

Chapter 1

Introduction

1.1 This is the Senate Education and Employment Legislation Committee's (the committee) first report on annual reports for 2016. It provides an overview of annual reports of agencies within the allocated portfolios tabled between 1 May 2015 and 31 October 2015.

Terms of reference

1.2 This report was prepared pursuant to Standing Order 25(20) relating to the consideration of annual reports by committees, which states:

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

Allocated portfolios

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

- Education and Training; and
- Employment.¹

1 *Journals of the Senate*, No.1, 12 November 2013, p. 15.

Role of annual reports

1.4 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.

Annual reporting requirements

1.5 On 1 July 2014, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) replaced the *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act). The PGPA Act consolidates the governance, performance and accountability requirements contained in the FMA Act and the CAC Act. It also establishes a performance reporting framework for all Commonwealth entities and companies.

1.6 Annual reporting requirements for non-corporate and corporate Commonwealth entities are set out in section 46 of the PGPA Act, including that annual reports must comply with any requirements prescribed by the rules. Section 97 prescribes the annual reporting requirements for Commonwealth companies.

1.7 However, as with 2013-14 annual reports, 2014-15 annual reports were prepared under the arrangements existing at 30 June 2014 as follows:

- for non-corporate Commonwealth entities (departments, executive agencies and statutory agencies): the *Public Service Act 1999*, sub-sections 63(2) and 70(2), and the *Parliamentary Service Act 1999*, section 65; other relevant enabling legislation for statutory bodies; and the Requirements for Annual Reports;
- for corporate Commonwealth entities: the *Commonwealth Authorities (Annual Reporting) Orders 2011* prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014–15 annual reports under the PGPA (Consequential and Transitional Provisions) Rule;
- for Commonwealth companies: the *Commonwealth Companies (Annual Reporting) Orders 2011* prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014–15 annual reports under the PGPA (Consequential and Transitional Provisions) Rule; and
- for non-statutory bodies: the guidelines are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on Non-Statutory bodies.²

Requirements for annual reports for 2014-15

1.8 Annual reports are prepared in accordance with the Requirements for Annual Reports. These requirements are reviewed annually by the Department of Prime

2 *Senate Hansard*, 8 December 1987, p. 2632-2645.

Minister and Cabinet (PM&C) and approved by the Joint Committee of Public Accounts and Audit (JCPAA).

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

- Small Business Procurement—three requirements have been added to reflect the Government's commitment to improve small business access to Commonwealth contracts; and
- Indigenous Employment—reporting on 'Indigenous Employment' has been added to the existing requirement to report on the Management of Human Resources.³

Future changes to the Requirements for Annual Reports

1.10 As noted in the Requirements for Annual Reports issued on 25 June 2015:

Significant revisions to the Requirements are anticipated for the 2015–16 financial year with the commencement of the performance reporting model under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).⁴

Annual reports referred

1.11 In accordance with Senate Standing Order 25(20) this report examines those annual reports tabled between 1 May 2015 and 31 October 2015. The committee examined the following reports:

Departments of State

- Department of Employment—Annual Report 2014-15; and
- Department of Education and Training—Annual Report 2014-15, including annual reports of the:
 - Tuition Protection Service;
 - Trade Support Loans; and
 - Student Identifiers Office.

Non-corporate Commonwealth entities under the PGPA Act

- Australian Research Council—Annual Report 2014-15;
- Australian Skills Quality Authority (ASQA)—Report for 2014-15
- Tertiary Education Quality and Standards Agency (TEQSA)—Report for 2014-15;

3 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

- Seafarers Safety, Rehabilitation and Compensation Authority—Seacare—Annual Report 2014-15;
- Fair Work Commission—Annual Report 2014-15;
- Fair Work Ombudsman—Report for 2014-15;
- Fair Work Building and Construction—Annual Report 2014 -15; and
- Safe Work Australia—Annual Report 2014-15.

Corporate Commonwealth entities under the PGPA Act

- Australian Institute of Aboriginal and Torres Strait Islanders Studies—Annual Report 2014-15;
- Australian National University—Annual Report 2014; and
- Comcare and Safety, Rehabilitation and Compensation Commission—Annual Report 2014-15.

Other statutory authorities/bodies not under the PGPA Act

- Road Safety Remuneration Tribunal—Report for 2014-15.

Reports not examined

1.12 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 are not examined in this report:

- Departmental Report—Review of the Australian Curriculum, Assessment and Reporting Authority;
- Australian Research Council—Corporate plan 2015-16 to 2018-19;
- Human Trafficking and Slavery Interdepartmental Committee—Seventh report—Trafficking in persons: The Australian Government response, 1 July 2014 to 30 June 2015;
- Final budget outcome 2014-15—Report by the Treasurer (Mr Hockey) and the Minister for Finance (Senator Cormann); and
- Finance—Advances provided under the annual Appropriation Acts—Report for 2014-15—Letter of advice.

Method of Assessment

1.13 Senate Standing Order 25(20) requires the committee to examine the annual reports referred to it to determine whether they are timely and 'apparently satisfactory'. In making this assessment, the committee considers whether the reports comply with the relevant legislation and requirements for the preparation of annual reports.

Timeliness

1.14 Annual reports must be presented by the responsible Minister to each House of Parliament on or before 31 October each year.⁵ The Requirements for Annual Reports also note that '[i]f 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.'⁶ In 2015, hearings for the committee's portfolios commenced on 21 October.

1.15 The committee recognises that some agencies are required to comply with other timeframes stipulated in their enabling legislation. Nonetheless, the committee reminds all agencies that it is the Government's policy that annual reports be tabled by 31 October each year.

1.16 Annual reports examined in this report were presented in the Parliament in a timely manner, that is, by 31 October 2015.

1.17 Appendix 1 lists the annual reports presented to Parliament between 1 May and 31 October 2015, and referred to the committee, with relevant tabling dates.

Senate debate

1.18 Senate Standing Order 25(20) requires the committee to take into account any relevant remarks about the reports made in debate in the Senate. The committee notes that none of the annual reports examined in this report have been the subject of comments or debate in the Senate.

Bodies not presenting annual reports to the Senate

1.19 The committee is required to report to the Senate each year on whether there are any bodies not presenting annual reports to the Senate which should. The committee is satisfied that there are no such bodies at this time.

General comments on reports

1.20 The committee has examined all annual reports referred during the reporting period and has found them to be of a satisfactory standard and largely compliant with the relevant requirements. The committee considers the reports examined to be 'apparently satisfactory'.

1.21 The committee suggests that in future departments and agencies note in their annual reports work undertaken with regard to providing benefits to regional Australia.

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

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

