

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 departments,¹ and the departments and agencies of the Prime Minister and Cabinet Portfolio and the Finance Portfolio.

1.2 This is the second report on annual reports for 2014 and provides an overview of selected annual reports presented to the Parliament between 1 November 2013 and 30 April 2014. 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 As noted by the committee in its first report for 2014, there were a number changes to the committee's allocated portfolios following amendments to the Administrative Arrangements Order (AAO) of 18 September and 3 October 2013, following the federal election.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 Further amendments to the AAO were issued on 12 December 2013, where responsibility for the administration of the *Australian Institute of Aboriginal and Torres Strait Islander Studies Act 1989* was moved from the Prime Minister to the Minister for Education. As the institute was under the oversight of this committee when its annual report was presented to the Parliament and referred for examination, the committee has examined its report on this occasion. However, future reports of the institute will be examined by the Senate Education and Employment Legislation Committee which now has oversight of this agency.

1.7 The committee notes that the reports for the 2012–13 financial year relate to the period prior to the AAO changes noted above.

Role of annual reports

1.8 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. The *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* (PM&C Requirements), note that '[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.

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.

Reports examined

1.9 During the period of 1 November 2013 to 30 April 2014, 16 annual reports of bodies or statutory office holders were presented to the Parliament and referred to the committee. The reports examined are categorised as follows:

Parliamentary departments

- Parliamentary Budget Office – Report for 2012–13

Commonwealth Authorities and Companies Act 1997 bodies

Authorities

- Albury-Wodonga Development Corporation – Report for 2012–13
- Australian Institute of Aboriginal and Torres Strait Islander Studies – Report for 2012–13
- Torres Strait Regional Authority – Report 2012–13
- Anindilyakwa Land Council – Report for 2012–13
- Indigenous Business Australia – Report for 2012–13
- Indigenous Land Corporation – Report for 2012–13
- Central Land Council – Report for 2012–13
- Tiwi Land Council – Annual Report 2012–13
- Wreck Bay Aboriginal Community Council – Annual Report for 2012–13
- Commonwealth Superannuation Corporation – Report for 2012–13

Companies

- ASC Pty Ltd – Report for 2013
- Outback Stores Pty Ltd – Report for 2012–13
- Aboriginal Hostels Limited – Report for 2012–13

Statutory office holders

- Aboriginal Land Commissioner – Report for 2012–13
- Executive Director of Township Leasing – Report for 2012–13

Reports not examined

1.10 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 documents were also referred to the committee but not examined in this report:

- Australian Public Service Commission – State of the Service Report for 2012–13
- Indigenous Australians – Closing the Gap – Ministerial statement by the Prime Minister dated 12 February 2014, Prime Minister's report 2014 – Closing the Gap

- Indigenous Business Australia – Corporate Plan 2014 - 2016
- ASC Pty Ltd Statement of Corporate Intent 2013–2016
- Department of Finance – Consolidated financial statements for the year ended 30 June 2013
- Department of Finance – Certificate of compliance – Report for 2012–13
- Tax Expenditures Statement 2013
- Mid-Year Economic and Fiscal Outlook – 2013–14
- Advances provided under the annual Appropriation Acts – Report for 2012–13
- Campaign Advertising by Australian Government Departments - Full report 2012–13
- *Members of Parliament (Staff) Act 1984* – Annual Report 2012–13
- Final Budget Outcome 2012–13 Report by the Treasurer and the Minister for Finance
- Royal Commission into Institutional Responses to Child Sexual Abuse – Report of Case Study No. 1 – The response of institutions to the conduct of Steven Larkins, March 2014

Method of assessment

1.11 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.

1.12 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.

1.13 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 (ANAO) or other reports. The PM&C Requirements were amended on 29 May 2014 and will apply to the annual reports for the 2013–14 financial year. The reports examined in this report are for the 2012–13 financial year and, if required, were prepared in accordance with the PM&C Requirements of 24 June 2013.

1.14 The committee notes the commencement of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) on 1 July 2014, which replaced the FMA Act and CAC Act. The next update to the PM&C Requirements will cover reports prepared for the 2014–15 financial year, where significant revisions are expected to accommodate changes under the PGPA Act.⁵

Changes to PM&C Requirements for 2012–13 reports

1.15 As noted in the committee's first report of 2014, the most significant amendment noted in the current version of the PM&C Requirements, dated 24 June 2013, relates to the new requirement for selected agencies to report on expenditure in relation to the Spatial Reporting Framework.⁶ It was noted that 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 year.⁷

Non-reporting bodies

1.16 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.

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

Timeliness

1.18 Annual reports for departments and executive agencies and FMA Act bodies 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' and further notes that it is best practice for annual reports to be tabled prior to the Supplementary Budget Estimates hearings.⁸ The committee considers the timely presentation of annual reports to be an important element in accountability and continues to encourage bodies to follow this policy.

5 PM&C Requirements, 29 May 2014, p. i.

6 PM&C Requirements, p. i. 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, see PM&C Requirements 24 June 2013, p. 27.

7 It is noted that the requirement for Spatial Reporting has been removed from the latest version of the PM&C Requirements, see PM&C Requirements, 29 May 2014, p. i.

8 PM&C Requirements 24 June 2013, p. 2.

1.19 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. In accordance with section 34C(3) of the *Acts Interpretation Act 1901*, 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.

1.20 Commonwealth companies are required under section 36 of the CAC Act to provide a report to the Minister four months after the end of the financial year, which is usually 31 October.⁹ 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.¹⁰

1.21 Appendix 1 lists the annual reports tabled (or presented) in Parliament between 1 November 2013 and 30 April 2014, and referred to the committee, with relevant tabling dates. Most reports referred to the committee during this period were presented to the Parliament within the relevant legislative timeframe for annual reporting.

1.22 The first annual report of the Parliamentary Budget Office was presented one day late on 1 November 2013.

1.23 The Central Land Council was late by two days in submitting its report to the Minister on 17 October 2014. However, the Minister tabled the report within 15 sitting days of receipt.

1.24 Both the Tiwi Land Council and the Wreck Bay Aboriginal Community Council sought, and were granted, extensions from the Minister for Indigenous Affairs for the provision of their 2012–13 annual reports. On 16 October 2013, the Tiwi Land Council wrote to the Minister seeking an extension until 15 January 2014 due to procedural and format delays of ANAO contractors completing financial notes. The Wreck Bay Aboriginal Community Council wrote to the Minister on 18 October 2013 and advised of a delay due to the Council not having received the formal final financial report from the ANAO and sought an extension until 31 January 2014.¹¹

9 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)

10 CAC Act, Section 36(4).

11 The referred correspondence notifying a delay in the presentation of the annual reports, together with the Minister's responses, were tabled in the Senate on 2 December 2013, in accordance with Section 34C of the *Acts Interpretation Act 1901*.

Both reports were subsequently provided to the Minister on or before the extended date, and tabled by the Minister within 15 sittings days of receipt.¹²

1.25 While most of the reports of CAC Act bodies examined met the relevant legislative tabling timeframe, the committee encourages the presentation of all reports to the Parliament before the Supplementary Budget Estimates hearings to assist in its examination of agencies at this time.

Senate debate

1.26 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.¹³

Assessment of reports

1.27 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'.

12 The Northern Land Council also wrote to the Minister notifying a delay in the provision of its reports on 24 October 2013, 17 January 2014 and 11 March 2014 and was granted an extension to provide its report on each occasion. Its report was subsequently tabled on 17 June 2014 and will be examined in the committee's next report on annual reports.

13 Former Senator Boyce referred to the Torres Strait Regional Authority annual report for 2012–13 in a speech in the Senate on 14 May 2014 but did not make specific comment on the report, *Senate Hansard*, 14 May 2014, p. 2666.

