

Chapter 2

Annual reports of non-statutory authorities and government companies

Defence portfolio

Defence Materiel Organisation

2.1 The annual report of the Defence Materiel Organisation (DMO) is contained in Defence's annual report. It was presented out of sitting on 31 October 2014 and tabled in the Senate on 17 November 2014.

2.2 The DMO is responsible for the acquisition and sustainment of the materiel elements of operating capability for the ADF.¹ As a prescribed agency under the *Financial Management and Accountability Act 1997* the DMO remains inextricably linked to Defence and is required to account directly to the Minister for Defence.

Review by the Chief Executive Officer

2.3 Mr Warren King, Chief Executive Officer, DMO, noted that in 2013–14, DMO expended around \$9.5 billion to defence industry to acquire and sustain military equipment and support services.² He highlighted DMO's ability to deliver projects, on average, five per cent under the approved budget.³ Mr King also drew attention to the DMO's 2013–15 Strategic Framework and explained that four changes in priorities had been implemented to align DMO's activities to the framework:

- deliver acquisition and sustainment more efficiently;
- interact with reviews;
- streamline internal processes; and
- reform the DMO.⁴

List of requirements

2.4 The committee notes that the *Requirements for annual reports for departments, executive agencies and FMA Act bodies* states:

The List of Requirements must be included as an appendix to the annual report. If an item specified in the checklist is not applicable to an agency, it

1 *Defence Annual Report 2013–2014: Chapter 6 Defence Materiel Organisation, p. 87.*

2 *Defence Annual Report 2013–2014: Chapter 6 Defence Materiel Organisation, p. 85.*

3 *Defence Annual Report 2013–2014: Chapter 6 Defence Materiel Organisation, p. 85.*

4 *Defence Annual Report 2013–2014: Chapter 6 Defence Materiel Organisation, p. 85.*

should be reported as not applicable rather than omitted from the list. Agencies should include a column indicating the location of the information in the annual report.⁵

2.5 As the committee noted in last year's report on annual reports, the Defence and DMO annual reports were combined into a single volume, and consequently, the lists of requirements were also combined. This created ambiguity as the entries for Defence and DMO were not clearly distinguished. The committee notes that the 2013–14 report has continued to use this format and the ambiguity persists.

External Scrutiny

2.6 The *Requirements for annual reports for departments, executive agencies and FMA Act bodies* also states:

The annual report must provide information on the most significant developments in external scrutiny of the department and the department's response, including particulars of:

- (a) judicial decisions, decisions of administrative tribunals, and decisions by the Australian Information Commissioner, that have had, or may have, a significant impact on the operations of the department; and
- (b) reports on the operations of the department, including by the Auditor-General (other than the report on financial statements), a Parliamentary committee, the Commonwealth Ombudsman, or agency capability reviews (once released).⁶

2.7 As the committee noted in last year's report on annual reports, the DMO annual report does not appear to provide information on external scrutiny. As described above, the Defence and DMO annual reports have now been combined into the same volume. As external scrutiny is only covered in the Department of Defence section of the annual report, it is unclear if this is intended to also cover external scrutiny of the DMO.

Summary

2.8 The committee finds that the DMO annual report adequately complies with the relevant requirements for the preparation of annual reports.

5 *Requirements for annual reports for departments, executive agencies and FMA Act bodies*, Department of the Prime Minister and Cabinet, 29 May 2014, p. 31.
www.dpmc.gov.au/guidelines/index.cfm

6 *Requirements for annual reports for departments, executive agencies and FMA Act bodies*, Department of the Prime Minister and Cabinet, 29 May 2014, p. 10.
www.dpmc.gov.au/guidelines/index.cfm

Australian War Memorial

2.9 The Australian War Memorial was established as a statutory authority under the *Australian War Memorial Act 1980*. The performance of the Memorial and the accountability of its council and management are subject to the *Commonwealth Authorities and Companies Act 1997*. The Memorial is also subject to other legislation that bears on its operation, and is accountable to the government through the Minister for Veterans' Affairs. The Council of the Australian War Memorial is responsible for the conduct and control of the activities of the Memorial. Its numerous functions and responsibilities include:

- establishing the Memorial's strategic direction and vision;
- approving the Memorial's goals and key objectives;
- approving the annual budget and monitoring expenditure and reporting; and
- ensuring that the Memorial has adequate financial resources to meet known and planned future resources.⁷

2.10 The Australian War Memorial's annual report 2013–2014 was tabled both in the Senate and in the House of Representatives on 28 October 2014.

2.11 Rear Admiral Ken Doolan AO RAN (Ret'd), Chairman, commented that a number of significant tasks had been undertaken during 2013–14, including the extensive refurbishment of the First World War Galleries and planning for the proposed Anzac Centenary Travelling Exhibition.⁸

2.12 On behalf of the Council, the Chairman expressed gratitude to several companies and benefactors for allowing the Memorial to continue as an iconic place of commemoration.

Summary

2.13 The committee finds that the Australian War Memorial's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

Foreign Affairs and Trade portfolio

Australian Trade Commission

2.14 The Australian Trade Commission's annual report was tabled in the Senate on 27 October 2014 and in the House of Representatives on 20 October 2014.

7 *Australian War Memorial Annual Report 2013–2014*, pp. 3–4.

8 *Australian War Memorial Annual Report 2013–2014*, p. 1.

2.15 Austrade was established by the *Australian Trade Commission Act 1985* and is the Australian Government's agency for promoting trade, investment and international education, and strengthening Australia's tourism industry. Austrade provides advice to the Australian Government on its trade, investment, international education and tourism policy agenda and delivers Australian consular, passport and other government services in specific overseas locations.⁹

Highlights from 2013–14

2.16 Austrade took on responsibility to provide policy advice to the Government to help increase Australia's tourism market share and to implement Tourism 2020, the national long-term tourism strategy.¹⁰ Austrade also provided 15,026 services to 6,608 Australian businesses, through the Export Market Development Grants scheme, which was a 28 per cent increase in services on the previous year and paid a total of \$113.6 million to 2,445 recipients in 2013–14. The scheme provides an incentive for businesses to enter into export and grow to become sustainable exporters.¹¹

2.17 In collaboration with the Export Council of Australia, the Export Finance and Insurance Corporation and the University of Sydney, Austrade undertook new research into Australia's international business engagement to produce the *Australia's International Business Survey: 2014 report*, which provides insight into the overseas markets Australian businesses would target in the next two years, and the challenges they face.¹² In 2013–14, Austrade processed 11,571 passport applications and performed 14,342 notarial acts. At 30 June 2014, Austrade operated consulates in 16 overseas locations.¹³

Chief Executive Officer's Report

2.18 Mr Bruce Gosper, Chief Executive Officer, Austrade, noted the past year had seen significant changes, including for the first time the appointment of a minister for both trade and for investment. In his report, Mr Gosper highlighted research results from the *Australia's International Business Survey: 2014 report*:

A significant piece of economic analysis, the survey found that Australia's international business engagement extends well beyond the export of goods. Data were gathered from 1,600 respondents, the majority of whom were planning to expand into two or more new markets in the next two years.

The survey results also provide support for Austrade's operating model and market focus, with businesses citing lack of information about local markets, cultures, languages and business practices among the toughest

9 *Australian Trade Commission Annual Report 2013–2014*, p. 2.

10 *Australian Trade Commission Annual Report 2013–2014*, p. iii.

11 *Australian Trade Commission Annual Report 2013–2014*, p. iii.

12 *Australian Trade Commission Annual Report 2013–2014*, p. iii.

13 *Australian Trade Commission Annual Report 2013–2014*, p. iii.

barriers they face. Austrade's insights and information on market conditions and emerging market opportunities, and its advice on local culture and regulations, along with targeted, firm-specific advice and services, will continue to help businesses and institutions.¹⁴

Summary

2.19 The committee finds that the Australian Trade Commission's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

Tourism Australia

2.20 Tourism Australia's annual report for 2013–2014 was tabled in the Senate on 17 November 2014.

2.21 Tourism Australia is a Commonwealth authority established under the *Tourism Australia Act 2004* and is subject to the *Commonwealth Authorities and Companies Act 1997*. Tourism Australia is Australia's national tourism organisation. It aims to grow demand for both leisure tourism (international and domestic) and business events (international) and support the tourism industry to increase visits, dispersal and economic value.¹⁵

Operational matters

2.22 In the Chairman's report, Mr Geoff Dixon observed that China remains Australia's fastest growing and most valuable inbound visitor market, worth \$5 billion annually and with potential to reach \$13 billion by the end of the decade.¹⁶ He also observed that during the reporting period:

International arrivals rose 7.9 per cent during 2013–14, with the 6.6 million international visitors who travelled to our shores generating close to \$30 billion in spending, further cementing tourism's position as our country's largest services export industry. These services were delivered by around half a million Australians, up 3 per cent on 2012–13 and ahead of the national average.¹⁷

2.23 Tourism Australia underwent some change during the reporting period, notably moving to the Department of Foreign Affairs and Trade portfolio and reporting to the Minister for Trade and Investment. The Chairman also farewelled Mr Andrew McEvoy after four years as Managing Director and welcomed Mr John O'Sullivan to the role.

14 *Australian Trade Commission Annual Report 2013–2014*, p. 6.

15 *Tourism Australia Annual Report 2013–14*, p. 22.

16 *Tourism Australia Annual Report 2013–14*, p. 4.

17 *Tourism Australia Annual Report 2013–14*, p. 4.

2.24 In his first report as Managing Director, Mr O'Sullivan commented that the return on investment for every dollar spent on tourism promotion by Tourism Australia stands at 15 to one, demonstrating the value tourism brings to the Australian economy. During 2013–14 Tourism Australia's \$90 million marketing spend delivered an incremental \$1.2 billion in overnight expenditure and 11,000 jobs.¹⁸

Summary

2.25 The committee finds that Tourism Australia's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

Other reports

2.26 The committee notes that Commonwealth authorities and companies reporting under the CAC Act are required to comply with the *Commonwealth Authorities (Annual Reporting) Orders 2011* and the *Commonwealth Companies (Annual Reporting) Orders 2011*, respectively. The committee draws these reporting orders to the attention of the following agencies:

Defence portfolio

- AAF Company (tabled 1 December 2014);
- ASC Pty Ltd (received out of session 31 October 2014);
- Australian Strategic Policy Institute (17 November 2014);
- Royal Australian Air Force Welfare Recreational Company (tabled 1 December 2014);
- Royal Australian Air Force Veterans' Residences Trust Fund (tabled 27 October 2014);
- Royal Australian Navy Central Canteens Board (tabled 26 November 2014); and
- Services Trust Funds (tabled 17 November 2014).

2.27 Other portfolio authorities, agencies and/or companies which had their annual reports examined by the committee, but were not otherwise commented upon in this report, include:

Defence portfolio

- Army and Air Force Canteen Service (AAFCANS) (tabled 17 November 2014); and
- Defence Housing Australia (tabled 17 November 2014).

18 *Tourism Australia Annual Report 2013–14*, p. 6.

Foreign Affairs portfolio

- Australian Safeguards and Non-Proliferation Office (tabled 27 October 2014); and
- Australian Centre for International Agriculture Research (tabled 27 October 2014).

Trade portfolio

- Australian Trade Commission (tabled 27 October 2014); and
- Export Finance and Insurance Corporation (tabled 29 October 2014).

Veterans' Affairs

- Repatriation Medical Authority (tabled 30 October 2014); and
- Veterans' Review Board (tabled 27 October 2014, received out of session 15 October 2014).

2.28 The committee considers that all the annual reports of the above-mentioned organisations adequately met their respective reporting requirements.

Senator Chris Back
Chair

