 sets out a complete list of documents referred to the committee during the period 1 November 2015 and 30 April 2016 (including those not examined). This appendix includes references to the relevant legislation, the letter of transmittal dates, the dates on which the annual reports were sent to, and received by, the relevant minister, and the dates on which the annual reports were tabled in both the House of Representatives and the Senate.

## Method of assessment

1.8 Senate Standing Orders require the committee to examine the annual reports referred to it 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.

1.9 The annual reports of 2014-15 mark the first time departments and agencies are required to report under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which commenced on 1 July 2014.

1.10 The PGPA Act consolidates the governance, performance and accountability requirements contained in the *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act).

It also establishes a performance reporting framework for all Commonwealth entities and companies.

1.11 Taking into account these changes, the 2014-15 annual reports were prepared and assessed under the following arrangements:

- for non-corporate Commonwealth entities (departments, executive agencies and statutory agencies): the *Public Service Act 1999*, sections 63(2) and 70(2), and the *Parliamentary Service Act 1999*, section 65; other relevant enabling legislation for statutory bodies; and the *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (Requirements for Annual Reports) issued by the Department of Prime Minister and Cabinet on 25 June 2015 and approved by the Joint Committee of Public Accounts and Audit (JCPAA);
- for corporate Commonwealth entities: the Commonwealth Authorities (Annual Reporting) Orders 2011 prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014-15 annual reports under the PGPA (Consequential and Transitional Provisions) Rule;
- for Commonwealth companies: the Commonwealth Companies (Annual Reporting) Orders 2011 prescribe material that must be included in corporate companies' annual reports. These Orders continue to apply to 2014-15 annual reports under the PGPA (Consequential and Transitional Provisions) Rule; and
- for non-statutory bodies: the guidelines are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on Non-Statutory bodies.<sup>2</sup>

### Notes on future methods of assessment

1.12 In its report on the development of the Commonwealth performance framework, the JCPAA indicated that in future years, the annual report requirements 'will be replaced through the consolidation of all mandatory requirements into a rule made for the purposes of section 46 of the PGPA Act'.<sup>3</sup>

1.13 While the Requirements for Annual Reports issued on 25 June 2015 apply to annual reports for 2014-15, it was noted that:

Significant revisions to the Requirements are anticipated for the 2015-16 financial year with the commencement of the performance reporting model

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2 *Senate Hansard*, 8 December 1987, pp. 2632–45.

3 Joint Committee of Public Accounts and Audit, *Report 452 Development of the Commonwealth Performance Framework*, December 2015, p. 12.

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under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).<sup>4</sup>

### **Timeliness in tabling of annual reports**

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

1.15 To ensure compliance with the PGPA Act, annual reports must be tabled in Parliament by 31 October each year. In addition, annual reports must be provided to the responsible minister by the 15<sup>th</sup> day of the fourth month after the end of the reporting period. If Senate Supplementary Budget Estimates hearings are scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to these hearings.<sup>5</sup>

1.16 The committee observes that while many agencies and other relevant entities provided their reports to the responsible minister within the specified timeframes, a considerable number were not tabled by 30 April 2016. Further details on tabling dates and timelines can be found in Appendix 1. The committee will continue to monitor the matter of timeliness in future reports on annual reports.

### **Comments on reports**

1.17 On 15 December 2014, the government announced that the Australian Landcare Council (ALC) would be replaced by the non-statutory National Landcare Advisory Committee. Since appointments to the ALC lapsed in 2013, the committee notes that the 2012-13 annual report of ALC is its final report.

1.18 The committee considers that all reports received were 'apparently satisfactory'. The following chapter examines selected annual reports in further detail.

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4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. 2.