

Chapter 1

Introduction

1.1 The Senate Finance and Public Administration Legislation Committee (the committee) is responsible for examining the annual reports of the parliamentary departments¹ and the departments and agencies of the Prime Minister and Cabinet Portfolio and the Finance Portfolio.

1.2 This is the first report on annual reports for 2014 and provides an overview of selected annual reports presented to the Parliament between 1 May and 31 October 2013. Copies of this and other committee reports can be obtained from the Senate Table Office, the committee secretariat or [online](#) at the committee's web page.

Terms of reference

1.3 Under Senate Standing Order 25(20) the annual reports of certain departments and agencies stand referred to committees for examination and assessment. 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 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 reports.

1 As a matter of comity between the Houses of Parliament, neither House inquires into the operations of the other House. For this reason, neither the annual report of, nor the proposed expenditure for, the Department of the House of Representatives is referred to a Senate committee for review.

Allocated portfolios and changes to portfolios

1.4 The Senate allocated departments and agencies to committees on 13 November 2013.² In accordance with that resolution, the committee has responsibility for the oversight of the following:

- Parliament;
- Prime Minister and Cabinet Portfolio (PM&C Portfolio); and
- Finance Portfolio.

1.5 There were a number changes to the committee's allocated portfolios following amendments to the Administrative Arrangements Order (AAO) of 18 September, 3 October and 12 December 2013.³ The PM&C Portfolio gained responsibility for most Indigenous policies, programs and service delivery. Indigenous primary healthcare largely remains with the Department of Health and Native title policy remains with the Attorney-General's Portfolio. The National Mental Health Commission transferred from the PM&C Portfolio to the Health Portfolio. The deregulation function of the Department of Finance was transferred to the Department of the Prime Minister and Cabinet.

1.6 The committee notes that the reports for the 2012–13 financial year relate to the period prior to the most recent AAO changes.

Role of annual reports

1.7 Annual reports place a great deal of information about government departments and agencies on the public record in relation to the performance, activities, management and financial position of the reporting body. However, as noted in the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* (PM&C Requirements), '[t]he primary purpose of annual reports of departments is accountability, particularly to the Parliament.'⁴ Annual reports assist the Parliament in the effective examination of the performance of departments and agencies, and the administration of government programs.

Reports examined

1.8 During the period of 1 May to 31 October 2013, 19 annual reports of bodies were presented to the Parliament and referred to the committee. The reports examined are categorised as follows:

Parliamentary departments

- Department of the Senate – Report for 2012–13
- Parliamentary Service Commissioner – Report for 2012–13

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

3 Available from: www.dpmc.gov.au/parliamentary/index.cfm (accessed 14 February 2014)

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 24 June 2013, p. 3.

- Department of Parliamentary Services – Report for 2012–13

Departments of state

- Department of the Prime Minister and Cabinet – Report for 2012–13
- Department of Finance and Deregulation – Report for 2012–13

Statutory agencies/authorities

- Independent National Security Legislation Monitor Declassified Annual report 2011–12
- Australian National Audit Office – Report for 2012–13
- Office of the Official Secretary to the Governor-General – Report for 2012–13
- Australian Public Service Commission – Report of the Australian Public Service Commissioner for 2012–13, including the report of the Merit Protection Commissioner
- Commonwealth Ombudsman – Report for 2012–13
- Inspector-General of Intelligence and Security – Report for 2012–13
- Remuneration Tribunal – Report for 2012–13
- Australian Electoral Commission – Report for 2012–13
- ComSuper – Report for 2012–13
- Future Fund Board of Guardians and Future Fund Management Agency – Report for 2012–13

Commonwealth authorities/companies

- National Australia Day Council – Report for 2012–13
- Australian River Co. Limited – Report for 2012
- Medibank Private Limited – Report for 2012–13
- NBN Co Limited – Report for 2012–13

Reports not examined

1.9 The committee is not obliged to examine reports on the operation of Acts, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. The following four documents were also referred to the committee but not examined in this report:

- Department of Finance and Deregulation – Campaign advertising by Australian government departments and agencies – Report for the period 1 July to 31 December 2012
- ASC Pty Ltd – Statement of Corporate Intent – 2012-15 – Section 9 of the *Commonwealth Authorities and Companies Act 1997*
- Medibank Private Limited Statement of Corporate Intent 2013–2014

- NBN Co Limited Letter to the Chairman of NBN Co Limited from the Minister for Communications and the Minister for Finance, dated 24 October 2013

Method of assessment

1.10 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.

1.11 The requirements are set down in the following instruments:

- for portfolio departments and agencies and the parliamentary departments: the *Public Service Act 1999*, sections 63(2) and 70(2), and the *Parliamentary Service Act 1999*, section 65; or other relevant enabling legislation for statutory bodies which are also prescribed agencies under the *Financial Management and Accountability Act 1997* (FMA Act); and the PM&C Requirements;
- for Commonwealth authorities and companies: the *Commonwealth Authorities and Companies Act 1997* (CAC Act), in particular, sections 9, 36 and 48; and the *Commonwealth Authorities (Annual Reporting) Orders 2011* and the *Commonwealth Companies (Annual Reporting) Orders 2011*; 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, *Senate Hansard*, 8 December 1987, pp 2632-45.

Changes to PM&C Requirements for 2012–13

1.12 The PM&C Requirements are reviewed annually and if required, are updated to take into account any changes to reporting requirements in legislation, arising from new policy, or recommendations in Parliamentary, Australian National Audit Office or other reports. The most significant amendment noted in the current version, dated 24 June 2013, relates to the new requirement for selected agencies to report on expenditure in relation to the Spatial Reporting Framework.⁵ Spatial reporting is described as:

...reporting actual expenditure, broken down by program between regional and non-regional Australia, for expenditure that is a grant or transfer, or expenditure that is not a grant or transfer payment but is relevant to what the Government is doing in regional Australia.⁶

1.13 The two portfolio departments under the committee's oversight were not required to include spatial reporting in the annual reports for the 2012–13 financial

5 PM&C Requirements, p. i.

6 PM&C Requirements, p. 27.

year, but this requirement may apply to future annual reports following the recent AAO changes noted earlier.

Non-reporting bodies

1.14 Standing Order 25(20)(h) requires that the committee inquire into, and report on, any bodies which do not present annual reports to the Senate but should present such reports.

1.15 On this occasion, the committee makes no recommendation for any organisations not presenting an annual report to do so.

Timeliness

1.16 Annual reports for departments and agencies are required to be tabled in Parliament by 31 October each year unless another date is specified in an agency's legislation, charter and/or terms of reference. The PM&C Requirements state that 'it remains the Government's policy that all annual reports should be tabled by 31 October'.⁷ The committee considers timeliness in annual reporting an important element in accountability and continues to encourage FMA Act bodies to follow this policy.

1.17 Commonwealth authorities reporting under the CAC Act are required to provide an annual report to the responsible minister by the fifteenth day of the fourth month after the end of the financial year. For the standard financial year, this is 15 October. The Minister is required to present the report to the Parliament within 15 sitting days of that House after the day on which the report was received.

1.18 Commonwealth companies are required under the CAC Act to provide a report to the Minister four months after the end of the financial year, which is usually 31 October.⁸ The Minister is required to table the report in the Parliament as soon as practicable after receiving it, or in the case of a company required to hold an annual general meeting, as soon as practicable after the meeting.

1.19 Appendix 1 lists the annual reports tabled (or presented) in Parliament between 1 May and 31 October 2013, and referred to the committee, with relevant tabling dates. Reports covering the 2012–13 financial year and examined in this report were presented in a timely manner, that is, by 31 October 2013.

1.20 The report of the Independent National Security Legislation Monitor, entitled *Declassified Annual Report 20th December 2012*, covers the period 1 July 2011 to 30 June 2012 and was tabled on 14 May 2013. Although the letter of transmittal is undated, the Senate tabling notice indicates that the report was submitted to, and

7 PM&C Requirements, p. 2.

8 If a company is required by the *Corporations Act 2001* to hold an annual general meeting, the company must give the report to the Minister on whichever is the earlier date of the following:

- 21 days before the next annual general meeting after the end of the financial year; or
- four months after the end of the financial year. (see subsection 36(1A) of the CAC Act)

received by, the Prime Minister on 1 March 2013.⁹ The tabling of the report on 14 May 2013 meets the requirements under Subsection 29(5) of the *Independent National Security Legislation Monitor Act 2010*, that is, within 15 sitting days after receipt of the report by the Prime Minister. However, Subsection 29(2) of the Act which requires the annual report to be given to the Prime Minister as soon as practicable after 30 June in each financial year and, in any event, by the following 31 December, appears not to have been met on this occasion.

1.21 The report of the Australian River Co. Limited covers the period 1 December 2011 to 30 November 2012. The report was submitted to the Minister on 26 March 2013 and tabled on 14 May 2013, meeting the tabling requirements for a Commonwealth company.

1.22 A number of 2012–13 annual reports within the portfolios oversighted by the committee were tabled after 31 October and will be examined in the committee's next report on annual reports which is due to be tabled in September 2014. The committee notes that correspondence from three agencies¹⁰ notifying a delay in the presentation of the 2012–13 annual reports, together with the relevant Minister's responses were tabled in the Senate on 2 December 2013, in accordance with Section 34C of the *Acts Interpretation Act 1901*.

Senate debate

1.23 In accordance with Standing Order 25(20)(d) the committee is required 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.

Assessment of reports

1.24 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'. In its examination of the annual reports referred, the committee found them to be of a satisfactory standard and adhere to relevant guidelines. The committee considers the reports examined to be 'apparently satisfactory'.

9 *Senate Order of Business*, 14 May 2013, p.8.

10 Northern Land Council, Tiwi Land Council and Wreck Bay Aboriginal Community Council.