

REVIEW OF ANNUAL REPORTS

Introduction

1.1 Annual reports of departments and agencies are referred to Senate Standing Committees under Senate Standing Order 25(20) in accordance with an allocation of departments and agencies in a resolution of the Senate.

1.2 The Standing Committee on Economics is responsible for the scrutiny of departments and agencies in the following portfolios:

- Innovation, Industry, Science and Research;
- Resources, Energy and Tourism; and
- Treasury.¹

1.3 The structures and outcomes for each of these portfolios are summarised in Appendices 5, 6 and 7, respectively.

1.4 Standing order 25(20) requires the committee to:

- examine each annual report referred to it and report to the Senate whether the report is apparently satisfactory;
- 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;
- investigate and report to the Senate on any lateness in the presentation of annual reports;
- in considering an annual report, take into account any relevant remarks about the report made in debate in the Senate;
- if the committee so determines, consider annual reports of departments and budget-related agencies in conjunction with examination of estimates;
- 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;
- draw to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports; and
- 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.²

1 *Journals of the Senate*, No. 2, 13 February 2008, pp 97–98.

2 Standing Order 25(20), *Standing Orders and other orders of the Senate*, September 2006, p. 27.

Purpose and requirements of annual reports

1.5 Annual reports provide information on the success (or otherwise) of departments and agencies in meeting targets outlined in budget statements, their primary function being to assist in ensuring the public accountability of government departments and agencies. This is undertaken through the tabling of annual reports in the Parliament; and their scrutiny by Senate committees in accordance with Senate Standing Order 25(20). This process thus allows Parliament to make informed judgments on the executive's performance in administering government programs.

1.6 Departments of State and Executive Agencies present their annual reports pursuant to sections 63(2) and 70(2) of the *Public Service Act 1999*, respectively. For 2007-08, these were required to comply with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, approved by the Joint Committee of Public Accounts and Audit on 18 June 2008.³

1.7 Section 3(1) of the *Requirements for Annual Reports* states that 'As a matter of policy, they [the annual reporting requirements] also apply to prescribed agencies under section 5 of the *Financial Management and Accountability Act 1997* (FMA Act)⁴. The 2007-08 financial statements of departments and agencies subject to the FMA Act must be produced in accordance with the *Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2007)*.

1.8 Commonwealth authorities and companies present their annual reports pursuant to their own enabling legislation and/or sections 9 and 36 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act), respectively. 2007-08 reports of Commonwealth authorities subject to the CAC Act must be produced in accordance with the *Commonwealth Authorities and Companies (Report of Operations) Orders 2008* and the *Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2007)*. Annual reports of Commonwealth companies are required to be based on the reporting requirements under the *Corporations Act 2001*.

1.9 The Department of Finance and Deregulation (Finance) publishes a chart that shows which agencies are subject to the FMA Act and the CAC Act. This information is available on the Finance website at <http://www.finance.gov.au/financial-framework/fma-legislation/fma-agencies.html>; and <http://www.finance.gov.au/financial-framework/cac-legislation/cac-bodies.html>.

3 The latest version of the *Requirements for Annual Reports* can be found on the DPMC website at: http://www.dpmc.gov.au/guidelines/docs/annual_report_requirements.pdf.

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 18 June 2008, p. 1.

1.10 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, for example in relation to the date by which the report should be presented. The committee's view is that such agencies, while bound by their enabling legislation, should also comply with the requirements imposed under the government's policy, to the extent that the requirements do not conflict.

Reports referred to the committee

1.11 Under Standing Order 25(20)(f), the committee is required to report on the annual reports of departments and agencies tabled between 1 May and 31 October each year by the tenth sitting day of the following year. This year that date is 12 March 2009. The committee is also required to report on annual reports tabled between 1 November and 30 April of the following year by the tenth sitting day after 30 June of that year.

1.12 This report examines the following annual reports which were tabled in the Senate or presented to the President between 1 May 2008 and 31 October 2008:

- Australian Competition and Consumer Commission (ACCC) – Annual Report 2007-08
- Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) – Annual Report 2007-08
- Australian Nuclear Science and Technology Organisation (ANSTO) – Annual Report 2007-08
- Australian Office of Financial Management (AOFM) – Annual Report 2007-08
- Australian Reinsurance Pool Corporation (ARPC) – Annual Report 2007-08
- Australian Securities and Investments Commission (ASIC) – Annual Report 2007-08
- Australian Taxation Office (ATO) – Annual Report 2007-08
- Commonwealth Grants Commission (CGC) – Annual Report 2007-08
- Companies Auditors and Liquidators Disciplinary Board (CALDB) – Annual Report 2007-08
- Corporations and Markets Advisory Committee (CAMAC) – Annual Report 2007-08
- Department of Resources, Energy and Tourism (DRET) – Annual Report 2007-08
- Financial Reporting Council (FRC), Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB) – Annual Reports 2007-08
- Financial Reporting Panel (FRP) – Annual Report 2007-08

- Inspector-General of Taxation (IGT) – Annual Report 2007-08
- National Offshore Petroleum Safety Authority (NOPSA) – Annual Report 2007-08
- Productivity Commission – Annual Report 2007-08
- Reserve Bank of Australia (RBA) – Annual Report 2007-08
- Royal Australian Mint – Annual Report 2007-08
- Snowy Hydro Limited – Consolidated Financial Report 2006-07
- Superannuation Complaints Tribunal (SCT) – Annual Report 2007-08
- Takeovers Panel – Annual Report 2007-08
- The Treasury – Annual Report 2007-08

Timeliness

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

1.14 Section 4 of the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* 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.

1.15 Section 9 of the CAC Act stipulates that the deadline for furnishing the Minister with the annual reports of Commonwealth agencies is the 15th day of the 4th month after the end of the financial year, that is, 15 October where the end of the financial year is 30 June. Section 36 of the CAC Act stipulates that Commonwealth companies must give their annual reports to the responsible Minister by the earlier of the following:

- four months after the end of the financial year, or
- 21 days before the next annual general meeting of the company after the end of the financial year.

1.16 Government agencies 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 sections 34C(2) and (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 he or she receives it.

1.17 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'.⁵

1.18 The committee notes that the 2006-07 consolidated financial report for Snowy Hydro Limited was not sent to the Minister until 2 May 2008. This is over ten months from the end of the 2006-07 financial year. However, the report was tabled in the Senate within 15 sitting days of receipt by the Minister in accordance with obligations stipulated in the *Snowy Hydro Corporatisation Act 1997* and the *Acts Interpretation Act 1901*.

1.19 The remaining annual reports considered in this report were tabled within their required timeframe.

Remarks made in the Senate

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

1.21 None of the annual reports considered in this report have been the subject of debate in the Senate.

Bodies not presenting annual reports to the Senate

1.22 The committee is required to report to the Senate each year under Standing Order 25 (20)(h) on whether there are any bodies not presenting annual reports to the Senate which should. The committee is satisfied that there are no such bodies within the Innovation, Industry, Science and Research; Resources, Energy and Tourism; or Treasury portfolios.

Other comments on reports

1.23 The *Requirements for Annual Reports* outlines the Government's view of the purpose of annual reports:

The primary purpose of annual reports of departments is accountability, in particular to the Parliament.

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

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 18 June 2008, p. 1; Department of the Prime Minister and Cabinet, Tabling Circular No. 1/2008, *Tabling of 2007-08 Departmental and Agency Annual Reports*, p. 1; and Department of the Prime Minister and Cabinet, *Guidelines for the Presentation of Government Documents to the Parliament (Including Government Responses to Committee Reports, Ministerial Statements, Annual Reports and Other Instruments)*, July 2008, paragraph 4.10.

relation to services provided. Annual reports are a key reference document and a document for internal management. They form part of the historical record.

1.24 In accordance with Standing Order 25(20)(a) the committee is required to examine reports and inform the Senate as to whether they are 'apparently satisfactory'. The committee considers compliance with the reporting guidelines specified by the legislation under which departments and agencies present their annual reports.

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

Compliance indexes

1.26 While no longer mandatory under the reporting requirements, the committee recommends the inclusion of a compliance index in annual reports, which 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.

1.27 Where agencies have reporting requirements under various Acts the inclusion of a comprehensive compliance index covering all relevant requirements is a useful addition to agency annual reports.

1.28 The committee commends the Australian Taxation Office and Productivity Commission for their inclusion of comprehensive compliance indexes in their 2007-08 annual reports.

External scrutiny and accountability

1.29 The *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* states 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.

1.30 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.

1.31 Annual reports should be a primary reference document for parliamentarians and others looking for information about external scrutiny of government agencies. As noted above, 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. It is particularly important that details about parliamentary scrutiny are included in annual reports, including appearances at Senate estimates hearings (which are the subject of bi-annual reports to the Senate).

1.32 The committee commends the Australian Taxation Office for providing comprehensive details relating to external scrutiny and accountability in its 2007-08 annual report.

Australian Competition and Consumer Commission (ACCC) – Annual Report 2007-08

1.33 The Australian Competition and Consumer Commission (ACCC) is a prescribed agency under the FMA Act. The ACCC therefore presents its report in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. Further requirements for its report are specified in sections 44AAJ and 171 of the *Trade Practices Act 1974* (the TP Act).

1.34 The committee considers that the ACCC has largely met its reporting requirements. However, the committee suggests that the report would benefit from a more comprehensive compliance index, particularly given the detailed requirements specified in the TP Act.

1.35 The report notes that 'the ACCC is accountable for its activities through the courts, tribunals, parliament and the Commonwealth Ombudsman.'⁶ However, while the report did provide details of relevant court decisions, the report did not elaborate on other external scrutiny mechanisms such as the ACCC's appearances before Senate committees during 2007-08. The committee suggests that such appearances should be included in future annual reports as these appearances are a very important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees. The committee also suggests that all details relating to external scrutiny should be (as much as possible) consolidated into one section of the report.

Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) – Annual Report 2007-08

1.36 The Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) is a statutory authority established under the *Australian Institute of Aboriginal and Torres Strait Islander Studies Act 1989*. AIATSIS presents its annual report in accordance with the provisions of section 9 of the CAC Act.

6 Australian Competition and Consumer Commission, *Annual Report 2007-08*, p. 107.

1.37 The committee considers that AIATSIS has largely met its reporting requirements under the CAC Act, and commends the Institute for including a compliance index in its report.

1.38 The report stated that 'in 2007-08 AIATSIS was not subject to any judicial decisions, parliamentary committees or other external reviews.'⁷ However, AIATSIS appeared before the committee at Senate estimates hearings twice during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are a very important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

Australian Nuclear Science and Technology Organisation (ANSTO) – Annual Report 2007-08

1.39 The Australian Nuclear Science and Technology Organisation (ANSTO) is a Commonwealth authority and therefore reports under section 9 of the CAC Act. Section 29 of the *Australian Nuclear Science and Technology Organisation Act 1987* specifies extra matters to be included in ANSTO's annual report.

1.40 The committee considers that ANSTO has largely met its reporting requirements under these Acts and commends ANSTO for including a compliance index in its report.

1.41 The report stated that 'there were no reports on the operations of ANSTO by a Parliamentary Committee or the Commonwealth Ombudsman during the reporting year.'⁸ However, ANSTO appeared before the committee at Senate estimates hearings twice during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

Australian Office of Financial Management (AOFM) – Annual Report 2007-08

1.42 The Australian Office of Financial Management (AOFM) is a prescribed agency under the FMA Act.

1.43 The committee considers that the AOFM has largely met its reporting requirements and commends the AOFM for including a compliance index in its report.

7 Australian Institute of Aboriginal and Torres Strait Islander Studies, *Annual Report 2007-08*, p. 52.

8 Australian Nuclear Science and Technology Organisation, *Annual Report 2007-08*, p. 118.

1.44 The report provided useful details about the Australian National Audit Office's report entitled *Interim Phase of the Audit of Financial Statements of General Government Sector Entities for the year ending 30 June 2008* as it related to the AOFM. The report also stated that in 2007-08 'no matters relating to the AOFM were the subject of judicial proceedings, tribunal hearings or consideration by the Ombudsman.'⁹ However, the AOFM appeared before the committee at Senate estimates hearings twice during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

Australian Reinsurance Pool Corporation (ARPC) – Annual Report 2007-08

1.45 The Australian Reinsurance Pool Corporation (ARPC) is a Commonwealth authority, established by the *Terrorism Insurance Act 2003*, that presents its annual report in accordance with the provisions of section 9 of the CAC Act.

1.46 The committee considers that the ARPC has met its reporting requirements. However, the committee suggests that the ARPC's report could be improved by including a specific compliance index.

Australian Securities and Investments Commission (ASIC) – Annual Report 2007-08

1.47 As a result of the passage of the *Governance Review Implementation (Treasury Portfolio Agencies) Act 2007* the Australian Securities and Investments Commission (ASIC) was brought under the FMA Act from 2007-08. ASIC was therefore subject to the provisions of the FMA Act and section 136 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) in relation to its annual reporting requirements.

1.48 The committee considers that ASIC has met its reporting requirements under these Acts. However, as ASIC reports under a number of Acts, and the requirements in the ASIC Act are quite detailed, the committee suggests that a specific compliance index should be included in future reports.

1.49 In relation to the annual reporting requirements relating to external scrutiny, the committee commends ASIC for providing details of its appearances before parliamentary committees and statutory oversight reports by the Parliamentary Joint Committee on Corporations and Financial Services.

9 Australian Office of Financial Management, *Annual Report 2007-08*, p. 51.

Australian Taxation Office (ATO) – Annual Report 2007-08

1.50 The Australian Taxation Office (ATO) is a prescribed agency under the FMA Act. The ATO therefore presents its report in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. Further reporting requirements are specified in 19 other Acts (please refer to Appendix 4 for a comprehensive list of the legislation).

1.51 The committee considers that the ATO has met its reporting requirements under these Acts.

1.52 The committee commends the ATO for including both a compliance index based on the *Requirements for Annual Reports* and a separate list covering the further reporting requirements specified in the 19 other Acts referred to in Appendix 4.

1.53 The committee also commends that ATO for providing a very comprehensive overview relating to external scrutiny of the agency in 2007-08. The ATO provided details about test cases and other cases decided by the courts and the Administrative Appeals Tribunal, four reports released by the Inspector-General of Taxation, eight audit reports by the Australian National Audit Office, and noted that the Commonwealth Ombudsman did not complete any external research projects or 'own motion' investigations that related to the ATO.¹⁰ The ATO also provided comprehensive details about appearances before parliamentary committees and parliamentary committee reports, although these details were not published in the appendix relating to external scrutiny. The committee suggests that a reference to these details should be included in the relevant appendix in future annual reports.

Commonwealth Grants Commission (CGC) – Annual Report 2007-08

1.54 The Commonwealth Grants Commission (CGC) is established under the *Commonwealth Grants Commission Act 1973* and is a prescribed agency under the FMA Act.

1.55 The committee considers that the CGC has largely met its reporting requirements, although the committee suggests that the CGC's report could be improved by including a specific compliance index.

1.56 The report noted that the CGC is 'subject to external scrutiny by bodies such as Parliamentary Committees, the Ombudsman, and the Administrative Appeals Tribunal.'¹¹ However, the report did not provide any details about this scrutiny, such as the CGC's appearance before the committee at Senate estimates in June 2008. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the

10 Australian Taxation Office, *Annual Report 2007-08*, pp 155–170.

11 Commonwealth Grants Commission, *Annual Report 2007-08*, p. 13.

additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

Companies Auditors and Liquidators Disciplinary Board (CALDB) – Annual Report 2007-08

1.57 The committee notes that there are only a few specific requirements in section 214 of the *Australian Securities and Investments Commission Act 2001* in relation to the Companies Auditors and Liquidators Disciplinary Board's annual report, and considers the report to be satisfactory.

Corporations and Markets Advisory Committee (CAMAC) – Annual Report 2007-08

1.58 As a result of the passage of the *Governance Review Implementation (Treasury Portfolio Agencies) Act 2007* the Corporations and Markets Advisory Committee (CAMAC) was brought under the FMA Act from 2007-08. CAMAC was therefore subject to the provisions of the FMA Act and section 162 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) in relation to its annual reporting requirements.

1.59 The committee considers that CAMAC has met its reporting requirements under these Acts. However, the committee suggests that a specific compliance index, including the reporting requirements under both the FMA Act and ASIC Act, should be included in future reports.

Department of Resources, Energy and Tourism (DRET) – Annual Report 2007-08

1.60 The Department of Resources, Energy and Tourism (DRET) is a Department of State under the *Public Service Act 1999* and presents in annual report in accordance with section 63 of that Act, and the FMA Act. The report also includes the annual reports of Geoscience Australia and the National Offshore Petroleum Safety Authority Board.

1.61 The committee considers that DRET has largely met its reporting requirements under the above Acts, and commends the Department for the inclusion of a comprehensive compliance index.

1.62 In relation to external scrutiny, the report provided useful details about relevant Australian National Audit Office (ANAO) audit reports, including an ANAO recommendation that the (then) Department of Industry, Tourism and Resources conduct a risk assessment of the Timor Sea Royalty Program.

1.63 The report also stated that since the Department's creation on 3 December 2007, it had not been 'directly involved in any Commonwealth Ombudsman, Parliamentary Committees or Australian National Audit Office reports.'¹² Similarly,

12 Department of Resources, Energy and Tourism, *Annual Report 2007-08*, pp 34–35.

Geoscience Australia reported that 'there were no judicial or administrative tribunal decisions relevant to Geoscience Australia, or any investigations into Geoscience Australia's operations by the Commonwealth Ombudsman or any parliamentary committees.'¹³ However, both the Department and Geoscience Australia appeared before the committee at Senate estimates hearings twice during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

1.64 The committee also notes that Geoscience Australia was one of seven agencies selected for review in ANAO Audit Report No. 7 of 2007-08 entitled *The Senate Order for Departmental and Agency Contracts (Calendar Year 2006 Compliance)*. The report was presented to the President pursuant to Standing Order 166 on 27 September 2007. The audit's objectives were to:

...assess the appropriateness of the use of confidentiality provisions in Australian Government contracts as required by the Senate Order and agreed to by the Government.

The audit involved a detailed examination in seven agencies of the process used to compile Internet listings of contracts, and the use of confidentiality provisions. It also involved a desktop review of the existence and timing of contract reporting for all agencies covered by the Senate Order.¹⁴

1.65 The committee considers that references to such audits should be included in future annual reports.

Financial Reporting Council (FRC), Australian Accounting Standards Board (AASB), Auditing and Assurance Standards Board (AUASB) – Annual Reports 2007-08¹⁵

1.66 The Financial Reporting Council (FRC), Australian Accounting Standards Board (AASB) and the Auditing and Assurance Standards Board (AUASB) report under section 235B of the *Australian Securities and Investments Commission Act 2001*. For the 2007-08 financial year, section 9 of the CAC Act also applied to the AASB and AUASB.

1.67 The committee considers that the FRC, AASB and AUASB have met their reporting requirements under these Acts. However, the committee suggests that a specific compliance index for each of the reports should be included in the future.

13 Department of Resources, Energy and Tourism, *Annual Report 2007-08*, p. 60.

14 Australian National Audit Office, *The Senate Order for Departmental and Agency Contracts (Calendar Year 2006 Compliance)*, Audit Report No. 7, 2007-08, p. 13.

15 See also comments under 'future developments' at paragraph 1.90.

1.68 In relation to external scrutiny and accountability the committee commends the agencies for including details about the AASB's appearance before the committee at Senate estimates on 5 June 2008.

Financial Reporting Panel (FRP) – Annual Report 2007-08

1.69 The committee notes that there are only a few specific requirements in section 239AM of the *Australian Securities and Investments Commission Act 2001* in relation to the Financial Reporting Panel's annual reporting requirements, and considers the report to be satisfactory.

Inspector-General of Taxation (IGT) – Annual Report 2007-08

1.70 The Inspector-General of Taxation (IGT) is a prescribed agency under the FMA Act. The IGT therefore presents its report in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. Further requirements for its report are specified in section 41 of the *Inspector-General of Taxation Act 2003*.

1.71 The committee considers that the IGT has largely met its reporting requirements in relation to these Acts and commends the IGT for including a compliance index in its report.

1.72 In relation to external scrutiny, while noting that the IGT had not been audited by the ANAO or subject to comments by the Commonwealth Ombudsman, the report did not examine external scrutiny by parliamentary committees. The committee notes that the IGT appeared before the committee at Senate estimates hearings twice during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

National Offshore Petroleum Safety Authority (NOPSA) – Annual Report 2007-08

1.73 The National Offshore Petroleum Safety Authority (NOPSA) is a prescribed agency under the FMA Act. NOPSA therefore presents its report in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. Further requirements for its annual report are specified in section 150YV of the *Petroleum (Submerged Lands) Act 1967*.

1.74 The committee considers that NOPSA has met its reporting requirements in relation to these Acts. The committee commends NOPSA for including a compliance index in its report and comprehensive entries relating to accountability and external scrutiny.

Productivity Commission – Annual Report 2007-08

1.75 The Productivity Commission is a prescribed agency under the FMA Act. The Commission therefore presents its report in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*. Further requirements for its report are specified in section 10 of the *Productivity Commission Act 1998* (the PC Act).

1.76 The committee considers that the Commission has largely met its reporting requirements under these Acts. The committee commends the Commission for including a comprehensive compliance index against both FMA Act and PC Act reporting requirements and significant entries relating to external and internal scrutiny. However, the committee notes that the Commission appeared before the committee at Senate estimates hearings twice during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

Reserve Bank of Australia (RBA) – Annual Report 2007-08

1.77 The Reserve Bank of Australia (RBA) is a statutory authority established under the *Reserve Bank Act 1959*. The RBA presents its annual report in accordance with section 9 of the CAC Act.

1.78 The committee considers that the RBA has met its reporting requirements under the Act and commends the RBA for consistently tabling its annual report well before the required deadline and for providing comprehensive details relating to parliamentary accountability. However, the committee suggests that the RBA's report could be improved by including a compliance index.

Royal Australian Mint – Annual Report 2007-08

1.79 The Royal Australian Mint is a prescribed agency under the FMA Act.

1.80 The committee considers the Mint has met its reporting requirements and commends the Mint for including a compliance index, and noting that there were no significant developments relating to external scrutiny, in its report.

Snowy Hydro Limited – Consolidated Financial Report 2006-07

1.81 Under section 55 the *Snowy Hydro Corporatisation Act 1997* Snowy Hydro Limited is required to table its financial reports in Parliament. As noted in paragraph 1.18 above, Snowy Hydro's 2006-07 consolidated financial report was not sent to the Minister until 2 May 2008 – over ten months from the end of the 2006-07 financial year. Other than this delay, and given that there are no further requirements imposed

on Snowy Hydro by the legislation, the committee considers the report to be satisfactory.

Superannuation Complaints Tribunal (SCT) – Annual Report 2007-08

1.82 The committee notes that there are only a few requirements under section 67 of the *Superannuation (Resolution of Complaints) Act 1993* (the SRC Act) for the Superannuation Complaints Tribunal's (SCT's) annual report, and considers the report to be satisfactory.

1.83 The committee commends the SCT for including a compliance index which indicates that the Tribunal's report includes information beyond that required under the SRC Act.

Takeovers Panel – Annual Report 2007-08

1.84 The committee notes that there are only a few requirements in section 183 of the *Australian Securities and Investments Commission Act 2001* (the ASIC Act) for the Takeovers Panel's annual report, and considers the report to be satisfactory.

1.85 The committee commends the Panel for including a compliance index which indicates that the Panel's report includes information beyond that required under the ASIC Act.

1.86 The committee also commends the Panel for providing comprehensive details relating to external scrutiny in its report, including noting the Panel's appearances at Senate estimates.

The Treasury – Annual Report 2007-08

1.87 The Treasury is a Department of State under the *Public Service Act 1999* and presents in annual report in accordance with section 63 of that Act, and the FMA Act.

1.88 The committee considers that the Treasury has largely met its reporting requirements under the Act and commends Treasury for including a comprehensive compliance index in its report.

1.89 In relation to external scrutiny and accountability, the committee commends Treasury for providing comprehensive details relating to ANAO reports (in particular, ANAO Audit Report No. 32 of 2007-08 relating to the preparation of the Tax Expenditures Statement) and court/tribunal decisions. However, the committee notes the Treasury appeared before the committee at Senate estimates and many other committee hearings during 2007-08. The committee suggests that references to such appearances before Senate committees should be included in future reports as these appearances are an important aspect of external scrutiny of government agencies. The committee notes that reports on the additional and budget estimates hearings are tabled in the Senate each year by all Senate committees.

Future developments

1.90 As noted in the committee's Report on Annual Reports (No. 2 of 2008), the *Governance Review Implementation (AASB and AUASB) Act 2008* was assented to on 30 June 2008. As a result, the Australian Accounting Standards Board and Auditing and Assurance Standards Board will be brought under the *Financial Management and Accountability Act 1997* (FMA Act) from the 2008-09 financial year. Under the new arrangements, two agencies prescribed under the FMA Act will be established to support the operations of the AASB and AUASB. The agencies will be referred to as the 'Office of the Australian Accounting Standards Board' and the 'Office of the Auditing and Assurance Standards Board'. Under the previous arrangements the Financial Reporting Council was responsible for financial and administrative matters of the two boards in addition to providing strategic oversight. Under the new arrangements the FRC will still be responsible for providing strategic oversight, but will undertake only an advisory role with respect to financial and administrative matters.¹⁶

Senator Annette Hurley
Chair

16 *Explanatory Memorandum, Governance Review Implementation (AASB and AUASB) Bill 2008*, p. 8.