

Chapter 2

Annual reports of agencies

2.1 This chapter examines, in greater detail, the annual reports that have been received during the period 1 November 2012 to 30 April 2013. While it is usual practice for selected reports to be examined, the committee decided to examine all eleven annual reports received from the Agriculture, Fisheries and Forestry portfolio.

Cotton Research and Development Corporation (CRDC)

2.2 The CRDC lists its Key Performance Indicators (KPIs) in table format, which identifies whether indicators were achieved, partially achieved, or not achieved. For KPIs that were either partially achieved or not achieved, CRDC has provided an explanation as to why. The committee notes that a majority of the CRDC's KPIs were achieved.¹

2.3 The committee is pleased to note that, following comments made in its previous reports, the CRDC has improved its reporting under the *Freedom of Information Act 1982* (FOI Act), the *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) and the *Work Health and Safety Act 2011* (WHS Act).² Reporting under the EPBC Act contains information in a helpful table, which includes examples of research initiatives that provide measurable environmental, economic and social benefits to the cotton industry and the wider community.³

2.4 The CRDC has provided an informative executive summary covering the operating context, financial performance, and the corporate operations of the Corporation.⁴ The committee notes that the cotton crop in 2011–12 produced five million bales, which exceeded the previous record of four million bales.⁵

2.5 The committee notes the following research and development highlights for CRDC:

- the *Cotton Industry Succession and Professional Development—A review of Employer and Industry Needs in the Agribusiness Sector* was completed;
- a new project commenced with the Rural Innovation Research Group at the University of Melbourne and the Workplace Research Centre at the University of Sydney to establish a workforce development plan for the cotton industry; and

1 Cotton Research and Development Corporation, *Annual Report 2011–12*, pp 124–131.

2 Cotton Research and Development Corporation, *Annual Report 2011–12*, pp 80–81 and 136.

3 Cotton Research and Development Corporation, *Annual Report 2011–12*, p. 136.

4 Cotton Research and Development Corporation, *Annual Report 2011–12*, pp 2–28

5 Cotton Research and Development Corporation, *Annual Report 2011–12*, pp 2, 8–9.

- the *Australian cotton industry water story—A decade of research and development* was published.⁶

2.6 The committee considers the CRDC's report on performance to be of a very high standard, and commends the CRDC for consistently producing clear, concise and well-constructed annual reports over a number of years.

Fisheries Research and Development Corporation (FRDC)

2.7 The FRDC has again provided a helpful compliance index that includes separate sections for the different reporting requirements. The committee is pleased to note that, following comments in previous reports, the compliance index is more closely aligned with the reporting requirements in the *Primary Industries and Energy Research and Development Act 1989* (PIERD Act).⁷ The FRDC has also made explicit directors' responsibilities under section 9 of the *Commonwealth Agencies and Companies Act 1997* (the CAC Act) for the preparation and content of the report of operations. FRDC also specified in its report that the report was made in accordance with a resolution of the directors.⁸

2.8 The committee is disappointed to note that the FRDC has not improved its reporting on performance, despite comments in previous reports. The report on performance is presented in tables with a column titled 'achievements', which provides a description of the activities involved and does not contain an assessment of performance. The committee reminds the FRDC that an assessment on the effectiveness of operations should also be included.⁹

2.9 The FRDC reported that the future of the aquaculture industry is uncertain due to the public perception of the global industry's overall sustainability. In response, the FRDC Board announced the four following strategies:

- (i) industry unity—developing consensus on fishing and aquaculture through unified messages on key science issues;
- (ii) media relations—providing the FRDC's science outputs in a format better suited for media use;
- (iii) community relations—engaging with regional and urban communities to showcase positive science stories; and
- (iv) stakeholder advocacy—to work with both allies and detractors to develop an agreed 'common language' on issues where there are differences of opinion on the scientific evidence.¹⁰

6 Cotton Research and Development Corporation, *Annual Report 2011–12*, pp 2–3, 44 and 54.

7 Fisheries Research and Development Corporation, *Annual Report 2011–12*, pp 160–164.

8 Fisheries Research and Development Corporation, *Annual Report 2011–12*, p. i.

9 Fisheries Research and Development Corporation, *Annual Report 2011–12*, pp 27–28, 39–40, 50, 55, and 64.

10 Fisheries Research and Development Corporation, *Annual Report 2011–12*, pp 6–7.

Grains Research and Development Corporation (GRDC)

2.10 The committee found the GRDC's report to be informative and very well presented. The compliance index is helpfully grouped according to legislative reporting requirements, which the committee finds helpful when assessing GRDC's reporting compliance.¹¹

2.11 The committee notes the commencement of GRDC's new strategic Research and Development (R&D) Plan for 2012-17. The Plan has six core themes:

- (i) meeting market requirements;
- (ii) improving crop yield;
- (iii) protecting your crop;
- (iv) advancing profitable farming systems;
- (v) improving your farm's resource base; and
- (vi) building skills and capacity.¹²

2.12 The committee notes GRDC's first phone application (app), *The Weeds: the Ute Guide*, which was launched at a committee meeting of the National Integrated Weed Management Initiative in Adelaide in November 2011. The GRDC reported that the app includes the most common annual, biannual and perennial weeds of the southern and western grain-growing regions. It also contains a calendar for each weed, which shows the time of the year the weed is likely to be present in the paddock and where possible, photographs of the weed at various growth stages to assist with identification.¹³

Grape and Wine Research Development Corporation (GWRDC)

2.13 The GWRDC has provided an informative report. The committee observed that the layout of report reduced the readability of the report and suggests minimising the use of columns in future reports.

2.14 The committee is pleased to note that, following comments in its previous report, GWRDC has included, within the corporate governance section, the attendance of directors at board committee meetings.¹⁴

2.15 The committee notes that the Wine Grape Growers Association and the Winemakers' Federation of Australia jointly proposed to merge GWRDC with Wine Australia Corporation to create a single statutory authority. The GWRDC reported in the Executive Director's overview that:

11 Grain Research and Development Corporation, *Annual Report 2011–12*, p. 187.

12 Grain Research and Development Corporation, *Annual Report 2011–12*, p. 18.

13 Grains Research and Development Corporation, *Annual Report 2011–12*, p. 41.

14 Grape and Wine Research and Development Corporation, *Annual Report 2011–12*, pp 54–55.

...the GWRDC Board supported the merger while identifying the need for a continued focus on the management of and investment in RD&E across the whole value chain.¹⁵

2.16 The proposed merger of GWRDC and Wine Australia was approved on 10 December 2012 by the then Minister for Agriculture, Fisheries and Forestry, Senator the Hon Joe Ludwig. It is anticipated that the merged entity will be operational from July 2014.¹⁶

2.17 The committee notes that the grape yields for 2011 were lower due to the south east region receiving heavy and prolonged rainfalls late in the season, which resulted in fewer bunches and smaller sized fruit.¹⁷

Rural Industries Research and Development Corporation (RIRDC)

2.18 The committee is pleased to note that the RIRDC's reporting under the EPBC Act, FOI Act and the National Disability Strategy is of a high standard.¹⁸

2.19 The committee also notes that RIRDC consulted with the Australian Government and industry stakeholders to develop the new Corporate Plan 2012-17. From consultations, the following priority areas were identified:

- the importance of productivity growth to support rural industry profit and sustainability;
- the need to identify emerging issues and coordinate research into the impact on the rural sector;
- ensuring new industry (and innovation) potential is explored in a rigorous way and knowledge gained is shared;
- applying a life-cycle approach to supporting rural industries;
- collaborating to respond to cross sector research development and extension (RD&E) needs;
- supporting new industries;
- maintaining and building rural research capacity;
- investing in rural sector people; and
- enhancing the adoption of RD&E.¹⁹

15 Grape and Wine Research and Development Corporation, *Annual Report 2011–12*, p. 19.

16 Winemakers' Federation of Australia, 'Merger of statutory authorities', media release, 11 December 2012.
<http://www.wfa.org.au/resources/1/Media%20releases/Wine%20industry%20welcomes%20plans%20for%20new%20authority.pdf>

17 Grape and Wine Research and Development Corporation, *Annual Report 2011–12*, p. 18.

18 Rural Industries Research and Development Corporation, *Annual Report, 2011–12*, pp 17, 30–33 and 155.

19 Rural Industries Research and Development Corporation, *Annual Report 2011–12*, pp 9–10.

2.20 The RIRDC reported that three overarching goals were also set to guide investment and delivery against the priorities contained in the 2012–17 Corporate Plan. The goals are:

- (i) promote leadership and innovation in the rural sector;
- (ii) increase profit and productivity in rural industries; and
- (iii) enhance sustainability across the rural sector.²⁰

2.21 The committee commends the RIRDC for its comprehensive review of its functions, activities, and outcomes in its annual report for 2011–12. The use of tables and graphs presented the information in a logical and easy to understand format.²¹

Sugar Research and Development Corporation (SRDC)

2.22 The committee notes that the SRDC has comprehensively reported on the factors, trends and events that influenced its performance in 2011–12 and has included an overview of future challenges and opportunities.²²

2.23 The committee is disappointed to find that, following comments made in its previous reports, the SRDC has again provided an incomplete compliance index, without which the committee finds it difficult to assess whether or not all reporting requirements have been met.²³

2.24 The committee is also disappointed to note that the SRDC has not fulfilled its reporting requirements under the FOI Act. The SRDC has not included the Information Publication Scheme statement. The committee encourages the SRDC to look carefully at the reporting requirements under this legislation when compiling upcoming reports.²⁴

2.25 The SRDC reported that a new Research, Development and Extension Plan for 2012–17 was developed and approved on 30 June 2012 by the then Minister for Agriculture, Fisheries and Forestry the Hon Senator Joe Ludwig.²⁵

20 Rural Industries Research and Development Corporation, *Annual Report 2011–12*, p. 10.

21 Rural Industries Research and Development Corporation, *Annual Report, 2011–12*, pp 26–30, 32–34, 67–148.

22 Sugar Research and Development Corporation, *Annual Report 2011–12*, p. 9.

23 Sugar Research and Development Corporation, *Annual Report 2011–12*, p. 151. For an example of a complete compliance index refer to *Grains Research and Development Corporation Annual Report 2011–12*

24 Sugar Research and Development Corporation, *Annual Report 2011–12*, p. 88.

25 Sugar Research and Development Corporation, *Annual Report 2011–12*, p. 5.

Prescribed Agencies

Australian Fisheries Management Authority (AFMA)

2.26 AFMA has provided a comprehensive overview of the major factors likely to impact on fisheries management over the next four years, which included:

- global economic pressures;
- the cost effectiveness of fisheries management;
- climate change; and
- Australian fish stock levels.²⁶

2.27 The committee notes that on 3 February 2012, AFMA marked its 20th anniversary. AFMA reported that during the 20 years it has observed many changes; including the move away from single species management of major fisheries to the current statutory management plans with output controlled management systems.²⁷

2.28 AFMA reported that the Torres Strait Tropical Rock Lobster Fishery was the most valuable commercial fishery in the Torres Strait during 2011 with 704 tonnes harvested.²⁸

2.29 The committee is pleased to again note that AFMA's compliance index is well presented and is helpfully separated by legislative reporting requirements.²⁹

2.30 The committee commends AFMA on its consistently high standard of reporting, including under the FOI, EPBC and WHS Acts. AFMA's report on performance is thorough, well-structured and contains relevant case studies. AFMA uses a tick symbol to indicate whether the performance indicators have been achieved, and provide explanations when targets have not been met.³⁰

Australian Pesticides and Veterinary Medicines Authority (APVMA)

2.31 The committee notes that Ms Bennet-Jenkins' term as Chief Executive Officer expired at the end of 2012.³¹ Ms Kareena Arthy was appointed for a five year term on 18 December 2012 by the then Minister for Agriculture, Fisheries and Forestry Senator the Hon Joe Ludwig.³²

26 Australian Fisheries Management Authority, *Annual Report 2011–12*, pp 4–6.

27 Australian Fisheries Management Authority, *Annual Report 2011–12*, p. vi.

28 Australian Fisheries Management Authority, *Annual Report 2011–12*, p. 3.

29 Australian Fisheries Management Authority, *Annual Report 2011–12*, pp 150–152.

30 Australian Fisheries Management Authority, *Annual Report 2011–12*, pp 12–30 and 143–145.

31 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2011–12*, p. 3.

32 Australian Pesticides and Veterinary Medicines Authority, 'New CEO appointed', media release, 18 December 2012.

http://www.apvma.gov.au/news_media/news/2012/2012-12-18_new_ceo.php

2.32 The committee is pleased to note that, following comments in its previous report, APVMA has tabulated its performance reporting data, which has improved the readability of the APVMA report.³³

2.33 However, the committee is disappointed to note that the APVMA compliance index states that it has been prepared in accordance with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* (Requirements for Annual Reports), as revised by the Department of the Prime Minister and Cabinet (PM&C) in July 2011.³⁴ The committee reminds APVMA that the Requirements for Annual Reports are revised annually by PM&C, with the current Requirements for Annual Reports released by PM&C in June 2012. It is the committee's opinion that reporting agencies remain up to date with changes to the Requirements for Annual Reports.

2.34 Finally, the committee notes that a number of errors were found in APVMA's compliance index, including referencing incorrect pages numbers.³⁵ Nonetheless, the omissions were not so problematic to the committee that it had difficulty assessing the report against the relevant requirements.

Wheat Exports Australia (WEA)

2.35 The committee notes that this is WEA's last annual report, as Parliament passed the Wheat Export Marketing Amendment Bill 2012, which will transition the wheat export industry to full deregulation. The Wheat Export Accreditation Scheme and the Wheat Export Charge were abolished on 10 December 2012 and WEA ceased operating on 31 December 2012.³⁶

2.36 The legislative changes were as a result of the Australian Government's response to the Productivity Commission's Inquiry into Wheat Export Marketing Arrangements. The Australian Government agreed with the Productivity Commission's recommendations and proposed a three stage approach to the full deregulation of the wheat industry. The three stages are:

- (i) the application of a 'lighter-touch' Scheme from October 2011;
- (ii) the abolition of the Wheat Export Accreditation Scheme and the Wheat Export Charge on 30 September 2012, with the winding-up of the WEA by 31 December 2012; and

33 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2011–12*, pp 17–119.

34 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2011–12*, p. 233.

35 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2011–12*, pp 233–235. Incorrect page numbers were provided for the Alphabetical Index (pp XX instead of pp 233–235), Advertising and Marketing Research (p. 140 instead of p. 137) and the Audit report of the Financial Statements (pp 133–134 instead of pp 139–140).

36 Wheat Exports Australia, 'WEA to close on 31 December 2012', media release, 3 December 2012.

http://www.wea.gov.au/PDF/media/media%20releases/MR_billpassed.pdf

- (iii) the establishment of a voluntary code of conduct by 30 September 2014 prescribing continuous disclosure rules for port terminal operators that export wheat.³⁷

2.37 The committee notes that WEA's report on performance has again been fulfilled to a high standard. WEA's reporting on performance is helpfully presented in tabular form allowing for comparisons to be made between targets and actual performance.³⁸

2.38 WEA reported a record national wheat crop of 29.5 million tonnes for the 2011-12 growing season of which 20.4 million tonnes of wheat was exported to 34 countries, including Indonesia, South Korea and Vietnam.³⁹

Other agencies

Australian Livestock Export Corporation Limited (LiveCorp)

2.39 The LiveCorp *Annual Report 2011-12* was prepared in accordance to the requirements set out in the *Australian Meat and Live-stock Industry Act 1997* and the *Corporations Act 2001*.

2.40 LiveCorp reported that 2011-12 was '...a time of significant challenge, development and opportunity for the livestock export industry', which included:

- the suspension of cattle trade to Indonesia;
- the implementation of the Exporter Supply Chain Assurance System (ESCAS);
- declining number of livestock exports to all markets;
- declining revenue base; and
- staffing changes in the Chief Executive Officer position.⁴⁰

2.41 The committee notes that the ESCAS framework was initially implemented for cattle exported to Indonesia in June 2011. By the end of 2012, the ESCAS framework was to be applied to all markets taking Australian livestock. Under the ESCAS framework, Australian exporters must seek a permit to export livestock for slaughter and show that:

- animals will be handled and processed through the specified supply chains in accordance with the requirements for animal welfare established by the World Organisation for Animal Health;
- they have control of the movement of animals within the supply chain;
- they can track or account for animals throughout the supply chain; and

37 Wheat Exports Australia, *Annual Report 2011-12*, p. 2.

38 Wheat Exports Australia, *Annual Report 2011-12*, p. 14.

39 Wheat Exports Australia, *Annual Report 2011-12*, pp 2, 6-7.

40 Australian Livestock Export Corporation, *Annual Report 2011-12*, pp 2-3.

- they have independent audits of the supply chain, both prior to shipment and after the arrival of the animals.⁴¹

2.42 LiveCorp reported that the export volumes of both cattle and sheep dropped during 2011-12 due to the suspension of the cattle trade to Indonesia, increased competition from exporting nations, the high Australian dollar and the implementation of the ESCAS framework.⁴²

2.43 The committee notes that 684 855 cattle were exported in 2011-12, which represented an overall decline of 15 per cent compared to 2010-11. Cattle export volumes to Indonesia and Turkey were 18 per cent and 64 per cent lower respectively compared to 2010-11, due to the suspension of cattle trade and increased global competition.⁴³

2.44 In comparison, the committee notes that 2.6 million sheep were exported in 2011-12, which represented an overall decline of 12 per cent compared to 2010-11. The decline in sheep export volumes predominantly occurred in the Middle East and North Africa region, with Oman, the United Arab Emirates, Saudi Arabia, Kuwait and Turkey reduced their sheep volumes by on average 28 per cent compared to 2010-11. LiveCorp reported that this reduction was partially offset by Qatar and Jordan increasing their imports for 2011-12 by 45 per cent and 64 per cent respectively.⁴⁴

Dairy Australia Limited

2.45 The Dairy Australia Limited *Annual Report 2011-12* has been prepared in accordance to the requirements set out in the *Dairy Produce Act 1986* and the *Corporations Act 2001*.

2.46 The committee encourages Dairy Australia Limited to comply with the *Printing standards for documents presented to Parliament*, which specify that all documents to be presented in Parliament must be printed in international B5 size.⁴⁵

2.47 The committee notes that national milk production in 2011-12 increased by 4.2 per cent to 9.48 billion litres, which is the highest annual growth rate in a decade. Dairy Australia Limited reported that this productivity positioned dairy as the third-largest rural industry in Australia.⁴⁶

2.48 The committee commends Dairy Australia Limited for its reporting on performance, which is to a high standard. The report on performance is presented clearly in table format along with the program objective, the amount invested for each

41 Australian Livestock Export Corporation, *Annual Report 2011-12*, p. 5.

42 Australian Livestock Export Corporation, *Annual Report 2011-12*, p. 6.

43 Australian Livestock Export Corporation, *Annual Report 2011-12*, p. 6.

44 Australian Livestock Export Corporation, *Annual Report 2011-12*, p. 7.

45 This document can be accessed at http://www.aph.gov.au/Parliamentary_Business/Chamber_documents/Tabled_Papers/Advice_to_government_agencies#standards

46 Dairy Australia Limited, *Annual Report 2011-12*, p. 8.

strategic objective in 2011-12 and actual performance against the Annual Operating Plan 2011-12.⁴⁷

2.49 Dairy Australia Limited launched the Dairy and Sports Performance project to promote the nutritional benefits to physically active 18 to 35 year olds using a range of marketing and communication initiatives. Research indicates that 18 to 35 years old consumers typically consume 1.3 serves of dairy per day, which is below the recommended intake of three serves a day. Dairy Australia in conjunction with the Australian Institute of Sport, the Australian Football League (AFL) Victoria and Sports Dietitians Australia launched the 'Milk the Moment' campaign and the 'Powered by Milk' campaign.⁴⁸

2.50 The Dairy and Sports Performance project will continue with an additional campaign designed to reach parents of primary school-aged children. Dairy Australia Limited reported that the campaign has already been initiated through the AFL Victoria Auskick Program.⁴⁹

Conclusion

2.51 The committee has found, under the terms of standing order 25(20), that all but two of the reports described here are apparently satisfactory. In making this assessment, the committee considers compliance with relevant reporting requirements. The committee encourages the Australian Pesticides and Veterinary Medicines Authority and the Sugar Research and Development Corporation to ensure their future annual reports are compliant with the relevant reporting requirements.

Senator Bill Heffernan

Chair

47 Dairy Australia Limited, *Annual Report 2011–12*, pp 23–33.

48 Dairy Australia Limited, *Annual Report 2011–12*, pp 28–29.

49 Dairy Australia Limited, *Annual Report 2011–12*, p. 28.