

# Chapter 1

## Overview

1.1 The Senate Rural and Regional Affairs and Transport Legislation Committee's (the committee) report on annual reports provides an overview of the committee's examination of annual reports for the 2016–17 financial year, tabled between 1 November 2017 and 30 April 2018. The committee is responsible for examining the annual reports of departments and agencies within the portfolios of:

- Agriculture and Water Resources; and
- Infrastructure, Regional Development and Cities.<sup>1</sup>

1.2 This is the second of two reports on annual reports that the committee is required to produce in 2018.

### Terms of reference

1.3 Under Senate Standing Order 25(20), annual reports of departments and agencies shall stand referred to the legislation committees in accordance with an allocation of departments and agencies in a resolution of the Senate. Each 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 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 to the attention of the Senate 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.

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1 *Journals of the Senate*, No. 2, 13 November 2013, pp. 88–89.

## **Purpose of annual reports**

1.4 The tabling and scrutiny of annual reports by Senate committees under Standing Order 25(20) is an important element in the process of government accountability to Parliament. The information provided in annual reports is placed on the public record and assists Parliament in its examination of the performance of departments and agencies and the administration of government programs.

## **Reports referred to the committee**

1.5 In accordance with Standing Order 25(20)(f), this report examines the following annual reports, tabled in the Senate or presented out of session to the President of the Senate and referred to the committee between 1 November 2017 and 30 April 2018:

### *Agriculture and Water Resources portfolio*

- Australian Grape and Wine Authority – Annual Report 2016–17;
- Cotton Research and Development Corporation – Annual Report 2016–17;
- Fisheries Research and Development Corporation – Annual Report 2016–17;
- Grains Research and Development Corporation – Annual Report 2016–17;
- Murray-Darling Basin Authority – Annual Report 2016–17;
- Rural Industries Research and Development Corporation – Annual Report 2016–17;
- Australian Livestock Export Corporation Limited – Annual Report 2016–17;
- Dairy Australia Limited – Annual Report 2016–17;
- Northern Territory Fisheries Joint Authority – Report for the Period 1 July 2016 to 30 June 2017;
- Western Australian Fisheries Joint Authority – Report for the Period 1 July 2016 to 30 June 2017; and
- Queensland Fisheries Joint Authority – Report for the Period 1 July 2016 to 30 June 2017.

### *Infrastructure, Regional Development and Cities portfolio*

- Australian Rail Track Corporation Limited – Annual Report 2016–17; and
- National Heavy Vehicle Regulatory – Annual Report 2016–17.

## **Reports not examined**

1.6 The committee is not obliged to report on Acts, statements of corporate intent, surveys, corporate plans or errata. The following documents were referred to the committee but have not been examined in this report:

- Report to the Parliament in relation to the Funding Agreement 2017-21 with the Australian Livestock Export Corporation Limited (LiveCorp) for the financial year 2016–17;

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- Report to the Parliament in relation to the Statutory Funding Agreement 2013-17 with Dairy Australia Limited (DA) for the financial year 2016–17;
  - Murray-Darling Basin Authority – Basin Plan Evaluation 2017;
  - Report to the Parliament on Livestock Mortalities During Export by Sea for the Reporting Period 1 July to 31 December 2017;
  - Amendment No.1 of the Central Highlands Regional Forest Agreement – 26 March 2018;
  - Amendment No.2 of East Gippsland Regional Forest Agreement – 26 March 2018;
  - Amendment No.1 of North East Regional Forest Agreement – 26 March 2018;
  - *Sydney Airport Demand Management Act 1997* – Quarterly report on the maximum movement limit for Sydney Airport for the period 1 July to 30 September 2017; and
  - Airservices Australia – Report on Movement Cap for Sydney Airport – Fourth Quarter 2017 – 1 October 2017 to 31 December 2017.

### **Annual reporting requirements**

1.7 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) established a performance reporting framework for all Commonwealth entities and companies. The performance framework is based on section 38 of the PGPA Act which requires all Commonwealth entities to measure and assess their performance.

1.8 The performance framework established under the PGPA Act includes the requirement for Commonwealth entities to prepare a corporate plan and annual performance statements. The Public Governance, Performance and Accountability Rule 2014 (PGPA Rule 2014) contain the minimum requirements to be included.

1.9 Section 39 of the PGPA Act requires all Commonwealth entities to prepare an annual performance statement and include those statements in their annual reports. Entities use the annual performance statements to report on the results achieved against the targets, goals and measures established at the beginning of a reporting year in corporate plans and Portfolio Budget Statements.

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

- Non-corporate Commonwealth entities: PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(A); for portfolio departments and executive agencies, and for statutory bodies, relevant enabling legislation.
- 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, Part 3-3; and for statutory bodies, relevant enabling legislation.
- Non-statutory bodies: the annual reporting requirements are contained in the government response to the Senate Standing Committee on Finance and Public Administration's Report on Non-Statutory bodies.<sup>2</sup>

## **Timeliness**

1.11 Standing Order 25(20)(c) requires the committee to report to the Senate on the late presentation of annual reports. In assessing the timeliness of the presentation of annual reports, the committee assesses the presentation against the requirements of different categories of bodies, the PGPA Rule 2014 and other legislative requirements.

### ***Commonwealth entities***

1.12 Section 46 of the PGPA Act requires the provision of an annual report of a Commonwealth entity to the responsible minister by the 15th day of the fourth month after the end of the reporting period for the entity. This section of the Act does not, however, provide for a timeframe for the minister to present the report to the Parliament.

### ***Commonwealth companies***

1.13 Section 97 of the PGPA Act sets out the requirements for the provision of annual reports of Commonwealth companies to the responsible minister. Under subsection 97(2) of the PGPA Act a company is to provide a report:

- (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*.

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

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2 *Senate Hansard*, 8 December 1987, pp. 2642–45.

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**PGPA Rule 2014**

1.15 The PGPA Rule 2014 states that annual reports for corporate Commonwealth entities, non-corporate Commonwealth entities and Commonwealth companies must comply with the *Guidelines for the Presentation of Documents to the Parliament*, which is prepared by the Department of the Prime Minister and Cabinet.<sup>3</sup>

1.16 The guidelines advise 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 the Senate 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.<sup>4</sup>

1.17 Entities reporting in accordance with their own legislation are often required to prepare for the relevant minister their annual report 'as soon as is practicable' after the end of the particular period to which the report relates. The committee draws attention to subsections 34C(2) and 34C(3) of the *Acts Interpretation Act 1901*, which stipulate that where no date for providing a report to a minister is specified, the report should be presented no more than six months after the reporting period, and the minister must provide the report to the Parliament within 15 days after the minister receives it.

***Timeliness of reports examined***

1.18 The presentation of annual reports to the Parliament has two elements with regard to timeliness: the furnishing of the report to the minister and the presentation of the report to the Parliament.

1.19 Appendix 1 sets out a complete list of documents referred to the committee during the period 1 November 2017 and 30 April 2018 (including those not examined). This appendix includes references to the relevant legislation, the letter of transmittal dates, the dates on which the annual reports were sent to, and received by, the relevant minister, and the dates on which the annual reports were tabled in both the House of Representatives and the Senate.

1.20 The committee notes that most entities presented their report to the responsible minister within the specified timeframe. With respect to the tabling of annual reports, all annual reports were tabled within 15 sitting days of receipt.

1.21 The committee will continue to monitor the timeliness of future annual reports.

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3 See PGPA Rule 2014, sections 17AB, 17BC and 28C.

4 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)*, August 2016, pp. 4–5.

### **Apparently satisfactory**

1.22 Standing Order 25(20)(a) requires the committee to report to the Senate on whether the annual reports of departments and agencies in its portfolio are 'apparently satisfactory'. In making this assessment, the committee considers aspects including timeliness of presentation and compliance with the relevant reporting requirements.

1.23 The committee considers that all annual reports referred during the reporting period were 'apparently satisfactory'. The following chapter examines selected annual reports in further detail.