



Performance Audit

98-99

Accountability and Oversight Arrangements for Statutory Bodies in the Former Primary Industries and Energy Portfolio

The Auditor-General Audit Report No. 23



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Arrangements for Statutory Bodies in
the Former Primary Industries and
Energy Portfolio

Australian National Audit Office

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Canberra ACT
17 December 1998

Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit of statutory bodies within the former Primary Industries and Energy portfolio, in accordance with the authority contained in the *Auditor-General Act 1997*. I present this report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Accountability and Oversight Arrangements for Statutory Bodies in the Former Primary Industries and Energy Portfolio*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage — <http://www.anao.gov.au>.

Yours sincerely



P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Contents

Abbreviations	7
Glossary	9
Summary and Recommendations	
Audit Summary	13
Former Primary Industries and Energy portfolio statutory bodies	13
Accountability of portfolio statutory bodies	13
Audit objective and approach	14
Audit conclusion	14
Recommendations and responses	15
Key Findings	16
Accountability through planning documents	16
Performance information and reporting	16
Accountability through annual reports	17
Role of the Department in the accountability arrangements for portfolio statutory bodies	18
Recommendations	20
Audit Findings and Conclusions	
1. Introduction	25
Former Primary Industries and Energy portfolio	25
Accountability reforms	28
Accountability and oversight arrangements for statutory bodies within the former PIE portfolio	29
Reason for the audit	30
Audit objective, scope and focus	31
Audit criteria	31
Methodology	32
Report structure	32
2. Accountability through Planning Documents	33
Introduction	33
Legislative planning requirements	33
Better practice elements of principal plans	35
Operational plans	38
3. Accountability through Performance Information in Principal Planning Documents	40
Introduction	40
Performance information in principal plans	41

4.	Accountability through Annual Reporting	45
	Introduction	45
	Legislative annual reporting requirements	46
	Statutory and administrative requirements for annual reports	48
	Better practice annual reporting	51
5.	The Departmental Role in the Accountability Arrangements for Portfolio	55
	Introduction	55
	The Department's role in the accountability arrangements of portfolio statutory bodies	55
	Effectiveness of the Department's accountability and oversight framework	56
	Advice to the Minister on statutory bodies	59
	Assistance to senior management of statutory bodies	62
	Participation on governing boards	64
	Reporting to Parliament on statutory bodies	66
	Incorporation of the <i>Commonwealth Authorities and Companies Act, 1997</i>	67
Appendices		
	Appendix 1 Portfolio statutory bodies	71
	Appendix 2 Accountability arrangements for statutory bodies in the former PIE portfolio	73
	Appendix 3 The department's role in the accountability arrangements of statutory bodies within its portfolio	90
	Appendix 4 ANAO survey of statutory bodies' senior management	
	Survey respondents by category	92
	Appendix 5 Elements of effective planning frameworks	96
	Appendix 6 Better practice checklist for annual reporting	97
	Appendix 7 DPIE's organisational structure for oversight of portfolio statutory bodies	98
	Appendix 8 Statutory body responses to audit recommendations 1 to 5	100
	Index	101
	Series Titles	103
	Better Practice Guides	105

Abbreviations

ADC	Australian Dairy Corporation
ADFB	Australian Dried Fruits Board
AFFA	Department of Agriculture, Fisheries and Forestry - Australia
AFMA	Australian Fisheries Management Authority
AHC	Australian Horticultural Corporation
ALC	Australian Landcare Council
ANAO	Australian National Audit Office
APC	Australian Pork Corporation
APS	Australian Public Sector
ATMA Act	<i>Audit (Transitional and Miscellaneous) Amendment Act, 1997</i>
AWB	Australian Wheat Board
AWBC	Australian Wine and Brandy Corporation
AWRAP	Australian Wool and Research Promotion Organisation
CAC Act	<i>Commonwealth Authorities and Companies Act, 1997</i>
CACO	Commonwealth Authorities and Companies Orders, 1998
CRDC	Cotton Research and Development Council
DFRDC	Dried Fruits Research and Development Council
DoFA	Department of Finance and Administration
DPIE	former Department of Primary Industries Primary Industries and Energy
DRDC	Dairy Research and Development Corporation
ERDC	Energy Research and Development Corporation
FMO	Finance Minister Orders
FRDC	Fisheries Research and Development Corporation
FWPRDC	Forests and Wood Products Research and Development Corporation
GBE	Government Business Enterprise
GDP	Gross Domestic Product
GIC	Geographical Indications Committee

GRDC	Grains Research and Development Corporation
GWRDC	Grape and Wine Research and Development Corporation
HRDC	Horticultural Research and Development Corporation
JCB	Joint Coal Board
JCPA	Joint Committee of Public Accounts (now known as the Joint Committee of Public Accounts and Audit)
LWRRDC	Land and Water Resources Research and Development Corporation
MAB-MIAC	Management Advisory Board—Management Improvement Advisory Committee
MDBC	Murray Darling Basin Commission
NRA	National Registration Authority for Agricultural and Veterinary Chemicals
NRRD Branch	Natural Resources and R&D Branch
PIE	former Primary Industries Primary Industries and Energy (portfolio)
PBRAC	Plant Breeder’s Rights Advisory Committee
PIERD Act	<i>Primary Industries and Energy Research and Development Act, 1989</i>
PRDC	Pig Research and Development Corporation
R&D	Research and Development
RASAC	Rural Adjustment Scheme Advisory Council
RDC	Research and Development Corporation/Council
RIRDC	Rural Industries and Development Corporation
ROO	Report of Operations
SCI	Statement of Corporate Intent
SFPALC	Senate Finance and Public Administration Legislation Committee
SFRARP	Statutory Fishing Rights Allocation Review Panel
SMA	Statutory Marketing Authority
SMHEA	Snowy Mountains Hydro-Electric Authority
SRDC	Sugar Research and Development Corporation
TRDC	Tobacco Research and Development Corporation
WI	Wool International

Glossary

Benchmarking	A process by which an organisation seeks to determine and introduce best practice. Benchmarks can operate as standards or targets for performance levels by using comparisons of products, services, practices and processes with similar programs either within your own organisation or another organisation or country
Effectiveness	The extent to which a body has achieved the objectives set out in its enabling legislation
Efficiency	The extent to which a body has maximised the outputs produced from a given level and quality of inputs or minimised the inputs used to produce a given level and quality of outputs
Non-statutory body	Bodies not created under the explicit authority of a statute
Outcomes	The results, impacts or consequences of the actions by the Commonwealth on the Australian community
Outputs	The products or services which are produced by the body for external organisations or individuals
Performance Indicators	Indicators provide a guide on performance where causal links are not obvious and the changes in performance are difficult to measure directly
Performance Information	Evidence about performance that is collected and used systematically. Effective performance information should enable judgements to be made on the extent to which program activities are achieving the desired results
Performance Measures	Provide a more precise measure of performance than indicators. They relate to outputs and are used when there is a direct causal link between an action and an easily measurable change in performance
Selection Committees	Statutory bodies established for the purpose of filling vacancies on the boards of statutory bodies

Standards	Pre-defined levels of excellence or performance specifications which can be set on various aspects of an organisation, including inputs, processes, outputs or objectives. Standards can relate to quality and objectives of a service or to aspects of service delivery and can be set at different levels
Statutory Body	Bodies created by or under the explicit authority of a statute, including bodies where legislation provides for a Minister to establish a body
Targets	Quantifiable performance levels or changes in level to be attained at a specified future date. Targets can clarify and simplify the process of performance monitoring

Summary and Recommendations

Audit Summary

Former Primary Industries and Energy portfolio statutory bodies

1. The objective of the former Primary Industries and Energy (PIE) portfolio was 'rising national prosperity and quality of life through competitive and sustainable mining, agricultural, fisheries, forest, energy and processing industries'. The portfolio included 78 statutory bodies at 1 July 1998, with the Research and Development Corporations and Councils (RDCs) and Statutory Marketing Authorities (SMAs) playing a key role in achieving the portfolio objective by funding research and development projects, providing marketing services and administering market regulations. Commonwealth funding of these statutory bodies was some \$234 million in 1996-97. In addition, industry levies and contributions amounted to some \$281 million in that year.

2. Following the machinery of Government changes of 21 October 1998, the majority of the former portfolio's functions and statutory bodies are now part of the Agriculture, Fisheries and Forestry portfolio, with the Department of Agriculture, Fisheries and Forestry - Australia (AFFA) being the portfolio Department.

Accountability of portfolio statutory bodies

3. The directors of boards of statutory bodies are accountable to the Minister and through the Minister to Parliament, for the operational and financial performance of the statutory body to which they have been appointed. Statutory accountability arrangements vary, but can include ministerial approval of principal long term plans and annual operational plans, and ministerial tabling of annual reports. Many statutory bodies are also accountable to the specific industries they serve, through industry representative organisations, peak councils and/or levy payers. Industry accountability arrangements vary, but can include industry consultation in the development of plans and the provision of annual reports at annual general meetings.

4. Recent reforms to accountability arrangements, including the *Commonwealth Authorities and Companies Act, 1997* (CAC Act), have focused on the directors of boards providing relevant Ministers with sufficient information about the operations and strategic direction of statutory bodies to allow the Ministers to exercise their accountability obligations to the Parliament. The current accountability framework is based on statute but

allows the responsible Minister to seek such reports, documents and information as he/she requires to fulfil ministerial responsibilities. The framework enables the Minister to exercise strategic control rather than have close involvement in the day-to-day management of statutory bodies.

5. The portfolio Department plays an important role in these arrangements by providing advice to the Minister so that the Minister is properly informed and able to discharge his/her statutory and parliamentary obligations with respect to portfolio statutory bodies.

Audit objective and approach

6. The objective of the audit was to evaluate the effectiveness of the accountability and oversight arrangements for statutory bodies within the former PIE portfolio. For the purposes of the audit, accountability was defined as the obligation of an organisation to provide a transparent account of its performance of designated functions.

7. The audit focused on accountability of the statutory bodies to the Minister and through the Minister to Parliament; it did not directly address accountability to industry stakeholders and levy payers. The audit criteria addressed the effectiveness of the key accountability mechanisms of plans, performance information, and annual reporting of the bodies, and the role of the former Department of Primary Industries and Energy (DPIE) in the arrangements. Better practice principles were identified.

8. Recommendations addressing the role of the former Department in accountability arrangements are addressed to AFFA.

Audit conclusion

9. The enabling legislation of many portfolio statutory bodies sets out accountability arrangements for aspects of their planning and annual reporting. Statutory bodies that were required to produce plans and annual reports generally did so. Most plans included performance indicators. However, accountability to the Minister and the Parliament can be strengthened through key accountability documents by improving:

- the content of principal plans;
- the quality of performance information; and
- annual reporting to Parliament.

10. DPIE had improved its support of the accountability arrangements for portfolio statutory bodies. Nevertheless, its role could be further enhanced through the development of a more consolidated accountability and oversight framework for greater consistency and assurance.

Recommendations and responses

11. The ANAO has made eight recommendations aimed at improving the effectiveness of the accountability and oversight arrangements for statutory bodies. Five are addressed to statutory bodies. The statutory bodies accepted the recommendations, with a few qualifying their acceptance of some recommendations (see Appendix 8).

12. Three recommendations were addressed to AFFA. AFFA accepted the recommendations and replied that

the Agriculture, Fisheries and Forestry portfolio shares the commitment of the former Primary Industries and Energy portfolio to an ethos of continuous improvement in its accountability and oversight arrangements for portfolio statutory bodies. This ethos is verified by our consistent and ongoing efforts to improve performance and to recognise and implement better practices. In this spirit, AFFA welcomes the ANAO acknowledgement in this report of those improvements and the recommendations for carrying them further.

Key Findings

Accountability through planning documents

13. Former PIE portfolio statutory bodies that are required to produce plans generally did so. Although some portfolio statutory bodies are not required to produce plans, it would be better practice and improved corporate governance for all bodies to prepare an appropriate generally available principal plan. Most of the SMAs have principal plans which are not publicly available because they contain commercial-in-confidence information. It would enhance accountability to have an additional brief public plan detailing a Statement of Corporate Intent, as is the case for Government Business Enterprises.

14. Many of the statutory bodies need to consider ways of making their principal plans more useful for stakeholders. In particular, it would improve accountability for statutory bodies to state clearly the objectives of their enabling legislation in their principal plans and align their corporate objectives, planned outcomes, and strategies more directly with their statutory objectives. Demonstrating such alignment would improve transparency and overall accountability and provide assurance to the relevant Minister and the Parliament that intended outcomes and outputs appropriately address all statutory obligations as set out in enabling legislation. Improving these aspects of the principal plan would also provide statutory bodies with a more useful framework in which to assess performance which would assist them in better managing programs, identifying improvements, and meeting external reporting requirements. All statutory bodies subject to the CAC Act will be required to report their performance against principal plans in their 1998–99 annual reports.

15. Most operational plans demonstrated a clear link with principal plans and generally met legislative reporting requirements. There were some instances where a latter requirement was not demonstrated clearly. Demonstrating compliance with all legislative requirements would provide the necessary assurance to the Minister, Parliament and other stakeholders that the body has complied with the various statutory requirements.

Performance information and reporting

16. Most principal plans of portfolio statutory bodies audited included some performance indicators. Performance information available in the principal plans often did not provide a clear indication that bodies had been able to assess or measure satisfactorily their performance against

stated objectives. Many performance indicators were not aligned with relevant objectives, and were not always measurable. While some worthwhile indicators will be of a qualitative nature, it is desirable that adequate description be provided so that, as far as possible, a measurable assessment can be made of the bodies' performance. More effective use of targets, standards and benchmarks could be made.

17. Overall, the statutory bodies need to have a more balanced range of input, output, outcome and quality of client service indicators. These will assist the bodies to better assess program efficiency and effectiveness. Improvements in this area will be necessary to meet the requirements of the accrual budgeting framework, and the annual reporting requirements under the CAC Act.

18. There is generally scope for statutory bodies to improve the usefulness of their annual reports by reporting against a selected range of key performance indicators, and outlining performance in terms of achievement of statutory objectives, principal outputs and contribution to outcomes both intermediate and/or final as circumstances allow. This will allow the Parliament and other key stakeholders to make more informed judgments on performance.

Accountability through annual reports

19. With the exception of two inter-governmental bodies, former PIE portfolio statutory bodies that were required to produce an annual report had done so at the time of the audit. However, not all statutory bodies are required to produce and provide for tabling some form of annual report. The ANAO considers that it is good practice for all bodies, including selection committees established for the purpose of filling vacancies on the boards of statutory bodies, to have a formal mechanism for reporting to Parliament as part of accountability assurance, whether this is in the form of a separate report or some other suitable means.

20. In their annual reports for the 1996–97 financial year, some statutory bodies did not address clearly the full range of statutory and administrative annual reporting requirements which applied to them. In particular, there were some instances of bodies not reporting clearly against their key statutory performance reporting requirements, and not all reports contained information on statutory objects, functions, and powers as required by the relevant guidelines.

21. The ANAO considers that it is sound practice for statutory bodies to have in place internal mechanisms to provide assurance to the directors of boards and the Parliament that statutory and administrative reporting requirements have been addressed. Dealing systematically with this would

help bodies to address future reporting requirements under the CAC Act.

22. While some 1996–97 annual reports provided commendable reporting to Parliament, many tended to report on activities or outputs rather than achievement of objectives and contribution to identified outcomes. Improvements to statutory bodies' performance information and reporting, as illustrated above, are needed to meet the challenges of the new annual reporting requirements under the CAC Act. The ANAO also considers that accountability to stakeholders could be enhanced by including an appropriate statement on corporate governance in statutory bodies' annual reports.

Role of the Department in the accountability arrangements for portfolio statutory bodies

23. DPIE had arrangements in place to support its role in the accountability and oversight of portfolio statutory bodies. However, these arrangements did not include a number of elements of a consolidated framework which sets out the broad roles and responsibilities of the Department and portfolio statutory bodies, principles, standards and procedures, and the delineation of responsibilities within the Department for the accountability and oversight of portfolio statutory bodies. The ANAO considers a more consolidated framework would assist relevant officers address some of the observed limitations in the oversight of accountability of portfolio statutory bodies and would facilitate a more consistent and coordinated approach for providing suitable advice to the Minister on statutory bodies, as well as assisting to maintain corporate knowledge. This would also provide statutory bodies with a better understanding of the role of the Department and of the expectations of the Minister(s).

24. The consistency, accuracy and content of advice provided by DPIE to the Minister on key accountability documents had been variable. However, the Department was in the process of developing a standard approach to the review and analysis of key accountability documents through a compliance checklist for RDCs and SMAs, with the intention of extending this approach to all portfolio statutory bodies. The ANAO considers that the further development of this approach should provide a more consistent and accurate standard of advice to the Minister on these matters.

25. DPIE was generally providing adequate advice to assist statutory bodies comply with statutory and administrative requirements, although there was some scope for improvement in a number of areas including clarifying the role of the Department and the assistance it could make

available; providing more timely and clear advice (eg guidelines); nominating a primary contact point within line area branches; and by providing statutory bodies with information on the directions of key public sector reform and relevant better practice issues, including performance information. Since completion of the audit fieldwork, AFFA has produced a Statutory Authority Bulletin to enhance its communication with statutory authorities.

26. While portfolio statutory bodies considered that the Government member on the boards of statutory bodies adds value to their operations, many believed there was scope for clarifying the role of the Government member. DPIE was seeking to address this issue.

27. The information provided to Parliament about portfolio statutory bodies through the DPIE 1996–97 Annual Report and Supplementary Information had not been sufficiently accurate or consistent. DPIE had indicated that it was addressing this matter to assure a better outcome.

Recommendations

Set out below are the ANAO's recommendations with report paragraph reference and consolidated responses from statutory bodies and AFFA. (The responses of individual statutory bodies are summarised at Appendix 8.)

Recommendation No.1
Para. 2.15 The ANAO recommends that, in their principal plans, statutory bodies ensure that their corporate objectives, planned outcomes, and supporting strategies are fully aligned with statutory objectives.

Response of statutory bodies and AFFA: Agreed

Recommendation No.2
Para. 2.24 The ANAO recommends that statutory bodies review their legislative requirements for operational plans to ensure they meet all these requirements and, where necessary, take corrective action to do so.

Response of statutory bodies and AFFA: Agreed

Recommendation No.3
Para. 3.16 The ANAO recommends that, in developing effective performance information, statutory bodies:

- include suitably aligned performance indicators on inputs, outputs and planned outcomes in principal plans, including measures of the quality of client service, which are measurable or capable of assessment where qualitative factors are used; and
- adopt a systematic approach to comparisons of performance by incorporating selected targets, standards and benchmarks as appropriate.

Response of statutory bodies and AFFA: Agreed, with a few bodies having some qualified acceptance

Recommendation No.4
Para. 4.25 The ANAO recommends that statutory bodies ensure they have suitable internal mechanisms to provide assurance to boards concerning compliance with statutory and administrative reporting requirements.

Response of statutory bodies and AFFA: Agreed, with one body qualifying its acceptance.

Recommendation No.5
Para. 4.35

The ANAO recommends that statutory bodies include in their annual reports:

- key performance indicators, and performance reporting against statutory objectives, outputs and planned outcomes; and
- information on whether performance targets have been met and the reasons for significant variations.

Consideration should also be given to including a statement on corporate governance; and a listing of key stakeholders and quality of service provided.

Response of statutory bodies and AFFA: Agreed, with a few bodies having some qualified acceptance

Recommendation No.6
Para. 5.21

The ANAO recommends that AFFA develop a consolidated framework which broadly sets out the roles and responsibilities, principles and procedures, for the effective accountability and oversight of portfolio statutory bodies.

AFFA Response: Agreed

Recommendation No.7
Para. 5.34

The ANAO recommends that AFFA ensure that, in providing suitable advice to the Minister, that:

- its review and analysis of key accountability documents of portfolio statutory bodies address the effectiveness and appropriateness of objectives, strategies and selected performance indicators; and
- it has procedures which provide assurance regarding quality of review and advice on key accountability documents for all statutory bodies.

AFFA Response: Agreed

Recommendation No.8
Para. 5.56

The ANAO recommends that AFFA ensure that its Annual Reports and Supplementary Information contain accurate and consistent information on portfolio statutory bodies and legislation administered.

AFFA Response: Agreed

Audit Findings and Conclusions

1. Introduction

This chapter provides background information on the former Primary Industries and Energy portfolio and the accountability arrangements for the portfolio statutory bodies. The audit objective, criteria and methodology are also described.

Former Primary Industries and Energy portfolio

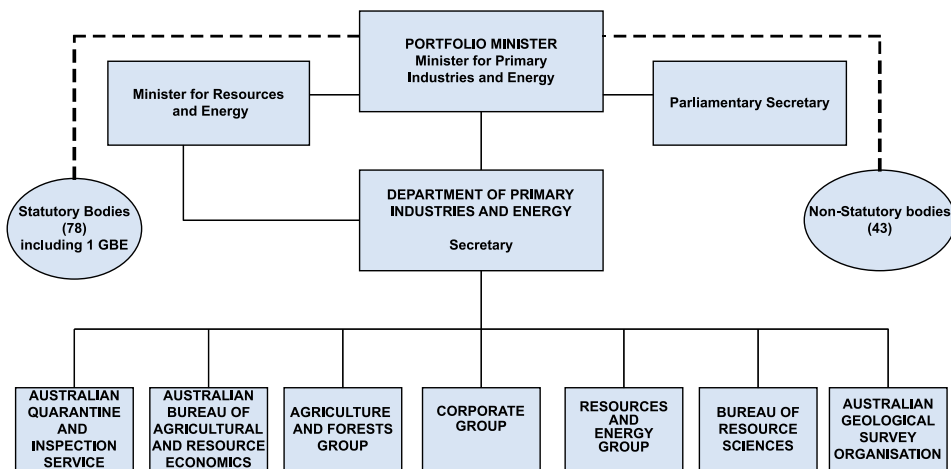
Portfolio objective and structure

1.1 The objective of the former Primary Industries and Energy (PIE) portfolio was ‘rising national prosperity and quality of life through competitive and sustainable mining, agricultural, fisheries, forest, energy and processing industries’.¹ These industries accounted for around 11.1 per cent of GDP in 1997–1998.

1.2 Following the machinery of Government changes of 21 October 1998, the majority of the former Department’s functions and the portfolio statutory bodies are now part of the Agriculture, Fisheries and Forestry portfolio, with the Department of Agriculture, Fisheries and Forestry – Australia (AFFA) being the portfolio Department.

1.3 The portfolio included many statutory bodies and is summarised in Figure 1.

Figure 1
Former PIE portfolio structure



Source: adapted from Department of Primary Industries and Energy material

¹ Department of Primary Industries and Energy, *Annual Report, 1996-97*, p 3

The former Department of Primary Industries and Energy

1.4 The mission of the former Department of Primary Industries and Energy (DPIE) was to ‘serve the Government by providing first class research, analytical, policy, program and management services.’ In support of its portfolio objective, DPIE had seven key result areas:

- increasing productivity in portfolio industries;
- enhancing the value of production by portfolio industries;
- increasing investment in, and uptake of, Australian products and services;
- improving access to overseas markets for Australian exporters and investors;
- ensuring the sustainability of Australia’s natural resources and resource-based industries;
- providing infrastructure to Australia’s resource-based industries and their communities; and
- ensuring the Department provides services at the highest standards of excellence.

Statutory bodies

1.5 Since the 1920s, Government interest in establishing collective marketing schemes for primary industries and the subsequent advocacy of research and development schemes led to the creation of many statutory bodies to manage these schemes. The two major types of bodies were Statutory Marketing Authorities (SMAs) and Research and Development Corporations (RDCs). A number of statutory bodies were also created within the portfolio for advisory and regulatory purposes. Appendix 1 provides further information on the establishment and role of RDCs and SMAs.

1.6 The Senate Finance and Public Administration Legislation Committee (SFPALC) has defined a statutory body as ‘one created by or under the explicit authority of a statute. This includes bodies where legislation provides for a minister to establish a body.’² Applying this definition, the Australian National Audit Office (ANAO), in consultation with DPIE, identified 78 statutory bodies within the former PIE portfolio at 1 July 1998, as set out in Table 1.

² Senate Finance and Public Administration Legislation Committee, *List of Commonwealth Bodies*, June 1996, p 2

Table 1
Statutory bodies in the former PIE portfolio at 1 July 1998

Body Type	Number
Statutory Marketing Authorities (SMAs)	8
Research and Development Corporations/Council (RDCs)	14
Selection Committees	23
Inter-governmental bodies	19
Regulatory bodies	2
Advisory/Other bodies	11
Government Business Enterprise (GBE)	1
Total	78

Source: ANAO in consultation with DPIE.

1.7 RDCs and SMAs play a key role by funding research and development projects, providing marketing services and administering market regulations. The two regulatory bodies are the Australian Fisheries Management Authority (AFMA) and the National Registration Authority for Agricultural and Veterinary Chemicals (NRA). The other portfolio statutory bodies in Table 1 are Commonwealth/State joint authorities, selection committees,³ advisory committees, boards, councils, commissions and one Government Business Enterprise (GBE); the Snowy Mountains Hydro-Electric Authority (SMHEA).

1.8 Together these bodies were accountable to Parliament for their use of some \$234 million of Commonwealth funds during 1996–97.⁴ A major target of the Commonwealth's funding was to the bodies involved in research and development (approximately \$110 million). In addition, the Commonwealth contributed some \$25 million to the Murray Darling Basin Commission (MDBC). In 1996–97, industry levies and contributions to the portfolio statutory bodies amounted to some \$281 million.⁵

1.9 The number of staff employed by statutory bodies varies from fewer than ten to over 100. In 1996–97, total operating budgets ranged from less than \$20 000 to nearly \$5 billion; and Commonwealth funding ranged from

³ Selection committees are statutory bodies established for the purpose of filling vacancies on the boards of statutory bodies. The enabling legislation of RDCs, SMAs and AFMA provides for selection committees to be created for this purpose. The general arrangement of selection committees is membership based on Ministerial appointment and industry nomination. The Minister has sole discretion on the appointment of the Presiding Member (Chair) of the selection committee

⁴ This figure was derived from 1996-97 Annual Reports for portfolio statutory bodies. It includes Commonwealth annual and special appropriations, wool taxes and grants. It does not include industry levies

⁵ 1996-97 Annual Reports for portfolio statutory bodies

nil to \$113 million. Appendix 2 lists the 78 statutory bodies in the former PIE portfolio, their total operating revenue, revenue from the Commonwealth, and some key accountability arrangements.⁶

Recent developments

1.10 RDCs have been part of a number of recent reviews which have acknowledged the need for making rural research and development (R&D) responsive to industry needs and the success of RDCs in achieving this goal. These include the Industry Commission's 1995 *Review of Research and Development*; the 1997 Mortimer Review of Government Business Programs, *Going for Growth*; and the June 1997, Stocker Review of Commonwealth Science and Technology Arrangements, *Priority Matters*.

1.11 Some of the statutory bodies within the former PIE portfolio have amalgamated and have been, or are planned to be, commercialised and corporatised. Over the last three years, the number of RDCs has been reduced from 19 to 15. For example, the Wool RDC has been amalgamated with the promotional arm of the industry to form the Australian Wool Research and Promotion Organisation (AWRAP) and the Rural Industries Research and Development Corporation (RIRDC) has taken over the functions of three Research and Development Councils. The Australian Meat and Livestock Corporation and the Meat Research Corporation were abolished in June 1998 and replaced with a new commercial producer owned company entitled Meat and Livestock Australia Ltd. DPIE advised that there are plans for the Australian Wheat Board (AWB) to be commercialised in 1999. In addition, the Snowy Mountains Hydro-Electric Authority is to be corporatised next year and replaced by Snowy Hydro Ltd., a minority owned Commonwealth GBE established under the Corporations Law.

Accountability reforms

1.12 Over the last decade, in response to the public's and the Parliament's increasing expectations, there has been a greater focus on the accountability of Commonwealth bodies to the Government and the Parliament. This has been reflected, for example, in the 1993 *Accountability and Ministerial Oversight Arrangements for GBEs*, and the 1993 Management Advisory Board- Management Improvement Advisory Committee (MAB-MIAC) paper on *Accountability in the Commonwealth Public Sector*.

1.13 More recently, the June 1997 *Governance arrangements for Commonwealth Government Business Enterprises*, the *Auditor-General Act*,

⁶ Data for 1997-98 were unavailable because 1997-98 Annual Reports were not tabled at the time of the audit and this information is not available elsewhere

1997, and the *Commonwealth Authorities and Companies Act, 1997* (CAC Act), have provided for a more consistent administrative and statutory framework for the accountability and oversight of statutory bodies and GBEs. The focus of these reforms has been for the directors of boards to provide relevant Ministers with sufficient information about the operations and strategic direction of statutory bodies to allow the Ministers to exercise their accountability obligations to the Parliament. The current accountability framework is based on statute but allows the responsible Minister to seek such reports, documents and information as he/she requires to fulfil ministerial responsibilities. The framework enables the Minister to exercise strategic control rather than have close involvement in the day-to-day management of statutory bodies.

Accountability and oversight arrangements for statutory bodies within the former PIE portfolio

1.14 Statutory bodies have their objectives, functions, powers and obligations defined in their enabling legislation. Under their enabling legislation the directors of boards of statutory bodies are directly accountable to the Minister and through the Minister to the Parliament for the operational and financial performance of the body to which they have been appointed.⁷ Statutory accountability arrangements vary, but can include ministerial approval of principal long term plans and annual operational plans, and ministerial tabling of annual reports.

1.15 Many statutory bodies, such as RDCs and SMAs, are also directly accountable under their enabling legislation to either industry representative organisations, peak councils and/or levy payers. Industry accountability arrangements vary, but can include industry consultation in the development of plans and the provision of annual reports at annual general meetings. DPIE advised that portfolio statutory bodies in recent years have sought to achieve greater accountability to levy payers in particular, and industry generally.

1.16 Plans and annual reports are the key accountability documents by which bodies can demonstrate that they are carrying out the purposes for which they were established and by which they account for their performance.

⁷ The Australian Dried Fruits Board and the Geographical Indications Committee are not directly accountable to the Minister. They are directly accountable to the Australian Horticultural Corporation and the Australian Wine and Brandy Corporation respectively. These bodies in turn are directly accountable to the Minister. Most inter-governmental bodies in the PIE portfolio comprise of State and Commonwealth Ministers, which in turn are accountable to their respective Parliaments

1.17 For the purposes of the CAC Act, a Commonwealth authority is defined as being ‘a body corporate that holds money on its own account.’ There are 24 bodies within the former PIE portfolio that come within this definition. One such body within the former PIE portfolio, the Joint Coal Board (JCB), has been exempted from the CAC Act because it is a joint Commonwealth/State body governed by a Ministerial Council. Its accountability arrangements are provided for in its enabling legislation.

1.18 In addition to complying with accountability arrangements under their enabling legislation, the directors of statutory bodies subject to the CAC Act have an obligation to keep the Minister informed of the operations of the body and significant events. Also, directors of boards of statutory bodies must provide the responsible Minister with reports and information that the Minister requires (including information requested by the Finance Minister), thus allowing the Minister to articulate the accountability and oversight arrangement that he/she considers appropriate.

1.19 Within this context, the portfolio Department plays an important role in providing advice to the Minister so that the Minister is properly informed and able to discharge his/her statutory and parliamentary obligations with respect to portfolio statutory bodies.

Reason for the audit

1.20 Statutory bodies in the former PIE portfolio played a significant role in delivering the government’s portfolio policy objectives. Together these statutory bodies were accountable to the Minister, and the Parliament, for some \$234 million of Commonwealth funds. Effective accountability and oversight arrangements provide assurance to the Minister and the Parliament that bodies are complying with and performing their statutory responsibilities. While some recent ANAO audits on individual statutory bodies have addressed some relevant accountability issues,⁸ there has been no previous comprehensive audit coverage of the accountability and oversight arrangements for statutory bodies within the former PIE portfolio.

⁸ Audit Report No. 21, *The Meat Research Corporation, Management of Project Fututech*, 1995-1996; Audit Report No.38, *Commonwealth Fisheries Management, Australian Fisheries Management Authority*, 1995-1996; Audit Report No. 26, *Strategic and Operational Management, National Registration Authority for Agricultural and Veterinary Chemicals*, 1997-1998; and Audit Report No. 50, *Restructuring of Meat and Livestock Statutory Organisations*; 1997-1998

Audit objective, scope and focus

1.21 The objective of the audit was to evaluate the effectiveness of the accountability and oversight arrangements for statutory bodies within the former PIE portfolio. For the purposes of the audit, accountability is defined as the obligation of an organisation to provide a transparent account of its performance of designated functions. The audit focused on accountability to the Minister and through the Minister to Parliament; it did not directly address accountability to industry stakeholders and levy payers, although some findings have relevance to industry stakeholders. The audit addressed accountability through plans, performance information, and annual reporting of the bodies; and the role of DPIE in the arrangements. Recommendations addressing the role of the former Department in accountability arrangements are addressed to AFFA.

1.22 As part of the audit objective, better practice principles and suggested means by which statutory bodies can enhance accountability to the Minister and the Parliament are identified. The audit addressed the accountability arrangements for all 78 statutory bodies in the former PIE portfolio at 1 July 1998. However, the audit's main focus was on the accountability arrangements for 26 statutory bodies that were operational as at 1 July 1998 (excluding inter-governmental statutory bodies and selection committees) and were not being wound up during the course of the audit. Although the MDBC is beyond the mandate of the Auditor-General for performance audits, and is not a statutory body in accordance with the definition applied in this audit, the Commission agreed to participate in the audit. The 26 bodies included in the more detailed analysis are listed at Appendix 4.

Audit criteria

1.23 The audit criteria broadly addressed whether statutory bodies had effective:

- plans in terms of statutory compliance and better practice;
- performance information; and
- annual reports in terms of statutory compliance and adopting better practice.

As well, the criteria addressed whether DPIE provided quality advice and assistance, as appropriate, to the Minister and statutory bodies.

1.24 The latter criterion was based upon a normative model of the role of the Department developed in consultation with DPIE (see Appendix 3).

1.25 More specific criteria are outlined at the beginning of each chapter of this report.

Methodology

1.26 The audit involved:

- an examination of key accountability documents (eg annual reports, current principal plans and supporting operational plans);
- a survey of senior management of 24 statutory bodies;⁹
- interviews with 15 statutory bodies;
- an examination of DPIE files and interviews with DPIE officers; and
- identification of better practice principles for planning, performance information and annual reporting.

1.27 The ANAO engaged Roger Wettenhall, former Professor of Public Administration, University of Canberra and Editor, *Australian Journal of Public Administration* to provide expert advice during the course of the audit.

1.28 The ANAO also commissioned Mercadier Consulting Services to develop and conduct the survey of statutory bodies, which was undertaken during June 1998. The survey methodology and survey respondents by category are detailed in Appendix 4.

1.29 The comments provided by the Governance and Reforms Advisory Unit of the former Department of the Communication and the Arts and Department of Finance and Administration (DoFA) on the normative model are gratefully acknowledged.

1.30 The audit cost \$325 000 and was undertaken in accordance with ANAO auditing standards.

Report structure

1.31 The report is organised into five chapters. Chapter 1 has provided some introductory material. Chapter 2 provides an overview of the legislative planning requirements for statutory bodies and the extent to which plans reflect better practice principles and comply with statutory requirements. Chapter 3 addresses the effectiveness of the performance information contained in the principal plans of statutory bodies. Chapter 4 addresses the legislative annual reporting requirements for statutory bodies and the extent to which annual reports complied with statutory and administrative reporting requirements, and reflect good practice. Chapter 5 addresses the effectiveness of the role of the portfolio Department in the accountability arrangements for statutory bodies within its portfolio.

⁹ While 26 bodies were included in the main focus of the audit, the detailed survey was limited to those statutory bodies that are required to produce the full range of accountability documents

2. Accountability through Planning Documents

This chapter provides an overview of the legislative planning requirements for statutory bodies and examines the effectiveness of key planning documents in terms of better practice and statutory compliance.

Introduction

2.1 Strategic planning is a process whereby an organisation sets its strategic direction; it is a key element of effective corporate governance and accountability. Good planning provides a framework for an organisation to make considered judgments about how its various parts will work together to achieve objectives and expected outcomes. The principal plan sets the high level strategic direction for the organisation as a whole and provides the direction for the development of lower level supporting plans such as operational plans. The plans and public reporting on performance against plans is a key accountability mechanism. The elements of an effective planning framework are set out in Appendix 5.

2.2 The ANAO examined the legislative planning requirements for all 78 statutory bodies in the former PIE portfolio at 1 July 1998. The principal and operational plans for those statutory bodies which are required to produce plans were also examined in terms of better practice and statutory compliance. These are discussed in turn below.

Legislative planning requirements

2.3 At 1 July 1998, 23 of the 78 statutory bodies were selection committees, which are established as required and therefore do not have statutory planning requirements. Of the remaining bodies, 50 were operational and five Advisory/Other bodies were not functioning at that time. Of the 50 functioning bodies (excluding selection committees) 27 are required under their enabling legislation or the CAC Act to produce some form of plan as summarised in Table 2 and detailed in Appendix 2.

Table 2
Legislative planning requirements

Type of body	Number of operational bodies ¹⁰	Number required by legislation to produce plan/s	Comment
SMA's	8	8	All SMA's are required to produce a Corporate Plan and seven are required to produce a supporting annual operational plan. The extent to which these plans must be approved by the Minister varies.
RDC's	14	14	All RDC's are required to produce a Research and Development plan and a supporting annual operational plan. These must be approved by the Minister.
Regulatory	2	2	Both AFMA and the NRA are required to produce a Corporate Plan and a supporting annual operational plan to be approved by the Minister.
Advisory/ Other (including GBE)	7	2	The RASAC is required to produce a three year plan and a proposed Annual Program and Budget to be recommended to the Minister. The SMHEA is required as a GBE under the CAC Act to produce a Corporate Plan.
Inter-governmental	19	1	The JCB is required to produce an annual operating plan.
TOTAL	50	27	

Source: see Appendix 2

2.4 The ANAO found that, with one exception, all bodies that are required to produce plans did so. The exception was the Rural Adjustment Scheme Advisory Council (RASAC), which advised the ANAO that it did not have a current three year plan as the Rural Adjustment Scheme is being wound down and replaced by a new scheme at the end of 1998. All plans were provided to the Minister for approval within the specified time frame or an agreed alternative timeframe.

2.5 The ANAO notes that the legislative framework does not provide for all statutory bodies to prepare plans. Notwithstanding this, the ANAO considers that it is good practice and improved corporate governance for all bodies to prepare a generally available principal plan to assist in strategic

¹⁰ At 1 July 1998, excluding selection committees

direction setting and to include performance indicators and measures by which the body will be able to make judgments about and report on its performance in achieving objectives, outputs, outcomes and targets. The ANAO recognises that the resources invested in such a plan need to be appropriately in line with an organisation's size and functions. However, such an investment improves accountability by demonstrating how the body planned to achieve its objectives, and facilitates a shared vision and common purpose. The ANAO notes that of the Advisory/Other bodies not required by legislation to produce plans, the Australian Landcare Council (ALC) is currently developing a principal plan. The MDBC is not included in the above table as it is not a statutory body; it does not have a formal principal plan but does have two planning documents which address its programs.¹¹

2.6 Most of the plans produced by SMAs are not publicly available, primarily because they contain commercial-in-confidence information. In this regard, the ANAO notes that under the June 1997 *Governance Arrangements for Commonwealth Government Business Enterprises*, GBEs have, in addition to their confidential corporate plan, a public plan detailing a Statement of Corporate Intent (SCI). The SCI is a brief (no more than five pages), high level, plain English document expressed in terms of outputs or outcomes. It is an integral part of the principal plan but does not include commercial-in-confidence information. The ANAO considers that this model could usefully be applied to all statutory bodies, including SMAs, which have plans containing confidential information. This would enhance their accountability arrangements. The ANAO notes that, under the recently released *Commonwealth Authorities and Companies Orders, 1998* (CACO) all bodies subject to the CAC Act, including SMAs, will be required to report their performance against principal plans in their 1998–99 annual reports.

Better practice elements of principal plans

2.7 Better practice principal plans set the strategic direction for the organisation as a whole. They are usually medium term (3–5 years) and include the following elements:

- a vision or mission statement;
- an environmental assessment (industry structures and economic, technological, political, legal and social factors);
- a listing of key stakeholders and clients;

¹¹ These are the *Basin Sustainability Program, 1996* and the *Murray Darling Basin Initiative and Strategic Investigations and Education in the Murray Darling Basin*

- high level corporate objectives and complementary strategies which demonstrate how statutory objectives are addressed; and
- performance indicators and outcomes expected to be achieved for objectives and aligned strategies.

2.8 The ANAO examined the current principal plans for 24 statutory bodies required to produce principal plans¹² against the better practice elements identified above. These elements reflect many of the statutory requirements for plans as set out in the enabling legislation of statutory bodies. In most cases the principal plan identified by statutory bodies was the Corporate Plan, Research and Development Plan, or Strategic Plan. These plans typically cover a period of three to five years, with the option or requirement for revision on an annual basis. Consultation with industry stakeholders is often required in the development of these plans. DPIE advised that many statutory bodies, especially RDCs, had adopted a culture of continuous improvement, particularly in regard to their planning and performance information, and reflected in their accountability documents.

2.9 The ANAO found that all but three of the principal plans examined included a vision or mission statement. All but two plans contained an environmental assessment. However, the quality varied from assessments of current trends to detailed analyses of likely future trends and implications. Many plans indirectly identified the Minister and industry stakeholders through an explanation of accountability arrangements, although only six plans directly identified key stakeholders. Most principal plans, with three exceptions, contained objectives and strategies, although most objectives were primarily focused at the operational level, rather than at the higher strategic level.

2.10 The ANAO considers that, consistent with better practice, there is scope for statutory bodies to address more clearly statutory objectives in their principal plans. The ANAO found that less than half of the bodies included their statutory objectives in their principal long term plans¹³ and few bodies fully reflected their statutory objectives in their corporate objectives, although a larger number of bodies broadly did so. Nearly half of the bodies only demonstrated a partial alignment between their corporate objectives and their statutory objectives in their principal plans.

¹² Excludes three bodies required to produce a plan. They are the JCB which is an inter-governmental body, the SMHEA which is to be corporatised, the ERDC which is being wound up, and RASAC which does not have a current principal plan. The MDBC's plan, *Basin Sustainability Program*, 1996 was included in this analysis

¹³ The ADFB and the MDBC were not included in this analysis because neither have statutory objectives contained in their legislation

2.11 There is also scope for some statutory bodies to improve the alignment of objectives and strategies. The ANAO found that 14 plans contained objectives with a high degree of alignment with strategies. For the remaining plans there was either a lower degree of alignment or no clear alignment.

2.12 Identifying expected or planned outcomes is an important aspect of planning, as the impact or consequences of the program and its objectives beyond its direct outputs and activities are identified. This is a key component of the accrual budgeting framework which is to be implemented from 1999–2000. The ANAO considers that there is substantial scope for bodies to improve their principal plans by identifying planned outcomes in principal plans. The ANAO found that only six of the 24 plans actually identified outcomes linked to either objectives or strategies, although not all were specified as outcomes and not all outcomes were aligned with objectives or strategies. While performance indicators were included in most principal plans, the ANAO considers there is scope for improving their effectiveness. Performance indicators are examined in greater detail in Chapter 3.

Conclusion—principal plans

2.13 The ANAO concludes that many of the statutory bodies need to consider ways of making their principal plans more useful for stakeholders. In particular, it would improve accountability for statutory bodies to state clearly the objectives of their enabling legislation in their principal plans and align their corporate objectives, planned outcomes, and strategies more directly with their statutory objectives. Demonstrating such alignment would improve transparency and overall accountability and provide assurance to the relevant Minister and the Parliament that planned outcomes and outputs appropriately address all statutory obligations as set out in enabling legislation.

2.14 Improving these aspects of the principal plan would also provide bodies with a more useful framework in which to assess performance which would assist them in better managing programs, identifying improvements, and meeting external reporting requirements. As previously mentioned, the ANAO notes that, under the CACO, all bodies subject to the CAC Act will be required to report their performance against principal plans in their 1998–99 annual reports.

Recommendation No. 1

2.15 The ANAO recommends that, in their principal plans, statutory bodies ensure that their corporate objectives, planned outcomes, and supporting strategies are fully aligned with statutory objectives.

Statutory bodies' response:

2.16 All statutory bodies who responded to the audit recommendations agreed with this recommendation.

AFFA response:

2.17 AFFA agrees with the recommendation.

Operational plans

2.18 The ANAO examined the 1997–98 operational plans for 23 statutory bodies required to produce operational plans.¹⁴ The ANAO found that operational plans generally demonstrated a clear link with principal plans.

2.19 The ANAO also examined the extent to which statutory bodies' operational plans met the content requirements as set out in their respective enabling legislation. These requirements vary between SMAs, RDCs, Regulatory and Advisory/Other bodies, but can include such matters as details of expenditure and the extent to which the plan achieves and pursues the objectives outlined in principal plans. The RDCs have more requirements under their enabling legislation for operational plans than other portfolio statutory bodies. RASAC had no statutory requirements to fulfil, other than the production of a plan.

2.20 The ANAO found that the bodies generally met these requirements. There were some instances where a requirement was not demonstrated clearly in the relevant operational plan, mainly for some RDCs. These limitations in reporting related to the following requirements:

- resources the corporation proposes to allocate to each program or broad groupings of activities;
- a description of how and the extent to which proposed funding of research and development activities gives effect to the principal long term plan and pursues and achieves the strategies and objectives outlined in that plan; and
- estimates of total amounts of money likely to be spent by the body and paid to the body.

2.21 The ANAO notes that during the course of the audit, the 1998–99 round of operational plan development was underway. DPIE undertook a detailed compliance examination for the draft 1998–99 operational plans prepared by statutory bodies. For those draft plans examined, DPIE advised

¹⁴ Excludes two bodies required to produce an operational plan. They are the JCB which is an inter-governmental body, the ERDC which is being wound up. Wool International is not required to produce an operational plan. The MDBC does not have an operational plan

that most bodies complied with most requirements. However, DPIE found that statutory bodies were not always apparently meeting requirements relating to such matters as proposed expenditure, travel expenses, and consultation costs.

2.22 The ANAO also found that information addressing statutory requirements was not always presented in a readily accessible or transparent manner in operational plans.

Conclusion—operational plans

2.23 The ANAO concludes that the operational plans of most statutory bodies demonstrated a clear link with principal plans and generally met legislative reporting requirements. There were some instances where a latter requirement was not demonstrated clearly. Demonstrating compliance with all legislative requirements would provide the necessary assurance to the Minister, Parliament and other stakeholders that the body has complied with the various statutory requirements.

Recommendation No 2

2.24 The ANAO recommends that statutory bodies review their legislative requirements for operational plans to ensure they meet all these requirements and, where necessary, take corrective action to do so.

Statutory bodies' response:

2.25 All statutory bodies who responded to the audit recommendations agreed with this recommendation.

AFFA response:

2.26 AFFA notes that the operational plans of most statutory bodies demonstrated a clear link with principal plans and generally met legislative reporting requirements. Where this is not so, AFFA agrees that these statutory bodies should ensure they meet their legislative reporting requirements for operational plans.

3. Accountability through Performance Information in Principal Planning Documents

This chapter evaluates the key performance information contained in the principal plans of the former PIE statutory bodies.

Introduction

3.1 Performance information *is evidence about performance that is collected and used systematically*. It is developed in a framework which encompasses the objectives and strategies of a program. An effective performance information framework enables judgments to be made on the extent to which objectives are achieving the desired results through the use of performance indicators and measures which reflect valid, reliable and accurate data. As such it is a key contributor to effective corporate governance and provides a valuable link for staff between their activities and the overall achievement of objectives.

3.2 Performance indicators and measures are usually documented in principal and operational plans and reported to Parliament in the annual reporting cycle. The importance of performance reporting is emphasised in the recently released *Commonwealth Authorities and Companies Orders, 1998* (CACO) which applies to all statutory bodies subject to the CAC Act. Under the CACO, statutory bodies will be required to demonstrate their performance in relation to statutory objectives or functions, corporate plans where applicable, and principal outputs and contribution to outcomes. In reporting their performance, the CACO requires statutory bodies to address both the efficiency and effectiveness of their operations in producing principal outputs and make clear links between outcomes, strategies for achieving those outcomes and the principal outputs.

3.3 This chapter addresses the extent to which statutory bodies' principal planning documents reflect an effective performance information framework. Public reporting on performance is discussed in Chapter 4.

Performance information in principal plans

3.4 The current principal plans of the statutory bodies in the audit will not yet reflect the accrual budgeting reforms which are to be implemented in 1999–2000. However, better practice program management and budgeting requires a performance information framework which enables planning for results as outlined in objectives and desired outcomes.

3.5 Performance information contained in the principal plans of the 24 statutory bodies reviewed by the ANAO (see 2.8) was examined to establish whether:

- there were effective performance indicators aligned with objectives and strategies;
- a balance of indicators and measures existed that allowed for an adequate assessment of the body's efficiency and effectiveness; and
- targets, standards and benchmarks had been developed to measure and assess performance.

Performance indicators and alignment with objectives and strategies

3.6 Clearly defined objectives have been a key feature of an effective performance information framework. Strategies which identified the means of achieving objectives have provided the essential link between objectives, performance indicators and performance measures. Effective performance indicators that are, as far as possible, measurable and linked to the achievement of objectives assist a body to manage, improve and account for its performance.

3.7 In the ANAO survey of statutory bodies, all bodies indicated that their performance information enabled them to assess performance against strategies and objectives in plans. The great majority of bodies surveyed indicated that they used performance indicators, both qualitative and quantitative, to measure and assess their performance and these were included in the principal plan. While almost all principal plans had some performance indicators and measures, the ANAO found that in practice there was substantial scope for improvement in the use of performance indicators and measures to assess achievement of objectives. For example, performance indicators were not always aligned with objectives and strategies and few were aligned with objectives; this is particularly true for SMAs.

3.8 The performance indicators in most principal plans were often very general in nature, were primarily activity and output based and were not always clearly measurable or capable of measurable assessment where

qualitative factors were used. Where they were capable of being measured, the indicators/measures were not always expressed in a way which enabled an assessment of performance against a performance target, standard or benchmark. The ANAO notes that, while many bodies specifically identified performance indicators in their principal plans through the use of a heading called 'performance indicators', some 'indicators' were actually more in the nature of strategies or activities.

Conclusion—alignment of indicators with objectives and strategies

3.9 The ANAO concludes that, while most principal plans included some performance indicators, there was substantial scope for improvement. The performance information available in the principal plans often did not provide a clear indication that bodies would be able to assess or measure their performance against stated objectives. Many performance indicators were not aligned with relevant objectives and were not always measurable. While some worthwhile indicators will be of a qualitative nature, it is desirable that adequate description be provided so that, as far as possible, a measurable assessment can be made of the performance. Improving these aspects will enable bodies to make more effective assessments of performance and will need to be addressed as part of the accrual budgeting based outputs and outcomes framework for 1999–2000. This in turn improves accountability for the delivery of programs and services. DPIE advised that there is scope for improvement in this area, while emphasising the substantial improvement in performance information achieved since 1993–94.

Balance of performance indicators

3.10 A balanced range of performance indicators enables an agency to measure performance, including the relationship between inputs, outputs, outcomes and the quality of client service. These in turn enable an agency to assess its efficiency and effectiveness in delivery of outputs and achievement of objectives.

3.11 In the survey of statutory bodies, responses indicated that bodies considered they had an appropriate balance of indicators which enabled them either to fully or partially measure effectiveness and to a lesser extent, efficiency in delivery of outputs and outcomes. However, the ANAO found that this view was not reflected in the principal plans of statutory bodies, although it is recognised that some principal plans were produced several years ago. For example, none of the principal plans demonstrated a full range of performance measures and, while outputs were used by some bodies, inputs and outcomes were rarely identified. Very few bodies had performance information in their principal plans which identified how they

plan to measure the quality of client service. However, the ANAO notes that three of the bodies reviewed have recently developed a Client Service Charter and that, while not identified in their principal plans, a number of RDCs and SMAs have either registered or achieved ISO 9002 quality management accreditation, which encompasses management systems to ensure delivery of quality products and service.

Conclusion—balance of performance indicators

3.12 The ANAO concludes that there is substantial scope for bodies to include a broader balance of performance information in principal plans. Including a range of input, output, outcome and quality of client service indicators will assist portfolio bodies to better assess program efficiency and effectiveness. DPIE advised that the challenges in this area are common to many government agencies. Further improvements will be necessary to meet the requirements of the accrual budgeting framework and the annual reporting requirements under the CAC Act.

Setting targets, standards and benchmarks

3.13 Actual assessment of performance, whether for ongoing program monitoring or evaluation, is largely based on comparisons. The use of targets, standards and benchmarks all provide a suitable basis for appropriate comparison.

3.14 In the survey of statutory bodies, all statutory bodies indicated that they use targets and, to a lesser extent, standards and benchmarks to measure performance. While greater use of standards, targets and benchmarks may have been reflected in supporting operational plans, the ANAO found, however, that very few current principal plans have set targets or standards for indicators or measures. Little use was made of benchmarks, although an intention to develop benchmarks was identified by some bodies in their principal plans. The ANAO understands that the RDCs are in the process of developing benchmarks by which they can measure performance in such areas as planning, funding and management of R&D against other bodies.

Conclusion—targets, standards and benchmarks

3.15 The ANAO concludes that there is scope for all bodies to make more effective use of targets, standards and benchmarks in their principal plans. Including such measures as targets, standards and benchmarks assists bodies to assess levels of performance in terms of standards and timeliness as well as establishing best practice benchmarks against which the body's performance can be compared with services, practices and processes of other similar organisations. The ANAO considers that a framework which, in particular, incorporates performance targets and

standards is necessary if performance information is to be useful for performance improvement and accountability to stakeholders, such as the Parliament.

Recommendation No. 3

3.16 The ANAO recommends that, in developing effective performance information, statutory bodies:

- include suitably aligned performance indicators on inputs, outputs and planned outcomes in principal plans, including measures of the quality of client service, which are measurable or capable of assessment where qualitative factors are used; and
- adopt a systematic approach to comparisons of performance by incorporating selected targets, standards and benchmarks as appropriate.

Statutory bodies' response:

3.17 All statutory bodies who responded to the audit recommendations agreed with this recommendation; a few qualified their response but accepted the thrust of the recommendation.

AFFA response:

3.18 AFFA notes that almost all statutory body principal plans had some performance indicators and measures. AFFA considers that while examples of better practice in this area can be found in portfolio statutory body principal plans, in general, there is scope for developing more effective performance information in principal plans.

4. Accountability through Annual Reporting

This chapter provides an overview of the legislative annual reporting requirements for all statutory bodies in the former PIE portfolio. It also examines annual reports in terms of statutory and administrative compliance and better practice.

Introduction

4.1 The annual report is the principal accountability mechanism for reporting to Parliament on the performance of a statutory body. The Senate Legislation Committees are required to review each annual report referred to them by the Senate as part of their ongoing role to monitor the performance of departments and authorities, although any parliamentary committee can hold public hearings into matters arising from annual reports of government departments and authorities tabled in the House. It is therefore particularly important that annual reports demonstrate compliance with statutory and administrative reporting guidelines and contain meaningful and useful information on performance.

4.2 The ANAO is aware that many statutory bodies prepare their annual report to meet the needs of both the Parliament and industry stakeholders. Some bodies have indicated that an annual report which addresses statutory and administrative annual reporting requirements does not meet the needs of industry and other stakeholders. Accordingly, a number of bodies which have the resources to do so, prepare a separate annual report for industry. The ANAO acknowledges the difficulty for those bodies that produce a single report in having to address the diverse needs of both industry stakeholders and the Parliament. However, the ANAO notes the comments of the then Joint Committee of Public Accounts (JCPA) which considered that statutory bodies

...are primarily accountable to the Parliament, because it is Parliament that controls their enabling legislation, and in many cases, guarantees the borrowings which drives their operations.¹⁵

4.3 The ANAO examined the legislative annual reporting requirements for all 78 statutory bodies in the former PIE portfolio and whether reports produced complied with statutory and administrative requirements and were in accordance with better practice.

¹⁵ Joint Committee of Public Accounts, Report 309 *Annual Reporting Guidelines for Statutory Authorities*, May 1991, p.33

Legislative annual reporting requirements

4.4 As discussed at 2.3, there were 50 statutory bodies operational at 1 July 1998, excluding selection committees. Of these 33 are required under their enabling legislation or the CAC Act to produce and provide to the Minister for tabling an annual report, as summarised in Table 3 and set out in Appendix 2.

Table 3
Legislative annual reporting requirements

Type of body	Number of operational bodies ¹⁶	Number required to produce an annual report and provide it the Minister for tabling	Comment
SMAAs	8	8	One of these, the ADFB provides the AHC with a report of its operations for inclusion in the AHC's annual report.
RDCs	14	14	
Regulatory	2	2	
Advisory/ Other (including GBE)	7	4	The bodies are RASAC, ALC, GIC and SMHEA. The GIC provides the AWBC with a report of its operations for inclusion in the AWBC's annual report. The SMHEA is required under the CAC Act to produce and table an annual report.
Inter-governmental	19	5	The bodies are the JCB and four joint fisheries authorities
TOTAL	50	33	

Source: see Appendix 2

4.5 The ANAO found that, with two exceptions, all bodies who were required to produce and table an annual report for the 1996–97 financial year did so. Two inter-governmental bodies within the portfolio, the Western Australian and the Northern Territory Joint Fishing Authorities, had not tabled an annual report for the 1996–97 financial year. (The Western Australia Authority has since tabled a report in the WA Parliament.)

¹⁶ At 1 July 1998, excluding selection committees

4.6 The ANAO notes that the *Audit (Transitional and Miscellaneous) Amendment Act, 1997* (ATMA Act), does not include the *Rural Adjustment Act, 1992*, in the acts amended by the repeal of the *Audit Act, 1901*. As a result, it would appear that RASAC now has no requirement to produce an annual report for the 1997–98 financial year. The DoFA has been advised of this.

Selection Committees

4.7 In addition to the 50 operational statutory bodies discussed above, the enabling legislation of RDCs, SMAs and AFMA provides for the formation of selection committees as required. At any one time there could have been up to 23 selection committees functioning in the former PIE portfolio. While the presiding members of RDC and AFMA selection committees must provide an annual report to the Minister on selection committees formed, which may be included in the annual report of the relevant body, the legislation does not require the presiding member of SMA selection committees to provide an annual report.

4.8 During the 1996–97 financial year, 13 selection committees were functioning (eight RDC, one AFMA, and four SMA selection committees). The ANAO found that the RDC and AFMA selection committees provided an annual report that was included in the 1996–97 annual report of the relevant body, although one report did not include a statement of expenditure. Selection committee reported expenditure ranged from \$480 to \$55 000.

4.9 While, some selection committees may not have been operational in a given financial year, the ANAO found that the presiding member of one RDC selection committee provided a report in the annual report of the relevant body, stating that the selection committee was not active during the preceding financial year. The ANAO considers this to be an example of better practice.

Conclusion—legislative annual reporting requirements

4.10 Not all statutory bodies are required to produce and provide for tabling some form of annual report. The ANAO noted that at the time of the audit two portfolio inter-governmental bodies were yet to table an annual report for 1996–97. Government and parliamentary guidelines describe annual reports as being the primary vehicle for accountability to Parliament. The ANAO considers that it is good practice for all bodies, including selection committees, to have a formal mechanism for reporting to Parliament, whether this is in the form of a separate report or by some other suitable means.

Statutory and administrative requirements for annual reports

4.11 Annual Reports for the 1996–97 financial year were required to comply with the annual reporting requirements set out in bodies enabling legislation and the 1982 *Guidelines for the content, preparation and presentation of annual reports by statutory authorities*.

4.12 The ANAO examined the annual reports of 25 statutory bodies required to produce an annual report for the 1996–97 financial year.¹⁷ In particular, the ANAO assessed the extent to which bodies addressed the annual reporting requirements set out in their enabling legislation and the 1982 Annual Report Guidelines.

4.13 Future annual reporting requirements flowing from the CAC Act are discussed at paragraph 4.24.

Requirements of enabling legislation

4.14 The annual reporting requirements set out in the enabling legislation of individual statutory bodies vary in terms of the number and type of reporting requirements. While some SMAs and Advisory/Other bodies have only one or two reporting requirements, RDCs have up to 18 reporting requirements with which to comply. The extent to which bodies are required to report on their performance also varies, with five of the 25 bodies having no statutory performance reporting requirements.

4.15 For those bodies which are required to report on some aspect of their performance, the requirements include performance reporting against the objectives set out in enabling legislation, objectives or goals of principal plans, performance indicators in principal or operating plans, and fulfilment of objectives of an annual operational plan or other internally-generated document. Only RDCs¹⁸ and AFMA have a requirement in their enabling legislation to report on their performance against the objectives set out in their enabling legislation.

4.16 The ANAO found that there were some instances of bodies not reporting clearly against legislative requirements. For example, all but two RDCs¹⁹ did not provide a clear assessment of the extent to which they

¹⁷ Excludes nine bodies required to produce an annual report. They are the JCB and the four joint fisheries authorities which are inter-governmental bodies, the ERDC which is being wound up; the SMHEA which is to be corporatised; and the ADFB and the GIC which are not required to produce a separate annual report. The MDBC's annual report was included in this analysis

¹⁸ This applies to those RDCs subject to the *Primary Industries and Research Development Act, 1989*. The HRDC is subject to the *Horticultural Research and Development Corporation Act, 1987*

¹⁹ Ibid

contributed to the achievement of the objects of the Act. While some bodies considered this need was met implicitly through their reporting against corporate objectives, the ANAO considers that this was far from transparent in their reporting and is an area where bodies can improve their accountability to Parliament. Other examples included two SMAs which did not specifically report their performance against the objectives set out in their principal plans; and one regulatory body that did not report its performance against the indicators set out in its principal plan, because no performance indicators were included in the plan.

4.17 In order to adequately demonstrate to Parliament compliance with statutory requirements, the ANAO considers that it is sound management practice for statutory bodies to specifically report against key requirements set out in enabling legislation. This could be done by clearly specifying in the report what statutory requirement is being met, that is, by specifying the section of the Act which is being reported against. Alternatively, bodies could consider adopting a compliance index, showing where in the report the content relating to each key requirement is located. The ANAO notes that AFMA, in its 1996–97 Annual Report, reported its performance against its statutory objects through its various fisheries' reports.

4.18 The ANAO also found that many bodies did not report against statutory requirements where there was nil activity or where they did not apply in the particular circumstances. This includes reporting against statutory requirements such as significant property purchases; shares; partnerships or joint ventures; and variations of corporate or operational plans. The ANAO recognises there is no requirement in guidelines to report nil activity. However, if bodies are reporting by exception, it is helpful to state so in the report for accountability purposes.

Administrative guidelines for annual reporting

4.19 The guidelines for annual reporting requirements for statutory authorities have applied since 1982,²⁰ and set out the *minimum* information which should be provided in annual reports. Information requirements include details about an entity's:

- enabling legislation;
- responsible Minister;
- powers, functions and objects;
- directorship and staff;

²⁰ Since 1982, statutory bodies have been encouraged, but not required, to move toward more effective performance reporting and have been provided with the 1994 *Requirements for Departmental Annual Reports* and drafts of the proposed Finance Minister Orders for annual reporting under the CAC Act.

- financial statements;
- activities and reports;
- operational problems; and
- subsidiaries.

4.20 While different approaches to the format of reporting against the 1982 guidelines may be adopted by statutory bodies, in its examination of annual reports the Senate Rural and Regional Affairs and Transport Legislation Committee has emphasised the need for statutory bodies to comply with the 1982 guidelines.²¹

4.21 The ANAO found that while RDCs, Regulatory bodies and Advisory/Other bodies complied with most requirements set out in the guidelines, compliance was mixed for SMAs. In particular, not all SMAs included information in their annual reports which detailed their statutory objects, functions, and powers.

Conclusion and scope for improvement—requirements for annual reports

4.22 The ANAO concludes that not all statutory bodies addressed clearly the full range of statutory and administrative annual reporting requirements which applied to them. In particular, there were some instances of bodies not reporting clearly against their key statutory performance reporting requirements. While most statutory bodies complied with the information requirements set out in the 1982 annual report guidelines, not all reports contained information on statutory objects, functions, and powers.

4.23 As part of effective corporate governance, the directors of boards of statutory bodies require assurance that statutory and administrative reporting requirements have been addressed. In turn, the Minister and the Parliament require assurance that statutory bodies have complied with statutory and administrative reporting requirements; it is desirable that such compliance is transparent in the reporting process. The ANAO considers that it is sound practice for statutory bodies to have in place internal mechanisms to ensure that statutory and administrative reporting requirements have been addressed. In this regard, the ANAO notes the Land and Water Resources Research and Development Corporation's (LWRRDC) use of detailed compliance checklists against statutory reporting requirements to demonstrate to the Board and its stakeholders that it is complying with required legislation. The ANAO understands that other

²¹ Senate Rural and Regional Affairs and Transport Legislation Committee, *Report on the Examination of Annual Reports*, No. 1 of 1997, October 1997 and No. 2 of 1997, March 1998

RDCs have similar mechanisms in place and that RDCs will be jointly developing a common compliance checklist for the CAC Act. Appendix 6 describes a suggested framework for developing suitable internal checklists.

4.24 Dealing systematically with this would help bodies to address future reporting requirements. For those bodies subject to the CAC Act, 1998–99 annual reports will be required to comply with the *Commonwealth Authorities and Companies Orders, 1998* (CACO), which incorporates many of the existing information requirements set out in the 1982 guidelines, as well as any annual reporting requirements included in enabling legislation, as amended by the ATMA Act.²² The CACO provides for a more standardised statutory performance reporting framework, including performance in relation to the objectives or functions of enabling legislation, principal plans, and principal outputs and contribution to outcomes. DPIE advised that RDCs have contributed to identifying better practice in drafts of the CACO.

Recommendation No. 4

4.25 The ANAO recommends that statutory bodies ensure they have suitable internal mechanisms to provide assurance to boards concerning compliance with statutory and administrative reporting requirements.

Statutory bodies' response:

4.26 All statutory bodies who responded to the audit recommendations agreed with this recommendation; one statutory body qualified their response with respect to reliance on guidance from Departments.

AFFA response:

4.27 AFFA agrees that it is better practice to have internal mechanisms to provide assurance to statutory authority boards of compliance with statutory and administrative reporting requirements.

Better practice annual reporting

4.28 The annual report is the primary vehicle for reporting program performance to the Parliament, and other interested stakeholders. It is therefore particularly important that annual reports provide sufficient information on the achievement of objectives, including both successes and shortcomings, to enable the Parliament and other interested stakeholders to make informed judgments about the effectiveness of a body in meeting its objectives.

²² The annual reporting requirements set out in the enabling legislation of some statutory bodies have been repealed by the ATMA Act

4.29 In recent years there have been a number of guidelines and reports that suggest better practice annual reporting, in addition to the 1982 guidelines.²³ Together, this guidance, which was available to statutory bodies in preparing their 1996–97 annual reports, emphasised the need to move away from simply showing administrative detail and recording of activities to providing more information on actual performance. It suggested that annual reports include the following elements:

- key performance indicators used to assess performance which are measurable and aligned with objectives;
- information on performance which relates to the achievement of objectives and outcomes;
- information on successes and shortcomings by indicating if programs have met their performance targets and the reasons for any significant variations from expected performance;
- key stakeholders and the quality of service provided;
- aids to access by including a compliance index, table of contents, alphabetical index and glossary;
- a statement of corporate governance which indicates how the Board manages and controls the affairs of the body; and
- details of government (ministerial) objectives, where provided.

4.30 The ANAO found that only slightly more than half of the 25 statutory bodies examined included some performance indicators in their annual reports, although the quality and coverage of these indicators varied. Performance indicators, where provided, were generally measurable, although as discussed in Chapter 3 were not usually expressed as a target or standard. Some reports had performance indicators which were not aligned with objectives. The ANAO considers there is scope for statutory bodies to improve their annual reports by specifying the indicators used to assess performance, ensuring that the indicators are capable of being measured so that they can be used to illustrate program performance, and by aligning performance indicators clearly with objectives. Addressing Recommendation No.3, to achieve improvements

²³ These include the Joint Committee of Public Accounts Report 309, *Annual Reporting Guidelines for Statutory Authorities 1991*; Senate Rural and Regional Affairs and Transport Legislation Committee, *Report on the Examination of Annual Reports*, various reports - December 1991 to date; March 1994 (updated March 1997) *Revised Annual Report Requirements for Departments*; ANAO-DoFA Better Practice Guide on *Performance Information Principles*; Institute of Public Administration Australia, *1996-97 Annual Reports Awards*; and since July 1995 exposure drafts of the Finance Ministers Orders which were issued to statutory bodies to alert them to the reporting requirements under the then CAC Bill, 1994 and more recently the CAC Act. The Finance Minister's Orders, now to be referred to as the *Commonwealth Authorities and Companies Orders*, 1998 (CACO) were issued on 17 August 1998

in the performance information framework for statutory bodies, will facilitate the more effective use of performance indicators in reporting to Parliament.

4.31 The ANAO found that the way in which bodies reported performance was mixed. Although all bodies reported on some aspects of their performance, most reported on activities and outputs of particular programs rather than performance against objectives and outcomes. Consistent with better practice, the ANAO considers that annual reports should provide an indication of the extent to which objectives and performance targets have been achieved and to the degree possible, the outcomes arising from such assessments.

4.32 In relation to reporting on successes and shortcomings, the ANAO found that while most bodies highlighted successes and shortcomings, this was often a descriptive statement of achievements rather than a considered assessment of performance against suitable targets. The ANAO also found that while some bodies clearly identified stakeholders in their annual reports, only one body included information on quality of client service and how this was measured.

4.33 The ANAO found that there is also scope for statutory bodies to improve other aspects of their annual reports. While many bodies included a statement about the Board and its membership, few bodies provided a statement on corporate governance addressing how the Board managed and controlled its activities. In addition, slightly more than half of the bodies included ministerial objectives where provided, and less than half incorporated the full range of aids to assist reader accessibility and transparency in meeting compliance requirements.

Conclusion—better practice annual reporting

4.34 The ANAO concludes that, while some 1996–97 annual reports provided commendable reporting to Parliament, many tended to report on activities or outputs rather than on achievement of objectives and contribution to outcomes. In order to meet the challenges of the new annual reporting requirements under the CAC Act, the ANAO considers there is generally scope for statutory bodies to improve the usefulness of their annual reports by reporting against a selected range of key performance indicators and, by outlining performance in terms of achievement of statutory objectives, principal outputs and contribution to intermediate and/or final outcomes. This will allow the Parliament and other key stakeholders to make more informed judgments on performance. The ANAO also considers that accountability to stakeholders could be enhanced by including an appropriate statement on corporate governance which details how the Board manages and controls its activities.

Recommendation No.5

4.35 The ANAO recommends that statutory bodies include in their annual reports:

- key performance indicators, and performance reporting against statutory objectives, outputs and planned outcomes; and
- information on whether performance targets have been met and the reasons for significant variations.

Consideration should also be given to including a statement on corporate governance; and a listing of key stakeholders and quality of service provided.

Statutory bodies' response:

4.36 Statutory bodies agreed with this recommendation; a few qualified their acceptance or commented that they would need to work through the practical implications of listing key stakeholders and addressing quality of service provided.

AFFA Response:

4.37 AFFA agrees that the annual report inclusions outlined in the ANAO's recommendation will allow the Parliament and other key stakeholders to make more informed judgments on statutory body performance.

4.38 For statutory authorities to comply with the *Commonwealth Authorities and Companies Orders 1998 (CACO)*, they will need to implement most of these inclusions in their annual reports, where this is not already the case.

5. The Departmental Role in the Accountability Arrangements for Portfolio Statutory Bodies

This chapter describes the role of the Department and evaluates its effectiveness in overseeing the accountability arrangements for statutory bodies within its portfolio.

Introduction

5.1 Statutory bodies in the former PIE portfolio play a significant role in delivering the government's policy objectives for Australia's resource-based industries. The directors of boards of statutory bodies are accountable to the Minister and the Parliament, for the operational and financial performance of the body to which they have been appointed. Principal accountability arrangements include the requirement of the Minister to approve principal and operational plans, to submit annual reports to Parliament and answer questions from, or make statements to, Parliament on the performance of statutory bodies and their operations. For those bodies subject to the CAC Act, additional accountability arrangements now include the requirement for directors of boards of statutory bodies to report to the Minister on significant events, the operations of the body, as well as providing interim reports and information as requested by the Minister. Thus, there is a clear line of accountability from the boards of statutory bodies to the Minister and through the Minister to Parliament. Within this context, the portfolio Department is responsible for assisting the Minister to discharge his/her statutory and parliamentary obligations with respect to the statutory bodies within the portfolio.

The Department's role in the accountability arrangements of portfolio statutory bodies

5.2 The role of the Department in the accountability arrangements of portfolio statutory bodies is guided by the CAC Act, the enabling legislation of individual statutory bodies, the reporting requirements of statutory bodies, the existing roles performed by the Department, and its overarching role of 'providing research, analytical, policy, program and management services' to the Government. The Department agreed to the broad elements of a normative approach for the accountability and oversight of its portfolio statutory bodies which has been drawn from these sources. This approach is detailed in Appendix 3 and summarised in 5.3 and 5.4.

5.3 In assisting the Minister to discharge his/her statutory and parliamentary obligations the ANAO considers that it is sound practice for the Department to have a framework for the accountability and oversight of portfolio bodies which has the support and/or agreement of the Minister. This enables the Department to develop a consistent approach for providing quality advice and assistance to the Minister and provides statutory bodies with a clear understanding of the Minister's requirements as well as the assistance the Department can provide.

5.4 The key elements of such a framework involve the Department in:

- the provision of quality advice to the Minister on statutory bodies;
- the coordination of information from statutory bodies (where those bodies are within Commonwealth control);
- assistance to senior management of individual statutory bodies;
- administering and maintaining information on portfolio legislation and statutory bodies; and
- the participation of department representatives only where the Government decides or legislation dictates, on the governing boards of statutory bodies.

5.5 The criteria for the audit addressed these aspects of an accountability and oversight framework.

Effectiveness of the Department's accountability and oversight framework

5.6 The ANAO considers that it is sound management practice for the Department, following consultation with the Minister about his/her requirements, to have a consolidated accountability and oversight framework which broadly sets out:

- the role and responsibilities of the Department in relation to the Minister and portfolio statutory bodies, and the role and responsibility of statutory bodies in relation to the Department and the Minister;
- principles, standards and procedures for providing advice and assistance to the Minister and statutory bodies; and
- the roles, accountability and delineation of responsibilities for areas within the Department which oversight statutory bodies and provide advice to the Minister on those statutory bodies.

5.7 Such a framework supports a consistent approach for providing quality advice and assurance to the Minister. It also provides portfolio statutory bodies with a clear understanding of the Minister's requirements as well as the assistance the Department can provide.

5.8 There were three policy groups in the former DPIE (Agriculture and Forest, Resources and Energy and Corporate) which played a key role in the oversight of accountability arrangements of portfolio statutory bodies, with the line area branches within the three policy groups being responsible for the oversight of the accountability arrangements of portfolio statutory bodies allocated to their area. In this regard, the line areas provided advice to the Minister on the relevant statutory body, including key accountability documents and matters of performance, and provided assistance and support to statutory bodies as required.

5.9 A key role was also played by the Natural Resources and R&D Branch (NRRD Branch) of the Corporate Group, which broadly oversaw the corporate governance arrangements for all of the portfolio's statutory bodies, for example, remuneration of CEOs and appointments to boards. This Branch also broadly oversaw RDCs and since January 1998, SMAs and provided generic advice to the Minister on these bodies. The NRRD Branch also coordinated information from RDCs; administered the *Primary Industries and Energy Research and Development Act, 1989* (PIERD Act); coordinated and attended some RDC meetings; and had a line responsibility for one statutory body, the Rural Industries Research and Development Corporation (RIRDC).

5.10 Statutory bodies commented positively in the ANAO survey on the assistance and support provided by the NRRD Branch.

5.11 Appendix 7 illustrates how the organisational structure of the former DPIE related to the oversight of accountability arrangements for statutory bodies included in this audit.

5.12 In undertaking its approach to the accountability and oversight of portfolio statutory bodies, DPIE was largely guided by the accountability requirements set out in the enabling legislation of individual statutory bodies and, more recently, the CAC Act. Other key documents which formed part of DPIE's accountability and oversight framework included key policy documents such as the May 1989 *Research Innovation and Competitiveness* Statement; ministerial policy objectives issued to some statutory bodies; and ministerial letters of appointment provided to new Board members which set out their broad role and the expectations of the Minister.

5.13 The Department considered that the above arrangements represented an effective framework for the accountability and oversight of portfolio statutory bodies. And the ANAO found these arrangements did include some procedures which underpinned its approach. For example, the Department had developed some internal guidance on specific processes such as appointments to statutory bodies; draft guidelines for

statutory bodies to report to the Minister on significant events; and more recently a compliance checklist for officers involved in the review and analysis of key accountability documents.

5.14 The ANAO found, however, there were some limitations in the framework. Although most line area branches were aware of the broad role and delineation of responsibilities between themselves and the NRRD Branch, not all were aware that it was also responsible for the oversight of SMAs, in addition to RDCs, or aware of the existence of a compliance checklist to be applied to key planning documents. An effective framework would ensure that all areas involved in the accountability and oversight of portfolio statutory bodies were aware of their key roles and responsibilities.

5.15 In addition, not all statutory bodies were aware of the role of the Department or provided, or were requested to provide, the Department with draft planning documents for comment.

5.16 DPIE's framework did not include internal guidance on how line area branches should provide advice and assistance to the Minister and portfolio statutory bodies. The ANAO considers that the absence of such guidance contributed to variations in the approach and extent to which line areas actually oversaw the accountability arrangements of portfolio statutory bodies, including variations in the review and subsequent format and content of the advice to the Minister on key accountability documents (see 5.23).

5.17 The ANAO also notes that the high turnover of staff in some line area branches reinforces the value of such guidance to reduce the risk of the loss of corporate knowledge and potential impact on the consistency of oversight arrangements. In this regard, some line areas indicated that better guidance would assist in the accountability and oversight of portfolio statutory bodies.

Conclusions—effectiveness of the Department's accountability and oversight framework

5.18 The ANAO concludes that DPIE had arrangements in place to support its role in the accountability and oversight of portfolio statutory bodies. However, these arrangements did not include a number of elements of a suitable consolidated framework which sets out the broad roles and responsibilities of the Department and portfolio statutory bodies, principles, standards and procedures, and the delineation of responsibilities within the Department for the accountability and oversight of portfolio statutory bodies.

5.19 The ANAO considers a more consolidated and comprehensive framework would assist relevant officers address some limitations in the oversight of accountability of portfolio statutory bodies identified in the rest of this chapter, and would facilitate a more consistent and coordinated approach for providing suitable advice to the Minister on statutory bodies, as well as assisting to maintain corporate knowledge. This would also provide statutory bodies with a better understanding of the role of the Department and of the expectations of the Minister(s).

5.20 Such a framework would be consistent with the former DPIE's 1998–99 Corporate Plan, which identified its intention to, 'develop by the end of 1998, corporate governance principles, a charter of mechanisms which clearly outline the authority and accountability of the Secretary, the Executive Board and staff at all organisational levels.'

Recommendation No.6

5.21 The ANAO recommends that AFFA develop a consolidated framework which broadly sets out the roles and responsibilities, principles and procedures for the effective accountability and oversight of portfolio statutory bodies.

AFFA response:

5.22 AFFA welcomes the ANAO acknowledgement of DPIE's efforts to support its role in accountability and oversight of portfolio statutory bodies and agrees that a more consolidated framework may improve consistency. In the context of the processes to delineate responsibilities in the new Agriculture, Fisheries and Forestry Portfolio, AFFA undertakes to clarify any elements of the framework which are currently not clear.

Advice to the Minister on statutory bodies

5.23 One of the key roles of the Department is the provision of advice and assistance to the Minister on accountability and performance matters relating to statutory bodies. The former DPIE line area branches provided advice to the Minister on a broad range of issues, including advice on the content of key accountability documents, the operations of bodies and subsidiaries, significant events, legislation, financial estimates and general government policies.

5.24 The ANAO assessed whether arrangements provided for a consistent quality of review and analysis of key accountability documents (ie principal plans, operational plans and annual reports); and the subsequent form and content of advice provided to the Minister.

5.25 DPIE line area branches reported that they used the enabling legislation as the principal checklist for reviewing accountability documents. However, the ANAO found variation in the extent to which line areas assessed key accountability documents and advised on their content and that there were no arrangements in place for ensuring a consistent standard of advice to the Minister. For example, the ANAO found significant variations in the comprehensiveness of advice provided.

5.26 Providing accurate advice to the Minister on the extent to which statutory bodies comply with their statutory reporting requirements is an important element of a Department's role in assisting the Minister. The ANAO also found, as described in Chapter 4, that there were some instances where statutory bodies were not reporting clearly against some legislative performance reporting requirements. However, these limitations in compliance were not always identified in advice sent to the Minister. In one case, the ANAO found that advice to the Minister indicated that a body had complied with its legislative requirements; yet it had clearly not done so. The ANAO also found significant variations in the format of advice, and its clearance and consultation.

5.27 The Department has an important role in providing appropriate advice to the Minister on the content of key planning documents. Examination of advice sent to the Minister during 1997–1998 on principal plans revealed variation in the extent to which the Minister was advised of the effectiveness of objectives, strategies, and in particular performance indicators and measures. The ANAO notes that, as discussed in Chapters 2 and 3, not all principal plans addressed statutory objectives, or contained objectives or strategies, strategies aligned with objectives, and measurable performance indicators, even though for some it was a statutory requirement to do so.

5.28 The ANAO considers that more effective review of these plans would help address some of the limitations in principal plans identified earlier. There may also be benefit in conducting a skills/needs analysis of officers in the line areas in order to ensure there are appropriate skills for effective review of accountability documents in support of providing advice to the Minister. This will also assist the Department in providing comments to statutory bodies on their draft planning documents.

Recent developments

5.29 During the course of the audit, the NRRD Branch took a number of steps to improve the consistency, accuracy and level of advice provided to the Minister, particularly in relation to the key accountability documents produced by statutory bodies. For example, the NRRD Branch developed compliance checklists to assist in the review and analysis of the 1998–99

cycle of principal plans and operational plans produced by RDCs and SMAs. A checklist is yet to be applied to all portfolio bodies required to produce plans, although it is intended to do so. The ANAO considers the compliance checklists to be comprehensive in their coverage.

5.30 The NRRD Branch was reviewing the content of key accountability documents in terms of the effectiveness of planning documents and in particular, the effectiveness of performance indicators. The ANAO considers that incorporating the effectiveness of objectives, strategies and the adequacy of key performance indicators and measures in its checklists for all bodies will greatly assist in the review and analysis of key accountability documents, and in so doing, provide more effective advice to both the Minister and to statutory bodies. It will also facilitate comparisons of performance (between similar bodies), including highlighting the strengths and weakness of key accountability documents, thereby promoting better governance. Such an approach could appropriately cater for the need to suitably weight matters addressed in advice in terms of their relative importance, while ensuring appropriate standards.

5.31 The NRRD Branch also introduced this year a requirement for all line areas to provide them with a draft of their advice to be sent to the Minister on key accountability documents for comment. This consultation was reflected in the advice sent to the Minister during 1998.

Conclusions—advice to the Minister

5.32 The consistency, accuracy and content of advice provided by DPIE to the Minister on key accountability documents had been variable. However, the Department was in the process of developing a standard approach to the review and analysis of key accountability documents through a compliance checklist for RDCs and SMAs, with the intention of extending this approach to all portfolio statutory bodies.

5.33 The ANAO considers that the further development of this approach will provide a more consistent and accurate standard of advice to the Minister on these matters. It can be further enhanced by ensuring that it caters for a regular evaluation of performance information contained in key accountability documents. The ANAO also considers that it may be beneficial for AFFA to conduct an analysis of the skills required to perform oversight functions, particularly in relation to the review and analysis of key accountability documents and performance.

Recommendation No.7

5.34 The ANAO recommends that AFFA ensure that, in providing suitable advice to the Minister, that:

- its review and analysis of key accountability documents of portfolio statutory bodies address the effectiveness and appropriateness of objectives, strategies and selected performance indicators; and
- it has procedures which provide assurance regarding quality of review and advice on key accountability documents for all statutory bodies.

AFFA response:

5.35 AFFA agrees that, where this is not already the case, its advice to the Minister on key accountability documents of portfolio statutory bodies could be enhanced by an analysis of the effectiveness and appropriateness of objectives, strategies and performance indicators.

5.36 AFFA has already begun to establish procedures that provide assurance regarding quality of review and advice on key accountability documents for all statutory bodies and will continue to do so where there is value added by the establishment of such a procedure.

Assistance to senior management of statutory bodies

5.37 Departments have a role in providing advice to portfolio statutory bodies to assist them in discharging their accountability obligations to the Minister. In order to assess the effectiveness of the assistance provided by DPIE to senior management of statutory bodies the ANAO examined whether DPIE:

- provided effective assistance/support to statutory bodies to assist them to comply with statutory requirements, government objectives, and guidelines (accountability obligations);
- informed statutory bodies on the directions of key public sector reforms and better practice in accountability, public administration, whole of government issues, and corporate governance; and
- had developed informal relationships with senior management of statutory bodies which facilitates its role in providing advice to the Minister.

Assistance in meeting accountability obligations

5.38 The ANAO survey indicated that most statutory bodies considered that in meeting their accountability obligations, assistance and support was provided by DPIE and also through the Government Board member, and

that this added value to their operations. 60 per cent of bodies surveyed indicated that DPIE had made clear to them the assistance it can provide in meeting their accountability obligations. However, a significant number, primarily SMAs, felt this was not the case. In addition, a number of bodies commented on the need for greater clarity in the identification of expectations of the Minister and the role of the Government member. The ANAO considers that this reinforces the value of a consolidated framework which incorporates the role and responsibilities of statutory bodies to the Department and the Minister, and of the Department in relation to the Minister and its portfolio statutory bodies (see para 5.6)

5.39 Of the bodies surveyed, 87 per cent clearly felt that DPIE did provide them with advice to assist them in complying with statutory requirements, Government objectives and guidelines. Advice was considered to be both useful and consistent (although one body pointed out that there have been occasional inconsistencies in advice arising from the involvement of different people and that this could be resolved by appointing a single contact point within line area branches). The survey did identify some scope for improvement. For example, a significant number did not believe advice was always timely and some reported difficulty with the ad hoc nature of the communication of matters such as guidelines for the development of corporate plans and annual reports. A number of statutory bodies suggested that they would value a consolidated set of guidelines and policies, with updates to replace relevant sections, to assist them in meeting their accountability obligations.

5.40 Most bodies indicated that they found DPIE willing to provide useful comments on their draft planning documents, with a few indicating that they would welcome comments being more targeted.

Assistance on better practice and reforms

5.41 The ANAO considers that portfolio Departments could play a useful role in support of statutory bodies' operations by regularly providing advice on key public sector reforms and better practice issues. In this regard, the ANAO acknowledges that other government departments and agencies also play a role in advising statutory bodies of better practice issues and key public sector reforms. The survey of statutory bodies indicated that only 50 per cent of statutory bodies surveyed considered that DPIE provided advice on the directions of key public sector reforms and 21 per cent felt that DPIE only partially did so. Similarly, 54 per cent of statutory bodies surveyed considered that DPIE provided them with advice on the directions of better practice in accountability, public administration, whole of government issues and corporate governance, and 25 per cent felt that DPIE partially did so.

5.42 In commenting on the assistance provided by DPIE, a number of statutory bodies indicated that they would value more timely communication on government expectations and the potential impact of proposed government changes. Some bodies commented that they would value DPIE assistance in providing them with better practice information on key areas of corporate management; one body suggested that DPIE could provide a more proactive approach to illustrating better practice from other similar bodies. In this regard, the ANAO considers that given the increased performance reporting requirements under the CAC Act, the Department could play an increased role in providing advice to assist statutory bodies on effective performance information and reporting.

Relationships

5.43 On the whole, the survey indicated that statutory bodies also had an effective informal relationship with the Department. While comments were favourable overall, some bodies commented that high levels of staff turnover in sections of DPIE had made it more difficult to establish effective communication strategies; others were concerned that the effectiveness of communication often depended upon the personalities involved, rather than structured arrangements.

Conclusion—assistance to statutory bodies

5.44 The ANAO concludes that DPIE was in general providing advice to assist statutory bodies in complying with their statutory requirements, government objectives and guidelines. Some statutory bodies identified scope for improvement in a number of areas including clarifying the role of the Department and the assistance it can make available; providing more timely and clear advice (eg guidelines); appointing a primary contact point within line area branches; and by providing statutory bodies with information on the directions of key public sector reform and relevant better practice issues, including performance information. Since completion of the audit AFFA has produced a Statutory Authority Bulletin to enhance its communication with statutory authorities.

Participation on governing boards

5.45 In accordance with legislation, officers from the former DPIE serve as Government members on the boards of many statutory bodies. All RDCs, SMAs and AFMA have a Departmental officer acting as a Government member on their boards. A Government member is to be appointed to the NRA Board once legislation has been passed and a DPIE officer acts as a federal government member on the MDBC. Most government members were from the DPIE line area responsible for their oversight.

5.46 According to Government members and statutory bodies interviewed, the Government member participates as a normal Board member and provides to the Board a specialist knowledge of government polices and public administration. In this way, the Government member is seen to provide a link between the statutory body and the Department.

5.47 The ANAO found that most Government members were aware of their broad role and the reporting obligations for statutory bodies under the CAC Act. All Government members reported that the CAC Act established their role and that this was also detailed in the letter of appointment from the Minister. However, the ANAO found that some Government members did express some confusion over their role, particularly in relation to apparent conflicts of interests. In this regard, DPIE advised that it had sought legal advice on section 23 (2) and section 25 of the CAC Act which it considers contradictory with regard to conflicts of interest and the role of the Government member.

5.48 The ANAO found that there was no formal mechanism for dealing with conflicts of interest within the Department. For example, when providing advice to the Minister on a statutory body's key accountability documents most line areas had an informal policy of removing the Government member from the process. The NRRD Branch was the only area within the Department which documented this decision/process. One line area did not consider this to be a conflict of interest.

5.49 Interviews conducted by the ANAO with statutory bodies indicated that in an overall sense, Government members are considered to add value to their operations. However, additional comments raised by statutory bodies included differences in the contributions made by Government members and that Government members were not always aware of relevant activities occurring within the Department. The ANAO notes that the monthly Government Director Information Bulletin recently produced by the NRRD Branch may reduce the latter problem.

5.50 Many statutory bodies surveyed considered it would be useful to clarify the role of the government member on the Board, particularly when there have been changes on the boards, and that bodies were sometimes unsure of who the Government member was representing. In the past, DPIE had provided advice on the role and responsibilities of Government members through a handbook to Government members and Board members. With the implementation of the CAC Act this guidance is now out of date. After taking legal advice, DPIE advised that it would be issuing an amended guideline.

Conclusion—participation of Government members on boards of statutory bodies

5.51 Portfolio statutory bodies considered that Government members on boards add value to their operations, although many believed there is scope for clarifying the role of the member. DPIE proposed issuing an amended guideline on the role of the Government member and was seeking legal advice on conflicts of interest. The ANAO considers that it would be worthwhile to examine internal mechanisms for reducing conflicts of interests within the Department.

Reporting to Parliament on statutory bodies

5.52 In accordance with the March 1994 (updated April 1998) requirements for Departmental annual reports, DPIE was required to maintain information on portfolio legislation and statutory bodies and to provide this information on request to any Members of Parliament, Senators and members of the public. DPIE provided this information in a supplement to its annual report entitled ‘Supplementary Information’.

5.53 The ANAO identified a number of errors and inconsistencies in DPIE’s Supplementary Information and its 1996–97 Annual Report. For example, in its Annual Report DPIE advised that there were 64 statutory bodies within the PIE portfolio, whereas the Supplementary Information identified 70. The ANAO, in consultation with DPIE, actually identified 81 statutory bodies at that time.

5.54 In addition, the ANAO also found that the list of statutory bodies contained in the Supplementary Information included some bodies whose existence is provided for in legislation, but for a variety of reasons were not operational, but not others. This seemed to be because DPIE did not have a clear definition of what constitutes a statutory body. There were also internal inconsistencies on whether portfolio statutory bodies were required to produce an annual report and several inconsistencies, inaccuracies and omissions in the information provided on legislation administered by the Department.

Conclusion—reporting to Parliament

5.55 The ANAO considers that information provided to Parliament about portfolio statutory bodies through the DPIE 1996–97 Annual Report and Supplementary Information had not been sufficiently accurate or consistent. DPIE indicated that it was addressing this matter to assure a better outcome. As part of this, the ANAO considers that the Department would need to apply a clear definition of what constitutes a statutory body.

Recommendation No.8

5.56 The ANAO recommends that AFFA ensure that its Annual Reports and Supplementary Information contain accurate and consistent information on portfolio statutory bodies and legislation administered.

AFFA response:

5.57 AFFA agrees that its Annual Reports and Supplementary Information must contain accurate and consistent information on portfolio statutory bodies and legislation administered. The Department of Primary Industries and Energy 1998–99 Portfolio Budget Statements and 1997–98 Annual Report and Supplementary Information, and DPIE Administrative Orders are accurate and consistent with this recommendation.

Incorporation of the Commonwealth Authorities and Companies Act, 1997

5.58 The introduction of the CAC Act has provided a new accountability and oversight framework which presents additional challenges both for statutory bodies and portfolio Departments. The former DPIE had adopted the following strategies in incorporating the provisions of the CAC Act into its accountability and oversight framework:

- training courses for line area managers and government members;
- development of guidelines on behalf of the responsible Minister for statutory bodies to provide advice to the Minister on significant events (s15 of the CAC Act refers);
- providing statutory bodies with drafts of the Finance Minister Order's for annual reporting requirements under the CAC Act and of the transitional reporting requirements for the 1997–1998 Annual Report;
- integrating CAC Act reporting requirements into a compliance checklist for review of 1998–99 key planning documents; and
- seeking legal advice on sections 23 (2) and 25, which deal with conflicts of interest and the Government member.

5.59 DPIE had yet to develop internal procedures and guidelines for some aspects of the CAC Act.

5.60 During the course of the audit, the ANAO found that 54 statutory entities in the former PIE portfolio are not bodies corporate holding moneys on their own account (and therefore are not Commonwealth authorities in their own right for the purposes of the CAC Act). Nor are they prescribed agencies under the *Financial Management and Accountability Act 1997* (FMA Act). The entities concerned are very small, the majority being selection

committees, inter-governmental bodies, councils or advisory committees. Their enabling legislation sometimes provides for them to prepare an annual report. The DoFA advised that the costs of their secretariat services are generally provided by either the portfolio Department or a 'parent' Commonwealth authority and, as such, are subsumed in the financial statements of the Department (prepared under the FMA Act) or the financial statements of the 'parent' Commonwealth authority (prepared under the CAC Act). The enabling Act of one of these entities was not amended by the ATMA Act. The ANAO considered that the accountability arrangements for these bodies presented a further challenge for DPIE to address and noted that the Department was seeking advice on these matters, particularly in relation to annual reporting.

Canberra ACT
17 December 1988



P. J. Barrett
Auditor-General

Appendices

Appendix 1

Portfolio statutory bodies

Statutory Marketing Authorities

SMA were established at the request of certain rural industries for statutory organisations to coordinate the marketing of their produce. They are essentially commercial bodies with varying trading, promotional and/or regulatory powers and are funded through compulsory levies paid by growers. They receive no direct funding from general taxpayer revenues and are intended to operate commercially and be financially self-supporting.

The policy basis of the SMAs was described by the then Minister for Primary Industries and Energy in the *Reform of Commonwealth Primary Industry Statutory Marketing Authorities* statement of January 1986. This statement focussed on the need for accountability to Government, Parliament and industry and subsequent reviews have focussed on issues such as corporate governance. Each of the SMAs has separate enabling legislation reflecting its individual character.

Research and Development Corporations/Council

RDCs were established at the request of certain rural industries for statutory organisations to expand their R&D effort, to improve industry efficiency and effectiveness by investing in high priority areas, and to enhance the industry's competitiveness through more effective uptake of research results. RDCs are generally funded through the Government matching, dollar-for-dollar, compulsory levies paid by growers up to a maximum of 0.5 per cent of the industry's gross value of production (GVP). The Land and Water Resources Research and Development Corporation (LWRRDC) and Rural Industries Research and Development Corporation (RIRDC) receive substantial Government funding in recognition of the public benefits flowing from natural resource management R&D, and the need to pursue generic rural R&D, including support for new and emerging rural industries.

The policy basis of the RDC model was described by the then Ministers for Primary Industries and Energy and for Resources in the *Research, Innovation and Competitiveness* statement of May 1989. The focus of this reform was to provide a framework which would make R&D more responsive to the needs of industry, increase the rate of adoption and the total funds available for R&D, and improve the efficiency and effectiveness and accountability arrangements of R&D arrangements. The legislative basis of the model is the *Primary Industries and Energy Research and Development Act 1989* and mirror legislation that applies in the wool and horticultural industries.

Regulatory/Advisory/Other statutory bodies

Other statutory authorities within the portfolio, like regulatory bodies (National Registration Authority and AFMA), selection committees, advisory committees and joint authorities have been established on a needs basis.

Appendix 2

Accountability arrangements for statutory bodies in the former PIE portfolio

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Statutory Marketing Authorities								
Australian Dairy Corporation	<i>Dairy Produce Act 1986, s5 (1)</i>	yes	yes	yes	yes	yes	\$430 825 000	\$0
Australian Dried Fruits Board ¹	<i>Australian Horticultural Corporation Act 1987, s100</i>	yes	yes	no ²	no ³	no	\$925 021	\$160 001
Australian Horticultural Corporation ⁴	<i>Australian Horticultural Corporation Act 1987, s6</i>	yes	yes	yes	yes	yes	\$9 445 100	\$1 000 000

- i. Refers to the *Commonwealth Authorities and Companies Act 1997*. Source: Department of Finance and Administration, Schedule of CAC Authorities, 18 June 1997
- ii. This information was derived from the 1996-97 Annual Reports for portfolio statutory bodies and DPIE
- iii. This information was derived from the 1996-97 Annual Reports for portfolio statutory bodies. Revenue from the Commonwealth includes annual and special appropriations, grants and the wool tax. It does not include industry levies

¹ The ADFB is a producer board of the Australian Horticultural Corporation. The ADFB is being restructured and reduced in size and role

² The AHC approves ADFB corporate plans and annual operational plans

³ The ADFB is required to produce a report of operations for inclusion in the annual report of the AHC

⁴ Merger with the Horticultural Research and Development Corporation is being considered

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Australian Pork Corporation	<i>Pig Industry Act 1986, s5 (1)</i> ⁵	yes	yes	yes	yes	yes	\$8 311 164	\$90 387
Australian Wheat Board ⁶	<i>Wheat Marketing Act 1989, s4 (1)</i>	yes	yes	yes ⁷	yes	yes	\$4 975 342 000	\$0
Australian Wine and Brandy Corporation	<i>Australian Wine and Brandy Corporation Act 1980, s6</i>	yes	yes	yes	yes	yes	\$5 683 570	\$550 349 ⁸
Australian Wool Research and Promotion Organisation	<i>Australian Wool Research and Promotion Organisation Act 1993, s5 (1)</i>	yes	yes	yes ⁹	yes	yes	\$152 628 000	\$113 766 000 ¹⁰
Wool International	<i>Wool International Act 1993, s7(1)</i>	yes	yes	no	yes	yes	\$493 836 000	\$715 000 ¹¹
Research and Development Corporations/Council								

⁵ This body also operates under the *Pig Slaughter Levy Act 1971* and the *Primary Industries Levies and Charges Collection Act 1991*

⁶ This body is to be commercialised in 1999

⁷ The Minister must approve the Corporate Plan. The Minister is not required to approve the annual operational plan but must be given a copy of it

⁸ Revenue from the Commonwealth comprises Export Market Development Grant (\$170 078), Commonwealth Government Grant - GIC (\$98 927), Commonwealth Government Grant - SWEP (Treasury) (\$206 344), Commonwealth Government Grant - Wine Australia (\$75 000)

⁹ The Minister must approve the Corporate Plan. The Minister is not required to approve the annual operational plan but must be given a copy of it

¹⁰ Revenue from the Commonwealth includes a wool tax of \$102 576 000 which relates to wool sales between 1 July 1996 to 30 June 1997

¹¹ Commonwealth contribution is through the wool tax, which relates to wool sales between 1 July 1996 to 30 June 1997

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Cotton Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8</i> (Statutory Rules 1990, no 212)	yes	yes	yes	yes	yes	\$8 734 706	\$3 261 064
Dairy Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8</i> (Statutory Rules 1990, no 16)	yes	yes	yes	yes	yes	\$19 805 879	\$9 375 622
Dried Fruits Research and Development Council	<i>Primary Industries and Energy Research and Development Act 1989, s92</i> (Statutory Rules 1991, no 331)	no	yes	yes ¹²	yes	yes	\$1 479 533	\$567 209
Energy Research and Development Corporation ¹³	<i>Primary Industries and Energy Research and Development Act 1989, s8</i> (Statutory Rules 1990, no 65)	yes	yes	yes	yes	yes	\$15 306 852	\$12 338 000
Fisheries Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8</i> (Statutory Rules 1991, no 91)	yes	yes	yes	yes	yes	\$15 689 292	\$11 315 674
Forest and Wood Products Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8</i> (Statutory Rules 1993, no 209)	yes	yes	yes	yes	yes	\$4 279 406	\$1 002 078

¹² Plans must be lodged with the RIRDC before being submitted to the Minister

¹³ This body is being wound up

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Grains Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1990, no 235)</i>	yes	yes	yes	yes	yes	\$92 117 548	\$29 145 000
Grape and Wine Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1991, no 75)</i>	yes	yes	yes	yes	yes	\$5 001 531	\$2 313 538
Horticultural Research and Development Corporation	<i>Horticultural Research and Development Corporation Act 1987, s4</i>	yes	yes	yes	yes	yes	\$28 395 737	\$11 867 720
Land and Water Resources Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1990, no 66)</i>	yes	yes	yes	yes	yes	\$16 055 992	\$10 460 130
Pig Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1990, no 63)</i>	yes	yes	yes	yes	yes	\$8 077 127	\$3 575 000
Rural Industries Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1990, no 198)</i>	yes	yes	yes	yes	yes	\$16 236 960	\$8 900 303

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Sugar Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1990, no 234)</i>	yes	yes	yes	yes	yes	\$12 231 991	\$5 757 636
Tobacco Research and Development Corporation	<i>Primary Industries and Energy Research and Development Act 1989, s8 (Statutory Rules 1995, no 85)</i>	yes	yes	yes	yes	yes	\$1 053 811	\$351 665
Joint/Inter-governmental¹⁴								
Commonwealth–State Offshore Minerals Joint Authority – NSW	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Minerals Joint Authority – Victoria	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Minerals Joint Authority – Queensland	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Minerals Joint Authority – WA	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Minerals Joint Authority – SA	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-

¹⁴ The Joint Authority for a Commonwealth-State/Territory Offshore area (Minerals and Petroleum) is constituted by the responsible State/Territory Minister and the responsible Commonwealth minister

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Commonwealth–State Offshore Minerals Joint Authority – Tasmania	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-
Commonwealth–Territory Offshore Minerals Joint Authority – NT	<i>Offshore Minerals Act 1994, s32(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Petroleum Joint Authority – NSW	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Petroleum Joint Authority – Vic	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Petroleum Joint Authority – Qld	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Petroleum Joint Authority – WA	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Petroleum Joint Authorities – SA	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-
Commonwealth–State Offshore Petroleum Joint Authority – Tas	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Commonwealth–Territory Offshore Petroleum Joint Authority – NT	<i>Petroleum (Submerged Lands) Act 1967, s8A(1)</i>	no	no	-	no	no	-	-
Joint Coal Board ¹⁵	<i>Coal Industry Act 1946, s5</i>	no	yes	no	yes	yes	\$119 000 000	\$0
Northern Territory Fisheries Joint Authority ¹⁶	<i>Fisheries Legislation (Consequential Provisions) Act 1991, s7(4)(a)</i> ¹⁷	no	no	-	yes ¹⁸	yes	not available	\$8057 ¹⁹
Queensland Fisheries Joint Authority ²⁰	<i>Fisheries Management Act 1991, part 5, s61(1)</i> .	no	no	-	yes ²¹	yes	\$42 966	\$8057 ²²
Torres Strait Protected Zone Joint Authority	<i>Torres Strait Fisheries Act 1984, s30 (1)</i>	no	no	-	yes ²³	yes	\$2 460 403 ²⁴	\$1 201 081

¹⁵ The JCB is currently the subject of action by the Commonwealth to withdraw its involvement

¹⁶ This Joint authority comprises relevant State/NT and Commonwealth ministers responsible for fisheries

¹⁷ This body was established under the Fisheries Act 1952 and became a joint authority under Part 5 of the Fisheries Management Act 1991 by virtue of subsection 7 (4) of the Fisheries Legislation (Consequential Provisions) Act 1991

¹⁸ The annual report is prepared by the NT Dept of Primary Industry and Fisheries

¹⁹ Funding is provided from AFMA's Total Operating Revenue. The total for the Northern Fisheries Joint Authorities (includes NT and Queensland) was \$8057 in 1996-97

²⁰ This joint authority comprises relevant State/NT and Commonwealth ministers responsible for fisheries

²¹ The annual report is prepared by the Queensland Fisheries Management Authority

²² Funding is provided from AFMA's Total Operating Revenue. The total for the Northern Fisheries Joint Authorities (includes NT and Queensland) was \$8057 in 1996-97

²³ The annual report is prepared by the Queensland Fisheries Management Authority

²⁴ Funding comes from the Commonwealth and Queensland governments

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Western Australian Fisheries Joint Authority ²⁵	<i>Fisheries Legislation Consequential Provisions) Act 1991, s7(4)(a)</i> ²⁶	no	no	-	yes ²⁷	yes	not available ²⁸	\$19 430 ²⁹
Murray–Darling Basin Commission ³⁰	<i>Murray-Darling Basin Act 1993—Schedule, s16 (1)</i>	no	no ³¹	no ³²	yes ³³	yes	\$83 270 000	\$24 997 000
Murray-Darling Basin Ministerial Council ³⁴	<i>Murray-Darling Basin Act 1993—Schedule, s8 (1)</i>	no	no	-	no	no	\$0 ³⁵	

²⁵ This joint authority comprises relevant State/NT and Commonwealth ministers responsible for fisheries

²⁶ This body was established under the Fisheries Act 1952 and became a joint authority under Part 5 of the Fisheries Management Act 1991 by virtue of subsection 7 (4) of the Fisheries Legislation (Consequential Provisions) Act 1991

²⁷ The annual report is prepared by Fisheries WA

²⁸ Separate costs for the running of the WAFJA are not kept

²⁹ This cost is paid by AFMA out of their total operating revenue

³⁰ MDBC is not a statutory body as in accordance with the Senate Finance and Public Administration Legislation Committee definition as used by ANAO during this audit

³¹ The legislation does not specify that plans must be produced. However, the Act requires that forward estimates be provided s67(1)(b) and refers to a requirement to report on plans in s84(1)(a)(ii), (iii). The MDBC is also required to include in its annual report a report of the achievement against any objectives, policy or plan

³² MDBC forward estimates must be approved by the MDB Ministerial Council

³³ The annual report must be sent to the Ministerial Council

³⁴ MDBMC is not a statutory body as in accordance with the Senate Finance and Public Administration Legislation Committee definition as used by ANAO during this audit

³⁵ This body meets once or twice a year and has no budget

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Selection Committees³⁶								
Australian Dairy Corporation Selection Committee ³⁷	<i>Dairy Produce Act 1986, s28 (1)</i>	no	no	-	no	no	-	-
Australian Fisheries Management Authority Selection Committee	<i>Fisheries Administration Act 1991, s28 (1)</i>	no	no	-	yes ³⁸	yes	{\$18 993} ³⁹	-
Australian Horticultural Corporation Selection Committee ⁴⁰	<i>Australian Horticultural Corporation Act 1987, s76</i>	no	no	-	no	no	not identified ⁴¹	-
Australian Pork Corporation Selection Committee ⁴²	<i>Pig Industry Act 1986, s35 (1)</i>	no	no	-	no	no	{\$3 266} ⁴³	-
Australian Wheat Board Selection Committee ⁴⁴	<i>Wheat Marketing Act 1989, s29 (1)</i>	no	no	-	no	no	-	-

³⁶ Total Operating Revenue figures for selection committees are bracketed { } as they are incurred by the body for which the committee was established

³⁷ There was no selection process in 1996-97

³⁸ Selection committee annual report is contained within the AFMA annual report

³⁹ Expenditure for the selection committee is reported in the annual report of the selection committee

⁴⁰ There was a selection committee process during 1996-97

⁴¹ The selection committee expenditure is included in the AHC's accounts for the period (under 'Other') but is not separately identified

⁴² There was a selection committee process during 1996-97

⁴³ Selection Committee expenditure is identified in the APC's accounts (under 'Selection Committee Costs')

⁴⁴ There was no selection committee process in 1996-97

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Australian Wine and Brandy Corporation Selection Committee ⁴⁵	<i>Australian Wine and Brandy Corporation Act 1980, s29A</i>	no	no	-	no	no	{\$480}	-
Australian Wool Research and Promotion Organisation Selection Committee ⁴⁶	<i>Australian Wool Research and Promotion Organisation Act 1993, s37(1)</i>	no	no	-	no	no	not identified ⁴⁷	-
Cotton Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989, s122-126—Statutory Rules 1990, no 212</i>	no	no	-	yes ⁴⁸	yes	{\$16 626} ⁴⁹	-
Dairy Research and Development Corporation Selection Committee ⁵⁰	<i>Primary Industries and Energy Research and Development Act 1989, s122-126—Statutory Rules 1990, no 16</i>	no	no	-	yes	yes	-	-

⁴⁵ There was a selection committee process during 1996-97. The expenditure is identified in the AWBC's accounts (under 'Board Selection Expenses')

⁴⁶ There was a selection committee process during 1996-97

⁴⁷ The selection committee expenditure is included in AWRAP's accounts for the period but is not separately identified

⁴⁸ The Selection Committee's annual report is contained in the CRDC's annual report

⁴⁹ The expenditure for the selection committee is reported in the selection committee annual report

⁵⁰ There was no selection process in 1996-97

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Dried Fruits Research and Development Council Selection Committee ⁵¹	<i>Primary Industries and Energy Research and Development Act 1989</i> , 126(1)—Statutory Rules 1991, no 331	no	no	-	yes	yes	-	-
Energy Research and Development Corporation Selection Committee ⁵²	<i>Primary Industries and Energy Research and Development Act 1989</i> , s122-126—Statutory Rules 1990, no 65	no	no	-	yes ⁵³	yes	-	-
Fisheries Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989</i> , s122-126—Statutory Rules 1991, no 91	no	no	-	yes ⁵⁴	yes	{\$16 837} ⁵⁵	-
Forest and Wood Products Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989</i> , s122-126—Statutory Rules 1993, no 209	no	no	-	yes ⁵⁶	yes	{\$9 428} ⁵⁷	-

⁵¹ There was no selection process during 1996-97

⁵² The selection committee was not active during 1996-97

⁵³ The Selection Committee's annual report is contained in the ERDC's annual report

⁵⁴ The Selection Committee's annual report is contained in the FRDC's annual report

⁵⁵ Expenditure for the selection committee is reported in the selection committee annual report

⁵⁶ Selection committee annual report is contained within FWPRDC's annual report

⁵⁷ The expenditure for the selection committee is reported in the selection committee annual report

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Grains Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989, s122-126—Statutory Rules 1990, no 235</i>	no	no	-	yes ⁵⁸	yes	{\$55 033} ⁵⁹	-
Grape and Wine Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989, s122-126—Statutory Rules 1991, no 75</i>	no	no	-	yes ⁶⁰	yes	{\$16 000} ⁶¹	-
Horticultural Research and Development Corporation Selection Committee	<i>Horticultural Research and Development Corporation Act 1987, s67(1)</i>	no	no	-	yes ⁶²	yes	{\$30 036} ⁶³	-
Land and Water Resources ⁶⁴ Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989, s122-126—Statutory Rules 1990, no 212</i>	no	no	-	yes	yes	-	-

⁵⁸ The Selection Committee's annual report is contained in the GRDC's annual report

⁵⁹ The expenditure for the selection committee is reported in the selection committee annual report

⁶⁰ The Selection Committee's annual report is contained in the GWRDC's annual report

⁶¹ The expenditure for the selection committee is reported in the selection committee annual report

⁶² The Selection Committee's annual report is contained in the HRDC's annual report

⁶³ The expenditure for the selection committee is reported in the selection committee annual report

⁶⁴ LWRRDC's selection committee was abolished in July 1996 and was not formally recalled in 1996-97

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Pig Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989</i> , s122-126—Statutory Rules 1990, no 63	no	no	-	yes ⁶⁵	yes	not identified ⁶⁶	-
Rural Industries Research and Development Corporation Selection Committee ⁶⁷	<i>Primary Industries and Energy Research and Development Act 1989</i> , s122-126—Statutory Rules 1990, no 198	no	no	-	yes	yes	-	-
Statutory Fishing Rights Allocation Review Panel Selection Committee ⁶⁸	<i>Fisheries Management Act 1991</i> , s140(1)	no	no	-	no	no	-	-
Sugar Research and Development Corporation Selection Committee	<i>Primary Industries and Energy Research and Development Act 1989</i> , s122-126—Statutory Rules 1990, no 234	no	no	-	yes ⁶⁹	yes	{\$14 682} ⁷⁰	-

⁶⁵ The Selection Committee's annual report is contained in the PRDC's annual report

⁶⁶ There was no expenditure stated for the selection committee

⁶⁷ There was no selection committee process during 1996-97

⁶⁸ There was no selection committee process during 1996-97

⁶⁹ Selection committee annual report is contained within the SRDC's annual report

⁷⁰ The expenditure for the selection committee is reported in the selection committee annual report

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Tobacco Research and Development Corporation Selection Committee ⁷¹	<i>Primary Industries and Energy Research and Development Act 1989, s122-126—Statutory Rules 1995, no 85</i>	no	no	-	yes	yes	-	-
Wool International Selection Committee ⁷²	<i>Wool International Act 1993, s31(1)</i>	no	no	-	no	no	-	-
Regulatory								
Australian Fisheries Management Authority	<i>Fisheries Administration Act 1991, s5</i>	yes	yes	yes	yes	yes	\$19 559 000	\$5 691 000
National Registration Authority for Agricultural and Veterinary Chemicals	<i>Agricultural and Veterinary Chemicals (Administration) Act 1992, s6</i>	yes	yes	yes	yes	yes	\$15 105 424	\$77 000
Advisory/Other								
Australian Landcare Council ⁷³	<i>Natural Resources Management (Financial Assistance) Act 1992, c13(1)</i>	no	no	-	yes ⁷⁴	yes	\$211 311 ⁷⁵	\$211 311

⁷¹ There was no selection committee process during 1996-97

⁷² There was no selection committee process during 1996-97

⁷³ Formerly National Landcare Advisory Committee

⁷⁴ The report on the operation of the Natural Resources Management (Financial Assistance) Act 1992 appears in DPIE's 1996-97 annual report (p157). The enabling legislation (s27) also requires the Council to produce an annual report

⁷⁵ This figure refers to the expenses incurred by the ALC, as reported in the 1996-97 annual report of DPIE. Expenses associated with the Committee's operations are administered by DPIE's Natural Resources Management Fund established under Natural Resources Act (Financial Assistance) 1992

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Australian Pig Industry Council ⁷⁶	<i>Primary Industry Councils Act 1991, s6</i>	no	no	-	yes	yes	\$18 113	\$18 113 ⁷⁷
Fishing Industry Policy Council ⁷⁸	<i>Fisheries Administration Act 1991, s95</i>	no	yes	no	yes	yes	-	-
Geographical Indications Committee ⁷⁹	<i>Australian Wine and Brandy Corporation Amendment Act 1993, s40N</i>	no -	no	-	no ⁸⁰	no	\$282 735 ⁸¹	
Grains Industry Council ⁸²	<i>Primary Industry Councils Act 1991, s6 & Schedule (Part 1)</i>	no	no	-	yes	yes	-	-
Horticultural Policy Council ⁸³	<i>Horticultural Policy Council Act 1987, s4</i>	no	no	-	yes	yes	-	-
Office of the Registrar of Plant Breeder's Rights ⁸⁴	<i>Plant Breeder's Rights Act 1994, s58(1)</i>	no	no	-	no ⁸⁵	no	-	-

⁷⁶ This body is being wound up and has been inactive since February 1997

⁷⁷ Cost figures are operating expenses

⁷⁸ This body is inoperative

⁷⁹ The GIC is a statutory committee of the Australian Wine and Brandy Corporation

⁸⁰ The GIC must include a report of its operations in the AWBC annual report

⁸¹ The GIC receives funding from the Australian Wine and Brandy Corporation. The expenditure figure given is the expense AWBC incurred in running the GIC

⁸² This body is inoperative

⁸³ This body is inoperative. The Council wound up its activities on 31 August 1995

⁸⁴ The Office of the Registrar of Plant Breeders Right is located within DPIE

⁸⁵ The activities of the Office are reported in the crops section of DPIE's annual report

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Ord Project Co-ordinating Committee ⁸⁶	<i>Western Australia Agreement (Ord River Irrigation) Act 1968</i> (schedule) s11	no	no	-	no	no	-	-
Plant Breeder's Rights Advisory Committee	<i>Plant Breeder's Rights Act 1994</i> , s63(1)	no	no	-	no ⁸⁷	no	-	(\$11 000 - \$20 000 included in DPIE running costs)
Rural Adjustment Scheme Advisory Council ⁸⁸	<i>Rural Adjustment Act 1992</i> , s5	no	yes	no	yes ⁸⁹	yes	\$226 761 ⁹⁰	\$226 761 ⁹¹

⁸⁶ This body is inoperative

⁸⁷ The Act specifies that public notices required by the act be included in the Plant Varieties Journal

⁸⁸ The Rural Adjustment Scheme is to be wound up in December 1998 and replaced with a new program

⁸⁹ The *Audit (Transitional and Miscellaneous Provisions) Amendment Act 1997* does not include the *Rural Adjustment Act 1992*, in the acts amended by the repeal of the *Audit Act 1901*. Because of this, there is currently no requirement for the Council to prepare an annual report of financial statements

⁹⁰ This figure represents expenditure by RASAC. Because all funding comes from DPIE's appropriations for running costs, the total expenditure and the total operating revenue are equal. Costs exclude the Rural Adjustment Scheme itself

⁹¹ This figure represents expenditure by RASAC. Because all funding comes from DPIE's appropriations for running costs, the total expenditure and the total operating revenue are equal. Costs exclude the Rural Adjustment Scheme itself

Name of body	Enabling legislation	CAC Act applies ⁱ	Enabling legislation requires plans	Minister must approve plans	Annual Report is required to be produced	Annual Report is required to be tabled in Parliament	Total operating revenue 1997-97 ⁱⁱ	Revenue from the Commonwealth 1996-97 ⁱⁱⁱ
Snowy Mountains Hydro-electric Authority ⁹²	<i>Snowy Mountains Hydro-Electric Power Act 1949, s7</i>	yes ⁹³	yes ⁹⁴	-	yes ⁹⁵	yes	\$171 272 000	\$0
Statutory Fishing Rights Allocation Review Panel ⁹⁶	<i>Fisheries Management Act 1991, s124</i>	no	no	-	no	no	-	-

⁹² This body is a GBE in the process of being corporatised. Expenses associated with the Committee's operations are administered by DPIE's Natural Resources Management Fund established under Natural Resources Act (Financial Assistance) 1992

⁹³ The Snowy Hydro Ltd., the company which will replace the SMHEA when corporatised, will be a minority owned Commonwealth GBE established under the Corporation Law. It will not be covered by the CAC Act

⁹⁴ Under the CAC Act, the SMHEA is required to produce a corporate plan

⁹⁵ The 1949 legislation (s32) specifies the provision of information to the Minister 'from time to time'. Under the CAC Act, the SMHEA is required to produce and table an annual report

⁹⁶ This body has been inactive but is likely to be active in 1998

Appendix 3

The department's role in the accountability arrangements of statutory bodies within its portfolio

In considering the role of the Department in the accountability arrangements of statutory bodies within its portfolio the ANAO considered:

- the Commonwealth Authorities and Companies Act 1997 and other legislation (eg enabling legislation);
- the reporting requirements of statutory bodies;
- the existing roles performed by the Department; and
- the Department's overarching role as being "to serve the Government by providing research, analytical, policy, program and management services."

As the administrative arm of the Government and the policy and advising Department for its portfolio, the Department is responsible for assisting the Minister to discharge his/her statutory and parliamentary obligations with respect to the statutory bodies within the portfolio. In this regard, the ANAO considers that it is sound practice for the Department to have a framework for accountability and oversight of portfolio bodies which has the support and/or agreement of the Minister. Such a framework enables the Department to develop a consistent approach for providing quality advice and assistance to the Minister and provides statutory bodies with a clear understanding of the Minister's requirements as well as the assistance the Department can provide.

Such a framework would include the following elements:

1. *Provision of quality advice* to the Minister on statutory bodies, including advice:

- on the content of a body's primary accountability documents (eg Corporate plan (or equivalent), Annual Operational Plans, Annual Report, interim reports. This necessitates a *review and analysis* of these key accountability documents;
- on the operations of the bodies and their subsidiaries as necessary;
- on significant events;
- associated with legislation;
- financial/budget estimates for the Federal Budget; and
- general policies of the Government that are to apply to the body.

2. *Coordination of information* from statutory bodies (where those bodies are within Commonwealth control), including:

- general administrative information/matters eg, Questions on Notice; appointments to bodies;
- budget estimates/financial statements for each financial year; and
- specific requests from the Finance Minister and responsible Minister(s).

3. *Assistance* to senior management of individual statutory bodies, including:

- administrative and policy advice to assist in complying with statutory requirements, government objectives and guidelines, and legislation (eg Annual Reporting, Corporate Plans, CAC legislation, budget estimates, interim reports etc);
- informing statutory bodies on directions of key public sector reforms and better practice in accountability, public administration, whole-of government issues (eg, competitive tendering and contracting), corporate governance; and
- developing informal relationships which facilitates the Department's role in providing advice to the Minister.

4. *Administering* and *maintaining* information on portfolio legislation and statutory bodies.

5. *Participation* of Department Representatives only where the Government decides or legislation indicates, on governing boards. Where there is no legislative requirement for participation, it is more appropriate to encourage two way communication with the Board.

Appendix 4

ANAO survey of statutory bodies' senior management

The ANAO conducted a survey during June 1998, addressed to senior management of statutory bodies, to provide information in support of the audit criteria. It was piloted with two statutory bodies and DPIE in May 1998. The survey addressed the body's views on:

- accountability arrangements;
- their planning framework;
- communication with stakeholders;
- their performance information;
- their annual reports; and
- the support provided by DPIE.

Survey participants

At 1 July 1998, of the 78 former PIE portfolio statutory bodies, there were 23 selection committees and 19 inter-governmental bodies. These bodies were excluded from the main focus of the audit. Of the remaining bodies, five bodies were not functioning, two were planned to be wound up during the course of the audit, two bodies were not required to produce accountability documents, and one was a statutory committee of a larger statutory body. Although, the Murray Darling Basin Commission (MDBC) is not a statutory body in accordance with the definition applied in this audit, the Commission agreed to participate in the audit.

The following statutory bodies were therefore included in the ANAO survey (including the ANAO examination of key accountability documents):

Statutory Marketing Authorities

- Australian Dairy Corporation
- Australian Dried Fruits Board
- Australian Horticultural Corporation
- Australian Pork Corporation
- Australian Wheat Board
- Australian Wine and Brandy Corporation
- Australian Wool Research and Promotion Organisation
- Wool International

Research and Development Corporations/ Councils

- Cotton Research and Development Corporation
- Dairy Research and Development Corporation
- Dried Fruits Research and Development Council
- Fisheries Research and Development Corporation
- Forests and Wood Products Research and Development Corporation
- Grains Research and Development Corporation
- Grape and Wine Research and Development Corporation
- Horticultural Research and Development Corporation
- Land and Water Resources Research and Development Corporation
- Pig Research and Development Corporation
- Rural Industries Research and Development Corporation
- Sugar Research and Development Corporation
- Tobacco Research and Development Corporation

Regulatory/Advisory/Other⁹⁷

- Australian Fisheries Management Authority
- National Registration Authority for Agricultural and Veterinary Chemicals
- Rural Adjustment Scheme Advisory Council*
- Australian Landcare Council*

Inter-governmental

- The Murray Darling Basin Commission⁹⁸

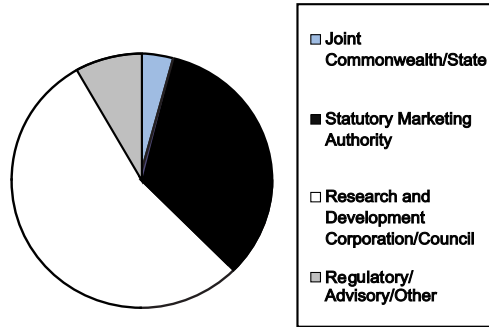
⁹⁷ Note: Those statutory bodies highlighted by a * were not included in the detailed survey. These bodies do not produce a full range of accountability documents and/or do not have a CEO or equivalent to complete the survey. A modified survey was sent to the Australian Landcare Council. Accountability arrangements for the Rural Adjustment Scheme Advisory Council were confirmed via correspondence.

⁹⁸ The MDBC, while outside the mandate of the Auditor-General for performance audits, voluntarily agreed to participate in the audit.

Survey respondents by category

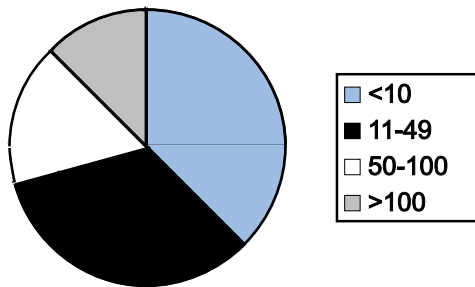
Type of Statutory Body

Type of Body	Count	%
Joint Commonwealth/ State (Inter-governmental)	1	4
Statutory Marketing Authority	8	33
Research and Development Corporation/Council	13	54
Regulatory/Advisory/Other	<u>2</u>	8
	24	



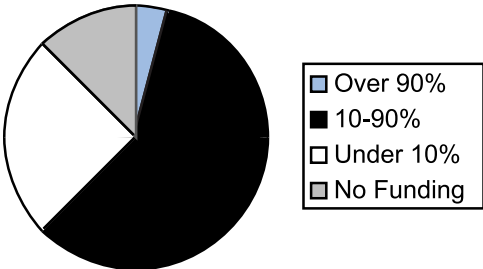
Staff Employed by Statutory Body

Group	Count	%
< 10	9	38
11-49	8	33
50-100	4	17
>100	<u>3</u>	13
	24	



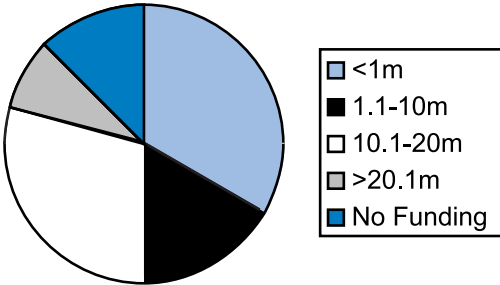
Commonwealth Funding / Contribution:

Group	Count	%
Over 90%	1	4
10-90%	14	58
Under 10%	6	25
No Funding	3	13
	<u>24</u>	



Commonwealth Funding / Contribution Amount:

Group	Count	%
< 1m	8	33
1.1 – 10m	4	17
10.1 – 20m	7	29
> 20.1m	2	8
No Funding	3	13
	<u>24</u>	



Appendix 5

Elements of effective planning frameworks

PRINCIPAL PLAN

Corporate / Strategic / Research and Development Plan

Sets the strategic direction for the organisation by identifying high level corporate objectives and strategies which demonstrate how statutory objectives are addressed.

A Principal Plan is usually medium term (3-4 years) and includes:

- mission or vision statements;
- a reflection of the ‘big picture’;
- identification of key stakeholders and clients;
- objectives and complementary strategies; and
- high level performance indicators, measures and outcomes expected to be achieved for objectives/strategies.



SUPPORTING PLANS

Operational / Business Plans

Set lower level objectives, strategies and performance measures for programs / sub-programs and are aligned with corporate and statutory objectives.

Annual Operational / Business Plans are shorter term (1 year) and include components which:

- link directly to the Principal Plan;
- reflect the initiatives planned, and resources required, to achieve corporate objectives;
- show accountability for key tasks;
- are produced on an annual basis with progressive reviews; and
- include lower level performance indicators and measures.



Functional Plans

Set objectives, strategies and performance indicators and measures for ‘corporate-wide’ functions such as information technology, fraud control, human resource management and risk management.



Individual Performance Plans

Link the expectation of corporate goals to the activities, roles and responsibilities of individual staff.

Appendix 6

Better practice checklist for annual reporting

COMPLIANCE ELEMENTS

In preparing annual reports, statutory bodies should consider developing internal checklists to ensure compliance with the following:

Statutory requirements:

- annual reporting requirements—to be found in relevant sections of enabling legislation (if applicable)
- annual reporting requirements under the *Commonwealth Authorities and Companies Act 1997* (if applicable)
- any other statutory reporting requirements applicable (eg. under the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, *Equal Employment Opportunity (Commonwealth Authorities) Act 1987*, etc.)

Administrative requirements

- annual reporting guidelines for the preparation of annual reports (if any)

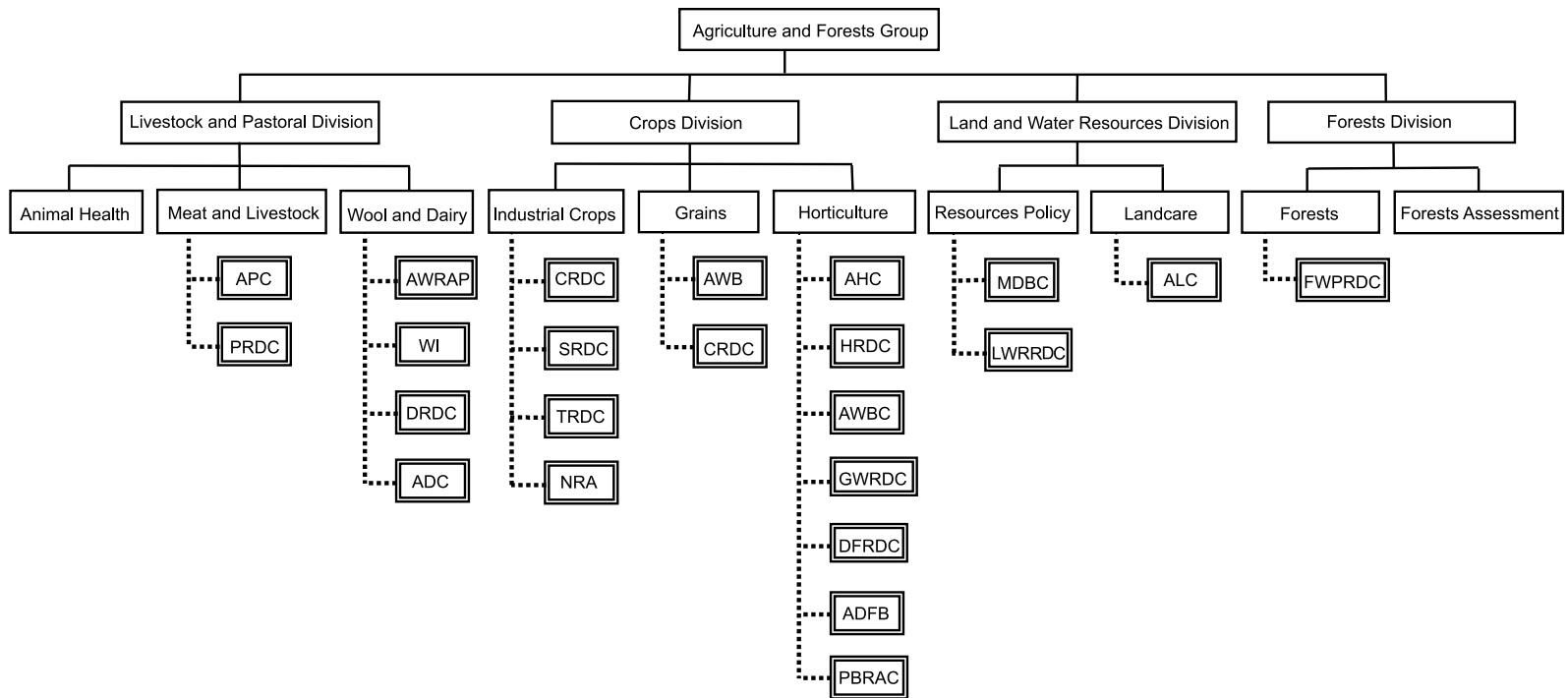
BETTER PRACTICE ELEMENTS

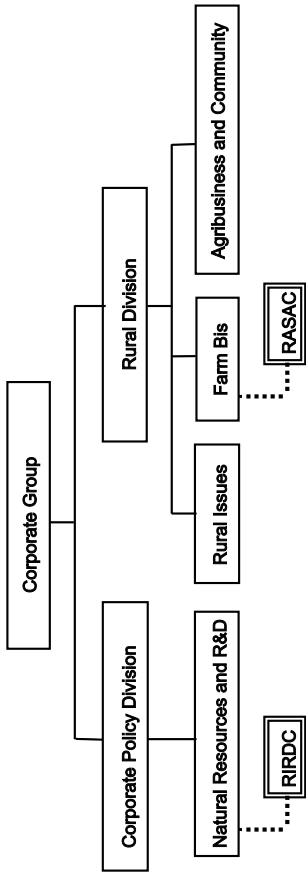
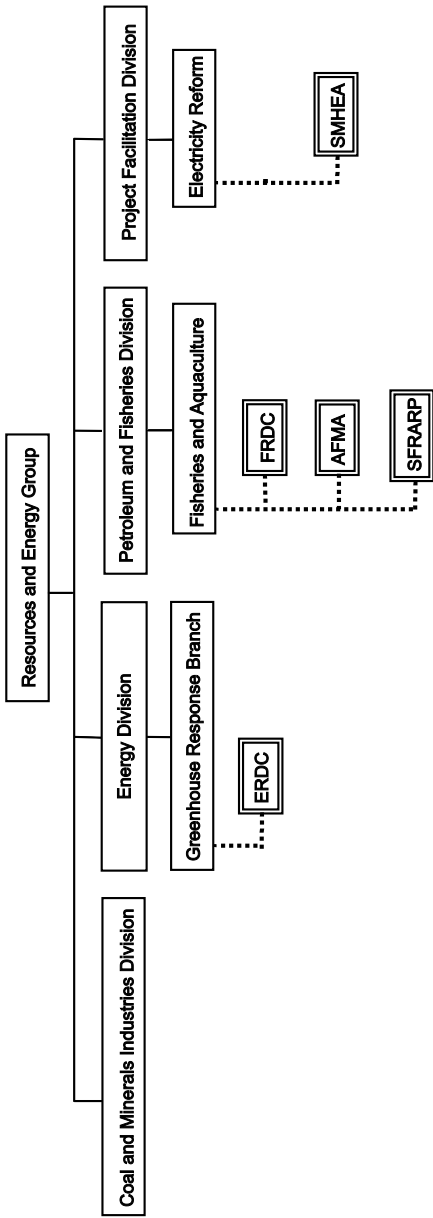
In order to improve the effectiveness of annual reports, statutory bodies consider including the following:

- key performance indicators used to measure achievement of objectives
- reporting performance against objectives and outcomes
- information on whether performance targets have been met and the reasons for significant variations
- identification of key stakeholders
- aids to access (eg. a compliance index, table of contents, alphabetical list and glossary)
- a statement of corporate governance which identifies how the board and its sub-committees provided direction to, and managed and controlled the affairs of the body
- details of government (ministerial objectives), where provided

Appendix 7

The former DPIE's organisational structure for oversight of portfolio statutory bodies





☐ = Statutory Bodies

..... Responsible for oversighting of the Statutory Bodies

Source: DPIE

Appendix 8

Statutory body responses to audit recommendations 1 to 5

Statutory Body	Rec 1	Rec 2	Rec 3	Rec 4	Rec 5
AFMA	A	A	Q	A	Q
AWBC	A	A	A	A	A
APC	A	A	A	A	A
AWRAP	A	A	A	A	A
DFRDC	A	A	A	A	A
DRDC	A	A	A	A	A
FRDC	A	A	Q	A	A
GRDC	A	A	A	A	Q
GWRDC	A	A	A	A	A
HRDC	A	A	Q	A	Q
LWRRDC	A	A	A	A	A
MDBC	A	A	A	A	Q
NRA	A	A	A	A	A
PRDC	A	A	A	Q	Q
RASAC	A	A	A	A	A
SRDC	A	A	A	A	A
WI	A	A	A	A	A
Rural R&D Chairs Committee on behalf of 14 RDCs	A	A	A	A	A

A = accepted

Q = accepted with qualification/s

Index

A

accountability arrangements 13-15,
18, 25, 28-32, 35, 36, 55, 57-59, 61,
63, 65, 67, 68

accrual budgeting framework 17, 37,
42, 43

Advisory/Other bodies 27, 33, 35, 38,
48, 50

annual reporting requirements 17, 18,
32, 43, 45-51, 53, 67

Audit (Transitional and
Miscellaneous) Amendment Act
(ATMA Act) 47, 51, 68

Audit conclusion 14

Audit objective 14, 25, 31

B

benchmarks 17, 20, 41, 43, 44

better practice 14-16, 19, 31-33, 35, 36,
41, 44, 45, 47, 51-53, 62-64

C

Client Service Charter 43

Commonwealth Authorities and
Companies Act, 1997 (CAC Act)
13, 16-18, 29, 30, 33-35, 37, 40, 43,
46, 48, 49, 51-53, 55, 57, 64, 65, 67,
68

Commonwealth Authorities and
Companies Orders (CACO) 35,
37, 40, 51, 52, 54

compliance 16, 18, 20, 31, 33, 38, 39,
45, 49, 50-53, 58, 60, 61, 67

corporate governance 16, 18, 21, 33,
34, 40, 50, 52-54, 57, 59, 62, 63

D

Department of Agriculture, Fisheries
and Forestry - Australia (AFFA)
13-15, 19-21, 25, 31, 38, 39, 44, 50-
52, 54, 59, 61, 62, 64, 67

F

Financial Management and
Accountability Act 1997 (FMA
Act) 67

former Primary Industries and Energy
(PIE) portfolio 13, 25

G

Government Business Enterprises 16,
28, 35

government member 19, 63-67

K

key accountability documents 14, 18,
21, 29, 32, 57-62, 65

M

methodology 25, 32

N

normative model/approach 31, 32, 55

O

operational plans 13, 16, 20, 29, 32,
33, 38-40, 43, 49, 55, 59, 61

P

performance indicators 14, 16, 17, 20,
21, 35-37, 40-44, 48, 49, 52-54,
60-62

principal plans 14, 16, 20, 32, 35-44,
48, 49, 51, 59, 60, 61

R

regulatory bodies 27, 50

Research and Development
Corporations and Councils
(RDCs) 13, 18, 26-29, 34, 36, 38,
43, 46-51, 57, 58, 61, 62, 65

S

selection committees 17, 27, 31, 33, 34,
46, 47, 67

standards 17, 18, 20, 26, 32, 41, 43, 44,
56, 58, 61

Statement of Corporate Intent (SCI)
28, 35

Statutory Marketing Authorities
(SMAs) 13, 16, 18, 26, 27, 29, 34,
35, 38, 41, 43, 47-50, 57, 58, 61, 63,
64

statutory objectives 16, 17, 20, 21, 36,
37, 40, 49, 50, 53, 54, 60

T

targets 20, 21, 35, 41, 43, 44, 52, 53, 54

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