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**SENATE FOREIGN AFFAIRS, DEFENCE  
AND TRADE**

**LEGISLATION COMMITTEE**

**SCRUTINY OF ANNUAL REPORTS  
NO. 2 OF 1997**

**September 1997**

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

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AND TRADE**

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## CHAPTER 1: INTRODUCTION

### Background

1.1 Following the restructure of the Senate committee system on 10 October 1994, the examination of annual reports became the responsibility of Senate Legislation Committees. This Committee is responsible for examining annual reports of departments and agencies within two portfolios: Foreign Affairs and Trade, and Defence (including the Department of Veterans' Affairs).

1.2 Under Procedural Order 8 (8), effected on 24 August 1994, the Committee is required to report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on reports tabled by 30 April each year by the tenth sitting day after 30 June of that year.

### Content

1.3 In this review, the Committee examines those reports tabled by 30 April 1997. Annual reports from the following statutory and non-statutory authorities are considered:

#### Reports of Statutory Authorities

Army and Air Force Canteen Service Board of Management  
Defence Housing Authority  
Director of Safeguards  
The Royal Australian Air Force Veterans' Residences Trust

#### Reports of Non-Statutory Authorities and Government Companies

Australia-Korea Foundation  
Australian Defence Industries

### Assessment of Annual Reports

1.4 The annual reports have been examined by the Committee to determine whether they are 'apparently satisfactory', as required by the Senate resolution of 24 August 1994. In the process of assessment, the Committee has considered whether the reports comply with the relevant requirements for the annual reports of statutory and non-statutory authorities.

1.5 On 18 March 1994, the Department of Prime Minister and Cabinet advised statutory authorities that those with similar operations to departments should aim to comply with the revised *Requirements for Departmental Annual Reports* (1994) and, as appropriate, with the

1982 *Guidelines for the Content, Preparation and Presentation of Annual Reports by Statutory Authorities*.

1.6 Requirements for non-statutory authorities stood as outlined in the Senate Standing Committee on Finance and Government Operation's report tabled in August 1986, and modified in 1987. Statutory authorities which do not operate similarly to departments are to adhere to the *Guidelines for the Content, Preparation and Presentation of Annual Reports by Statutory Authorities* (1982).

1.7 The Committee considered the annual reports examined to be 'apparently satisfactory'.

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## **CHAPTER 2: ANNUAL REPORTS BY STATUTORY AND NON- STATUTORY AUTHORITIES**

### **STATUTORY AUTHORITIES**

#### **Army and Air Force Canteen Service Board of Management**

2.1 The *Army and Air Force Canteen Service Board of Management Annual Report 1995-96* was tabled in the Senate on 11 December 1996.

2.2 The purpose of the Army and Air Force Canteen Service Board of Management (AAFCANS) is to provide a quality canteen service to the Army and Air Force. In the 1994-95 report the Board approved a business plan that would 'reinvent' the canteen service. The Committee noted that AAFCANS has continued its restructuring agenda, from the previous year, to restore both sales and profit growth. This was evident in the closing of three regional stores, the piloting of a new computer system, and securing a landmark national pricing and supply agreement with Coca Cola Amatil. The Committee also noted that major operational problems were discussed such as the Board's attempts to amend the AAFCANS Regulations in order to provide for a greater commercial service in a competitive environment.

2.3 The Committee finds that this report meets all the reporting requirements outlined in the *Guidelines* (1982) for statutory bodies. It commends AAFCANS on producing an informative document that is concise, well structured and clearly presented.

#### **Defence Housing Authority**

2.4 The *Defence Housing Authority Annual Report 1995-96* was tabled in the Senate on 19 November 1996. The report is submitted in accordance with section 43 of the *Defence Housing Authority Act 1987*.

2.5 The Defence Housing Authority (DHA) has met all reporting requirements outlined in the *Guidelines for the Content, Preparation of Annual Reports by Statutory Authorities* (1982). It is a well presented, informative and professionally produced document. The Committee notes that the report provides sound discussion and analysis of current DHA issues and programs. This is complemented with detailed information on regional performances that provide highlights of the year and overall progress. Other key performance indicators, located in the Appendices, have been well illustrated by the DHA's selection of graphs and charts. The Committee notes that the inclusion of a compliance index recommended in the *Scrutiny of Annual Reports No. 1 1996* has been overlooked. Overall, however, the DHA has provided a quality annual report.



### **Australian Safeguards Office/Chemical Weapons Convention Office (ASO/CWCO)**

2.6 The Annual Report of the Director of Safeguards and Director, Chemical Weapons Office 1995-96 was tabled in the Senate on 26 November 1996. The report is submitted pursuant to section 51 of the *Nuclear Non-Proliferation (Safeguards) Act 1987* and to section 96 of the *Chemical Weapons (Prohibitions) Act 1994*.

2.7 The Director has followed the format set by the previous report and has produced a document that is informative, well structured and easy to use. The Committee again acknowledges the clear and logical manner in which both Offices have been reported.<sup>1</sup> The report provides a sound overview of the operations of both Offices which is complemented by brief chapters outlining the 'Year in Review'; 'Current Topics'; and 'Outlook: the Year Ahead'.

2.8 The Committee notes that the report continues to deliver a high standard in program performance reporting. Detailed assessments of program activities are provided which is enhanced further by the reporting of performance outcomes. Overall, the Committee commends the Director of Safeguards and Director, Chemical Weapons Office for producing a well written report that meets all the reporting requirements set by the *Guidelines* (1982) for statutory authorities.

### **Royal Australian Air Force Veterans' Residences Trust Fund**

2.9 The *Royal Australian Air Force Veterans' Residences Trust Annual Report 1995-96* was tabled in the Senate on 11 December 1996. The report is submitted in accordance with Section 10A of the *Royal Australian Air Force Veterans' Residences Act 1953*.

2.10 The Trust operates in the five eastern states and provides accommodation to ex RAAF veterans and their families in difficult circumstances. Accounts for the year under review revealed a surplus income for the Trust. An increase in revenue as opposed to the previous year's decrease was due significantly to the interest received from investments. This revenue was enhanced further by a 36% increase in the previous year's operating result.

The Committee found that the report was concise, clearly written and complies with all the reporting requirements for statutory authorities as outlined in the 1982 *Guidelines*.

## **NON-STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES**

### **Australia-Korea Foundation**

2.11 The *Australia-Korea Foundation Annual Report 1995-96* was tabled in the Senate on 26 March 1997. The Australia-Korea Foundation was established on 7 May 1992 under an Order-in-Council and is not required to submit an annual report.

2.12 The purpose of the Australia-Korea Foundation is to broaden the relationship between Australia and the Republic of Korea through areas such as commerce, education, sport and

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1 *Scrutiny of Annual Reports No. 1 of 1996*, July 1996, p. 14.

media. The Committee notes that while Korea remains our fourth largest trading partner, a 26 per cent increase in exports during 1995-96 made it our second largest export market. The report provides sound information on major programs and activities of the Foundation, as well as a comprehensive account of its grants scheme.

2.13 The Committee finds that the Foundation's annual report is an informative document that is clear, concise and well presented. Furthermore, the report complies with the reporting requirements for non-statutory bodies.

## GOVERNMENT COMPANIES

### **Australian Defence Industries (ADI)**

2.14 The *ADI Annual Report 1996* was tabled in the Senate on 6 November 1996.

2.15 The Australian Defence Industries is a government owned company established in 1989. The role of the company is to place formerly owned Commonwealth Government defence production operations on a 'commercial footing'. ADI have provided an annual report under the requirements outlined in Section III of the *Policy Guidelines for Commonwealth Statutory Authorities and Government Business Enterprises* (October 1987), entitled 'Guidelines Covering Issues Specific to Government Business Enterprises'.

2.16 The Committee notes that the restructuring program, which commenced in 1989, had a significant impact on the operating profit of the company. However, Directors had advised, as early as 1990, that 1995-96 would suffer a major down turn in profit. Directors are confident that shareholders will be rewarded from now on. The ADI provides a general overview of activities and forecasts for each of its business groups, as well as any operational difficulties that have occurred.

2.17 The Committee finds that the ADI have produced a well presented and structured document that provides clear and concise information. The report is further enhanced through the company's use of tables and graphs illustrating various performances outcomes and detailed financial statements.

**Judith Troeth**  
**Chairman**  
**Legislation Committee**