Preface

Terms of reference

1. The committee is responsible for examining annual reports of departments and agencies within two portfolios: Defence (including the Department of Veterans' Affairs), and Foreign Affairs and Trade.

2. Under Standing Order 25(20), the committee is required to report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on reports tabled by 30 April each year by the tenth sitting day after 30 June of that year.

3. This Report on Annual Reports also examines Annual Reports that were tabled after 31 October 2011. The standing order states:

Annual reports of departments and agencies shall stand referred to the 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.

Role of annual reports

4. Annual reports place a great deal of information about government departments and agencies on the public record. Accordingly, the tabling of annual reports continues to be an important element of accountability to Parliament. The information provided in annual reports assists Parliament in the effective examination of the performance of departments and agencies and the administration of government programs. Indeed, as noted in the *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.
>
> Annual reports and Portfolio Budget Statements (PBSs) are the principal formal accountability mechanisms between government and departments and from departments through (or on behalf of) government to the Parliament.[1]

Assessment of annual reports

5. The annual reports are examined by the committee to determine whether they are timely and 'apparently satisfactory'.[2] The committee considers whether the reports comply with the relevant requirements for the preparation of annual reports of departments and authorities.

6. The requirements are set down in the following instruments:

- for portfolio departments: *Public Service Act 1999*, subsections 63(2) and 70(2), and the *Requirements for annual reports for departments, executive agencies and FMA Act bodies*, Department of Prime Minister and Cabinet, 23 June 2010;
- for Commonwealth authorities and companies: the *Commonwealth Authorities and Companies Act 1997*; in particular, the Commonwealth Authorities and Companies (Report of Operations) Orders 2002; and
- for non–statutory bodies: the guidelines 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, vol s124, pp. 2643–45 (requirements were modified in 1987).

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1 *Requirements for annual reports for departments, executive agencies and FMA Act bodies*, Department of Prime Minister and Cabinet, 23 June 2010, p. 2. www.dpmc.gov.au/guidelines/index.cfm

2 Refer to Appendix 1 for a table of the reports referred to the committee for scrutiny.

Annual reports considered

7. The annual reports of the following organisations have been examined by the committee:

Defence portfolio

Department of Defence

Defence Materiel Organisation

ASC Pty Ltd

Defence Housing Australia

Army Amenities Company

Foreign Affairs portfolio

Department of Foreign Affairs and Trade

Australian Agency for International Development

Australian Centre for International Agricultural Research

Trade portfolio

Australian Trade Commission

Export Finance and Insurance Corporation

Veterans' Affairs

Department of Veterans' Affairs

Australian War Memorial

General comments on the annual reports

Timeliness in tabling reports

8. Under Senate Standing Order 25(20)(c), the committee must report to the Senate any lateness in the presentation of annual reports.

9. In accordance with the *Requirements for Annual Reports* published in June 2010, agencies are required to present:

> A copy of the annual report...to each House of Parliament on or before 31 October in the year in which the report is given. 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.[3]

3 *Requirements for annual reports for departments, executive agencies and FMA Act bodies*, Department of Prime Minister and Cabinet, 23 June 2010, Part 1, section 4.

10. A number of annual reports were tabled late. On 11 October 2011, the Chair of the Australian Military Forces Relief Trust Fund wrote to the Minister for Defence Science and Personnel, Hon Warren Snowdon MP, noting that due to tight timeframes in relation to audit outcomes it would be difficult to ensure that the reports could be printed and ready for tabling. The chairman requested that the minister note that it was intended to have the reports tabled as soon as practicable after 15 October 2011 but no later than 22 November 2011.[4] The report was tabled in the House of Representatives on 21 November 2011 and the following day in the Senate.

11. The Chairman of Trustees for the Royal Australian Air Force Veterans' Residences Trust Fund also wrote to the Minister for Defence Science and Personnel seeking an extension for the lodgement of the Trust's 2010–2011 Annual Report.[5] The report was presented out of sitting on 29 November 2011 and tabled in both houses of Parliament on 7 February 2012. The Chairman of the RAAF Welfare Recreational Company, likewise wrote to the Hon Warren Snowdon MP, indicating that the company was awaiting the release of ANAO's Audit Report and did not expect to meet the reporting requirements under section 36 of the *Commonwealth Authorities and Companies Act 1997*.[6] The report was tabled in the House of Representatives on 21 November 2011 and in the Senate on the following day. For a similar reason, the Chairman of Royal Australian Navy Central Canteens Board wrote to the Minister advising him that due to the late completion of the Audit, the Board would not be able to comply with its reporting obligations and sought an extension until 30 November 2011 for the tabling of its Annual report.[7] The report was tabled in the House of Representatives on 24 November 2011 and in the Senate on 7 February 2012.

12. A table detailing the dates relating to the timeliness of presentation is at Appendix 1. It should be noted that, apart from those referred to above, the annual reports of Defence Housing Australia presented out of sitting on 4 November 2011 and tabled in Parliament on 21 November 2011; the Repatriation Medical Authority was tabled in Parliament on 21 November 2011; the AAF Company report was tabled on 22 November 2011.

Comments made in the Senate

13. The committee is obliged, under Senate Standing Order 25(20)(d), to consider any remarks made about these reports in the Senate. There were no comments in the Senate on any of these reports.

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4 Brigadier Gavan Reynolds to the Hon Warren Snowdon MP, 11 October 2011

5 D.E. Tindal to the Hon Warren Snowdon MP, 6 October 2011.

6 R.P.W. Rodgers CSM to the Hon Warren Snowdon MP 5 October 2011.

7 C.W. Thomas to the Hon Warren Snowdon MP, 30 September 2011.

Matters of significance

14. In accordance with Senate Standing Order 25, the committee is to note any significant matters relating to the operations and performance of the bodies presenting their annual report. The committee found no matters of significance relating to the operations and performance of the bodies presenting their report.

Bodies not presenting annual reports to the Senate

15. The committee is required to report to the Senate each year on whether there are any bodies that do not present annual reports to the Senate and which should present such reports. The committee is satisfied that there are no bodies, within these portfolios, which do not meet their reporting requirements to the Senate.

Standard of reports

16. The committee found all reports 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'.