

Chapter 1

Introduction

1.1 Under Senate Standing Order 25(20), the annual reports of departments and agencies under the Senate Foreign Affairs, Defence and Trade Legislation Committee's (the Committee) allocated portfolios stand referred to the Committee for examination and report.

1.2 Standing Order 25(20)(f) requires the Committee to 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. On this occasion, the Committee has chosen to examine all reports tabled from 1 May 2018 to 30 April 2019 in one report.

1.3 Copies of this and other Committee reports can be obtained from the Senate Table Office or online at the Committee's webpage.

Terms of reference

1.4 Under Standing Order 25(20) the 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 the attention of the Senate to 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

1.5 In accordance with the resolution of the Senate on 31 August 2016, the Committee had oversight of the following portfolios in the 45th Parliament when the relevant annual reports were referred to the Committee:

- Defence, including Veterans' Affairs; and
- Foreign Affairs and Trade.¹

Role of annual report

1.6 Annual reports inform the Parliament, stakeholders and other interested parties of the operations and performance of public sector departments, agencies, companies and statutory office holders. Annual reports are a key publication under the Commonwealth performance framework and remain 'the primary document through which responsible Ministers report to the Parliament.'² Additionally, they are an important reference document and form a critical part of the historical record.³

Reports examined

1.7 During the period 1 May 2018 to 30 April 2019, 22 annual reports of bodies were presented to the Parliament and referred to the Committee for examination. Reports examined included those from the following categories of bodies under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and those which are prepared by statutory offices or office holders:

Non-corporate Commonwealth entities

- Department of Defence – Report for 2017-18
- Department of Veterans' Affairs, Repatriation Commission, and Military Rehabilitation and Compensation Commission – Report for 2017-18
- Australian Centre for International Agricultural Research – Report 2017-18
- Department of Foreign Affairs and Trade – Report for 2017-18

1 *Journals of the Senate*, No. 2, 31 August 2016, pp 75-76. This order was subsequently amended on 12 February 2018 and 15 February 2018; however, the amendments did not relate to these portfolios, see *Journals of the Senate*, No. 84, 12 February 2018, pp 2668-2669, and *Journals of the Senate* No. 87, 15 February 2018, p. 2740.

2 Department of Finance, *Resource Management Guide No. 130 – Overview of the enhanced Commonwealth performance framework*, July 2016, p. 7.

3 Department of Finance, *Resource Management Guide No. 135: Annual report for non-corporate Commonwealth entities*, May 2019, p. 7; *Resource Management Guide No. 136: Annual reports for corporate Commonwealth entities*, May 2019, p. 5; *Resource Management Guide No. 137: Annual reports for Commonwealth companies*, May 2019, p. 5.

-
- Australian Trade and Investment Commission – Report for 2017-18

Corporate Commonwealth entities

- Australian War Memorial – Report for 2017-18
- Defence Housing Australia – Report for 2017-18 (*Also referred to the Senate Finance and Public Administration Legislation Committee*)
- Royal Australian Air Force Veterans' Residences Trust – Report for 2017-18
- Royal Australian Navy Central Canteens Board (Navy Canteens) – Report for 2017-18
- Army and Air Force Canteen Service – Report for 2017-18
- Services Trust Funds - Royal Australian Navy Relief Trust Fund, Australian Military Forces Relief Trust Fund and Royal Australian Air Force Welfare Trust Fund – Reports for 2017-18
- Export Finance and Insurance Corporation – Report for 2017-18
- Tourism Australia – Report for 2017-18

Commonwealth companies

- Royal Australian Air Force Welfare Recreational Company – Report for 2016-17
- Australian Strategic Policy Institute – Report 2017-18
- Army Amenities Fund Company – Report for 2017-18
- Royal Australian Air Force Welfare Recreational Company – Report for 2017-18

Statutory offices/office holders

- Director of Military Prosecutions – Report for 2017
- Judge Advocate General – Report for 2017
- Repatriation Medical Authority – Report for 2017-18 (*Also forwarded to the Senate Community Affairs Legislation Committee*)
- Veterans' Review Board – Report for 2017-18
- Australian Safeguards and Non-Proliferation Office – Report for 2017-18

Reports not examined

1.8 The Committee is not obliged to examine reports on the operation of Acts, policy papers, budget documents or corporate plans. Accordingly, the following documents were also referred to the Committee but not examined:

- Department of Defence – Special Purpose Flights – Schedule for the period 1 July 2017 to 31 December 2017
- Department of Defence – Special Purpose Flights – Schedule for the period 1 January to 30 June 2018
- *Defence Trade Controls Act 2012* – Independent review on the operation of the Act, dated October 2018, and Australian Government initial response
- Final Budget Outcome 2017-18
- Consolidated Financial Statements for the year ended 30 June 2018
- Tax Benchmarks and Variations Statement 2018
- Mid-year Economic and Fiscal Outlook 2018-19
- Advance to the Finance Minister – Report on advances provided under the annual Appropriation Acts for 2017-18

1.9 Where a report is referred to two standing committees, the Committee has deferred examination of those reports to the Committee which has primary oversight of the portfolio where that agency sits. Accordingly, the following reports were not examined:

- Australian Naval Infrastructure Pty Ltd – Report for 2017-18 (*Also referred to the Senate Finance and Public Administration Legislation Committee*)
- ASC Pty Ltd – Report for 2017-18 (*Also referred to the Senate Finance and Public Administration Legislation Committee*)

Assessment of annual reports

1.10 Senate Standing Order 25(20) requires the Committee to 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 or requirements for the preparation of annual reports in forming its assessment.

Annual reporting requirements

Public Governance, Performance and Accountability Act 2013

1.11 The PGPA Act is the legislative basis of the Commonwealth performance framework which governs how the Commonwealth public sector uses and manages

public resources. It sets out the key requirements for governance, performance reporting and accountability required of Commonwealth entities and companies. A description of different governance structures of these bodies for the purposes of the PGPA Act is set out below:

- Non-corporate Commonwealth entity – legally and financially part of the Commonwealth, including departments of state, parliamentary departments or listed entities (a body, person, group of persons or organisation that is prescribed by rules made under the PGPA Act).
- Corporate Commonwealth entity – a body corporate, that is, a separate legal personality from the Commonwealth. It can act in its own right exercising certain legal rights such as entering into contracts and owning properties.
- Commonwealth company – a company established by the Commonwealth under the *Corporations Act 2001* that is wholly controlled by the Commonwealth.⁴

Annual reports

1.12 Section 46 of the PGPA Act sets out the annual reporting requirements in relation to Commonwealth entities, which states that annual reports must comply with any requirements prescribed by rules. Section 97 sets out the annual reporting requirements for Commonwealth companies, including those of the *Corporations Act 2001* and any additional information prescribed by the rules.

Corporate plans and annual performance statements

1.13 The Commonwealth performance framework also includes the requirement for Commonwealth entities and companies to prepare and publish corporate plans each year, pursuant to sections 35 and 95 of the PGPA Act. Under section 39 of the PGPA Act, Commonwealth entities must prepare an annual performance statement and include this statement in the annual report. Entities use the annual performance statement to report on results achieved against the targets, goals and measures established at the beginning of a reporting year in its corporate plan, in addition to key performance indicators set out in portfolio budget/additional estimates statements.

1.14 It is noted that Commonwealth companies are not required to prepare annual performance statements. However, under section 27A of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), companies are required to include in their annual report a report on the actual performance results achieved against the performance information published in their corporate plan.⁵

4 See <https://www.finance.gov.au/resource-management/governance/overview/> (accessed 4 June 2019).

5 Department of Finance, *Resource Management Guide No. 134 – Annual performance statements for entities*, July 2017, p. 7.

Public Governance, Performance and Accountability Rule 2014

1.15 The PGPA Rule sets out the detailed mandatory requirements for the preparation of corporate plans, annual performance statements and annual reports for Commonwealth entities and, where relevant, Commonwealth companies.

1.16 The Department of Finance publishes resource management guides for Commonwealth entities on a wide range of topics, including on the annual reporting obligations under the PGPA Act and mandatory requirements for the content of annual reports as prescribed by the PGPA Rule.

1.17 There were no changes to the annual reporting requirements for the 2017-18 period.⁶

Statutory office holders and statutory bodies

1.18 Statutory office holders are engaged or employed under an Act which may prescribe annual reporting requirements pursuant to the office. It is also noted that there may be reporting requirements in the enabling legislation for statutory bodies (which may also be a Commonwealth entity).

Non-Statutory bodies

1.19 Non-statutory bodies (NSBs) are established by a Minister and are not pursuant to a statute. Annual reporting requirements for NSBs are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on Non-Statutory Bodies, dated 8 December 1987.⁷

Summary of annual reporting requirements

1.20 Below is a summary of the legislative authority and requirements under which annual reports are prepared for different types of bodies:

Non-corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(A);
- for parliamentary departments, the *Parliamentary Service Act 1999*, section 65; and
- for statutory bodies: relevant enabling legislation.

6 Department of Finance, *Public Governance, Performance and Accountability Newsletter 50*, 30 May 2018, [p. 1].

7 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.

Corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(B); and
- for statutory bodies: relevant enabling legislation.

Commonwealth companies

- PGPA Act, section 97, which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule 2014, Part 3-3; and
- for statutory bodies: relevant enabling legislation.

Non-statutory bodies

- annual reporting requirements 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 1987.⁸

Statutory offices or office holders

- any requirements in the enabling legislation.

Timeliness

1.21 Under Standing Order 25(20)(c), the Committee must report to the Senate any lateness in the presentation of annual reports. The Committee notes the different reporting timeframes for different categories of bodies.

Commonwealth entities

1.22 Section 46(2) of the PGPA Act requires the accountable authority for a Commonwealth entity to prepare an annual report and provide it to the responsible minister by the fifteenth day of the fourth month after the end of the reporting period for the entity. This section of the Act does not currently prescribe a timeframe for the Minister to present the report to the Parliament, neither does the PGPA Rule.

1.23 The PGPA Rule states that annual reports for corporate Commonwealth entities, non-corporate Commonwealth entities and Commonwealth companies must comply with the 'the guidelines for presenting documents to the Parliament'.⁹

1.24 The Committee notes that reports were prepared under PM&C's *Guidelines for the Presentation of Documents to the Parliament* which advised that for all entities:

As per past practice, it is expected that the responsible Minister will present the report to each House of Parliament on or before 31 October. If Senate

8 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.

9 See PGPA Rule, sections 17BC, 17AB and 28C.

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. This ensures that annual reports are available for scrutiny by the relevant Senate standing committee.¹⁰

1.25 The Department of Finance guidance material on annual reporting for Commonwealth entities also notes the provision for an application for an extension to the period for presenting an annual report:

The provisions of subsections 34C(4) to (7) of the *Acts Interpretation Act 1901* allow for an application for extension of the period for presenting annual reports. An extension should only be sought if it would not be reasonably possible for the report to be prepared within the specified timeframes.¹¹

Commonwealth companies

1.26 Under section 97(2) of the PGPA Act, Commonwealth companies are required to prepare an annual report and provide it to the responsible Minister:

(a) if the company is required by the *Corporations Act 2001* to hold an annual general meeting—the earlier of the following:

(i) 21 days before the next annual general meeting after the end of the reporting period for the company;

(ii) 4 months after the end of the reporting period for the company; and

(b) in any other case—4 months after the end of the reporting period for the company; or the end of such further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.

1.27 In relation to the tabling of the annual report in the Parliament, section 97(5) of the PGPA Act states that:

(5) If the Commonwealth company is a wholly-owned Commonwealth company, or is not required to hold an annual general meeting, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after receiving them. In all other cases, the responsible Minister must table the documents in each House of the

10 Department of the Prime Minister and Cabinet, *Guidelines for the Presentation of Documents to the Parliament (including Government Documents, Government Responses to Committee Reports, Ministerial Statements, Annual Reports and other Instruments)*, February 2017, pp 4-5. This document also refers to guidance material from the Department of Finance on annual reporting.

11 Department of Finance, *Resource Management Guide No. 135 – Annual report for non-corporate Commonwealth entities*, May 2019, p. 11; and *Resource Management Guide No. 136 – Annual report for corporate Commonwealth entities*, May 2019, p. 9.

Parliament as soon as practicable after the annual general meeting of the company.

1.28 The advice contained in Finance's *Resource Management Guide No. 137 – Annual reports for Commonwealth companies* aligns with the requirements under section 97(5) of the PGPA Act set out above.¹² Consistent with Commonwealth entities, Resource Guide No. 137 notes the provision for an application for an extension of the reporting period for Commonwealth companies:

There is scope for a company to apply in writing to their responsible Minister for an extension where it is not reasonably possible to meet the timeframes outlined in subsection 97(2). Subsection 34C(5) of the *Acts Interpretation Act 1901* allows a Minister to grant an extension where he or she considers it reasonable in the circumstances.¹³

Provisions of the Acts Interpretation Act 1901

1.29 In the absence of specific provisions, the *Acts Interpretation Act 1901* (Acts Interpretation Act) requires bodies to present annual reports to ministers within six months after the end of the period reported upon (subsection 34C(2)), and ministers to table reports within 15 sitting days of receipt (subsection 34C(3)).

Reporting timeframes for statutory offices/office holders

Judge Advocate General

1.30 Under section 196A(1) of the *Defence Force Discipline Act 1982* (DFD Act) the Judge Advocate General shall, as soon as practicable after each 31 December, prepare and furnish to the Minister a report relating to the operation of the Act, the regulations, the rules of procedure; and the operation of any other law of the Commonwealth or of the Australian Capital Territory in so far as it relates to the discipline of the Defence Force during the year ending on that 31 December.

1.31 Section 196A(2) of the DFD Act requires the Minister to present the report to each House of the Parliament within 15 sitting days of that House after the day on which the Minister receives the report.

Director of Military Prosecutions

1.32 Under Section 196B(1) of the DFD Act, the Director of Military Prosecutions must, as soon as practicable after each 31 December, prepare and give to the Minister, for presentation to the Parliament, a report relating to the operations of the Director of Military Prosecutions during the year ending on that 31 December.

12 Department of Finance, *Resource Management Guide No. 137 – Annual reports for Commonwealth companies*, May 2019, p. 8.

13 Department of Finance, *Resource Management Guide No. 137 – Annual reports for Commonwealth companies*, May 2019, p. 8.

1.33 The Act does not prescribe a timeframe for the Minister to present the report to the Parliament. It appears that section 34C(3) of the Acts Interpretation Act would apply, therefore requiring the Minister to lay a copy of the report before each House of Parliament within 15 sitting days of receipt of that report.

Inspector-General of the Australian Defence Force

1.34 Section 110R(1) of the *Defence Act 1903* (Defence Act) states that as soon as practicable after the end of each financial year, the Inspector-General of the Australian Defence Force (ADF) must prepare and give to the Minister, for presentation to the Parliament, a report on the operations of the Inspector-General during the financial year. This section also notes that reference should also be made to section 34C of the Acts Interpretation Act, which requires the Minister to lay a copy of the report before each House of Parliament within 15 sitting days of receipt of that report.

Repatriation Medical Authority

1.35 The Repatriation Medical Authority is established under the *Veterans' Entitlement Act 1986* and there does not appear to be a statutory requirement to table an annual report under the Act but the Authority has done so since its inception.

Recommendation

1.36 The Committee recommends that unless there are strong public policy reasons to the contrary, on the occasion of any amendment to the *Veterans' Entitlement Act 1986*, the Government consider including a clause requiring the Repatriation Medical Authority to table an annual report.

Veterans' Review Board

1.37 Section 215(4) of the *Veterans' Entitlement Act 1986* states that the Principal Board Member shall, as soon as practicable after 30 June in each year, prepare and furnish to the Minister a report on the operations of the Board during the year that ended on that 30 June. Section 215(5) states that the Minister shall cause a copy of a report furnished to the Minister under subsection (4) to be laid before each House of the Parliament within 15 sitting days of that House after the day on which the Minister receives the report.

Repatriation Commission

1.38 Section 215 of the *Veterans' Entitlement Act 1986* requires the Repatriation Commission, as soon as practicable after 30 June in each year, to prepare and furnish to the Minister a report on the operation of the Act during the year; with the Minister required to present report to the Parliament within 15 sitting days after receipt.

Military Rehabilitation and Compensation Commission

1.39 Under section 385 of the *Military Rehabilitation and Compensation Commission Act 2004*, the Chair of the commission must, as soon as possible after 30

June each year, give the Minister for presentation to the Parliament, a report of the Commission's activities for the financial year ended on that day.

Australian Safeguards and Non-proliferation Office

1.40 Under section 51 of the *Nuclear Non-Proliferation (Safeguards) Act 1987*, section 96 of the *Chemical Weapons (Prohibition) Act 1994* and section 71 of the *Comprehensive Nuclear Test-Ban Treaty Act 1998*, the Director of the Australian Safeguards and Non-Proliferation Office must, as soon as practicable after 30 June in each year, prepare a report of operations and furnish it to Minister. The above legislative sections require the Minister to cause a copy of the report to be laid before each House within 15 sitting days.

Review of the PGPA Act

1.41 The Committee notes the tabling of the report of the *Independent review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule* in September 2018. Among the range of issues considered by Ms Elizabeth Alexander AM and Mr David Thodey AO in their review, which looked at how the PGPA Act and Rule have worked and whether improvements could be made, was the timing of annual report tabling. In particular, the report noted that the Joint Committee of Public Accounts and Audit asked the review to consider specifying a date for tabling of annual reports in the Parliament, and a preference for the date to be 15 October to ensure availability of reports before the Supplementary Budget Estimates hearings.¹⁴

1.42 The independent reviewers considered the timing of the tabling of annual reports to be a critical factor for proper accountability and supported legislating a tabling date to ensure the earlier tabling of annual reports:

We agree that the current tabling arrangements do not give the Parliament enough time to get across the detail in annual reports before Senate Supplementary Budget Estimates hearings. By the time reports are tabled, senators may only have a few days to consider content and information about the entities' performance. There have been occasions when annual reports are tabled only after hearings are completed. There is little point in improving the quality of the performance information in annual reports, and the quality of annual reports more generally, if the Parliament does not get the information when it needs it...

The PGPA Act and Rule should be amended to require the responsible minister to present an entity's annual report in the Parliament by 30 September each year. Our support for this presentation date is based on two prerequisites. Firstly, that a fully digital reporting platform is implemented ...Secondly, that the Auditor-General is able to complete the audits of

14 *Independent review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule*, September 2018, p. 39.

entity financial statements so that entities can meet the required timeframes. This means that the auditor's report should be provided by the middle of September.

These revised presentation arrangements need to ensure that ministers have sufficient time to consider an entity's annual report before presenting it to the Parliament. We therefore support an additional requirement that an accountable authority provides their annual report to the responsible minister at least seven days prior to the presentation deadline.¹⁵

1.43 The lack of clarity and clear legislative basis for the timing requirements for the tabling of annual reports under the current framework is also of concern to the Committee and it welcomes the review's recommendations that reflect the above findings:

RECOMMENDATION 30 [*Subject to the implementation of Recommendation 31*] Annual reports should be presented to the Parliament on or before 30 September. This would ensure the Parliament has annual reports available before the Senate Supplementary Budget Estimates hearings. Annual reports should be presented to the responsible minister no later than seven days before this date.

RECOMMENDATION 31 The Parliament and the Department of Finance should continue to implement a fully digital platform and reporting process for annual reports and other relevant reporting requirements, with a view to phasing out hard copy reporting by 2019–20. Sufficient resources and funding should be allocated to achieve this goal.¹⁶

1.44 The Committee was pleased to note that the Government response which was tabled on 5 April 2019 accepts, in principle, 48 out of 52 recommendations¹⁷ that are within its area of responsibility; and encourages sympathetic consideration of the remaining ones, including one recommendation that is of shared responsibility between the Government and Parliament.¹⁸

Timeliness of reports examined

1.45 Standing Order 25(20)(c) requires the Committee to investigate and report to the Senate on any lateness in the presentation of annual reports. The Committee

15 *Independent review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule*, September 2018, p. 40.

16 *Independent review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule*, September 2018, p. 41.

17 The four remaining recommendations are for or involve the Parliament.

18 Senator the Hon Mathias Cormann, Minister for Finance and the Public Service, *Australian Government Response to the Independent Review into the PGPA Act and Rule*, dated 2 April 2019.

considers the timely presentation of annual reports to the Parliament an important element of accountability.

1.46 Appendix 1 lists the annual reports tabled between 1 May 2018 and 30 April 2019 and referred to the committee for examination. This table includes the dates the reports were tabled in the Senate (or received by the President out of session) and the House of Representatives. For the purposes of the Committee's examination of timeliness, the earlier date is taken as the presentation date to the Parliament. The table also includes the dates the reports were submitted to, and received by, the Minister, if available.

1.47 As noted above, there are two elements regarding the timeframe for the preparation and presentation of annual reports: the provision of the report to the Minister and the presentation of the report to the Parliament. Both of these elements were examined by the Committee in investigating any lateness in presentation of the annual reports.

1.48 The Committee was pleased to note again this year that all of the 2017-18 annual reports within the Foreign Affairs and Trade Portfolio met both elements of the reporting timeframe. However, the Committee notes the delay between the report of the Australian Safeguards and Non-Proliferation Office being provided to the Minister on 19 September 2018 and received by the Minister on 30 October 2018. However, the Committee was pleased to see that the report was subsequently presented two days later, on 1 November 2018, well within the required 15 sitting days.

1.49 Within the Defence Portfolio, most reports again met both elements of the respective reporting timeframes, with the exception of three.

1.50 The Royal Australian Air Force Welfare Recreational Company (RAAFWRC) Report for 2016-17 was presented in the Senate on 3 August 2018, over a year after the financial year for which it covered. Although the report was signed off by the Chair and Director on 12 December 2017, it was not submitted to the Minister until 11 May 2018, and was received by the Minister on 5 July 2018. As a Commonwealth company, this is well after the requirement of four months after the end of the reporting period. The report was subsequently presented by the Minister on 16 July 2018, which is reasonably consistent with the requirements under section 97(5) of the PGPA Act, that is, as soon as practicable after receiving the report. The Committee notes that, while the Auditor-General's report indicated that the RAAFWRC financial statements for 2016-17 gave a true and fair view of the entity's financial position and performance for the year, and complied with relevant accounting standards; an emphasis of matter in relation to a prior period error was included. The report advised that:

Corrective action has been taken for the presentation of 2016/2017 statements and appropriate notes and restatements included within the financial report.¹⁹

1.51 It is further noted that the 2016-17 independent auditor's report for the RAAFWRC financial statements was dated 12 December 2017; which is later than recent reports and may have been a contributing factor in the later tabling for that year. The Committee was pleased to note that the RAAFWRC annual report for 2017-18 was tabled in a more timely manner, being provided to the Minister on 28 September 2018 and presented in the Senate on 1 November 2018.

1.52 While the 2017-18 report of Defence Housing Australia was presented in advance of the Committee's Supplementary Budget Estimates hearings, on 19 October 2018, it was noted that the agency was one day late in providing the report to the Minister. Similarly, the Royal Australian Air Force Veterans' Residences Trust report for 2017-18 was tabled in accordance with relevant requirements, on 24 October 2018, but the agency was two days late in submitting the report to the Minister.

1.53 As noted above, the requirements for the preparation of annual reports of statutory office holders are less prescribed than for those PGPA Act bodies, and provide some flexibility in regard to both content and tabling timeframe. While the Minister, upon receipt of the annual report, must present the report to the Parliament within 15 sitting days, the preparation and furnishing of the report to the Minister is 'as soon as practicable' or 'as soon as possible' after the end of the reporting period. The tabling timeframe for reports falling into this category were generally consistent with the tabling dates from last year and were considered to have met the legislative requirements.

1.54 The reports of the Director of Military Prosecutions and the Judge Advocate General for 2017 were submitted to the Minister on 1 June 2018, were received by the Minister on 26 June 2018 and tabled in Parliament the following day, 27 June 2018. The 2017-18 report of the Veterans' Review Board was submitted to, and received by the Minister on 19 October 2018 and presented on 31 October 2018. The Committee again commends the Repatriation Medical Authority for preparing an annual report, although not required to, which was submitted to the Minister in a timely manner on 5 October 2018, and subsequently tabled on 22 October 2018. The Committee notes that the 2017-18 report of Inspector General of the Australian Defence Force had not been presented in the period up until 30 April 2019.

1.55 The Committee commends those bodies and the relevant ministers whose reports for the 2017-18 financial year were presented to the Parliament and available to the Committee before the relevant Supplementary Budget Estimates 2018-19 hearings on 24 or 25 October 2018. It is noted that there were double the number of

19 *Royal Australian Air Force Welfare Recreational Company Annual Report 2016-17*, p. 4.

reports in this category in comparison to the previous year, where only five were available before the hearings (date of presentation is in brackets):

- Australian War Memorial (16 October 2018);
- Australian Centre for International Agricultural Research (16 October 2018);
- Department of Foreign Affairs and Trade (17 October 2018);
- Department of Defence (18 October 2018);
- ASC Pty Ltd (18 October 2018);
- Australian Naval Infrastructure Pty Ltd (19 October 2018);
- Defence Housing Australia (19 October 2018)
- Department of Veterans' Affairs, Repatriation Commission, and Military Rehabilitation and Compensation Commission (19 October 2018);
- Repatriation Medical Authority (22 October 2018);
- Export Finance and Insurance Corporation (23 October 2018); and
- Australian Trade and Investment Commission (24 October 2018).

Reports on the Schedule of Special Purpose Flights

1.56 The Committee has again chosen to comment on the timeliness of the two reports on the Schedule of Special Purpose Flights which were referred to the Committee during the examination period. The Committee notes a slight improvement with the timeliness of reporting on the most recent reports: with the report for July-December 2017 tabled on 16 August 2018 and therefore missing the June timeframe; however, the January-June 2018 report met the December timeframe, with its presentation to the President on 20 December 2018.

Senate debate

1.57 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 at the time of preparing this report.

Non-reporting bodies

1.58 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. The Committee makes no recommendation for any bodies not presenting an annual report to do so.

Reporting arrangements for new bodies

1.59 The Committee welcomes confirmation by the Australian Signals Directorate, a non-corporate Commonwealth entity, that following its first anniversary as a separate statutory agency in July 2019, it is the agency's intention to issue a declassified version of its annual report later this year.²⁰

1.60 At the Additional Estimates 2018-19 hearing on 20 February 2019 the Committee sought advice from Department of Defence on the availability of performance information for the new Naval Shipbuilding College which is an Australian Government initiative opened on 1 November 2018. The College is managed by the Naval Shipbuilding Institute, a joint venture between Kellogg Brown & Root and Huntington Ingalls Industries.²¹

1.61 At the hearing, the Committee was advised that following the first anniversary of the signing of the contract, Defence would receive an annual report from the providers of the College, in addition to updates on a quarterly basis.²² In response to a question on notice, Defence clarified the performance reporting arrangements under the contract and achievements to date:

The cont[r]act between Defence and NSI (Aust) Pty Ltd, the joint-venture selected to run the Naval Shipbuilding College, was signed on 1 March 2018. As a deliverable under the contract, a Year 1 Annual Plan was delivered to Defence on 12 July 2018. Each quarter the Commonwealth completes a Contract Performance Report which assesses performance against the Year 1 Annual Plan.

Achievements to date include:

- The development and implementation of a Workforce Register to capture an individual's interest in career opportunities in naval shipbuilding and sustainment;
- The completion of seven Training Needs Analysis for Designer, Production Planner, Scheduler, Project Manager, Welding, Electrical and Pipefitter;
- The establishment of an endorsement framework for training providers, with TAFE SA and TAFE Queensland welding courses approved by the College as meeting industry occupational standards and requirements;

20 Lieutenant General John Frewen, Principal Deputy Director-General, Australian Signals Directorate, *Official Committee Hansard*, Additional Estimates 2018-19, 20 February 2019, p. 137.

21 See <http://www.defence.gov.au/NavalShipbuilding/College.asp> (accessed 29 May 2019).

22 Mr Daniel Fankauser, Department of Defence, *Official Committee Hansard*, Additional Estimates 2018-19, 20 February 2019, p. 98.

-
- Engagement with industry to conduct labour market analysis and the development of Workforce Demand projections using a common taxonomy of job descriptions.²³

1.62 While not an entity for the purposes of Senate Standing Order 25(20), with a contract value totalling \$62 million (GST inclusive) over three years,²⁴ the Committee would hope that regular performance information for the Naval Shipbuilding College is made publicly available.

Assessment of reports

1.63 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 largely adhere to relevant requirements. The Committee considers the reports examined to be 'apparently satisfactory'. The Committee has selected seven reports for closer examination in Chapter 2.

23 Department of Defence, answer to question on notice no. 28, Additional Estimates 2018-19, received 26 March 2019.

24 Department of Defence, answer to question on notice no. 66, Supplementary Budget Estimates 2018-19, received 12 February 2019.

