

Chapter 2

Annual reports of agencies

2.1 This chapter examines, in greater detail, selected annual reports that have been received during the period 1 November 2013 to 30 April 2014, and provides the Senate with information that may be of particular interest. During the reporting period two new reporting entities were established and two ceased operation; their inaugural and final reports are examined in this chapter.

Agriculture Portfolio

Commonwealth authorities

Cotton Research and Development Corporation (CRDC)

2.2 The Cotton Research and Development Corporation (CRDC) has again provided a helpful table that lists its Key Performance Indicators (KPIs) and identifies whether they were achieved, partially achieved, or not achieved. Where a KPI was either partially achieved or not achieved, CRDC provided an explanation.¹ The committee considers this best practice in terms of measuring performance and commends CRDC for the consistently high standard of annual reports it has produced.

2.3 During 2012-13, CRDC's 2013-18 Strategic Research and Development (R&D) Plan was finalised and approved. CRDC reported that the plan 'connects insights into changes in society with those of the cotton sector and identifies the critical importance of responding with better knowledge sharing and even stronger relationships between farmers, industry and customers.'² The committee notes that in October 2012 ACIL Tasman conducted an independent review of CRDC's organisational performance with a view to guiding its implementation of the Strategic R&D Plan. The review concluded:

CRDC is a significant and respected organisation in cotton RD&E [Research, Development and Extension], whose actions are consistent with the PIERD Act, aligned with its Strategic Plan and the priorities of industry and government.³

2.4 In response to the review, CRDC reported that its Board and management had 'accepted the report recommendations for improvement to CRDC's performance framework, stakeholder engagement and human resource management.'⁴

Fisheries Research and Development Corporation (FRDC)

2.5 The committee notes that Fisheries Research and Development Corporation (FRDC) prepared its report in compliance with the *Commonwealth Authorities and*

1 Cotton Research and Development Corporation, *Annual Report 2012-13*, pp 120-132.

2 Cotton Research and Development Corporation, *Annual Report 2012-13*, p. 7.

3 Cotton Research and Development Corporation, *Annual Report 2012-13*, p. 7.

4 Cotton Research and Development Corporation, *Annual Report 2012-13*, p. 75.

Companies (Report of Operations) Orders 2008 made (formerly) under section 48 of the *Commonwealth Authorities and Companies Act 1997*.⁵ The committee highlights that the 2008 Orders have been repealed and replaced by the *Commonwealth Authorities (Annual Reporting) Orders 2011* and that future reports should be prepared in accordance with updated legislation. The committee again reminds FRDC that an assessment on the effectiveness of operations should be included in its annual report, as opposed to only listing 'achievements'.⁶

Grape and Wine Research and Development Corporation (GWRDC)

2.6 During 2012-13, the Grape and Wine Research and Development Corporation (GWRDC) implemented a new five-year Strategic Research, Development and Extension (RD&E) Plan. GWRDC reported that the plan 'specifically encompasses more active direction of RD&E projects, a heightened emphasis on extension activities, and more active engagement with research providers to ensure the delivery of research outcomes that can be adopted by [its] stakeholders and used for continuous improvement and innovation.'⁷ GWRDC also indicated that it was actively working towards and supported a merger with the Wine Australia Corporation (WAC). However, it would continue to emphasise 'its commitment to maintaining the distinction between the R&D levies reserved for GWRDC's investments and the marketing levies allocated to WAC.'⁸ The committee notes that the new industry statutory body, the Australian Grape and Wine Authority, commenced operations on 1 July 2014.

2.7 The committee reiterates previous comments that the use of columns in the GWRDC's annual reports detrimentally affects readability.⁹ It also suggests that performance reporting could be improved by more clearly assessing whether targets and outcomes have been achieved, were in progress, or not achieved.¹⁰ The committee commends the incorporation of a compliance index with a clear distinction between the relevant legislative reporting requirements.¹¹

5 Fisheries Research and Development Corporation, *Annual Report 2012-13*, pp 178-179.

6 Fisheries Research and Development Corporation, *Annual Report 2012-13*, pp 36, 49, 63, 70, 79.

7 Grape and Wine Research and Development Corporation, *Annual Report 2012-13*, p. 14.

8 Grape and Wine Research and Development Corporation, *Annual Report 2012-13*, p. 17.

9 See Rural and Regional Affairs and Transport Legislation Committee, *Annual reports (No. 2 of 2013)*, p. 7.

10 Grape and Wine Research and Development Corporation, *Annual Report 2012-13*, pp 20-43.

11 Grape and Wine Research and Development Corporation, *Annual Report 2012-13*, pp 100-101.

Sugar Research and Development Corporation (SRDC)

2.8 On 28 June 2013, the bills that provided for the restructuring of sugar research and development organisations were passed by the Australian Parliament.¹² On 5 August 2013, the then Minister for Agriculture, Fisheries and Forestry announced that Sugar Research Australia Limited (SRA) would be the new Industry Owned Company with responsibility for undertaking and funding research on behalf of industry. SRDC's current and previously approved Research, Development and Extension (RD&E) projects were thus transferred to SRA for management. SRDC's assets and liabilities were also transferred and SRDC wound up as at 30 September 2013.¹³

2.9 The committee notes that the final two annual reports of the SRDC did not respond to previous comments made by the committee,¹⁴ whereby both reports again had an incomplete compliance index.¹⁵

Prescribed agencies

Wheat Exports Australia (WEA)

2.10 The Wheat Export Marketing Amendment Bill 2012, passed by both houses of Parliament on 29 November 2012, brought about the abolition of the Wheat Export Accreditation Scheme and the Wheat Export Charge on 10 December 2012 and the WEA ceased operating on 31 December 2012.¹⁶ The committee examined the WEA's 2011-12 annual report in December 2013.¹⁷ However, it was later referred a final report for the period 1 July to 30 December 2012.

2.11 The WEA was established with the objective of regulating 'the export of bulk wheat (that is, other than in bags and containers) from Australia through the Wheat Export Accreditation Scheme 2008 and to inform government, growers, accredited bulk wheat exporters and industry stakeholders of outcomes.'¹⁸ These arrangements 'were intended to increase competition in the bulk wheat export market.'¹⁹ WEA reported that between 1 July 2012 and 31 December 2012, no new exporters were

12 See *Sugar Research and Development Services Act 2013*; *Sugar Research and Development Services (Consequential Amendments and Transitional Provisions) Act 2013*; and *Sugar Research and Development Services (Consequential Amendments—Excise) Act 2013*.

13 Sugar Research and Development Corporation, *Annual Report 2013-14 (Final Annual Report, 1 July 2012 – 30 September 2013)*, p. 5.

14 See Rural and Regional Affairs and Transport Legislation Committee, *Annual reports (No. 2 of 2013)*, p. 9.

15 Sugar Research and Development Corporation, *Annual Report 2012-13*, p. 171; Sugar Research and Development Corporation, *Annual Report 2013-14 (Final Annual Report, 1 July 2012 – 30 September 2013)*, p. 144.

16 Wheat Exports Australia, *Annual Report 2012-13 (1 July 2012 to 31 December 2012)*, pp 7-8.

17 See Rural and Regional Affairs and Transport Legislation Committee, *Annual reports (No. 2 of 2013)*, pp 11-12.

18 Wheat Exports Australia, *Annual Report 2012-13 (1 July 2012 to 31 December 2012)*, p. 7.

19 Wheat Exports Australia, *Annual Report 2012-13 (1 July 2012 to 31 December 2012)*, p. 7.

accredited, 14 exporters renewed their accreditation and one exporter surrendered its accreditation, leaving a total of 22 accredited exporters as at 9 December 2012.²⁰ WEA also outlined future transitional arrangements that will take place following the closure of WEA:

The requirement for providers of grain port terminal services to pass the access test as a condition for exporting bulk wheat was retained until 30 September 2014. After that date the access test will be abolished on the condition that a mandatory industry code of conduct covering access to grain export terminals is in place.

If the code is approved the market will move to full deregulation from 1 October 2014. All aspects of the industry will then be subject to general competition law administered by the Australian Competition and Consumer Commission and complemented by the code.

The government is to establish a national wheat industry advisory taskforce to examine current arrangements along the supply chain and provide recommendations on the appropriate use of surplus funds from the Wheat Export Charge.²¹

Infrastructure and Regional Development Portfolio

Commonwealth authorities

National Transport Commission (NTC)

2.12 The National Transport Commission (NTC) is not a Commonwealth authority for the purposes of the *Commonwealth Authorities and Companies Act 1997* (CAC Act), however, the NTC's enabling legislation states that certain sections of the CAC Act apply to it, including section 9, relating to annual reporting requirements.²² Under schedule 1 of the CAC Act, an agency's report must include a report of operations prepared in accordance with the CAC Orders.

2.13 The committee highlights that the NTC has once again provided an accessible and informative report, with clear and detailed reporting of the NTC's performance, including safety and productivity outcomes. However, it notes the absence of a statement indicating the annual report of operations is adopted by resolution of the directors as well as how and when approval was given. This statement must also indicate that directors are responsible for the preparation and contents of the annual report of operations.²³

2.14 During 2012-13 the regulators established by the Heavy Vehicle National Law and Rail Safety National Law commenced operations, with the NTC leading the

20 Wheat Exports Australia, *Annual Report 2012-13 (1 July 2012 to 31 December 2012)*, p. 4.

21 Wheat Exports Australia, *Annual Report 2012-13 (1 July 2012 to 31 December 2012)*, p. 8.

22 *National Transport Commission Act 2003*, s 38.

23 *Commonwealth Authorities (Annual Reporting) Orders 2011*, order 6.

development of these laws.²⁴ The 2012 *Review of the National Transport Commission and other relevant transport bodies*, which examined the role of the NTC in supporting the start of the national Heavy Vehicle Regulator (NHVR) and National Rail Safety Regulator (NRSR) in January 2013, made a number of recommendations. The NTC reported that it had taken these recommendations into consideration in developing its 2013-2014 to 2015-16 Strategic Plan and Work Program.²⁵

Prescribed agencies

National Capital Authority (NCA)

2.15 The National Capital Authority (NCA) is responsible for administering the Commonwealth's interest in Canberra as the National Capital. The nation celebrated the centenary of the founding of Canberra in March 2013, with the NCA coordinating many Centenary Celebrations. During 2012-13 a review of the National Capital Plan commenced and the NCA reported that it would continue reform of the plan in 2013-14. The NCA also reported that in 2012-13 it had received \$4.620m in additional revenue over 2011-12 (predominantly a result of increased funding from the Commonwealth Government in response to Dr Allan Hawke's review of the NCA) and was budgeting consecutive surpluses over the coming three financial years to recover the deficit position from 2011-12.²⁶

2.16 This committee and the Senate Finance and Public Administration Committee have previously made comments that the NCA should focus its future annual reports on the assessment of its performance, rather than providing a description of its activities.²⁷ While the NCA's *Annual Report 2012-13* incorporated substantially more statistics and specific milestones than previous reports, it still lacked any clear and substantive assessment of its performance against relevant outcomes. The committee encourages the NCA to address this issue in future reports.

Other agencies

Office of the National Rail Safety Regulator (ONRSR)

2.17 The Office of the National Rail Safety Regulator (ONRSR) commenced operations on 20 January 2013, established in July 2012 by the collective Australian Governments through an Intergovernmental Agreement and by industry. It was created to enforce compliance with the *Rail Safety National Law (South Australia) Act 2012* (RSNL), with the objectives of 'encouraging rail safety improvements across Australia, reducing the bureaucracy that operators have faced in obtaining multiple accreditations of each state in which they operate, and providing the environment in

24 The inaugural annual reports of the National Heavy Vehicle Regulator and National Rail Safety Regulator are discussed below.

25 National Transport Commission, *Annual Report – 2012-13*, p. 28.

26 National Capital Authority, *Annual Report 2012-13*, pp viii-x.

27 See Rural and Regional Affairs and Transport Legislation Committee, *Annual reports (No. 2 of 2012)*, pp 14-15; Senate Finance and Public Administration Committee, *Annual Reports (No. 2 of 2011)*, pp 23-24.

which industry can harmonise standards to increase productivity and reduce costs.²⁸ The ONRSR is a body corporate established under the RSNL and is not subject to Ministerial direction in the exercise of its functions and powers. As of 30 June 2013, the RSNL had yet to be enacted in Victoria, Queensland, the ACT and Western Australia.²⁹

2.18 The Regulator is required to prepare an annual report in accordance with section 43 of the RSNL and deliver it to the responsible Ministers for tabling in the Parliament of each participating jurisdiction, including the Commonwealth. The committee notes the high standard of the Regulator's inaugural report, which meets its legislative requirements and also includes helpful tables and clear statistical information. The committee commends the incorporation of a compliance index, which assisted the committee to easily check that reporting requirements had been met.³⁰ However, the committee encourages the NHVR 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.³¹

2.19 The committee appreciates that the effectiveness of the Regulator is constrained until all jurisdictions have enacted the required legislation, a significant milestone that is set to be achieved during 2013-14.³² It nevertheless highlights the Regulator's key achievements to date, including the establishment of:

- a national register of accreditation and notice information on the ONRSR website;
- a drug and alcohol testing program to test rail safety workers; and
- a National Operations Committee to harmonise the approach to rail safety in different jurisdictions.³³

National Heavy Vehicle Regulator (NHVR)

2.20 In August 2011, the states, territories and the Australian Government agreed through the Intergovernmental Agreement on Heavy Vehicle Regulatory Reform to establish the National Heavy Vehicle Regulator (NHVR). The NHVR was created to administer one set of rules for all heavy vehicles under the *Heavy Vehicle National Law Act 2012* (Qld). The NHVR is a statutory body corporate with perpetual succession and is neither a governmental corporation nor a departmental body and there are no shareholders. It was formally established on 12 October 2012 and

28 Office of the National Rail Safety Regulator, *Annual Report 2012-13*, p. 1.

29 Office of the National Rail Safety Regulator, *Annual Report 2012-13*, pp 1-3.

30 Office of the National Rail Safety Regulator, *Annual Report 2012-13*, p. 55.

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

32 Office of the National Rail Safety Regulator, *Annual Report 2012-13*, p. 22.

33 Office of the National Rail Safety Regulator, *Annual Report 2012-13*, p. 20.

commenced partial operations on 21 January 2013, with a view to assuming its full responsibilities once the Heavy Vehicle National Law is in place in all jurisdictions.³⁴

2.21 Section 693 of the *Heavy Vehicle National Law Act 2012* (Qld) sets out the reporting requirements for the NHVR, including that it transmit the report to all responsible Ministers for tabling in each House of the Parliament of each participating jurisdiction and of the Commonwealth. The annual report referred to the committee is the NHVR's inaugural annual report and is for the period 12 October 2012 to 30 June 2013. The committee notes that because the NHVR's Corporate Plan did not come into effect till 1 July 2013, certain reporting requirements were not triggered in the first year of NHVR operations.³⁵ The NHVR stated that 'underpinning the [reporting] period' was:

...the organisational transformation from multi-operations separated both geographically and legislatively, to an amalgamated unit in one location, the introduction of new core systems including a central call centre, and the creation of management teams for both the National Heavy Vehicle Accreditation Scheme (NHVAS), the Performance-Based Standards (PBS) Scheme design and call centre.³⁶

2.22 While the committee notes that the NHVR sought to satisfy its legislative requirement to report on industry feedback,³⁷ it is of the view that an actual statement summarising industry comments is needed, as opposed to just outlining outcomes purportedly achieved due to industry feedback. The committee also encourages the NHVR 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.³⁸ Finally, it would assist the committee if future reports incorporated a compliance index.

2.23 The committee notes the comments of the Delegate of the Auditor-General of Queensland that the NHVA recorded 'a substantial net loss, net liability position, and negative operating cash flow position in 2012-13' and that 'significant uncertainty exists regarding the entity's ability to fund its operational activities' because 'the source and amount of funding subsequent to 30 June 2013 has not yet been determined.'³⁹ However, the committee draws attention to the fact that the '[b]oard members of the Regulator are of the opinion that there are reasonable grounds to

34 National Heavy Vehicle Regulator, *Annual Report 2012-13*, p. 11.

35 National Heavy Vehicle Regulator, *Annual Report 2012-13*, p. 45.

36 National Heavy Vehicle Regulator, *Annual Report 2012-13*, p. 8.

37 Section 693(2)(a)(v), *Heavy Vehicle National Law Act 2012* (Qld); See National Heavy Vehicle Regulator, *Annual Report 2012-13*, pp 35-39.

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

39 National Heavy Vehicle Regulator, *Annual Report 2012-13*, p. 80.

believe there will be continuing support from the Commonwealth Government and participating states and territories' to meet its financial requirements.⁴⁰

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Chair

40 National Heavy Vehicle Regulator, *Annual Report 2012-13*, p. 58.