

# Chapter 1

## Introduction

1.1 This is the second report on annual reports for 2014 of the Senate Environment and Communications Legislation Committee (the committee). It provides an overview of annual reports of agencies within the allocated portfolios tabled in the Senate between 1 November 2013 and 30 April 2014.

1.2 Annual reports inform the Parliament, stakeholders and other interested parties of the operations and performance of public sector departments, agencies and companies. They are a primary accountability mechanism. Additionally, annual reports are important reference documents and form part of the historical record.<sup>1</sup>

### 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.

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

## Allocated portfolios

1.4 In accordance with the resolution of the Senate on 12 November 2013, the committee has oversight of the following portfolios:

- Environment; and
- Communications.<sup>2</sup>

## Annual reporting requirements

1.5 In 2012–13, Commonwealth departments, agencies, authorities and companies operating under either the *Financial Management and Accountability Act 1997* (the FMA Act) or the *Commonwealth Authorities and Companies Act 1997* (the CAC Act) were required to provide an annual report on their activities, performance and finances. The *Public Governance, Performance and Accountability Act 2013* replaced both the FMA Act and the CAC Act on 1 July 2014. However, the annual reports covered by this report were assessed against the requirements under the former Acts.

1.6 Annual reports must also comply with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* issued by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit. These requirements are updated annually. The latest version of the requirements was issued on 29 May 2014 and applies to annual reports for 2013–14. Therefore, the previous version of the requirements applies to the annual reports examined in this report.

## Reports examined

1.7 This report examines the following reports, tabled in the Senate or presented out of session to the President of the Senate and referred to the committee between 1 November 2013 and 30 April 2014:

### *Statutory authorities*

- Climate Change Authority—*Annual Report 2012–13*; and
- Murray-Darling Basin Authority—*Annual Report 2012–13*.

### *Company limited by guarantee*

- Low Carbon Australia—*Annual Report 2012–13*.

## Reports not examined

1.8 The committee is not obliged to report on Acts, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. The following were referred to the committee between 1 November 2013 and 30 April 2014 but are not examined in this report:

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2 *Journals of the Senate*, No. 1, 12 November 2013, p. 16.

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- Australian Broadcasting Corporation, *Equity and Diversity Annual Report 2012–13*;
  - Australian Communications Consumer Action Network, *Funding of Consumer Representation Grants Program to Telecommunications, Annual Report 2012–13*;
  - Australian Communications and Media Authority, *Communications Report 2012–13*;
  - Australian Competition and Consumer Commission, *NBN Points of Interconnection*, July 2013;
  - Australian Competition and Consumer Commission, *Telstra Compliance Report*, October 2013;
  - Australian Competition and Consumer Commission, *Telecommunications competitive safeguards for 2012–13 and Changes in the prices paid for telecommunications services in Australia 2012–13*;
  - Department of Communications, *Report on Digital Television Transmission and Reception*, February 2014;
  - Department of the Environment, *The National Heritage List and Commonwealth Heritage List: 1 July 2008 – 30 June 2013*;
  - Department of the Environment, *Third Independent Review of the Product Stewardship (Oil) Act 2000, Final Report*, September 2013;
  - National Environment Protection Council, *Annual Report 2012–13*;
  - NBN Co Limited, *Independent review under s.151DD of the Competition and Consumer Act 2010*, October 2013; and
  - Wet Tropics Management Authority, *Annual Report and State of the Wet Tropics Report 2012–13*.

## Timeliness

1.9 The *Requirements for Annual Reports* state that an annual report 'is to be presented to each House of the Parliament on or before 31 October in the year in which the report is given'.<sup>3</sup> Organisations reporting under the former *Commonwealth Authorities and Companies Act 1997* (the CAC Act) were required to present an annual report to the responsible minister on the fifteenth day of the fourth month after the end of the financial year—that is, by 15 October.

1.10 Provision is made under 34C(4)–(7) of the *Acts Interpretation Act 1901* for agencies to apply for an extension of time to report. The committee notes that Low Carbon Australia wrote to the Minister for the Environment, the Hon Greg Hunt, on 8 October 2013 requesting an extension due to exceptional circumstances. Those

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3 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 24 June 2013, p. 3.

circumstances are examined in chapter two of this report. The Minister acknowledged the circumstances and granted an extension of time on 14 October 2013.

1.11 The annual report of the Murray-Darling Basin Authority (MDBA) was tabled in the House of Representatives on 12 December 2013 and in the Senate on 11 February 2014. The letter of transmittal in the report is dated 3 December 2013.

1.12 The committee notes that subsection 214(2) of the *Water Act 2007* provides that the Chief Executive of the MDBA must present the Minister with the report 'as soon as practicable after the end of the period'. This was pointed out in the letter of transmittal in both the 2012–13 and 2011–12 MDBA annual reports. As the MDBA is an FMA Act body, the *PM&C Requirements for Annual Reports* also apply. The *Requirements for Annual Reports* state that, notwithstanding the time frame provided for in an agency's own legislation, the government's policy is that all annual reports should be tabled by 31 October.<sup>4</sup>

1.13 The committee considers that the MDBA should seek to provide its report to the Minister in a more timely fashion.

### **Senate debate**

1.14 Under standing order 25(20)(d), the committee is obliged to note any remarks made in the Senate about annual reports. None of the annual reports examined in this report was the subject of Senate debate.

### **Australian National Audit Office reports**

1.15 The Australian National Audit Office (ANAO) undertook audits of the financial statements of Australian Government entities and presented its findings in the report entitled *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2013*. The financial statements of the three entities examined in this report on annual reports were found to be satisfactory.

1.16 Aside from its audit of financial statements, the ANAO identified certain other areas to be audited during 2012–13. One of these was Commonwealth environmental watering arrangements. The ANAO report entitled *Commonwealth Environmental Watering Activities* highlights at several points the collaboration between the MDBA and the Commonwealth Environmental Water Office (CEWO). This collaboration includes reporting, information sharing, research and modelling. The ANAO report states:

The CEWO and the MDBA informed the ANAO that both organisations work together productively on areas of common interest, with each generally satisfied with the breadth and depth of current engagement activity.<sup>5</sup>

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4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 24 June 2013, p.3

5 Australian National Audit Office, Audit Report No. 36 2012–13, *Commonwealth Environmental Watering Activities*, p. 67.

1.17 The committee notes that the information supplied in the MDBA's annual report appears to endorse the ANAO's findings.

**Apparently satisfactory**

1.18 Standing order 25(20)(a) requires that the committee report to the Senate on whether the annual reports of departments and agencies in its portfolios are 'apparently satisfactory'. The committee finds that the annual reports examined in this report are of high quality, well presented and meet the standard required of them. The committee therefore considers them to be satisfactory.

