

The Senate

Rural and Regional Affairs
and Transport
Legislation Committee

Annual reports (No. 2 of 2019)

July 2019

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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 2017–18 financial year, tabled between 1 November 2018 and 30 April 2019. The committee is responsible for examining the annual reports of departments and agencies within the following portfolios:

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

1.2 This is the second of the two reports on annual reports that the committee is required to produce in 2019.

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 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 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.

1 *Journals of the Senate*, No. 2, 31 August 2016, p. 76. Note that under the amendments made to the Administrative Arrangements Order on 20 December 2017, the Department of Infrastructure and Regional Development was renamed the Department of Infrastructure, Regional Development and Cities. The portfolio was subsequently renamed Infrastructure and Transport as noted in *Journals of the Senate*, No. 84, 12 February 2018, p. 2669. On 15 February 2018, the portfolio was further renamed to Infrastructure, Regional Development and Cities. This was noted in *Journals of the Senate*, No. 87, 15 February 2018, p. 2741.

- (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.

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. Annual reports place information about government departments and agencies on the public record in relation to the performance, activities, management and financial position of the reporting body. They are a primary accountability mechanism and assist the Parliament in the effective 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 the following annual reports, tabled in the Parliament or presented out of session to the President of the Senate and referred to the committee between 1 November 2018 and 30 April 2019:

Agriculture and Water Resources portfolio

- Cotton Research and Development Corporation (CRDC)—Annual Report 2017–18;
- Fisheries Research and Development Corporation (FRDC)—Annual Report 2017–18;
- Grains Research and Development Corporation (GRDC)—Annual Report 2017–18;
- Rural Industries Research and Development Corporation (AgriFutures Australia)—Annual Report 2017–18;
- Australian Livestock Export Corporation Limited (LiveCorp)—Annual Report 2017–18;
- Dairy Australia Limited—Annual Report 2017–18;
- Wine Australia²—Annual Report 2017–18;
- Northern Territory Fisheries Joint Authority—Report for the Period 1 July 2017 to 30 June 2018;
- Queensland Fisheries Joint Authority—Report for the Period 1 July 2017 to 30 June 2018; and

² On 6 November 2017, the Australia Grape and Wine Authority Amendment (Wine Australia) Act 2017 came into force. That Act changed the name of the Australian Grape and Wine Authority to the Authority's trading name, Wine Australia.

-
- Western Australian Fisheries Joint Authority—Report for the Period 1 July 2017 to 30 June 2018.

Agriculture and Water Resources portfolio

- Australian Rail Track Corporation Limited—Report for 2018.³

Reports not examined

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

- *Sydney Airport Demand Management Act 1997*—Quarterly report on the maximum movement limit for Sydney Airport for the period 1 July to 30 September 2018;
- Regional Investment Corporation—Report for the period 8 March to 30 June 2018;
- Report to the Parliament in relation to the Funding Agreement 2017-21 with the Australian Livestock Export Corporation Limited (LiveCorp) for the financial year 2017–18;
- Report to the Parliament in relation to the Statutory Funding Agreement 2017-21 with Dairy Australia Limited for the financial year 2017–18;
- Deed of Variation in relation to the Regional Forest Agreement for the Eden Region between the Commonwealth of Australia and the State of New South Wales;
- Deed of Variation in relation to the Regional Forest Agreement for the Southern Region between the Commonwealth of Australia and the State of New South Wales;
- Deed of Variation in relation to the Regional Forest Agreement for the North East Region between the Commonwealth of Australia and the State of New South Wales;
- Joint Australian and NSW Government response to the Independent review of the report on progress with implementation of the NSW regional forest agreements for the second and third five-yearly reviews 2004-2014—Report, dated August 2018;
- *Illegal Logging Prohibition Act 2012*—Report on the statutory review of the Act, dated November 2018;

3 This report was tabled in the House of Representatives on 18 October 2018 and in the Senate on 12 November 2018. Though this report would, therefore, normally be examined in the first report on annual reports, it will be analysed in greater detail in this report.

- Airservices Australia – Report on Movement Cap for Sydney Airport – Fourth Quarter 2018 – 1 October 2018 to 31 December 2018;
- Murray-Darling Basin Authority – Basin Plan Annual Report 2017-18;
- Joint Australian and Western Australian Government Response to the Review of the Implementation of the Regional Forest Agreement for the South-West Forest Region of Western Australia for the Third Five-Year Period (2009 – 2014); and
- Rural Industries Research and Development Corporation (AgriFutures Australia)—Report for 2017-18—Replacement page.

Annual reporting requirements

1.7 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) establishes a performance reporting framework for all Commonwealth entities and companies. The performance framework is based on section 38 of the PGPA Act which requires all Commonwealth entities to measure and assess their performance.

1.8 Section 39 of the PGPA Act requires all Commonwealth entities to prepare an annual performance statement and include those statements in their annual reports. Entities use the annual performance statements to report on the results achieved against the targets, goals and measures established at the beginning of a reporting year in corporate plans and Portfolio Budget Statements.

1.9 The performance framework established under the PGPA Act includes the requirement for Commonwealth entities to prepare a corporate plan and annual performance statements. The *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule 2014), established under the PGPA Act, details the requirements for the corporate plan, annual performance statements as well as the guidelines for annual reports.⁴

1.10 Below is a summary of the legislative authority and requirements for the different types of bodies under which annual reports are prepared:

Non-corporate Commonwealth entities:

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

Corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(B); and

4 See *Public Governance, Performance and Accountability Rule 2014* (Sections 16E, 16F and 27A).

- 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, Part 3-3; and
- for statutory bodies, relevant enabling legislation.

Non-statutory bodies

- the annual reporting requirements are contained in the government response to the Senate Standing Committee on Finance and Public Administration's Report on Non-Statutory bodies.⁵

Timeliness

1.11 Standing Order 25(20)(c) requires the committee to report to the Senate on the late presentation of annual reports. In assessing the timeliness of the presentation of annual reports, the committee assesses the presentation against the requirements of different categories of bodies, the PGPA Rule 2014 and other legislative requirements.

Commonwealth entities

1.12 Section 46 of the PGPA Act requires Commonwealth entities, both corporate and non-corporate, to prepare an annual report and provide it to the responsible minister by the 15th day of the fourth month after the end of the reporting period, which translates as 15 October. Certain agencies, however, may have a specific date stipulated by their enabling legislation.

1.13 Formerly, annual reports of non-corporate entities had to be presented by the responsible Minister to each House of Parliament on or before 31 October each year.⁶ There is no longer an explicit stipulation for this to occur as the PGPA Rule is silent on the matter. However, the PGPA Rule does recommend that such reports be tabled before Supplementary Budget Estimates.

Commonwealth companies

1.14 Section 97 of the PGPA Act sets out the requirements for the provision of annual reports of Commonwealth companies to the responsible minister. Under subsection 97(2) of the PGPA Act a company is to provide a report:

- (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 reporting period for the company;
 - (ii) 4 months after the end of the reporting period for the company; and

5 *Senate Hansard*, 8 December 1987, pp. 2642–45.

6 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Entities*, 25 June 2015, p. 2.

- (b) in any other case—4 months after the end of the reporting period for the company; or the end of such further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.

1.15 Subsection 97(5) of the PGPA Act states that:

(5) 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 the Parliament as soon as practicable after the annual general meeting of the company.

PGPA Rule 2014

1.16 The PGPA Rule 2014 states that annual reports for corporate Commonwealth entities, non-corporate Commonwealth entities and Commonwealth companies must comply with the *Guidelines for the Presentation of Documents to the Parliament*, which is prepared by the Department of the Prime Minister and Cabinet.⁷

1.17 The guidelines advise that for all entities:

As per past practice, it is expected that the responsible Minister will present the report to each House of Parliament on or before 31 October. 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. This ensures that annual reports are available for scrutiny by the relevant Senate standing committee.⁸

1.18 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 the end of the particular period to which the report relates. 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 days after the minister receives it.

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 Appendix 1 sets out a complete list of documents referred to the committee during the period 1 November 2018 and 30 April 2019 (including those not

7 See PGPA Rule 2014, sections 17AB, 17BC and 28C.

8 Department of the Prime Minister and Cabinet, *Guidelines for the Presentation of Documents to the Parliament (including Government Documents, Government Responses to Committee Reports, Ministerial Statements, Annual Reports and other Instruments)*, August 2016, pp. 4–5.

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.

1.21 The committee notes that the following bodies did not present an annual report to the entity's responsible minister by 15 October as stipulated by section 46(2) of the PGPA Act:

- Cotton Research and Development Corporation (CRDC); and
- Fisheries Research and Development Corporation (FRDC).

1.22 The committee notes that the following bodies did not table their annual reports in either the House of Representatives or the Senate prior to the commencement of Supplementary Budget Estimates:

- Cotton Research and Development Corporation (CRDC);
- Fisheries Research and Development Corporation (FRDC);
- Grains Research and Development Corporation (GRDC);
- Rural Industries Research and Development Corporation; and
- Wine Australia.

1.23 The committee reminds all agencies that it is best practice for annual reports to be tabled prior to the commencement of Supplementary Budget Estimates, which this year is due to commence on 21 October 2019. The committee further notes that it is possible for agencies to table their annual reports out-of-sitting to ensure that they meet their statutory obligations and to ensure that reports are available to senators before Supplementary Budget Estimates. The timely tabling of annual reports allows senators sufficient time to consider their detail before the hearings

1.24 The committee will continue to monitor the timeliness of the tabling of future annual reports and encourages the aforementioned entities to table their annual reports prior to 21 October 2019.

Senate debate

1.25 Senate Standing Order 25(20) requires the committee to take into account any relevant remarks about reports made in debate in the Senate. The committee notes that the annual reports examined in this report have not been the subject of comments or debates in the Senate.

Bodies not presenting annual reports to the Senate

1.26 The committee is required to report to the Senate on whether there are any bodies which should have presented an annual report to the Senate but did not. The committee is satisfied that there are no such bodies at this time.

Apparently satisfactory

1.27 Standing Order 25(20)(a) requires the committee to report to the Senate on whether the annual reports of departments and agencies in its portfolio are 'apparently

satisfactory'. In making this assessment, the committee considers aspects including timeliness of presentation and compliance with the relevant reporting requirements.

1.28 The committee considers that the majority of annual reports referred during the reporting period were 'apparently satisfactory'. The following chapter examines selected annual reports in further detail.

Chapter 2

Annual reports of agencies

2.1 The committee selected the annual reports of the following bodies for closer examination:

Agriculture and Water Resources portfolio

- Dairy Australia; and
- Rural Industries Research and Development Corporation (AgriFutures Australia).

Infrastructure, Regional Development and Cities portfolio

- Australian Rail Track Corporation.

Agriculture and Water Resources Portfolio

Dairy Australia

2.2 The 2017–18 Annual Report of Dairy Australia Limited (Dairy Australia)¹ presented information on the performance and operations of the entity. The report was tabled in the Senate on 5 December 2018.²

2.3 Dairy Australia is the national services body for the Australian dairy industry. It is an independent, not-for-profit organisation funded by a levy paid by dairy farmers which is matched with payments from the Australian Government for eligible research and development activities.³

Chair's report

2.4 2017–18 marked Jeff Odgers' first year as Chair of Dairy Australia. The Chair's report outlined the achievements of Dairy Australia over the reporting period. This included:

- the establishment of DairyFeedbase, a program that brings together large-scale research and agricultural technologies to improve pasture performance, animal nutrition and cost-competitiveness of feedback;
- a total investment of around \$125 million over six years from Dairy Australia, the Victorian Government, the Gardiner Dairy Foundation and commercial partners to improve farm profitability and the competitiveness of the dairy industry; and

1 Dairy Australia Limited is an industry-owned Rural Research and Development Corporation with funding from the Australian Government. Reporting requirements are set out in the Statutory Funding Agreement and the obligations ordinarily owed by corporations.

2 *Journals of the Senate, No. 136, 5 December 2018*, p. 4421.

3 Dairy Australia Limited, *Annual Report 2017–18*, p. 2.

- broader strategic activities to support the growth of Australia's dairy industry, such as providing technical input for the Peru–Australia Free Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.⁴

2.5 The Chair also acknowledged the services of Mr Ian Halliday for his contribution to Dairy Australia as Managing Director for almost nine years and welcomed incoming Managing Director, Dr David Nation.

Managing Director's report

2.6 The Managing Director's report outlined the key successes of Dairy Australia during the reporting period, which included:

- DairyBio activities in grass breeding to deliver increased pasture yield, persistence and quality;
- providing one-on-one support to farmers under the Taking Stock through the Tactics for Tight Times program, to assist farmers address the milk price downturn by reviewing their farm business arrangements to increase profits; and
- developing the Farm Safety Starter Kit, which encourages farmers to conduct a quick safety check of their farm.⁵

Purpose, strategic priorities, achievement highlights and performance

2.7 The purpose of Dairy Australia is to 'help farmers adapt to a changing operating environment and achieve a profitable, sustainable dairy industry'.⁶

2.8 Dairy Australia has three strategic priorities: creating profitable dairy farms; capable people; and a trusted dairy industry. These strategic priorities are further broken down into strategic programs.⁷ The annual report further provided details of the achievement highlights for each strategic priority during the 2017–18 financial year.

Strategic priority one–Profitable dairy farms

2.9 There are two key focuses for the profitable dairy farms strategic priority:

- the improvement of pre-farmgate activities through productivity orientated research and development, 'best practice' identification and subsequent program development; and

4 Dairy Australia Limited, *Annual Report 2017–18*, p. 4.

5 Dairy Australia Limited, *Annual Report 2017–18*, p. 5.

6 Dairy Australia Limited, *Annual Report 2017–18*, p. 2.

7 Dairy Australia Limited, *Annual Report 2017–18*, p. 3.

- post-farmgate activities focused on improving sustainability and opportunities through supply chain cost reductions and improved conditions in key international markets.⁸

2.10 In regard to the pre-farmgate stream, Dairy Australia noted sixteen key achievements. These included:

- securing \$54 million for DairyFeedbase over six years to improve pasture performance, animal nutrition and the cost-competitiveness of feedbase;⁹
- DataGene project analysis showing the rate of genetic gain has increased since 2005 from \$15.80 to over \$20 per cow;¹⁰
- DataGene released the world's first *Heat Tolerance Australian Breeding Value* enabling dairy farmers to breed for greater heat tolerance in their herds;¹¹
- Smarter Irrigation for Profit events increased respondents' confidence to make practice changes to achieve cost savings, improved water efficiency and pasture growth;¹²
- generating 400 downloads of the *Mastitis Focus Report* which supports the effective tracking and management of udder health;¹³
- launching the *Dairy Hygiene Helper* app to support milk quality testing and analysis;¹⁴
- launching the Farm Business Fundamentals and Dairy Business Analysis management programs attracted 140 and 120 people respectively. Of those who attended the Farm Business Fundamentals program, individuals rated it an average of 9.3 out of 10 in terms of value to farmers and their business, and an average of 9.0 out of 10 for the quality of the content;¹⁵
- completing the *Smarter Irrigation for Profit* research project which revealed a 20–50% increase in productivity can be achieved through a greater focus on optimising irrigation;¹⁶ and
- 1132 farm businesses participated in the Taking Stock program of one-on-one support from a farm consultant to review farm business arrangements. The

8 Dairy Australia Limited, *Annual Report 2017–18*, p. 3.

9 Dairy Australia Limited, *Annual Report 2017–18*, p. 19.

10 Dairy Australia Limited, *Annual Report 2017–18*, p. 20.

11 Dairy Australia Limited, *Annual Report 2017–18*, p. 19.

12 Dairy Australia Limited, *Annual Report 2017–18*, p. 20.

13 Dairy Australia Limited, *Annual Report 2017–18*, p. 19.

14 Dairy Australia Limited, *Annual Report 2017–18*, p. 19.

15 Dairy Australia Limited, *Annual Report 2017–18*, p. 21.

16 Dairy Australia Limited, *Annual Report 2017–18*, p. 19.

average benefit per farm for the year was estimated at \$5455 in present value terms. Additionally, there were farmer wellbeing improvements with 55 per cent of participants reporting being less stressed.¹⁷

2.11 Post-farmgate achievements included:

- establishing a new cross-industry partnership with Meat & Livestock Australia, Horticulture Innovation Australia and Wine Australia, in co-operation with Austrade, to grow agricultural trade with China;¹⁸
- providing technical advice toward the finalisation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which is essential to the ongoing profitability and sustainability of the Australian dairy industry, such as by phasing out tariffs on Australian cheese exported to Japan; and
- establishing the Premium Australian Food and Wine Collaboration, focussed on growing agricultural trade with Australia's major food export partner, China. A Premium Australian Food and Wine Seminar was held in Shanghai in June 2018 which showcased the best produce from Australian farms to leading figures from across China's food industry.¹⁹

Strategic priority two—capable people

2.12 The key focuses of this strategic priority are: the creation of programs that enhance the capability of industry participants, attracting people to the sector; and improving the availability of appropriate training and assistance in career transitions.²⁰

2.13 Achievements against this priority area included:

- the provision of 2600 *Farm Safety Starter Kits* to farmers;
- delivering farm safety workshops with 715 farmers in attendance;
- transitioning to the *DairyLearn* model for dairy education, increasing the breath and reach of industry learning opportunities²¹;
- the existing *Farm Safety Manual* was extended to provide more information; and
- *Farm Safety Adventure* was trialled with 15 primary schools, to introduce children to common hazards on a farm and identify ways to stay safe.²²

17 Dairy Australia Limited, *Annual Report 2017–18*, p. 21.

18 Dairy Australia Limited, *Annual Report 2017–18*, p. 7.

19 Dairy Australia Limited, *Annual Report 2017–18*, p. 22.

20 Dairy Australia Limited, *Annual Report 2017–18*, p. 3.

21 Dairy Australia Limited, *Annual Report 2017–18*, p. 7.

22 Dairy Australia Limited, *Annual Report 2017–18*, pp. 24–25.

Strategic priority three—trusted dairy industry

2.14 This strategic priority focuses on 'maintaining the industry's long-term "social license to operate"'.²³ This includes building consumer trust and confidence in the dairy industry and maintaining the sector's Sustainability Framework.

2.15 Achievements from the 2017–18 financial year included:

- delivering the school-focused *Healthy Bones Action Week* campaign with an audience reach of almost one million;
- collecting data from 11,700 residents in aged care facilities for the *Dairy Fractures Trial*;
- developing a new consumer and influencer marketing strategy to maintain the Australian dairy industry's social licence to operate;
- delivering the *Support Aussie Cheese* campaign which achieved a combined total media reach of 10.7 million people;²⁴
- delivering a range of market research, information and analysis to assist Australian dairy industry stakeholders improve strategic and tactical decision making, such as the *Situation and Outlook* and *Dairy Industry In Focus* reports;
- managing the dairy industry market research function; and
- assisting the Australian Competition and Consumer Commission and government with their data and information requirements as part of the dairy industry inquiry.²⁵

Investment activities

2.16 Dairy Australia outlined the investment activities it undertook during the reporting period.²⁶ These activities are funded by the dairy service levy, which is deducted from payments milk processing companies make to farmers which are then remitted to the Australian Government. These proceeds are then remitted to Dairy Australia under its Statutory Funding Agreement.²⁷ During the reporting period, 55 per cent of Dairy Australia's revenue came from the levy and 34 per cent from government matching payments.²⁸ Total revenue for the period was \$60.4 million.

23 Dairy Australia Limited, *Annual Report 2017–18*, p. 3.

24 Dairy Australia Limited, *Annual Report 2017–18*, p. 7.

25 Dairy Australia Limited, *Annual Report 2017–18*, p. 32.

26 Dairy Australia Limited, *Annual Report 2017–18*, pp. 10–13.

27 Dairy Australia Limited, *Annual Report 2017–18*, p. 10.

28 Dairy Australia Limited, *Annual Report 2017–18*, p. 10.

2.17 Dairy Australia noted that of its total project expenditure (\$56.7 million) during the reporting period, 51 per cent was spent on strategic priority 1; 25 per cent on strategic priority 2; and 24 per cent on strategic priority 3.²⁹

2.18 The annual report provided details and outcomes on individual research and development investments, as well as an overview of the allocation of investment monies broken down by subject matter. Dairy Australia reported that its investment focus allocated 59 per cent of investment funds to economic issues, with 13 per cent and 28 per cent respectively for environmental and social research programs.³⁰

2.19 The annual report outlined the collaborative investment activities undertaken by Dairy Australia, with a with a range of Australian and international partners, such as universities, state and federal governments, research and development organisations, agricultural industry agencies, non-government organisations and Cooperative Research Centres.³¹

Staffing information

2.20 Dairy Australia reported a total of 140 full-time equivalent (FTE) employees. Under the Dairy Australia decentralisation model, over one-third of FTE employees are located in regional locations. This represents an 84 per cent increase in regional staff since 2015.³²

Financial information

2.21 Dairy Australia registered a total surplus of \$3.7 million during the 2017–18 financial year.³³ This was a marked increase on the \$374 000 deficit recorded in 2016–17. This surplus was achieved due to decreases in expenses related to the trade and industry strategy as well as business and organisational performance.

2.22 Dairy Australia also registered a slight decrease in external contributions during the previous reporting period from \$5.28 million in 2016–17 to \$4.83 million in 2017–18. This decrease was largely due to a decrease in the contributions from Geoffrey Gardiner Dairy Foundation Ltd from \$954 000 to \$440 000.³⁴

Committee comments

2.23 The committee commends Mr Ian Halliday for his work as Managing Director of Dairy Australia over the past nine years and wishes him the best in his future endeavours.

29 Dairy Australia Limited, *Annual Report 2017–18*, p. 11.

30 Dairy Australia Limited, *Annual Report 2017–18*, p. 11.

31 Dairy Australia Limited, *Annual Report 2017–18*, p. 13.

32 Dairy Australia Limited, *Annual Report 2017–18*, p. 32.

33 Dairy Australia Limited, *Annual Report 2017–18*, p. 51.

34 Dairy Australia Limited, *Annual Report 2017–18*, p. 57.

2.24 The committee considers that Dairy Australia's annual report is compliant with relevant legislation and provides a thorough explanation of progress and achievements of the corporation over the reporting period.

Rural Industries Research and Development Corporation (AgriFutures Australia)

2.25 The 2017–18 Annual Report of AgriFutures Australia was tabled in the Senate on 27 November 2018.³⁵ The report provides an overview of the activities and operations of the agency.

2.26 AgriFutures Australia is a corporate Commonwealth entity established under the Primary Industries Research and Development Act 1989.³⁶ Its purpose is to invest in research and development and assist rural industries to be productive, profitable and sustainable.³⁷

Chair's report

2.27 The Chair, Mrs Kay Hull AM, highlighted a number of AgriFutures Australia's achievements over the reporting period. These included:

- managing 327 projects with a total funding allocation of more than \$52 million;
- the release of the *Research Activities on Rural Roads* report;
- the release of the *Horizon Scan* series of reports that identified emerging industries set to influence the future of the agricultural sector; and
- the rebranding of the Rural Industries Research and Development Corporation to AgriFutures Australia.

Annual performance statements

2.28 AgriFutures Australia measured its key performance indicators against four key arenas: People and Leadership; National Challenges and Opportunities; Growing Profitability; and Emerging Industries.³⁸

2.29 Of the nine key performance indicators, divided over the aforementioned four arenas, AgriFutures Australia achieved six. These included:

- publishing more than five National Rural Issues studies each year (AgriFutures published six in 2017–18);
- overseeing more than 10 collaborative initiatives involving other research and development corporations (AgriFutures undertook 49 collective projects in 2017–18); and

35 *Journals of the Senate*, No. 131, 27 November 2018, p. 4251.

36 Rural Industries Research and Development Corporation (AgriFutures Australia), *Annual Report 2017–18*, p. 9.

37 AgriFutures Australia, *Annual Report 2017–18*, p. 8.

38 AgriFutures Australia, *Annual Report 2017–18*, p. 23.

- supporting the early stage establishment of one new rural industry which reached or exceeded a \$10 million per annum threshold (a black truffles industry was established valued at \$11m based on a rolling three-year average).³⁹

2.30 AgriFutures Australia, however, did not achieve three of their key performance indicators. Most notably, the entity fell short of its goal of achieving an intake of 1800 graduates into agriculture and agricultural science courses, with 1500 enrolments during 2016.⁴⁰

2.31 The committee also noted that one of the key performance indicators in relation to the percentage of growers 'comfortable' or 'very comfortable' paying the Research and Development levy was not addressed due to an insufficient number of responses.⁴¹

Overview of Research and Development investment

2.32 In 2017–18 AgriFutures Australia invested in 61 new research projects. 18 of these projects were procured through an open call for proposals.⁴²

2.33 The expected impact of these research and development projects included:

- an external evaluation of the Pasture Seeds and New Animal and Plant Industries;
- setting funding allocations for 2017–18; and
- initiating extension programs for chicken, rice and ginger.⁴³

Financial snapshot

2.34 The revenue of AgriFutures Australia in 2017–18 was a marked increase on the previous reporting period, increasing from \$23.2 million to \$29.1 million. This increase was largely due to a rise in revenue from industry levies from \$3.2 million to \$5.8 million and an increase in revenue from other income from \$6.2 million to \$8.7 million.⁴⁴

2.35 AgriFutures Australia also registered an increase in expenditure from \$26.5 million to \$28.2 million. This was driven largely by increased expenditure on research programs. The expenditure on some of these programs included:

- \$2.8 million on secure pollination for more productive agriculture;
- \$4.2 million on delivering a productive and sustainable Australian chicken meat industry;

39 AgriFutures Australia, *Annual Report 2017–18*, p. 24.

40 AgriFutures Australia, *Annual Report 2017–18*, p. 25.

41 AgriFutures Australia, *Annual Report 2017–18*, p. 25.

42 AgriFutures Australia, *Annual Report 2017–18*, p. 25.

43 AgriFutures Australia, *Annual Report 2017–18*, p. 109.

44 AgriFutures Australia, *Annual Report 2017–18*, p. 110.

- \$540 000 on the AgriFutures Rural Women's Award.⁴⁵

Financial and performance statements

2.36 AgriFutures Australia recorded a surplus of \$896 000 during the reporting period. This marked a notable increase on the \$3.3 million deficit recorded during the 2016–17 reporting period. This surplus was achieved through an increase in own-source revenue from \$9.1 million in 2016–17 to \$14.1 million in 2017–18. Revenue from the Commonwealth Government also increased by nearly \$1 million.

Committee comments

2.37 The committee notes that the compliance index on pages 192 and 193 is incorrect and appears to have been directly copied from the previous 2016–17 annual report. As a result, the referenced page numbers in the compliance index are significantly different to the actual page numbers in the 2017–18 report. For example, the compliance index notes that a copy of the annual financial statements and the Auditor General's report can be found between pages 92 and 122. However, in the report they are in fact found from pages 144 to 169.

2.38 This oversight calls into question whether AgriFutures Australia has reviewed this annual report against these particular compliance index requirements to reassure itself that the annual report has met said requirements.

2.39 The committee further notes that the table of contents could be broken down into greater detail to improve accessibility for readers. This is of particular importance for Chapter 6, analysis of performance, which is over 80 pages long. It is standard practice for most agencies to provide a breakdown of their table of contents into program outcomes or themes.

Infrastructure, Regional Development and Cities portfolio

Australian Rail Track Corporation

2.40 The 2017–18 Annual Report of the Australian Rail Track Corporation (ARTC) was presented to the Senate on 12 November 2018.⁴⁶ The report provides an overview of the activities and operations of the agency.

2.41 The ARTC is a government owned statutory corporation. Its purpose is to improve Australia's productivity by making rail the mode of choice in the national logistics chain.⁴⁷

Performance

2.42 The ARTC assessed its performance over the reporting period in six areas: the progress of the Inland Rail; the capability and reliability of the Hunter Valley

45 AgriFutures Australia, *Annual Report 2017–18*, pp. 112–113.

46 *Journals of the Senate*, No. 126, 12 November 2018, p. 4023.

47 Australian Rail Track Corporation (ARTC), *2018 Annual Report*, p. 5.

network; the competitiveness of the Interstate network; safety; people and systems; and the environment.⁴⁸

Inland Rail

2.43 Inland Rail is being managed as 13 separate projects that together will comprise the Melbourne to Brisbane inland rail line.⁴⁹

2.44 During the reporting year, ARTC:

- found a preferred tenderer for the Parkes to Narromine section and had the first shipment of steel rail, sleepers and ballast delivered for the Inland Rail;
- finalised governance and financing agreements with the Australian Government for Inland Rail; and
- continued to build engagement with communities, landholders and stakeholders who may be affected by the project.⁵⁰

2.45 The ARTC noted, however, that some concerns had been raised by stakeholders about the effect of the project in 'Greenfields' sections in Northern New South Wales and Southern Queensland.⁵¹ In response, ARTC has established four Community Consultative Committees to work with communities on these issues.⁵²

Hunter Valley

2.46 The ARTC's focus in the Hunter Valley was on improving the network's capability and reliability to enable customers to move more coal.⁵³ During the reporting period, the 30 Tonne Axle Load project was completed to improve reliability and service continuity for customers across the whole Hunter Valley network.⁵⁴ ARTC also completed the replacement of Farley Bridge, which passed over a major road, and commenced construction on a replacement for the Gowrie Gates rail bridge, which passes over the New England Highway.⁵⁵

2.47 On 28 June 2018, the Australian Competition and Consumer Commission (ACCC) conditionally accepted the Hunter Valley Access Undertaking Variation to promote more efficient network utilisation based on path based pricing and to ensure that incremental capital cost increases are paid by those who cause them.⁵⁶

48 ARTC, *2018 Annual Report*, pp. 26–27.

49 ARTC, *2018 Annual Report*, pp. 6–7 and 28.

50 ARTC, *2018 Annual Report*, pp. 28–33.

51 ARTC, *2018 Annual Report*, p. 30.

52 ARTC, *2018 Annual Report*, p. 31.

53 ARTC, *2018 Annual Report*, p. 36.

54 ARTC, *2018 Annual Report*, p. 40.

55 ARTC, *2018 Annual Report*, p. 40.

56 ARTC, *2018 Annual Report*, p. 37.

2.48 The committee notes that ARTC withdrew that application and submitted a subsequent variation after the reporting period ended.⁵⁷ When the ACCC made its final decision, it noted that it had 'significant concerns' with some aspects of the ARTC's proposal. However, it consented to the September 2018 variation because a majority of stakeholders supported the package which was viewed as preferable to the existing arrangements.⁵⁸ The committee looks forward to learning more about the Hunter Valley Access Undertaking in ARTC's next annual report.

Interstate

2.49 The ARTC's focus for the Interstate network was on using new technologies to improve the competitiveness of rail for moving freight.⁵⁹ This included:

- introducing a new electronic train path ordering system to allow customers to submit one electronic train path request, rather than applying to each network provider separately;
- conducting a maintenance trail using actual condition data to plan rolling stock maintenance;
- delivering data to allow customers to have access to real time train location information; and
- installing additional Vehicle Track Interaction units on selected services to provide ARTC with objective data on track condition.⁶⁰

2.50 ARTC also completed or significantly progressed upgrades on the Melbourne to Adelaide Loops, the Adelaide to Tarcoola Rail Upgrade Acceleration, the North East Rail Line and the Port Botany Rail Line.⁶¹

Safety

2.51 The ARTC has continued to work towards a safer rail network. In 2017–18 it commenced its three-year 'Pathway to Zero' safety campaign to achieve its goal of zero people being injured at work or on the network.⁶² The ARTC achieved significant improvements in its key safety performance indicators including the lowest

57 Australian Competition and Consumer Commission (ACCC), September 2018 variation of the 2011 Hunter Valley Access Undertaking, <https://www.accc.gov.au/regulated-infrastructure/rail/artc-hunter-valley-access-undertaking/september-2018-variation-of-the-2011-hunter-valley-access-undertaking> (accessed 14 June 2019).

58 ACCC, *Decision: Australian Rail Track Corporation's application to vary the 2011 Hunter Valley Access Undertaking*, 29 November 2018, p. 3, <https://www.accc.gov.au/regulated-infrastructure/rail/artc-hunter-valley-access-undertaking/september-2018-variation-of-the-2011-hunter-valley-access-undertaking/decision> (accessed 14 June 2019).

59 ARTC, *2018 Annual Report*, p. 44.

60 ARTC, *2018 Annual Report*, pp. 44–46.

61 ARTC, *2018 Annual Report*, pp. 48–49.

62 ARTC, *2018 Annual Report*, p. 53.

ever Lost Time Injury Frequency Rate and a reduction in the Medically Treated Injury Frequency Rate.⁶³

2.52 The ARTC has continued to take steps to raise awareness about fatal and severe risks through targeted education programs, fitness for work programs and regular performance conversations.⁶⁴

2.53 The company reduced its All Injury Frequency Rate for the year by 15 per cent and received the following awards:

- the Safety Award at the 2018 Australasian Rail Industry Awards; and
- the SA Permanent Way Institution 2017 Safety Award.

2.54 The company was also runner-up for the 2017 National Freight Industry Safety Award.⁶⁵

People and Systems

2.55 During the reporting year, the Hunter Valley and Interstate business units ran 'Manager once removed' sessions to identify and develop talented employees as well as support employee retention and promote female leadership in the business.⁶⁶

2.56 The ARTC also took steps to promote greater diversity. Of ARTC's 1300 staff, 22 per cent are female and 2.4 per cent of the workforce identifies as Aboriginal or Torres Strait Islander.⁶⁷

Environment

2.57 ARTC has developed resources to assist staff comply with their environmental obligations, conducted energy audits of ARTC office sites and worked with the New South Wales Environmental Protection Authority to develop a Resource Recovery Order to facilitate reuse of ballast waste outside of the rail corridor.⁶⁸

Financial information

2.58 ARTC returned a profit in 2017–18. The company recorded earnings before interest, tax, depreciation, amortisation and impairment of \$352.2 million which is slightly less than the 2016–17 result of \$364.6 million.⁶⁹ After tax, the company recorded a net profit of \$54.2 million compared to the previous year's result of \$122.5 million.⁷⁰

63 ARTC, *2018 Annual Report*, pp. 53 and 57.

64 ARTC, *2018 Annual Report*, p. 54.

65 ARTC, *2018 Annual Report*, p. 59.

66 ARTC, *2018 Annual Report*, p. 61.

67 ARTC, *2018 Annual Report*, p. 62.

68 ARTC, *2018 Annual Report*, p. 64.

69 ARTC, *2018 Annual Report*, p. 17.

70 ARTC, *2018 Annual Report*, p. 17.

2.59 The decrease in the profit of ARTC during this reporting period was largely due to an increase in expenses. This was caused, in particular, by an increase in infrastructure maintenance from \$148.8 million to \$170 million and a further increase in infrastructure costs from \$50.7 million to \$73.9 million.⁷¹ Income tax expenses also increased by \$20.8 million.⁷²

2.60 During the reporting year the Australian Government contributed \$143.4 million in equity contributions for the Adelaide – Tarcoola re-railing project. This was a significant increase on the \$81 million expended in 2017.⁷³

2.61 On 10 November 2017 the Group⁷⁴ made a payment of \$22.4 million to the Australian Government as shareholder as a final dividend for the 2016/17 financial year and on 24 May 2018 the Group made a \$42.98 million interim dividend payment.⁷⁵

Committee comments

2.62 The committee considers that ARTC's annual report is compliant with relevant legislation and provides a thorough explanation of the progress and achievements of the corporation over the review period.

2.63 The committee commends ARTC on maintaining a strong operating profit during the 2017–18 reporting period.

Senator Susan McDonald

Chair

71 ARTC, *2018 Annual Report*, p. 95.

72 ARTC, *2018 Annual Report*, p. 95.

73 ARTC, *2018 Annual Report*, p. 17.

74 The Group comprises Australian Rail Track Corporation Ltd, ARTC Services Company Pty Ltd and the Standard Gauge Company Pty Ltd.

75 ARTC, *2018 Annual Report*, p. 78.

Appendix 1

Annual reports tabled during the period 1 November 2018 to 30 April 2019

Agriculture and Water Resources portfolio

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Corporate Commonwealth entity						
Cotton Research and Development Corporation (CRDC) – Report for 2017-18	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act)	15 October 2018	31 October 2018	4 November 2018	26 November 2018	26 November 2018
Fisheries Research and Development Corporation (FRDC) – Annual Report 2017-18	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act)	15 October 2018	25 October 2018	4 November 2018	27 November 2018	27 November 2018
Grains Research and Development Corporation (GRDC) – Annual Report 2017-18	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	15 October 2018	15 October 2018	4 November 2018	3 December 2018	29 November 2018
Rural Industries Research and Development Corporation – AgriFutures Australia – Annual Report 2017-18**	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act)	12 October 2018	12 October 2018	4 November 2018	27 November 2018	27 November 2018
Wine Australia – Annual Report 2017-18	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act)	21 September 2018	8 October 2018	4 November 2018	3 December 2018	3 December 2018
Other Body						
Australian Livestock Export Corporation Limited (LiveCorp) – Annual Report 2017-18	Section 68D of the <i>Australian Meat and Live-stock Industry Act 1997</i>	N/A	13 November 2018	20 November 2018	3 December 2018	29 November 2018
Dairy Australia – Annual Report 2017-18	Section 13(1) of the <i>Dairy Produce Act 1986</i>	N/A	14 November 2018	26 November 2018	5 December 2018	5 December 2018

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Northern Territory Fisheries Joint Authority – Report for the period 1 July 2017 to 30 June 2018	Section 70(1) of the <i>Fisheries Management Act 1991</i>	N/A	18 January 2019	28 January 2019	2 April 2019	18 February 2019
Queensland Fisheries Joint Authority – Report for the period 1 July 2017 to 30 June 2018	Section 70(1) of the <i>Fisheries Management Act 1991</i>	N/A	7 January 2019	17 January 2019	2 April 2019	18 February 2019
Western Australian Fisheries Joint Authority – Report for the period 1 July 2017 to 30 June 2018	Section 70(1) of the <i>Fisheries Management Act 1991</i>	N/A	18 January 2019	28 January 2019	2 April 2019	18 February 2019
Acts and other documents						
Report to the Parliament in relation to the Funding Agreement 2017-21 with the Australian Livestock Export Corporation Limited (LiveCorp) for the financial year 2017-18	Section 68C of the <i>Australian Meat and Live-stock Industry Act 1997</i>	N/A	13 November 2018	20 November 2018	3 December 2018	29 November 2018
Report to the Parliament in relation to the Statutory Funding Agreement 2017-21 with Dairy Australia Limited for the financial year 2017-18	Section 14 of the <i>Dairy Produce Act 1986</i>	N/A	14 November 2018	26 November 2018	5 December 2018	5 December 2018
Deed of Variation in relation to the Regional Forest Agreement for the Eden Region between the Commonwealth of Australia and the State of New South Wales	Section 10(3) of the <i>Regional Forest Agreements Act 2002</i>	N/A	11 October 2018	24 October 2018	Not yet tabled in Senate	6 December 2018
Deed of Variation in relation to the Regional Forest Agreement for the Southern Region between the Commonwealth of Australia and the State of New South Wales	Section 10(3) of the <i>Regional Forest Agreements Act 2002</i>	N/A	11 October 2018	24 October 2018	Not yet tabled in Senate	6 December 2018

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Deed of Variation in relation to the Regional Forest Agreement for the North East Region between the Commonwealth of Australia and the State of New South Wales	Section 10(3) of the <i>Regional Forest Agreements Act 2002</i>	N/A	11 October 2018	24 October 2018	Not yet tabled in Senate	6 December 2018
Joint Australian and New South Wales Government response to the Independent review of the report on progress with the implementation of the New South Wales Regional Forest Agreements for the second and third five-yearly reviews 2004-2014 – August 2018	Section 10(3) of the <i>Regional Forest Agreements Act 2002</i>	N/A	20 August 2018	24 October 2018	18 December 2018*	12 February 2019
Statutory review of the <i>Illegal Logging Prohibition Act 2012</i> – Review report November 2018	Section 84 of the <i>Illegal Logging Prohibition Act 2012</i>	N/A	28 November 2018	28 November 2018	16 January 2019*	12 February 2019
Murray-Darling Basin Authority – Basin Plan Annual Report 2017-18	Section 52A of the <i>Water Act 2007</i>	N/A	24 December 2018	11 February 2019	4 April 2019	18 February 2019
Joint Australian and Western Australian Government Response to the Review of the Implementation of the Regional Forest Agreement for the South-West Forest Region of Western Australia for the Third Five-Year Period (2009 – 2014)	Section 10(6) of the <i>Regional Forest Agreements Act 2002</i>	N/A	5 October 2018	11 October 2019	2 April 2019	19 February 2019

Infrastructure, Regional Development and Cities portfolio

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Acts and other documents						
<i>Sydney Airport Demand Management Act 1997</i> – Quarterly report on the maximum movement limit for Sydney Airport for the period 1 July to 30 September 2018	Section 9(3) of the <i>Sydney Airport Demand Management Act 1997</i>	N/A	8 October 2018	8 October 2018	12 November 2018	26 November 2018
Airservices Australia – Report on Movement Cap for Sydney Airport – Fourth Quarter 2018 - 1 October 2018 to 31 December 2018	Section 9(3) of the <i>Sydney Airport Demand Management Act 1997</i>	N/A	15 January 2019	15 January 2019	2 April 2019	18 February 2019

* An asterisk denotes reports presented to the President out-of-session.

** Replacement page tabled in the House of Representatives on 20 February 2019 and in the Senate on 2 April 2019. Sent to minister on 13 February 2019 and received by the minister on 18 February 2019.