

The Senate

---

Economics  
Legislation Committee

---

Annual reports (No. 2 of 2014)

August 2014

© Commonwealth of Australia 2014

ISBN 978-1-76010-056-8

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:  
<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Printed by the Senate Printing Unit, Parliament House, Canberra.

# Senate Economics Legislation Committee

## Members

Senator Sean Edwards, <b>Chair</b>	South Australia, LP
Senator Sam Dastyari, <b>Deputy Chair</b>	New South Wales, ALP
Senator David Bushby	Tasmania, LP
Senator Matthew Canavan	Queensland, LNP
Senator Chris Ketter	Queensland, ALP
Senator Nick Xenophon	South Australia, IND

## Secretariat

Dr Kathleen Dermody, Secretary  
Ms Leonie Lam, Research Officer

PO Box 6100  
Parliament House  
Canberra ACT 2600  
Ph: 02 6277 3540  
Fax: 02 6277 5719  
E-mail: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)  
Internet: [www.aph.gov.au/senate\\_economics](http://www.aph.gov.au/senate_economics)



# TABLE OF CONTENTS

<b>Committee members</b> .....	<b>iii</b>
<b>Abbreviations</b> .....	<b>vii</b>
<b>Chapter 1</b> .....	<b>1</b>
<b>Overview</b> .....	<b>1</b>
Introduction .....	1
Terms of reference.....	1
Purpose and requirements of annual reports .....	2
Assessment of annual reports .....	2
Changes to reporting requirements.....	3
Organisational and operational changes.....	3
Annual reports referred to the committee.....	4
Additional reports referred to the committee .....	4
Timeliness.....	5
Other comments on reports .....	7
<b>Chapter 2</b> .....	<b>9</b>
<b>Individual 2012–13 Annual Reports</b> .....	<b>9</b>
Reports under the Industry portfolio .....	9
Reports under the Treasury portfolio .....	11
<b>Appendix 1</b> .....	<b>15</b>
<b>Industry portfolio</b> .....	<b>15</b>
List of annual reports tabled in the Senate in the period 1 November 2013 to 30 April 2014, and before report tabling.....	15
<b>Appendix 2</b> .....	<b>17</b>
<b>Treasury portfolio</b> .....	<b>17</b>

List of annual reports, and additional reports tabled in the Senate in the period 1 November 2013 to 30 April 2014, and before the tabling of this report.....	17
<b>Appendix 3.....</b>	<b>19</b>
Industry Portfolio Structure (previous) .....	19
<b>Appendix 4.....</b>	<b>21</b>
Industry Portfolio Structure (current).....	21
<b>Appendix 5.....</b>	<b>23</b>
Treasury portfolio structure (previous) .....	23
<b>Appendix 6.....</b>	<b>27</b>
Treasury Portfolio Structure and outcomes (current).....	27

# Abbreviations

AAO	Administrative Arrangements Orders
ANAO	Australian National Audit Office
CAC Act	<i>Commonwealth Authorities and Companies Act 1997</i>
DIICCSRTE	Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education
FIRB	Foreign Investment Review Board
FMA Act	<i>Financial Management and Accountability Act 1997</i>
JCPAA	Joint Committee of Public Accounts and Audit
IR&D Act	<i>Industry Research and Development Act 1986</i>
PBS	Portfolio Budget Statements
PM&C	Department of Prime Minister and Cabinet
PM&C guidelines	or <i>Requirements for Annual Reports</i> <i>Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies</i> , last revised on 24 June 2013
R&D	Research and Development





# Chapter 1

## Overview

### Introduction

1.1 This is the Senate Economics Legislation Committee's (the committee) second and final report on annual reports in 2014. It provides an overview of the committee's examination of annual reports for the 2012–13 financial year tabled after 31 October 2013 and after the publication of the committee's first report on annual reports in 2014.

### Terms of reference

1.2 Annual reports of departments and agencies are referred to Senate committees under Senate Standing Order 25(20). During the reporting period, the Senate Economics Legislation Committee was responsible for the scrutiny of departments and agencies in the following portfolios:

- Industry; and
- Treasury.<sup>1</sup>

1.3 The structures and outcomes for each of these portfolios are summarised in Appendices 3, 4, 5 and 6 respectively.

1.4 Standing order 25(20)<sup>2</sup> requires the committee 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; and

---

1 *Journals of the Senate*, No. 74, 8 February 2012, pp. 2043–2044.

2 *Standing Orders and other orders of the Senate*, June 2009, p. 28.

- (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.

### **Purpose and requirements of annual reports**

1.5 Annual reports provide information on the success of departments and agencies in meeting their targets and therefore assist in ensuring the public accountability of government departments and agencies. Their tabling in the Parliament and scrutiny by Senate committees allows Parliament to make informed judgments on the executive's performance in administering government programs.

1.6 Together with Portfolio Budget Statements (PBS) and the Estimates process, annual reports are the principal mechanisms for scrutiny of the operations of government. Indeed, as highlighted in the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (Requirements for Annual Reports)* released by the Department of the Prime Minister and Cabinet (PM&C), and approved by the Joint Committee of Public Accounts and Audit (JCPAA):

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.<sup>3</sup>

...

Annual reports and PB Statements are the principal formal accountability mechanisms between government and departments and from departments through (or on behalf of) government to the Parliament.<sup>4</sup>

### **Assessment of annual reports**

1.7 Senate Standing Order 25(20) requires that the committee examine reports referred to it to determine whether they are timely and 'apparently satisfactory'. The committee must consider whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports in forming its assessment.

1.8 The requirements are set out as follows:

- Departments of State and Executive Agencies present their annual reports pursuant to subsections 63(2) and 70(2) of *Public Service Act 1999*, and the *Requirements for Annual Reports*. As a matter of policy, the *Requirements for*

---

3 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies (Requirements for Annual Reports)*, 24 June 2013, paragraph 5(2).

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 24 June 2013, paragraph 6(1).

*Annual Reports* also apply to prescribed agencies under section 5 of the *Financial Management and Accountability Act 1997* (FMA Act).<sup>5</sup>

- Commonwealth authorities and companies present their annual reports pursuant to their own enabling legislation and/or sections 9, 36 and 48 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act). Those commonwealth authorities and companies reporting under the CAC Act are required to comply with the *Commonwealth Companies (Annual Reporting) Orders 2011* and the *Commonwealth Companies (Annual Reporting) Orders 2011*, respectively.
- Guidelines 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 Public Administration on Non-statutory bodies, *Senate Hansard*, 8 December 1987, pp 2643–45.

1.9 The legislation governing the annual reports of various agencies and the tabling information is shown in Appendices 1, 2 and 3.

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. The committee's view is that such agencies, while bound by their enabling legislation, should also comply with the PM&C guidelines, to the extent that the requirements do not conflict.

### **Changes to reporting requirements**

1.11 The 2012–13 annual reports are prepared in accordance with the *Requirements for Annual Reports*. These requirements are reviewed annually and the latest version was issued on 24 June 2013.

1.12 Significant amendments to the most recent *Requirements for Annual Reports* relate to:

- **Spatial reporting**—a new requirement has been added for selected portfolio agencies to report on expenditure in relation to the *Spatial Reporting Framework*.<sup>6</sup> This framework was established to improve reporting of regional expenditure.

### **Organisational and operational changes**

1.13 Following the Machinery of Government changes arising from the Administrative Arrangements Orders (AAO) dated 18 September 2013, 3 October 2013 and 12 December 2013, the Department of Industry has simplified its outcomes and programmes structure. The current Report on Annual Reports (No. 2 of 2014), however, is based on the machinery of government changes of March 2013 and

---

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 24 June 2013, paragraph 3(1).

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

its accompanying AAO amendments. The Report on Annual Report (No. 1 of 2015), subsequent to this current report, will be based on the more updated AAO amendments.

### **Annual reports referred to the committee**

1.14 The committee reported on annual reports that had been tabled in the Senate by 31 October 2013 in its report *Annual reports (No. 1 of 2014)* tabled on 19 March 2014.

1.15 Under Standing Order 25(20)(f), the committee is required to report on the annual reports of departments and agencies tabled in the Senate by 30 April each year by the tenth sitting day after 30 June of that year. This year that date is 27 August 2014. This Report on Annual Report also examines annual reports that were tabled after 30 April 2014 but before this report's tabling.

1.16 The following annual reports were referred to the committee for consideration:

#### *Statutory bodies/authorities not under the FMA Act*

- Innovation Australia (independent statutory body)

#### *Non-statutory bodies*

- Foreign Investment Review Board

1.17 Comments on these individual reports are contained in Chapter 2, where they are listed in alphabetical order under each portfolio.

### **Additional reports referred to the committee**

1.18 In addition to the aforementioned reports, the following reports were also referred to the committee in the reporting period. The committee notes that these reports are referred for information only, and the committee is not required to report on them under the terms of the Standing Order:

- Australia and the International Financial Institutions 2012–13, tabled 13 May 2014 (presented out of session on 23 April 2014);
- Australian Competition and Consumer Commission—Telstra's Structural Separation Undertaking Annual Compliance Report 2012–13—Report to the Minister for Communication, tabled 17 June 2014;
- Australian Competition and Consumer Commission—Report Telecommunications 2012–13: Report 1: Telecommunications competitive safeguards; Report 2: Changes in the prices paid for telecommunications services in Australia, tabled 25 March 2014;
- Australian National Audit Office:
  - Report No. 35 of 2013–14—Performance audit, Managing Compliance of High Wealth Individuals: Australian Taxation Office, tabled 16 June 2014;
  - Report No. 38 of 2013–14—Performance audit, Establishment and administration of the National Offshore Petroleum Safety and

- 
- Environmental Management Authority: National Offshore Petroleum Safety and Environmental Management Authority, tabled 16 June 2014 (presented out of session 12 June 2014);
- Report No. 39 of 2013–14—Performance audit, Compliance Effectiveness Methodology: Australian Taxation Office, tabled 16 June 2014 (presented out of session 12 June 2014);
  - Report No. 41 of 2013–14—Performance audit, Commercialisation Australia Program, Department of Industry, tabled on 19 June 2014;
  - Report No. 44 of 2013–14—Performance audit, Financial statement audit—Interim phase of the audits of the financial statements of major general government sector agencies for the year ending 30 June 2014: Across agencies, tabled 19 June 2014;
  - Report No. 47 of 2013–14—Performance audit, Managing conflicts of interest in FMA agencies: Across agencies, tabled 23 June 2014;
  - Report No. 48 of 2013–14—Performance audit, Administration of the Australian Business Register: Australian Taxation Office; Australian Securities and Investments Commission; Department of Industry, tabled 23 June 2014;
  - Report No. 49 of 2013–14—Performance audit, The management of physical security: Australian Crime Commission; Geoscience Australia; Royal Australian Mint, tabled 24 June 2014;
  - Report No. 50 of 2013–14—Performance audit, Cyber attacks: Securing agencies' ICT systems: Across agencies, tabled 24 June 2014;
  - Report No. 54 of 2013–14—Performance audit, Establishment and use of multi-use lists: Across agencies, tabled 26 June 2014;
- Clean Energy Finance Corporation (CEFC)—Report to Responsible Ministers under the *Employment Opportunity (Commonwealth Authorities) Act 1987*, Section 9 of the *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*;
  - Productivity Commission—
    - Report No. 69—Tasmanian shipping and freight, dated 7 March 2014, tabled 24 June 2014;
    - Report No. 70—Australia's Automotive Manufacturing Industry, Section 12 of the *Productivity Commission Act 1998*, tabled 26 August 2014; and
    - Report No. 71—Public Infrastructure, Volumes 1 & 2, Section 12 of the *Productivity Commission Act 1998*, tabled 15 July 2014.

## Timeliness

1.19 Standing Order 25(20)(c) requires the committee to report to the Senate on the late presentation of annual reports. The annual reports considered in this report were tabled after 31 October 2013.

### ***Departments and FMA Act entities***

1.20 Subsection 4(1) of Part 1 of the *PM&C Requirements for Annual Reports* 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. Furthermore, if Senate Supplementary Estimates hearings are scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to those hearings.

### ***CAC Act entities***

1.21 Section 9 of the CAC Act stipulates that the deadline for furnishing the minister with the annual reports of Commonwealth authorities is the 15<sup>th</sup> day of the 4<sup>th</sup> month after the end of the financial year; that is, 15 October.

1.22 According to section 36(1) of the CAC Act a Commonwealth company must give the responsible Minister:

- (a) a copy of the company's financial report, directors' report and auditor's report that the company is required by the *Corporations Act 2001* to have for the financial year (or would be required by that Act to have if the company were a public company); and
- (b) any additional report under subsection (2); and
- (c) in the case of a wholly-owned Commonwealth company—any additional information or report required by the Finance Minister's Orders.

1.23 Section 36(1A) of the CAC Act stipulates that a Commonwealth company must give the report to the responsible Minister by:

- (a) if the company is required by the *Corporations Act 2001* to hold an annual general meeting—the earlier of the following:
  - (i) 21 days before the next annual general meeting after the end of the financial year;
  - (ii) 4 months after the end of the financial year; and
- (b) in any other case—4 months after the end of the financial year; or the end of such further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.

1.24 It should be noted that 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'.<sup>7</sup>

1.25 The committee notes that although the 2012–13 annual report for Innovation Australia was tabled after 31 October 2013, section 46(1) of the *Industry Research and Development Act 1986* allows:

---

7 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 24 June 2013, p. 2; and *Guidelines for the Presentation of Government Documents to the Parliament (Including Government Documents, Government Responses to Committee Reports, Ministerial Statements, Annual Reports and Other Instruments)*, October 2013, paragraph 4.10.

---

...the Board...[to], as soon as practicable after 30 June in each year...prepare and give to the Minister a report on the operations of the Board during the financial year that ended on that 30 June.

1.26 Likewise, the annual reporting requirements 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, pp. 2643–45 is not clear on the tabling date for non-statutory bodies such as the Foreign Investment Review Board (FIRB). Nonetheless, the committee encourages all bodies required to table annual reports to make them available to prior to the October supplementary estimates to allow senators sufficient time for examination.

### ***Other entities***

1.27 Entities 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 subsections 34C(2) and 34C(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 the Minister receives it.

### **Other comments on reports**

1.28 Under Standing Order 25(20)(a), the committee is required to examine the annual reports of departments and agencies and report to the Senate on whether they are 'apparently satisfactory'. Taking into account the reporting guidelines specified by the legislation under which departments and agencies present their annual reports, the committee considers that the reports it has examined are generally 'apparently satisfactory'.

1.29 Despite this, the committee considers that some aspects of agency annual reports could be improved. One of the things that the committee examines is whether annual reports contain discussion of external scrutiny and parliamentary accountability.

### ***External scrutiny and accountability***

1.30 It is required 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, decisions of administrative tribunals, and decisions by the Australian Information Commissioner, that have had, or may have, a significant impact on the operations of the department; and
- (b) reports on the operations of the department, including by the Auditor-General (other than the report on financial statements), a

Parliamentary committee, the Commonwealth Ombudsman, or agency capability reviews (once released).<sup>8</sup>

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, 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. Details on parliamentary scrutiny should be included in annual reports, including appearances at Senate estimates hearings (which are the subject of biannual reports to the Senate) and any evidence or submissions made to parliamentary inquiries. The reports should also note that they are subject to scrutiny by this and any other committee.

1.32 One of the key requirements for an annual report is that it should 'be written in plain English and provide sufficient information and analysis for the Parliament to make a fully informed judgement on departmental performance'.<sup>9</sup>

### ***Compliance indices or lists of requirements***

1.33 The inclusion of a compliance index or a list of requirements in annual reports is mandatory for all departments and agencies under the FMA Act and CAC Act. The index 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. It can be particularly useful for agencies with reporting requirements under various Acts.

1.34 The committee notes that only one annual report examined in this report included a compliance index. The committee wishes to draw to the attention of portfolio departments and agencies that the inclusion of the reporting requirements, particularly the mandatory elements contained in the *Requirements for Annual Reports*, is an essential part of the reporting and accountability mechanism.

---

8 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 23 June 2013, p. 10. Clause 17 of the *Commonwealth Authorities (Annual Reporting) Orders 2011* 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. Likewise, Clause 15 of the *Commonwealth Companies (Annual Reporting) Orders 2011* requires a similar duty to include details of external scrutiny and reviews.

9 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 23 June 2013, paragraph 4.



## **Chapter 2**

### **Individual 2012–13 Annual Reports**

2.1 On this occasion, the committee has decided to examine in more detail the following annual reports tabled by 30 April 2014 or before the tabling of this Report on Annual Reports:

2.2 For the Industry portfolio:

- Innovation Australia.

2.3 For the Treasury portfolio:

- Foreign Investment Review Board.

#### **Reports under the Industry portfolio**

##### ***Innovation Australia—annual report 2012–13***

###### *Reporting requirements*

2.4 The committee considers that Innovation Australia has met its reporting requirements under the *Industry Research and Development Act 1986* (IR&D Act).

2.5 However, the committee notes some recurring issues identified in previous reports remain in the 2012–13 report, including:

- the date missing on the transmittal letter; and
- the lack of a compliance index indicating clearly the report was prepared in accordance with identified sections of the IR&D Act data.

###### *Operational matters*

2.6 Innovation Australia is an independent statutory body established to assist with the administration of the Australian Government's innovation and venture capital programs designed to support industry innovation.<sup>1</sup>

2.7 Established on 27 September 2007, Innovation Australia is an amalgamation of the former Industry Research and Development (IR&D) Board and the Venture Capital Registration (VCR) Board (formerly known as the Pooled Development Funds Registration Board). On its establishment, Innovation Australia assumed the roles, responsibilities and powers of the two former Boards. Its aim is to promote the development, and improve the efficiency and international competitiveness, of Australian industry by encouraging research and development, innovation and venture capital activities. It also provides advice to government in relation to the operation of income tax law legislation (*Income Tax Assessment Act 1936* and the

---

1 Department of Finance and Deregulation, *List of Australian Government Bodies and Governance Relations* (3<sup>rd</sup> Edition) as at 1 October 2009, p. 480.

*Income Tax Assessment Act 1997*). In 2012–13, Innovation Australia reported to the Minister for Industry and Innovation.<sup>2</sup>

2.8 During the reporting period, Innovation Australia undertook an analysis of businesses with international development and expansion strategies that had been recipients of Australian Government innovation grants. The results found that participants looking to expand to international markets, partner and grow globally, show stronger performance in terms of employment levels, average turnover, research and development expenditure and intellectual property protection.<sup>3</sup>

2.9 During 2012–13, Innovation Australia's programs were delivered by AusIndustry, a division within the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (and which has since changed to the Department of Industry following machinery of government changes).<sup>4</sup>

2.10 As of 30 June 2013, the following eight committees with specific functions reported to Innovation Australia: R&D Incentives Committee; R&D Tax Incentive Advisory Committee; Commercialisation Australia Board; Clean Technology Investment Committee; Clean Technology Food and Foundries Investment Committee; Clean Technology Innovation Committee; Innovation Grants Committee; and Venture Capital Committee.<sup>5</sup>

2.11 Among some of the key outputs administered and delivered by Innovation Australia during the 2012–13 reporting period included:<sup>6</sup>

- the Clean Technology Investment Program, which received 341 applications and 200 approved grants at a total grant value of more than \$130 million;
- the Clean Technology Innovation Program, which received 63 applications and 17 approved grants at a total grant value of more than \$22 million;
- Commercialisation Australia, which assisted 161 businesses, researchers and entrepreneurs with grants valued in excess of \$55 million; and
- the Research and Development Tax Incentive, which registered 8,270 companies (9,210 research and development performing entities) for the 2011–12 income year with \$12.80 billion in reported industry research and development expenditure.

2.12 Other highlights during the 2012–13 reporting period included:

---

2 *Innovation Australia Annual Report 2012–13*, p. 78.

3 *Innovation Australia Annual Report 2012–13*, p. 2.

4 *Innovation Australia Annual Report 2012–13*, p. 7.

5 *Innovation Australia Annual Report 2012–13*, pp. 81–82.

6 *Innovation Australia Annual Report 2012–13*, p. 3.

- the Clean Technology Food and Foundries Investment Committee, established on 25 September 2012, which received 424 applications for its program and 271 approved grants at a total grant value of more than \$124 million;<sup>7</sup>
- Innovation Australia's contribution to major areas of policy advice in 2012–13, including its input to the *2012 Review of Venture Capital and Entrepreneurial Skills in Australia* and the *2011 Board of Taxation Review of Arrangements under the Venture Capital Limited Partnership Regime*;<sup>8</sup> and
- Innovation Australia's review of the recommendations of the *Smarter Manufacturing for a Smarter Australia* report of the non-government members of the Prime Minister's Taskforce on Manufacturing; as a result of which Innovation Australia identified strategic areas for government intervention in its comprehensive submission to the government.<sup>9</sup>

2.13 In the Chairman's final report, Mr Miles AM, emphasised the importance of Innovation Australia's work in helping to create the type of innovation system that drives success and turns ideas and concepts into new products, processes and services. He cautions that Australian business and industry must embrace innovation, if they are to remain competitive, productive and able to collaborate with the research sector to achieve growth and prosperity.<sup>10</sup>

## Reports under the Treasury portfolio

### *Foreign Investment Review Board—annual report 2012–13*

#### *Reporting requirements*

2.14 The committee notes that the annual reports of the Foreign Investment Review Board (FIRB) are not statutorily mandated, but prepared in accordance with the Board's responsibility to advise the government on foreign investment matters.

2.15 The Board is a non-statutory body responsible for advising the Treasurer on Australia's Foreign Investment Policy (the Policy) and its administration. It examines foreign investment proposals submitted under the *Foreign Acquisitions and Takeovers Act 1975* (the Act) and under the Policy (the latter being the second element of Australia's foreign investment screening regime). The Board is supported by the Department.<sup>11</sup>

---

7 *Innovation Australia Annual Report 2012–13*, pp. 3 and 5.

8 *Innovation Australia Annual Report 2012–13*, p. 3.

9 *Innovation Australia Annual Report 2012–13*, p. 3.

10 *Innovation Australia Annual Report 2012–13*, p. 6.

11 *Foreign Investment Review Board Annual Report 2012–13*, p. 3. See also the Department of Finance and Deregulation's *List of Australian Government Bodies and Governance Relations* (3<sup>rd</sup> Edition) as at 1 October 2009, p. 585.

### *Operational matters*

2.16 In 2012–13, 12,731 foreign investment proposals were approved from a total of 13,322 applications. Of the 13,322 applications for foreign investment approval, none were rejected, though 446 were withdrawn and 145 were exempt as not subject to the Policy or the Act.<sup>12</sup>

2.17 Of the 12,731 applications decided during the reporting period (those approved or rejected but not those withdrawn or exempt), 11,840 were decided within the Treasury's Foreign Investment and Trade Policy Division (the Division)<sup>13</sup> under the Treasurer's authorisation and 891 were decided by a Treasury minister.<sup>14</sup> Of these approved applications, 5,535 were approved without conditions imposed and 7,196 were approved subject to conditions, all of which were in the real estate sector.<sup>15</sup> In contrast to 2012–13 when there were no proposals rejected, 13 real estate-related proposals were rejected in 2011–12.<sup>16</sup>

2.18 The real estate sector was the largest destination by value, with approvals in 2012–13 of \$51.9 billion. Other major sectors included: mineral exploration and development, with approved proposal investment of \$45.1 billion and services (excluding tourism), with approved proposed investment of \$25.9 billion.<sup>17</sup>

2.19 In 2012–13, the United States remained Australia's largest source country for approved proposed investment with \$20.6 billion in value. It was followed by Switzerland (\$18.4 billion), China (\$15.8 billion), Canada (\$14.4 billion) and the United Kingdom (\$6.8 billion) as the other major source countries for approved proposed investment.<sup>18</sup>

2.20 During the 2012–13 reporting period, the FIRB reported an increase in its total expenses, from a total of \$176,745 in 2011–12 to a total of \$257,501 in 2012–13. Similarly, the total expenses of the Division also increased, from \$3.9 million in 2011–13 to \$4.0 million in 2012–13. The majority of these expenses were attributed to remuneration of Board members or Divisional employee salary, with the remainder comprising travel, car hire and incidentals for Board members and

---

12 *Foreign Investment Review Board Annual Report 2012–13*, p. 9.

13 See *Foreign Investment Review Board Annual Report 2012–13*, p. 5. The Division provides secretariat functions to the FIRB and is responsible for initial examination of proposals received. It is also responsible for preparing recommendations to the Treasury ministers or the Divisional officers the Treasurer has authorised to make decisions under the Policy and the Act. The Division is also a contact point for foreign investors and their representatives.

14 *Foreign Investment Review Board Annual Report 2012–13*, p. 9.

15 *Foreign Investment Review Board Annual Report 2012–13*, p. 19. Real estate conditions ordinarily include those relating to the period during which development must commence, requiring temporary residents to reside in and then sell established dwellings when they cease to reside in them, and reporting requirements.

16 *Foreign Investment Review Board Annual Report 2012–13*, p. xi.

17 *Foreign Investment Review Board Annual Report 2012–13*, p. xi.

18 *Foreign Investment Review Board Annual Report 2012–13*, p. xi.

administrative costs for the Division. For the 2012–13 period the Division employed an average of 34 staff.<sup>19</sup>

**Senator Sean Edwards**

**Chair**



# Appendix 1

## Industry portfolio

List of annual reports tabled in the Senate in the period  
1 November 2013 to 30 April 2014, and before report tabling

<b>Reporting body</b>	<b>Legislation</b>	<b>Date of transmittal letter</b>	<b>Date sent to/ Date received by Minister</b>	<b>Date tabled/ presented*</b>
Innovation Australia	Section 46 of the <i>Industry Research and Development Act 1986</i>	Date not provided	8.4.14/ 8.4.14	Senate 17.6.14  HoR 26.5.14





## Appendix 2

### Treasury portfolio

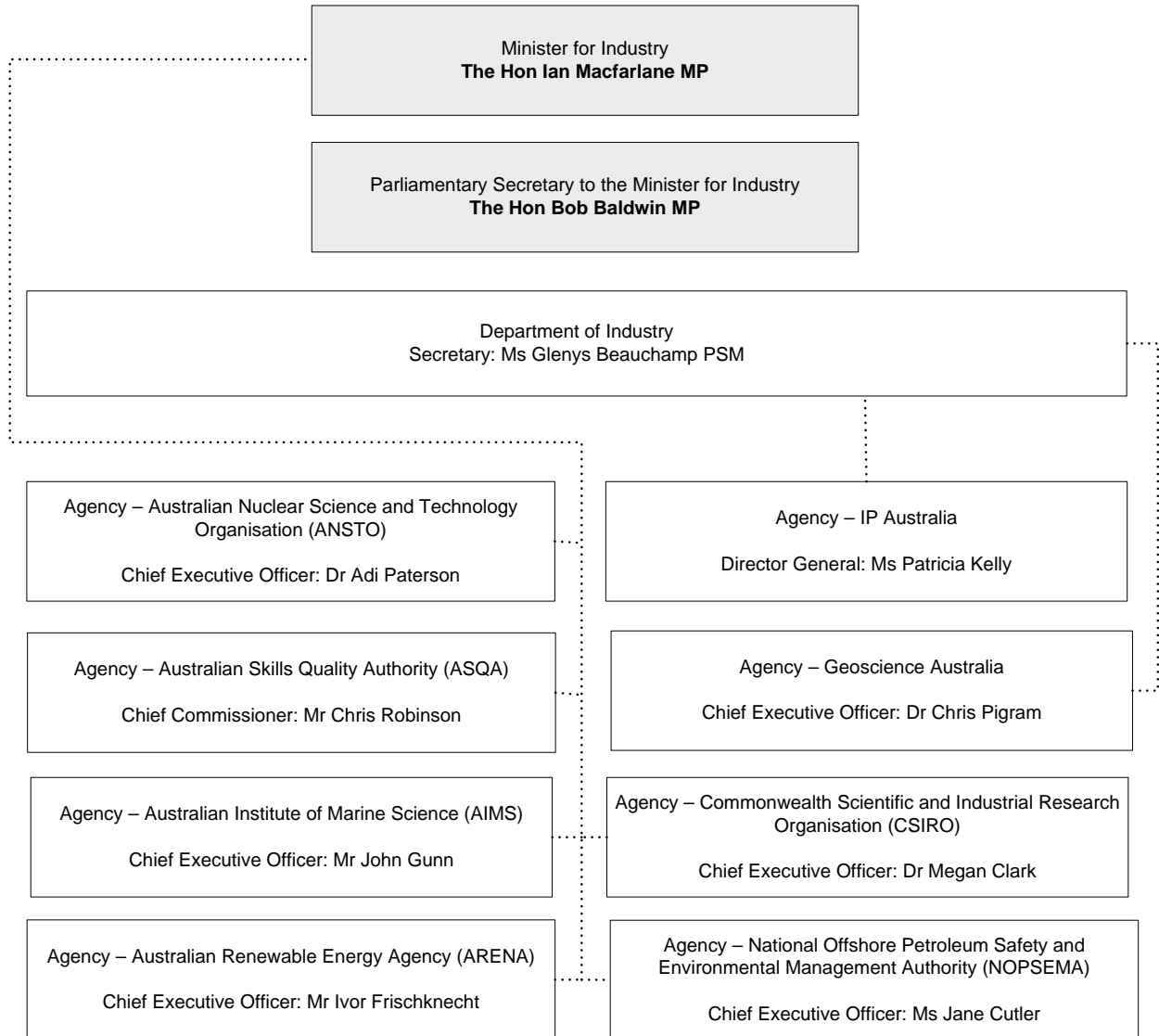
List of annual reports, and additional reports tabled in the Senate in the period 1 November 2013 to 30 April 2014, and before the tabling of this report

<b>Reporting body</b>	<b>Legislation</b>	<b>Date of transmittal letter</b>	<b>Date sent to / Date received by Minister</b>	<b>Date tabled/ (presented)</b>
Foreign Investment Review Board (FIRB)	<i>No legislative requirement to table the report</i>	28.4.14	21.1.14/ 21.1.14	Senate 13.5.14 (10.4.14)  HoR 13.5.14



# Appendix 3

## Industry Portfolio Structure (previous)

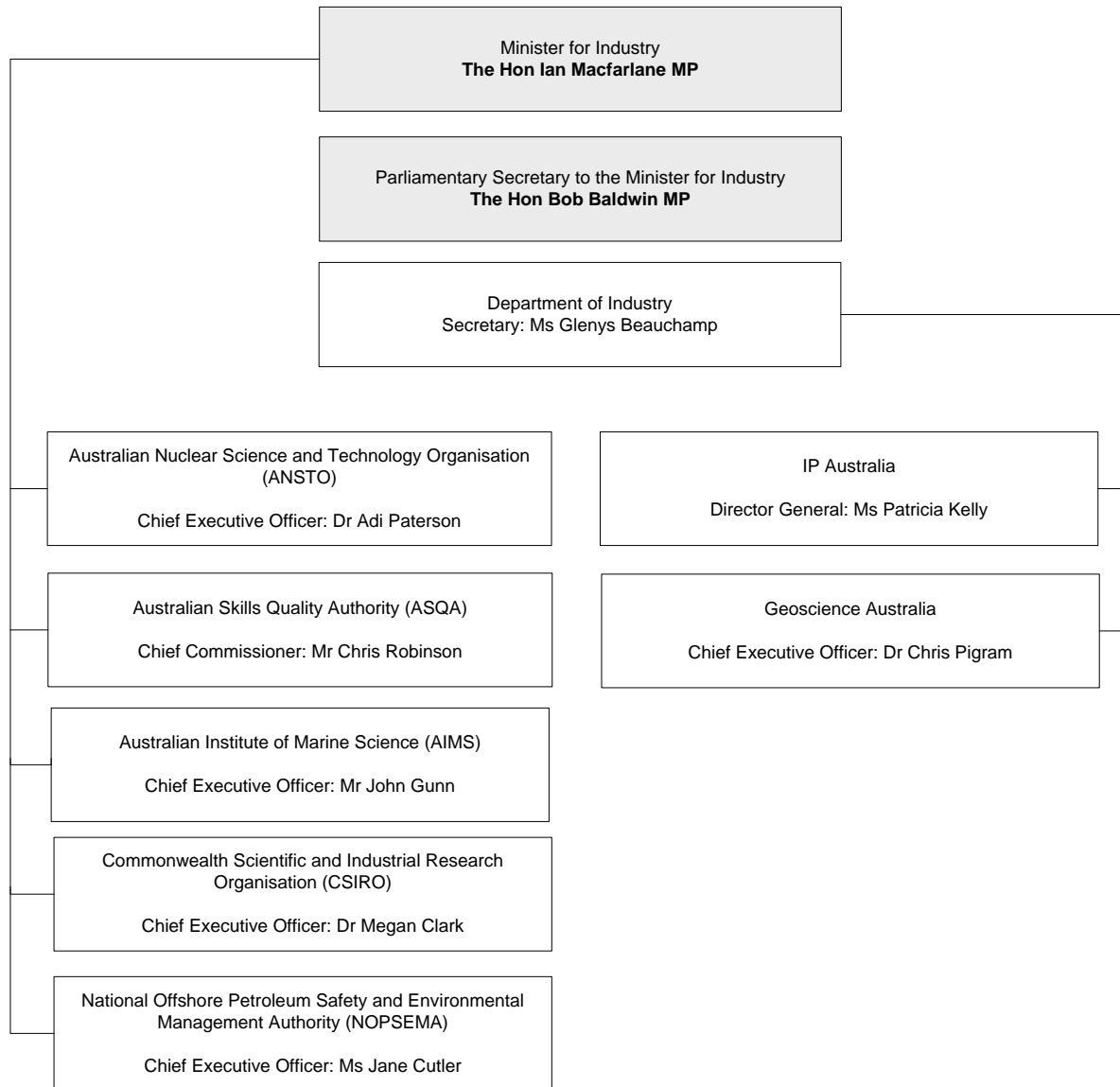


Source: Industry portfolio, *Portfolio Additional Estimates Statements 2013-14*, p. 4.



# Appendix 4

## Industry Portfolio Structure (current)



Source: Industry portfolio, *Portfolio Budget Statements 2014–15*, p. 13.



# Appendix 5

## Treasury portfolio structure (previous)

### Treasury portfolio outcome and program structure (as at 30 June 2013)

<p style="text-align: center;"><b>Portfolio Minister — Treasurer</b> The Hon Chris Bowen MP <b>Assistant Treasurer</b> The Hon David Bradbury MP <b>Minister for Financial Services and Superannuation</b> The Hon Bill Shorten MP <b>Minister for Housing and Homelessness</b> The Hon Mark Butler MP <b>Parliamentary Secretary to the Treasurer</b> The Hon Bernie Ripoll MP</p>	
<p style="text-align: center;"><b>Department of the Treasury</b> Secretary: Dr Martin Parkinson</p>	
<b>Outcome 1:</b>	<b>Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations</b>
Program 1.1:	Department of the Treasury
Program 1.2:	Payments to International Financial Institutions
Program 1.3:	Support for Markets and Business
Program 1.4:	General Revenue Assistance
Program 1.5:	Assistance to the States for Healthcare Services
Program 1.6:	Assistance to the States for Schools
Program 1.7:	Assistance to the States for Skills and Workforce Development
Program 1.8:	Assistance to the States for Disabilities Services
Program 1.9:	Assistance to the States for Affordable Housing
Program 1.10:	National Partnership Payments to the States
<p style="text-align: center;"><b>Australian Bureau of Statistics</b> Statistician: Mr Brian Pink</p>	
<b>Outcome 1:</b>	<b>Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high-quality, objective and relevant statistical information</b>
Program 1.1:	Australian Bureau of Statistics
<p style="text-align: center;"><b>Australian Competition and Consumer Commission</b> Chairman: Mr Rod Sims</p>	
<b>Outcome 1:</b>	<b>Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services</b>
Program 1.1:	Australian Competition and Consumer Commission
<p style="text-align: center;"><b>Australian Office of Financial Management</b> Chief Executive Officer: Mr Robert Nicholl</p>	
<b>Outcome 1:</b>	<b>The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government</b>
Program 1.1:	Australian Office of Financial Management

**Australian Prudential Regulation Authority**

Chairman: Dr John Laker AO

**Outcome 1:** Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation that balances financial safety and efficiency, competition, contestability and competitive neutrality

Program 1.1: Australian Prudential Regulation Authority

**Australian Securities and Investments Commission**

Chairman: Mr Greg Medcraft

**Outcome 1:** Improved confidence in financial market integrity and protection of investors and consumers through research, policy, education, compliance and deterrence that mitigates emerging risks

Program 1.1: Research, policy, compliance, education and information initiatives

Program 1.2: Enforcement/deterrence

**Outcome 2:** Streamlined and cost-effective interaction and access to information for business and the public, through registry, licensing and business facilitation services

Program 2.1: Legal infrastructure for companies and financial services providers

Program 2.2: Banking Act and Life Insurance Act, unclaimed moneys and special accounts

**Australian Taxation Office**

Commissioner: Mr Chris Jordan AO

**Outcome 1:** Confidence in the administration of aspects of Australia's taxation and superannuation systems by helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law

Program 1.1: Australian Taxation Office

Program 1.2: Tax Practitioners Board

Program 1.3: Australian Business Register

Program 1.4: Australian Valuation Office

Program 1.5: Product Stewardship for Oil

Program 1.6: Cleaner Fuels Grant Scheme

Program 1.7: Australian Screen Production Incentive

Program 1.8: Research and Development Tax Offset

Program 1.9: Private Health Insurance Rebate

Program 1.10: Superannuation Co-contribution Scheme

Program 1.11: Superannuation Guarantee Scheme

Program 1.12: Fuel Tax Credits Scheme

Program 1.13: Education Tax Refund

Program 1.14: National Urban Water and Desalination Plan

Program 1.15: National Rental Affordability Scheme

Program 1.16: First Home Saver Accounts

Program 1.17: Baby Bonus

Program 1.18: Interest on Overpayment and Early Payments of Tax

Program 1.19: Bad and Doubtful Debts and Remissions

Program 1.20: Other Administered

**Commonwealth Grants Commission**

Secretary: Mr John Spasojevic

**Outcome 1:** Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants

Program 1.1: Commonwealth Grants Commission



<b>Corporations and Markets Advisory Committee</b>	
Convenor: Ms Joanne Rees	
<b>Outcome 1:</b>	<b>Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice</b>
Program 1.1:	Corporations and Markets Advisory Committee
<b>Inspector-General of Taxation</b>	
Inspector-General: Mr Ali Noroozi	
<b>Outcome 1:</b>	<b>Improved tax administration through community consultation, review and independent advice to Government</b>
Program 1.1:	Inspector-General of Taxation
<b>National Competition Council</b>	
President: Mr David Crawford	
<b>Outcome 1:</b>	<b>Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure</b>
Program 1.1:	National Competition Council
<b>Office of the Auditing and Assurance Standards Board</b>	
Chairman: Ms Merran Kelsall	
<b>Outcome 1:</b>	<b>The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements</b>
Program 1.1:	Auditing and Assurance Standards Board
<b>Office of the Australian Accounting Standards Board</b>	
Chairman: Mr Kevin Stevenson	
<b>Outcome 1:</b>	<b>The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions</b>
Program 1.1:	Australian Accounting Standards Board
<b>Productivity Commission</b>	
Chairman: Mr Peter Harris	
<b>Outcome 1:</b>	<b>Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective</b>
Program 1.1:	Productivity Commission
<b>Royal Australian Mint</b>	
Chief Executive Officer: Mr Ross MacDiarmid	
<b>Outcome 1:</b>	<b>The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted products</b>
Program 1.1:	Royal Australian Mint

Source: Department of Treasury, *Annual Report 2012–13*, pp 13–15.



# Appendix 6

## Treasury Portfolio Structure and outcomes (current)

<p><b>Portfolio Minister – Treasurer</b> The Hon Joe Hockey MP <b>Minister for Small Business</b> The Hon Bruce Billson MP <b>Assistant Treasurer</b> Senator the Hon Mathias Cormann <b>Parliamentary Secretary to the Treasurer</b> The Hon Steven Ciobo MP</p>
<p><b>Department of the Treasury</b> Secretary: Dr Martin Parkinson Informed decisions on the development and implementation of policies to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations</p>
<p><b>Australian Bureau of Statistics</b> Acting Statistician: Mr Jonathan Palmer Informed decisions, research and discussion within governments and the community by leading the collection, analysis and provision of high quality, objective and relevant statistical information</p>
<p><b>Australian Competition and Consumer Commission</b> Chairman: Mr Rod Sims Lawful competition, consumer protection, and regulated national infrastructure markets and services through regulation, including enforcement, education, price monitoring and determining the terms of access to infrastructure services</p>
<p><b>Australian Office of Financial Management</b> Chief Executive Officer: Mr Rob Nicholl The advancement of macroeconomic growth and stability, and the effective operation of financial markets, through issuing debt, investing in financial assets and managing debt, investments and cash for the Australian Government</p>
<p><b>Australian Prudential Regulation Authority</b> Chairman: Dr John Laker AO (until 30 June 2014) Mr Wayne Byres (from 1 July 2014) Enhanced public confidence in Australia's financial institutions through a framework of prudential regulation which balances financial safety and efficiency, competition, contestability and competitive neutrality</p>
<p><b>Australian Securities and Investments Commission</b> Chairman: Mr Greg Medcraft Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems</p>
<p><b>Australian Taxation Office</b> Commissioner: Mr Chris Jordan AO Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law</p>
<p><b>Clean Energy Finance Corporation</b> Chief Executive Officer: Mr Oliver Yates Facilitate increased flows of finance into Australia's clean energy sector, applying commercial rigour to investing in renewable energy, low-emissions and energy efficiency technologies, building industry capacity, and disseminating information to industry stakeholders</p>

## Treasury Portfolio Structure and outcomes (continued)

<p><b>Commonwealth Grants Commission</b> Secretary: Mr John Spasojevic Informed Government decisions on fiscal equalisation between the States and Territories through advice and recommendations on the distribution of GST revenue and health care grants</p>
<p><b>Corporations and Markets Advisory Committee</b> Convenor: Ms Joanne Rees Informed decisions by Government on issues relating to corporations regulation and financial products, services and markets through independent and expert advice</p>
<p><b>Inspector-General of Taxation</b> Inspector-General: Mr Ali Noroozi Improved tax administration through community consultation, review and independent advice to Government</p>
<p><b>National Competition Council</b> President: Mr David Crawford Competition in markets that are dependent on access to nationally significant monopoly infrastructure, through recommendations and decisions promoting the efficient operation of, use of and investment in infrastructure</p>
<p><b>Office of the Auditing and Assurance Standards Board</b> Chairman: Ms Merran Kelsall The formulation and making of auditing and assurance standards that are used by auditors of Australian entity financial reports or for other auditing and assurance engagements</p>
<p><b>Office of the Australian Accounting Standards Board</b> Chairman: Mr Kevin Stevenson The formulation and making of accounting standards that are used by Australian entities to prepare financial reports and enable users of these reports to make informed decisions</p>
<p><b>Productivity Commission</b> Chairman: Mr Peter Harris Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective</p>
<p><b>Royal Australian Mint</b> Chief Executive Officer: Mr Ross MacDiarmid The coinage needs of the Australian economy, collectors and foreign countries are met through the manufacture and sale of circulating coins, collector coins and other minted like products</p>

Source: Treasury portfolio, *Portfolio Budget Statements 2014-15*, pp 6–7.