

Chapter 1

Overview

1.1 The Senate Rural and Regional Affairs and Transport Legislation Committee's (the committee) report on annual reports provides an overview of the committee's examination of annual reports for the 2016–17 financial year, tabled between 1 May 2017 and 31 October 2017. The committee is responsible for examining the annual reports of departments and agencies within the portfolios of:

- Agriculture and Water Resources; and
- Infrastructure and Regional Development.¹

1.2 This is the first of two reports on annual reports that the committee is required to produce in 2018.

Terms of reference

1.3 Under Senate Standing Order 25(20), annual reports of departments and agencies shall stand referred to the legislation committees in accordance with an allocation of departments and agencies in a resolution of the Senate. Each committee shall:

- (a) Examine each annual report referred to it and report to the Senate whether the report is apparently satisfactory.
- (b) Consider in more detail, and report to the Senate on, each annual report which is not apparently satisfactory, and on other annual reports which it selects for more detailed consideration.
- (c) Investigate and report to the Senate on any lateness in the presentation of annual reports.
- (d) In considering an annual report, take into account any relevant remarks about the report made in debate in the Senate.
- (e) If the committee so determines, consider annual reports of departments and budget-related agencies in conjunction with examination of estimates.
- (f) Report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year.
- (g) Draw to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports.
- (h) Report to the Senate each year whether there are any bodies which do not present annual reports to the Senate and which should present such reports.

1 *Journals of the Senate*, No. 2, 13 November 2013, pp. 88-89.

Purpose of annual reports

1.4 The tabling and scrutiny of annual reports by Senate committees under Standing Order 25(20) is an important element in the process of government accountability to Parliament. The information provided in annual reports is placed on the public record and assists Parliament in its examination of the performance of departments and agencies and the administration of government programs.

Reports referred to the committee

1.5 In accordance with Standing Order 25(20)(f), this report examines annual reports tabled between 1 May and 31 October 2017. The committee examined the following reports:

Agriculture and Water Resources portfolio

- Department of Agriculture and Water Resources – Report for 2016–17;
- Australian Fisheries Management Authority – Report for 2016–17;
- Australian Pesticides and Veterinary Medicines Authority – Report for 2016–17; and
- Torres Strait Protected Zone Joint Authority – Report for 2014–15.

Infrastructure and Regional Development portfolio

- Department of Infrastructure and Regional Development – Report for 2016–17;
- Australian Transport Safety Bureau – Report for 2016–17;
- National Capital Authority – Report for 2016–17;
- Airservices Australia – Report for 2016–17;
- Australian Maritime Safety Authority – Report for 2016–17;
- Civil Aviation Safety Authority – Report for 2016–17;
- Infrastructure Australia – Report for 2016–17;
- National Transport Commission – Report for 2016–17;
- Moorebank Intermodal Company Limited – Report for 2016–17; and
- International Air Services Commission – Annual Report 2016–17.

Reports not examined

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

- *Australian Meat and Livestock Industry Act 1997* – Funding agreement 2017–21 between the Commonwealth of Australia and Australian Livestock Export Corporation Limited;

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- *Australian Meat and Livestock Industry Act 1997* – Livestock mortalities during export by sea, 1 January to 30 June 2017, 1 July to 31 December 2016 revised;
 - *Australian Meat and Livestock Industry Act 1997* – Livestock mortalities for exports by sea – Report of the period 1 July to 31 December 2016 – Replacement for document previously tabled on 21 March 2017;
 - *Dairy Produce Act 1986* – Statutory funding contract 2017–21 between the Commonwealth of Australia and Dairy Australia Limited;
 - *Forestry Marketing and Research and Development Services Act 2007* – Statutory funding contract 2017–21 between the Commonwealth of Australia and Forest and Wood Products Australia Limited;
 - Regional Forest Agreement between the Commonwealth and Tasmania – Variation, 18 August 2017;
 - Regional Forest Agreement between the Commonwealth and Western Australia – Report of the review of the implementation of the Regional Forest Agreement for the South-West Forest Region of Western Australia for the period 2009 to 2014, dated May 2017;
 - *Sugar Research and Development Services Act 2013* – Statutory funding contract 2017–21 between the Commonwealth of Australia and Sugar Research Australia Limited;
 - Airservices Australia – Corporate Plan 2017–18;
 - Civil Aviation Safety Authority – Corporate Plan for 2017–18 to 2020-21;
 - Norfolk Island Administration – Financial statements for 2015–16 – Independent report of the ANAO;
 - *Sydney Airport Demand Management Act 1997* – Quarterly report on the maximum movement limit for Sydney Airport for the period 1 January to 31 March 2017;
 - *Sydney Airport Demand Management Act 1997* – Quarterly report on the maximum movement limit for Sydney Airport for the period 1 April to 30 June 2017;
 - Department of Finance – Consolidated financial statements in respect of the year ended 30 June 2017; and
 - Final budget outcome 2016–17.

1.7 Appendix 1 sets out a complete list of documents referred to the committee during the period 1 May 2017 to 31 October 2017 (including those not examined). This appendix includes references to the relevant legislation, the letter of transmittal dates, the dates on which the annual reports were sent to, and received by, the relevant minister, and the dates on which the annual reports were tabled in both the House of Representatives and the Senate.

Method of assessment

1.8 Senate Standing Orders require the committee to examine the annual reports referred to it to determine whether they are timely and 'apparently satisfactory'. In making its assessment, the committee considers whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports.

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

1.10 The PGPA Act consolidates the governance, performance and accountability requirements contained in the *Financial Management and Accountability Act 1997* and the *Commonwealth Authorities and Companies Act 1997*. It also establishes a performance reporting framework for all Commonwealth entities and companies.

1.11 Taking into account these changes, the 2016–17 annual reports were prepared and assessed under the following arrangements:

Non-corporate Commonwealth entities (departments, executive agencies and statutory agencies)

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(A);
- for portfolio departments and executive agencies, the *Public Service Act 1999*, sections 63(2) and 70(2);
- for parliamentary departments, the *Parliamentary Service Act 1999*, section 65; and
- for statutory bodies, relevant enabling legislation.²

Corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(B); and
- for statutory bodies, relevant enabling legislation.

Commonwealth companies

- PGPA Act, section 97, which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule 2014, Part 3–3; and
- for statutory bodies, relevant enabling legislation.

Non-statutory bodies

- The guidelines are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on

2 For example, many Acts that establish statutory authorities have separate reporting requirements under those Acts. For example, Centrelink reports under section 41 of the *Commonwealth Services Delivery Agency Act 1997* and the Australian Electoral Commission reports under section 17 of the *Commonwealth Electoral Act 1918*.

Non-Statutory bodies.³ The terms of establishment of the non-statutory body (NSB) may also require it to report on certain topics.

Statutory office holders

- Any requirements in the enabling legislation.

Timeliness in tabling of annual reports

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

1.13 Section 46 of the PGPA Act requires that accountable authorities prepare and present annual reports for their entity to the responsible minister by the fifteenth day of the fourth month after the end of the reporting period. For entities that report on a financial year basis, this requires the annual report to be prepared and provided to the responsible minister by 15 October for each reporting period. This section of the Act does not, however, provide for a timeframe for the minister to present the report to the Parliament.⁴

Non-corporate Commonwealth entities

1.14 Prior to the PGPA Rule 2014, the former guidelines on *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (Requirements for Annual Reports) stipulated that:

The responsible Minister must, in turn, present the report to each House of the Parliament on or before 31 October in the year in which the report is given. If the Senate Supplementary Budget Estimates hearings are scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to those hearings.⁵

Corporate Commonwealth entities

1.15 For corporate Commonwealth entities, section 34C of the *Acts Interpretation Act 1901* applies in the absence of any specific date requirement for the minister's presentation of the report to the Parliament. This section requires the minister to present the annual report within 15 sitting days of receipt.

1.16 However, it has been practice for the responsible minister to present the report to each house of the Parliament on or before 31 October. If Senate Supplementary Budget Estimates hearings are scheduled to occur before 31 October, ministers have sought to table annual reports prior to those hearings.³

3 *Senate Hansard*, 8 December 1987, pp. 2632-45.

4 Department of Finance, *Resource Management Guide No. 136: Annual Reports for Corporate Commonwealth Entities*, May 2017, p. 7.

5 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities (Requirements for Annual Reports)*, 25 June 2015, p. 3.

Commonwealth companies

1.17 Under subsection 97(2) of the PGPA Act, Commonwealth companies are required to give the responsible minister a copy of the company's annual report 21 days before its next annual general meeting after the company's reporting period, or four months after the reporting period for the company, whichever is the earlier.

1.18 Section 97(5) of the PGPA Act states:

If the Commonwealth company is a wholly-owned Commonwealth company, or is not required to hold an annual general meeting, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after receiving them. In all other cases, the responsible Minister must table the documents in each House of Parliament as soon as practicable after the annual general meeting of the company.

Timeliness of reports examined

1.19 The presentation of annual reports to the Parliament has two elements with regard to timeliness: the furnishing of the report to the minister and the presentation of the report to the Parliament.

1.20 Most entities presented their report to the responsible minister within the specified timeframe.

1.21 With respect to the tabling of annual reports, all annual reports were tabled within 15 sitting days of receipt and by 31 October.

1.22 The committee will continue to monitor the timeliness of future annual reports.

Comments on reports

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