

REVIEW OF ANNUAL REPORTS

Introduction

1.1 Annual reports of departments and agencies are referred to Legislation Committees under Senate Standing Order 25(21) in accordance with an allocation of departments and agencies in a resolution of the Senate¹. In accordance with that resolution, the Economics Legislation Committee has responsibility for the oversight of the following portfolios:

- Industry, Tourism and Resources; and
- the Treasury.

1.2 Standing order 25(21) 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
- (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 reports².

1 *Journals of the Senate*, 9 February 2006, pp. 1844-1845

2 Standing Order 25(21), *The Senate, Standing Orders and other orders of the Senate*, February 2006, pp. 27-28.

Purpose and requirements of annual reports

1.3 Annual reports provide information on the success (or otherwise) of departments and agencies in meeting targets outlined in the portfolio budget statements, their primary function being to assist in ensuring the public accountability of government departments and their agencies. This is undertaken through the tabling of annual reports in the Parliament; and their scrutiny by Senate Committees in accordance with Senate Standing Order 25(21). This process thus allows Parliament to make informed judgments on the executive's performance in administering government programs.

1.4 Departments of State and Executive Agencies present their annual reports pursuant to sections 63(2) and 70(2) of the *Public Service Act*, respectively. These are required to comply with the Department of Prime Minister and Cabinet's *Requirements for Annual Reports* (updated June 2005), approved by the Joint Committee of Public Accounts and Audit on 29 June 2005.

1.5 Section 3(1) of the *Requirements for Annual Reports* states that 'As a matter of policy, they [the annual reporting requirements] also apply to prescribed agencies under section 5 of the Financial Management and Accountability Act 1997' (FMA Act).

1.6 Statutory authorities and government companies also present their annual reports pursuant to their own enabling legislation and/or sections 9 and 36 of the *Commonwealth Authorities and Companies Act 1997* (CAC Act), respectively. These reports must be produced in accordance with the Commonwealth Authorities and Companies (Report of Operations) Orders 2002, the Finance Minister's Orders made under section 48 of the CAC Act, stipulating the requirements for annual reports presented pursuant to the Act. Annual reports of government companies limited by shares are required to comply with Corporations Law requirements.

1.7 The Department of Finance (DoFA) publishes a useful chart which shows which agencies are subject to the FMA Act and the CAC Act. This information is also available on the DoFA website at http://www.finance.gov.au/finframework/fma_agencies.html; and http://www.finance.gov.au/finframework/cac_bodies.html.

1.8 The enabling legislation of prescribed agencies, including some FMA Act agencies, may require each agency to report on matters other than those included in the guidelines, or impose different reporting requirements, for example in relation to the date by which the report should be presented. The Committee's view is that such agencies, while bound by their enabling legislation, should also comply with the requirements imposed under the government's policy, to the extent that the requirements do not conflict.

Timeliness

1.9 Standing Order 25(21)(c) requires the Committee to report to the Senate on the late presentation of annual reports.

1.10 The Committee notes that government agencies reporting in accordance with their own legislation are often required to prepare for the relevant Minister their annual report 'as soon as is practicable' after a particular date. The Committee draws attention to sections 34C(2) and (3) of the *Acts Interpretation Act 1901*, which stipulate that where no date for providing a report to a Minister is specified, the report should be presented no more than six months after the reporting period, and the Minister must provide the report to the Parliament within 15 sitting days after he receives it.

1.11 The Committee notes that all of the reports referred to it between 1 November 2005 and 30 April 2006 were tabled within their required timeframe.

Reports referred to the Committee

1.12 This report must examine those annual reports tabled between 1 November 2005 and 30 April 2006. The following reports have been referred to the Committee for examination and report:

Departments and executive and prescribed agencies

- Australian Securities and Investments Commission – Report for 2004–05 – Corrigendum

Statutory authorities (not subject to the FMA or CAC Acts)

- Industry Research and Development Board – Annual Report 2004–05
- Pooled Development Funds Registration Board – Annual Report 2004–05
- Superannuation Complaints Tribunal – Annual Report 2004–05
- Companies Auditors and Liquidators Disciplinary Board – Annual Report 2004–05

Other companies (where the Commonwealth does not have a controlling interest)

- Snowy Hydro Limited – Consolidated Financial Report for 27 June 2004 – 2 July 2005

Departmental body

- Foreign Investment Review Board – Annual Report 2004–05

Other

- Australia and the International Financial Institutions –2004–05 (International Monetary Fund; the World Bank and Asian Development Bank)

Comments on reports

1.13 In accordance with Standing Order 25(21)(a) the Committee is required to examine reports and inform the Senate as to whether they are 'apparently satisfactory'. The Committee considers compliance with the reporting guidelines stipulated by the legislation under which various departments and agencies present their annual reports.

1.14 The Committee considers that the reports it has examined are generally 'apparently satisfactory'.

Australian Securities and Investments Commission

1.15 The Committee notes that the Australian Securities and Investments Commission tabled a corrigendum to its Annual Report of 2004-05 on 8 November 2005. The purpose of the corrigendum is to replace page 7 of their Annual Report.

National Standards Commission

1.16 The Committee notes that the National Standards Commission, which it reported on in the Report on Annual Reports No. 1 of 2005, has merged with the National Measurement Institute from 1 July 2004. Under the *National Measurement Act 1960*, the Institute is not required to prepare an annual report. However, as a unit within the Department of Industry, Tourism and Resources, it reports as part of the Department's annual report.

Development Allowance Authority

1.17 The Committee notes that the report of the Development Allowance Authority Commission was tabled within the Commissioner of Taxation's Annual Report which was presented to the Senate on 25 November 2005.

1.18 The Committee notes that while the following agencies are not required to comply with the FMA Act or the CAC Act, they have met the reporting obligations under their governing legislation as shown in Appendices 1 and 2:

- Industry Research & Development Board
- Pooled Development Funds Registration Board
- Snowy Hydro Limited
- Superannuation Complaints Tribunal
- Australia and the International Financial Institutions (International Monetary Fund; the World Bank and Asian Development Bank)
- Companies and Auditors Liquidators Disciplinary Board

Remarks made in the Senate

1.19 Senate Standing Order 25 (21)(d) directs the Committee to take into account remarks made in the Senate when considering annual reports.

1.20 None of the annual reports considered in this report have been the subject of discussion in the Senate.

Senator George Brandis
Chairman