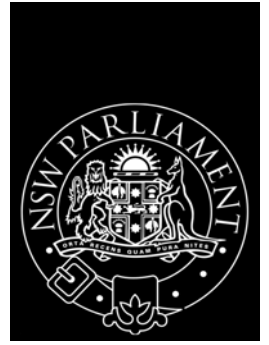


LEGISLATIVE ASSEMBLY



# Public Bodies Review Committee

## Report on the management of the Premier's Annual Reports Awards

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# Table of contents

Membership and staff .....	iii
Terms of reference .....	iv
Chair's foreword.....	v
List of recommendations.....	vi
<b>CHAPTER ONE - INTRODUCTION.....</b>	<b>1</b>
What is an annual report?.....	1
Background to the Committee's participation in the Premier's Annual Report Awards.....	1
Inaugural Premier's Annual Reports Awards.....	2
<b>CHAPTER TWO - JUDGING CRITERIA .....</b>	<b>4</b>
Overriding Principles.....	4
Specific Criteria.....	5
Executive Summary .....	5
Overview of the Agency .....	5
Report on Performance.....	6
Management and Accountability .....	7
(a) Corporate Governance.....	7
(b) Management of Human Resources.....	8
(c) Purchasing and Asset Management.....	8
Financial Commentary and Analysis .....	8
Other Prescribed Information .....	9
Conclusion .....	9
<b>CHAPTER THREE - ANNUAL REPORTS AWARDS WINNERS .....</b>	<b>10</b>
2006 - Annual Reports for 2004/2005 .....	10
Gold: NSW Health.....	10
Silver: NSW Fire Brigades.....	10
Bronze: Audit Office of NSW .....	10
2007 – Annual reports for 2005/2006 .....	11
Gold: Legal Aid Commission of NSW.....	11
Silver: Audit Office of NSW .....	11
Bronze: NSW Health .....	11
2008 – Annual reports for 2006/2007 .....	11
Gold: Audit Office of NSW.....	11
Silver: NSW Health .....	12
Bronze: NSW Fire Brigades .....	12
Commended .....	12

2009 – Annual reports for 2007/2008 .....	12
Gold: Legal Aid NSW .....	13
Silver: NSW Health .....	13
Bronze: NSW Fire Brigades .....	13
2010 – Annual reports for 2008/2009 .....	14
Gold: Judicial Commission of NSW;.....	14
Housing NSW .....	14
Silver: Legal Aid NSW .....	14
Conclusion.....	14
<b>CHAPTER FOUR - FUTURE OF THE AWARDS .....</b>	<b>16</b>
Committee involvement with the Awards .....	16
Judging Panel Comments .....	16
Review of Annual Reports Inquiry .....	17
Conclusion.....	18
<b>APPENDIX 1 - MINUTES OF MEETINGS .....</b>	<b>19</b>

## Membership and staff

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## Terms of reference

The Standing Committee on Public Bodies was appointed on 20 June 2007 with the following terms of reference:

To examine the annual reports of all public bodies and to inquire into and report on:

- (a) the adequacy and accuracy of all financial and operational information;
- (b) any matter arising from the annual report concerning the efficient and effective achievement of the agency's objectives;
- (c) Any other matter referred to it by a Minister or by resolution of the Legislative Assembly

## Chair's foreword

I am pleased to table the Public Bodies Review Committee's *Report on the management of the Premier's Annual Reports Awards*.

The core function of the Public Bodies Review Committee is the scrutiny of public sector annual reports, with a view to determining the adequacy of the information provided and the achievement of agency objectives. The Committee recognises that annual reports provide an essential mechanism of accountability and a vital element in the governance process.

Annual reports are the primary means by which agencies report their performance to the Parliament and to the community at large. Information in annual reports should enable readers to clearly identify an agency's objectives and the efficiency and effectiveness with which those objectives have been achieved.


The Committee initially developed the idea of integrating an award for annual reports into the Annual Premier's Public Sector Awards several years ago. After undertaking extensive work to develop an appropriate awards program the inaugural Premier's Annual Reports Awards were in 2006.

The Committee worked with the Public Accounts Committee to manage the Awards. The Premier's Annual Reports Awards have provided an opportunity for agencies to receive recognition for producing high quality annual reports. Not only has the Awards program provided an opportunity for recognition of good work it has also allowed agencies to adapt and improve the standard of their annual reports.

Although the Premier's Annual Reports Awards have achieved what the Committee hoped for, the process did not allow the Committee to thoroughly scrutinise annual reports across the whole public sector. As the administration of the Awards could easily be undertaken by another agency the Committee has since resolved to cease its management role.

As the Committee's involvement with the Awards has come to an end the Committee decided it would be an opportune time to reflect on the past five years of the Awards. The Committee is grateful for the willingness of agencies who have submitted their annual reports each year and the highly skilled and professional people who volunteered their time to the Technical Review Panel and Judging Panel over the past five years.

I would also like to thank my fellow Committee members and the staff of the secretariat for their support.



Nick Lalich MP  
Chair

## List of recommendations

Recommendation: That the Premier continues to reward excellence in annual reports as part of the Public Sector Awards and identify a suitable agency such as IPAA or DPC to manage this process and to provide additional resources to administer the awards. .... 17



## Chapter One - Introduction

- 1.1 This report contains a summary of the Committee's involvement with the Premier's Annual Reports Awards. The report will discuss the reasons why the Public Bodies Review Committee developed an annual awards program and the progress of the awards over the past five years.
- 1.2 This chapter will discuss the purpose of annual reports and why the Committee considered the developing of an awards program necessary to recognise achievement in this type of reporting.

### **What is an annual report?**

- 1.3 An annual report provides an agency with a means of reporting their performance to the Parliament and to the community at large. Annual reports are the primary mechanism of accountability and an essential element in the governance process. Annual reports should contain information that enables readers to clearly identify an agency's objectives. A successful annual report demonstrates the efficiency and effectiveness with which those objectives have been achieved by the agency.
- 1.4 Public sector agencies have statutory provisions and mandatory administrative guidelines about the requirements for annual reporting. As well as audited financial accounts, annual reports include a range of qualitative and quantitative information. Regulations, Treasury Circulars and Premier's Memoranda provide further guidance and detail on what particular agencies must report.<sup>1</sup> These requirements change over time in response to changing accounting standards and other developments.

### **Background to the Committee's participation in the Premier's Annual Report Awards**

- 1.5 The core function of the Public Bodies Review Committee is the scrutiny of public sector annual reports, with a view to determining the adequacy of the information provided and the achievement of agency objectives. The terms of reference establishing the Committee specifically provide that it is:
  - To examine the annual reports of all public bodies and to enquire into and report on:
    - (a) The adequacy and accuracy of all financial and operational information;
    - (b) Any matter arising from the annual report concerning the efficient and effective achievement of the agency's objectives;
    - (c) Any other matter referred to it by a Minister or by resolution of the Legislative Assembly.
- 1.6 The role of the Public Bodies Review Committee overlaps with that of the Public Accounts Committee in terms of promoting accountability of public sector agencies through annual reporting. Under the annual reporting legislation for departments and statutory bodies, the Treasurer is required to refer any proposal to amend the relevant legislation and regulations to the Public Accounts Committee for examination and report and the Treasurer can also refer any matter relating to annual reports to that Committee for examination.

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<sup>1</sup> Audit Office of NSW, 2000, *Reporting Performance: a Guide to Preparing Performance Information for Annual Reports*, p.1.

Introduction

- 1.7 For this reason the two Committees consulted about the best way to promote high quality annual reports. In 2004 the Committee resolved (in conjunction with the Public Accounts Committee) to undertake an awards program in public sector annual reporting to be integrated into the NSW Premier's Public Sector Awards. The awards program was considered to be appropriate within the Committee's terms of reference.
- 1.8 The purpose of a public sector specific awards program was to:
- Reward public sector agency achievements;
  - Provide incentives for the provision of high quality annual reports;
  - Give individual feedback to a wide cross section of agencies on the quality of their annual reports; and
  - Acknowledge the aspects of quality annual reporting which are particular to the public sector through a public sector specific scheme.
- 1.9 The Premier's Annual Report Awards was the culmination of many years of work undertaken by the Public Bodies Review Committee into best practice reporting standards of public sector annual reports.
- 1.10 The Public Bodies Review Committee had reviewed and reported on the quality of public sector annual reports in both 1997 and 1998. The reports provided best practice guidelines to public sector agencies to assist in the preparation of annual reports.
- 1.11 In 2000 the Public Bodies Review Committee conducted several workshops that were attended by various public sector agencies. The participants were chosen to represent a cross-section of public sector agencies.
- 1.12 A number of guest speakers from NSW Treasury and the Audit Office also gave presentations. The intention of the workshops was to encourage improvements in annual reports and provide advice from experts in the field as to how best to approach this. The workshops focussed on performance reporting and twelve recommendations were made by the Committee following the workshops.

### **Inaugural Premier's Annual Reports Awards**

- 1.13 In 2005 the Public Bodies Review Committee, with the Public Accounts Committee, sent an invitation to all public sector agencies to enter their annual report in the inaugural Premier's annual reports award.
- 1.14 A total of 30 entries were received the first year. The annual report entries presented a diversity of size of the organisation and portfolio areas. The review was undertaken by a three stage process. The first stage involved the secretariats of the two Committees reviewing each report and ensuring that it complied with the Treasury Annual Reporting Review Compliance Checklist. This was done to ensure that each entry met statutory requirements before progressing any further in the process.
- 1.15 The second stage involved culling by an expert panel. The Technical Review Panel (TRP) positions were honorary and members chosen due to their expertise in public sector annual reports. The panel determined a short list that was passed onto the Judging Panel for consideration. The Judging Panel were appointed in the same manner as the TRP.
- 1.16 The panel members were guided by the following principles to assist them in their task:

**Relevance:** Information is meaningful and relevant to the decision-making needs of the user group.

**Reliability:** Information is valid and complete and is also fair and free from bias and material errors.

**Comparability:** Report allows comparisons with the performance targets set and also past results achieved as well as with the achievements of other comparable organisations.

**Clarity:** Information is presented in plain English, free of jargon and complex technical language and can be easily understood by the readers.

- 1.17 To assist the panel with judging, each entrant indicated which pages in their annual report best responded to the assessment criteria. Feedback sheets were completed by both the TRP and the Judging Panel and given to entrants to further improve their annual reports.
- 1.18 A press conference was held on 10 May 2006 to announce the Awards winners. The actual presentation of the awards took place later that year at the Premier's Public Sector Awards
- 1.19 In November 2006 the Committee tabled a report about the conduct of the inaugural awards. The following chapters provide an overview of the past five years of Premier's Annual Reports Awards and the guidelines and criteria that the panels have used to assist in their assessment.

## Chapter Two - Judging Criteria

2.1 This chapter discusses the criteria and principles that have guided panel members in their assessment of annual reports over the last five years of the Annual Reports Awards.

### Overriding Principles

2.2 Aside from the Guiding Principles set out in the previous chapter, the TRP and Judging Panel members had specific criteria to follow when assessing each annual report. In making an assessment of each annual report, Panel members had to ensure that each entry provided adequate information about the following:

- the organisation;
- the context/environment in which it operates;
- what it sets out to achieve;
- what it does/services it provides;
- what it actually achieved;
- those factors and drivers which made it happen; and
- where the organisation is heading.

2.3 Overall, the report should be designed in a way to:

- maximise the level of communication, disclosure and comprehension for the various user groups;
- ensure ease of understanding of the reported matters; and
- encourage the reader to open the report and to hold the reader's attention once inside.

2.4 To this end, the report needs to be clear and concise, with material presented in a logical order and free from internal inconsistencies. Appropriate charts, graphs, tables and photographs ought to be used to enhance and support key messages.

2.5 Other presentation aids that should be used include:

- a table of contents;
- an alphabetical index of contents, preferably with some description;
- a table of definitions and glossary of terms;
- comprehensive navigation aids through the report (ensuring that all categories of stakeholders can find their way around the report and are able to easily identify and select material of interest);
- references to the agency's website and other relevant electronic links and sources of information;
- a calendar of major events together with brief explanations; and
- the locations of the major functional activities of the agency – including addresses, website, email, telephone and fax numbers.

## Specific Criteria

- 2.6 The Judging Panel examined the short listed reports giving weighting in the following areas:
- a. Achievements (performance reporting) - 30%
  - b. Financial and asset management - 20%
  - c. Directions/challenges - 10%
  - d. Overview of the agency - 10%
  - e. Presentation - 30%
- 2.7 To assist agencies in the preparation of a good annual report detail is given on the following pages of best practice annual reporting. The Judging Panel gives consideration to those reports that integrate as many of the following components as possible.

## Executive Summary

- 2.8 The early pages of the report should present a high-level summary of the performance for the year at a glance including:
- progress towards achievement of the agency's desired outcomes and objectives and the Government's policy priorities;
  - key performance indicators and targets and a brief review of achievement;
  - highlights and successes during the year as well as problems and setbacks in performance; and
  - plans and outlook for the following year.

## Overview of the Agency

- 2.9 The report should present a profile and description of the agency so as to provide a background context for its discussion and analysis of performance. The following is a list of matters that are expected to be included:
- statements relating to the vision, mission, desired outcomes, objectives, corporate values and broad strategies of the agency as well as details of the major functions or services performed. (The statements should also include details of any significant changes from the previous year.) The outcomes and objectives adopted need to be relevant, specific and measurable (where possible);
  - explanation of the linkages between the outputs, objectives, desired outcomes and policy priorities of the Government;
  - context/environment in which the agency operates and also the key challenges it faces and the planned responses to those challenges;
  - organisation structure, management processes and stakeholder engagement systems;
  - outcome and output structure (in the case of budget dependent General Government Sector agencies);
  - enabling legislation (where applicable); and
  - a summary of key stakeholder information.

## Report on Performance

2.10 In order to provide a comprehensive discussion and analysis of the performance results of an agency, the report needs to disclose the following matters:

- a set of key performance indicators that are linked to the desired outcomes and objectives of all aspects of the agency's operations and are used consistently from year to year;
- brief explanation of the significance of the key performance indicators including details of any changes from the previous year;
- performance targets for the year as stated in the strategic and annual business plans, the Results and Services Plans, the Statements of Corporate or Business Intent and the Budget Papers;
- a comparison of the actual performance achieved during the year with the targets and objectives set;
- adequate explanations for instances of major under- and over-performance and, in the case of under-performance, details also of lessons learned and actions taken to improve services;
- a review of performance results for the last five years (i.e. trend data and a discussion and analysis of changes over time);
- financial and non-financial information to show how resources and strategies influenced the results for the year (including the costs involved in providing the major outputs);
- a benchmarking comparison with the performance results achieved by similar agencies in the State and in other Australian jurisdictions (including data, where available, on cost efficiency and cost effectiveness for outputs and outcomes);
- an outline of the major initiatives and projects planned for the year and details of the results achieved (together with explanations for any delay and the revised target date for completion);
- the detailed discussion and analysis on performance should also cover:
  - the extent to which the agency was wholly or partly responsible for the outcomes achieved;
  - shared responsibilities for cross-agency performance issues and the agency's contribution to the joint outcomes;
  - highlights of major achievements as well as significant shortcomings, setbacks and problems in performance;
  - major factors, events and trends that affected the agency's performance during the year; and
  - responsiveness to client concerns about service problems (including references to the effectiveness of the complaints handling system and the use of complaints information as feedback mechanism to improve services);
- the future operating environment and developments as well as future plans and major projects (including those that are designed to further improve performance). This section of the report is expected to contain pertinent forward-looking information and comments such as:

- a discussion of the future outlook for the agency (including issues and events that are likely to have a significant impact on the following year's performance or position);
- details of expected future changes and trends within the operating environment; and
- an outline of what the agency aims to achieve in the coming periods (particularly in the next year) and objective measures of performance;
- the effect of the agency's actions on the environment; measures taken to minimise the impact of the agency's actions on the environment; and the mechanisms (if any) for reviewing and increasing the effectiveness of those measures;
- the agency's responses to the reports tabled in Parliament by Parliamentary Committees and the Auditor-General and also to issues of public interest raised in the media about the activities of the agency; and
- if applicable, details of any matter or circumstance that has arisen since the end of the year and has significantly affected or may significantly affect the agency's operations or financial results in future years and how the agency plans to deal with those issues.

## Management and Accountability

### (a) Corporate Governance

2.11 The report should provide a coverage of the main corporate governance issues (where applicable) such as:

- role and composition of the board or governing body as well as details of the qualifications, experience and expertise of members and the balance of non-executive and executive members;
- independence of members including policies on disclosure of relationships between members and the agency and on dealing with potential and actual conflicts of interest;
- process of appointment of members including identifying the parties involved in the decision, appointed term and procedures at the end of the appointed term;
- terms and conditions of membership including criteria for remuneration and retirement benefits;
- process and criteria for review of board performance;
- frequency of board meetings, attendance details and nature and amount of work undertaken by members;
- delegation of functions by the board including the roles, objectives and memberships of board committees;
- procedures for chief executive appointment and performance review;
- board's access to management and mechanisms for developing knowledge of the agency;
- board's access to independent professional advice including the existence of written guidelines;

Judging Criteria

- mechanisms adopted by the board for providing leadership to, and interaction with, management;
- details of the names, qualifications, experience and remuneration of the senior executive officers and their responsibilities and performance;
- senior management committees and their roles;
- approach to risk management and internal control;
- ethical standards including the existence of written codes or guidelines for board members, management and staff; and
- freedom of information disclosures

2.12 Where applicable, a commentary should also be provided on actions taken during the year to address weaknesses in corporate governance as well as on any significant changes in practices since the previous report.

**(b) Management of Human Resources**

2.13 The report is expected to provide an assessment of the agency's effectiveness in managing and developing its staff to achieve its objectives. This would include consideration of:

- workforce planning, staff retention and turnover;
- workforce profile and numbers (including categories and numbers of full-time equivalent employees);
- industrial relations policies and initiatives;
- relevant industrial awards and enterprise agreements;
- key training and development strategies as well as the results of evaluation of their effectiveness;
- occupational health and safety objectives, targets and performance; and
- equal employment opportunity initiatives and outcomes.

**(c) Purchasing and Asset Management**

2.14 The report should provide a brief assessment of the agency's performance in the purchasing of inputs (excluding human resources) and also in asset management. Summarised information on the use of consultants, competitive tendering and contracting is expected to form part of the overall assessment.

**Financial Commentary and Analysis**

2.15 An excellent report is one that:

- presents financial information in a way that assists readers in understanding the information;
- provides comparative data over a number of years;
- integrates financial and other resources management information into the main body of the report and not simply presents financial statements at the end of the report; and
- provides a discussion and analysis of the financial activities and management of the agency as well as a commentary on those material factors that affected or will affect financial performance or position.



## Other Prescribed Information

- 2.16 The report must also include, either in the main body of the report or in the appendices, all other matters that are required to be disclosed by the annual reporting and other legislation as well as by specific policy directives.
- 2.17 The legislation which governs annual reporting is the Annual Reports (Departments) Act and Regulations and the Annual Reports (Statutory Bodies) Act and Regulations.
- 2.18 The following are other disclosure requirements in the annual reporting legislation that have not been referred to in the specific assessment criteria stated above:
- details of internal and external reviews of performance conducted during the year and the benefits achieved as a result of those reviews;
  - funds granted to non-government community organisations;
  - particulars of research and development activities;
  - progress in implementing the Government's disability plan;
  - number and total value of properties disposed of during the year;
  - types of publications and other information available to the public;
  - accounts payment performance;
  - progress in implementing the agency's Ethnic Affairs Priority Statement and Ethnic Affairs Agreement;
  - details of Action Plan for Women;
  - implementation of the Government's Waste Reduction and Purchasing Policy; and
  - additional performance information on controlled entities (e.g. subsidiary companies).
- 2.19 Apart from the above, there are three additional annual reporting requirements for statutory bodies:
- a detailed budget;
  - reports on investment performance and liability management performance; and
  - details of social programs provided by the agency.

## Conclusion

- 2.20 The guidelines and criteria developed for the Committee to assist panel members in assessing annual reports were created to achieve consistency and uniformity within judging. Over the last five years these guiding principles and selection criteria have proved to be successful in the assessment of the annual reports against best practice.

## Chapter Three - Annual Reports Awards Winners

3.1 This chapter outlines the winners of the Premier's Annual reports Awards over the past five years and discusses why the Judging Panel selected particular reports. The chapter will also discuss any major improvements or trends that have occurred over the past five years of the Awards.

### **2006 - Annual Reports for 2004/2005**

3.2 There were 30 reports entered for nomination.

#### **Gold: NSW Health**

3.3 The annual report of NSW Health won the Gold Award on the strength of its performance reporting:

- The choice of indicators provided a clear summary of significant achievements; and outcomes in a complex field;
- Extensive data was provided with a good link between outcomes and objectives;
- NSW Health also provided benchmarks of many of their performance indicators against other Australian jurisdictions;
- The report included trend data;
- An extensive coverage was provided of strategies in place to achieve outcomes and targets;

3.4 The report provided clearly presented and informative descriptions of the organisation, its operating context, aims, services, achievements, direction and contributing factors.

3.5 The panel were impressed that given the complexity of the Health portfolio, the Annual Report of NSW Health reported strategically and concisely, using case studies to assist the reader in understanding sometimes difficult processes.

#### **Silver: NSW Fire Brigades**

3.6 The Annual Report of the NSW Fire Brigades was clear and focussed, enabling easy access to information by stakeholders and members of the public in general. Overall, the report had a strong focus on people, providing a good sense of the impact the Department is had on the community.

3.7 Visually, the panel felt it was the best report received that year. It made a good use of photos and was easy to read. The report was also strong on performance reporting, employing a good mix of narrative and tables with which to convey performance information. The Panel determined that the NSW Fire Brigades performed particularly well with providing information on management and human resources.

#### **Bronze: Audit Office of NSW**

3.8 There was excellent use and reporting of client and stakeholder surveys and information on governance. The report was clear and concise, with good links provided between objectives, achievements and future directions. Information was well laid out, making it easy to navigate through the report.

## **2007 – Annual reports for 2005/2006**

3.9 There were 31 reports entered for nomination.

### **Gold: Legal Aid Commission of NSW**

3.10 The first ten pages contain a very good overview of the agency. The report had a good overall impression with an economical presentation. It made effective use of graphics and performance information data.

3.11 The report provided a good strong focus on people, the agency's key asset and client base. The report covers all bases well, with solid layout and structure with an impressive accountability and achievements information.

3.12 The key challenges were linked in at the end of each programme and it was user friendly and easy to deal with and understand.

3.13 Financial information and models were clear and well placed and presented however it needed a longer time frame than twelve months for future directions. It could have reversed the financial and outcome information at the front of the report.

### **Silver: Audit Office of NSW**

3.14 The judges considered that this report was attractive and well put together and had a better presentation than the previous year's report. The sometimes dry subject matter was well executed.

3.15 Overview and targets were well handled and there was an honest attempt to describe the operations of the agency.

3.16 It provided good benchmarks and trend data. The presentation was not too dense nor narrative heavy. The report made a good use of graphics. The targets for that year were well presented but no comparative information was provided for the previous year's targets.

### **Bronze: NSW Health**

3.17 The report was well presented and thorough in its depiction of a complex agency. Strong performance information, benchmarks and trend analysis was provided with good coverage of governance issues. The report made good use of appendices and visual information.

3.18 However there was insufficient synthesis of information, which was unduly complex for reader. The page layouts tended to be dense with too much detail. There was also a lack of information concerning the connections between the Department and Area Health Services.

## **2008 – Annual reports for 2006/2007**

3.19 There were 40 reports entered for nomination.

### **Gold: Audit Office of NSW**

3.20 This was a very customer focussed report with candid reporting of over and under performance. The judges thought that the report had a good focus on outcomes rather than outputs. It provided a clear picture of future directions and challenges.

- 3.21 The judges considered the Corporate Governance section could have been strengthened and the presentation was conservative with the grey text a little hard to read.
- 3.22 It would have benefitted from less focus on human resources and more focus on sustainability.
- 3.23 This annual report was one of the top reports of the last three years of the Annual Reports Awards.

### Silver: NSW Health

- 3.24 The judges considered this to be a well presented and thorough report in its depiction of a complex agency; however, future directions reporting could have been stronger.
- 3.25 The report had good results logic and linkage to the State Health Plan. Although the CEO's report could have been more forthcoming on setbacks and problems for the Agency, there was a strong performance reporting with a focus on outcomes. The Key Performance Indicators were good but there were variations in the time series between different indicators.
- 3.26 A good explanation of financial performance against budget was given. The Agency overview could have been clearer on the relationship between Head Office and the Health Area Authorities and there was not enough focus on Human Resources or environmental impacts. The report's presentation was good with simple language and the presentation of KPIs a major strength. Cross referencing in the report was excellent.

### Bronze: NSW Fire Brigades

- 3.27 The report had good performance charts for five years but the performance tables were confined to three years; however, the report had a good results and services framework.
- 3.28 The report gave a clear statement of organisational purpose with good coverage of future directions; however, it had no targets for future years.
- 3.29 No evidence of benchmarking was given but the report referred to it having been undertaken. There was no financial summary in the opening pages of the report and it was difficult to reconcile income and expenditure on p105.
- 3.30 The Agency overview provided an excellent profile of the organisation with good use of case studies. The report had a logical layout but chapters were a little overlong with too much corporate data up front.

### Commended

- 3.31 A number of reports were commended that year for the quality of their annual reports. The reports commended were the Independent Commission Against Corruption; Landcom; the Legal Aid Commission of NSW and the Roads and Traffic Authority.

### 2009 – Annual reports for 2007/2008

- 3.32 There were 46 reports entered for nomination.

### Gold: Legal Aid NSW

- 3.33 The report provided a good linkage of results to planning framework. The report had a very strong corporate governance and HR reporting with a good executive summary with comment on the NSW Audit Office recommendations.
- 3.34 It provided good detail on the year ahead but less coverage of problems and challenges.
- 3.35 The five year performance trends were good but the judges thought it should have been moved forward in the report as should the financial summary.
- 3.36 The report was easy to navigate with very good indexing and cross referencing. The report could have made more effective use of visuals.

### Silver: NSW Health

- 3.37 This report was credited for having consistently addressed the reporting issues which have been raised by the Panel over the years. The overview covered the agency's complex environment very well.
- 3.38 The report had a good forward which set out the priorities clearly. The report provides lots of performance information with benchmarking and good linkage to the State Plan.
- 3.39 However, the judges noted it had an undated extension letter for tabling and it could have been more candid about performance issues e.g. emergency departments, paying creditors.
- 3.40 The organisation chart did not always match up with the statements of responsibilities in the performance statements.
- 3.41 Overall the presentation was a challenge with such a large report and the navigation tools could have been improved but there was good use of maps, tables and graphics.
- 3.42 The judges thought the agency might have considered dividing the annual report into two reports – one a community focussed summary and the other a detailed performance report.

### Bronze: NSW Fire Brigades

- 3.43 The judges thought that the future directions/key challenges were well set out in the report. There was a good presentation of data and use of case studies but a heavy activity focus. The report did not seem to analyse issues, such as the decline in incidents but increase in costs.
- 3.44 The report would have been enhanced by benchmarking results such as response times. The overview section of the report lacked a clear statement of values and a financial summary.
- 3.45 The report contained blocks of text a little too tightly packed and a number of sub-sections made it difficult to focus. The report provided very open information about the internal and external costs of producing the report.

## **2010 – Annual reports for 2008/2009**

3.46 There were 52 reports entered for nomination for this year. For the first time in the Awards history there were equal winners for the gold award. As there were two winners for gold no bronze award was given in 2010.

### **Gold: Judicial Commission of NSW;**

3.47 The judges thought that the annual report had a good presentation throughout. There was some use of benchmarking and good use of KPIs and program evaluation. The report was good on data and there was a lot of satisfaction surveying and use of case studies.

3.48 The presentation of performance was excellent particularly the key results. There was also a good 'five years at a glance'. The judges thought that the inclusion of a results versus targets that included cross-references to detailed sections was helpful.

### **Housing NSW**

3.49 The judges noted that this report was plain with highlights that included a list of data and statistics summary of five years. The report used tables for illustrating input, asset finance etc.

3.50 The foreword gave a good map of reporting results and the highlights summary was good but was more of a list of activities than an in depth study. There were detailed sections that had clear objectives and KPIs. One judge considered the KPI data needed some explanatory narrative to make things clearer to the reader.

3.51 There was no benchmarking and not a lot of targets but the case studies were good. The whole report set out well what was to be achieved. The corporate outcome descriptions clearly articulated its aspirations. The judges thought this was a quite traditional and solid report.

### **Silver: Legal Aid NSW**

3.52 The judges thought that the report made good use of data and measures throughout. The report was strong on service delivery and internal management goals. It provided a focus on internal management issues such as savings and internal audits.

3.53 The judges praised the good five-year performance trends in the report. The report also set service delivery targets for next year.

3.54 The report was comprehensive but still not linked to outcomes. The judges thought this was a good report but were unsure as to whether there was enough focus on the results and outcomes given.

## **Conclusion**

3.55 Over the past five years there have been improvements to the annual reports submitted for assessment. The number of agencies that presented their annual reports for assessment increased each year; achieving its highest number of reports entered in 2010 with 52 entries submitted. Developments in the use of KPIs, objectives and target setting have come to be standard component of high quality annual reports.

- 3.56 Good annual reports have progressed from basic reporting of organisational statistics to be a record of achievements by organisations integrated by targets. The reports that have been submitted over the past five years have shown the progression from basic statistical analysis to a more comprehensive look at what the organisation has tried to achieve over the previous year. There has been a shift in focus to illustrate the aims of what the organisation is endeavouring to accomplish. Further concentration on KPIs and goal setting has allowed annual reports to be a more outcome focussed than in previous years.
- 3.57 Goal and target setting allow readers to understand an agency's core business far more than financial or human resources information does. Providing a more outcomes based focus means readers can see what an organisation hopes to accomplish and how they have determined to achieve this.
- 3.58 The inclusion of commentary regarding outcomes have enriched reports and moved reports beyond being simply statistical records. One feature that has enhanced some of the annual reports has been the inclusion of commentary when an agency has failed to achieve a particular goal it has set itself. Commentary in these cases has provided a greater insight into the workings of agencies and the difficulties that can sometimes emerge within complex organisations in achieving goals .
- 3.59 However, many agencies still continue to omit from their annual reports negative information or unachieved goals preferring to concentrate on only positive results.

## Chapter Four - Future of the Awards

### Committee involvement with the Awards

- 4.1 The Public Bodies Review Committee together with the Public Accounts Committee has managed the Premier's Annual Reports Awards since 2006. The Committee originally resolved to assume joint responsibility of the management of an awards program that would form part of the Premier's Public Sector Awards. The program was developed as a way of recognising the good annual report contributions as well as to offer encouragement and best practice examples to other agencies.
- 4.2 During 2008 and 2009 the Public Bodies Review Committee held a roundtable discussion with Professor Percy Allan and Mr Stephen Horne with the aim of improving service delivery by undertaking a detailed analysis of agencies' management systems.
- 4.3 Following the roundtable, an inquiry program was developed by the Committee to scrutinise and assess annual reports from the broader public sector in an effort to reflect more accurately the Committee's core function of examining the adequacy of annual reports.
- 4.4 The Committee determined that although the Awards were a way of rewarding excellence in annual reports it was not the best way to scrutinise and analyse annual reports. With this in mind, the Committee resolved to conduct a trial review of eight agencies' annual reports and to reassess the operation of the Premier's Annual Reports Awards after the completion of the trial review.
- 4.5 The first *Review of Annual Reports* was tabled by the Committee on 22 April 2010 whereupon the Committee undertook a review of its participation in the Premier's Annual Report Awards.
- 4.6 Although falling within the Committee's terms of reference, the management of the Awards required substantial staff time and resources to facilitate. The Committee also considered whether the Awards were still effective and relevant in their current form and whether there could be a more efficient and appropriate method of rewarding and reviewing public sector annual reports.

### Judging Panel Comments

- 4.7 In recent years the Awards judging panel have made a number of comments regarding the efficacy and continuing relevance of the Awards continuing in their current form. Some of their observations included:
  - The Awards are voluntary so only reports considered to be best practice have been entered and these have generally been from the same agencies each year.
  - The voluntary nature of the Awards restricts the ability to address non-compliant reports.
  - The Awards process does not adequately compare annual reports from agencies with similar skills and resources.
  - The administrative and organisational demands of the Awards process impacts heavily on the resources of the Committee secretariat.



- The Awards have become the focus of the Committee's activities yet a closer reading of the Committee's core functions might conclude this was not the intention of Parliament.

## Review of Annual Reports Inquiry

4.8 The report of the first *Review of Annual Reports* was tabled on 22 April 2010. In the report the Committee commented that the Awards process limited the ability to scrutinise annual reports across the broader public sector. The reports states:

...the Committee has run the Annual Reports Awards, as part of the Premier's Public Sector Awards, for a number of years. However entry to the Awards is voluntary, and to date, the winners of the gold, silver and bronze medals have come from the same small number of high achieving agencies. While the focus on excellence in annual reporting is important, the Annual Reports Awards are not an appropriate mechanism to scrutinise annual reports across the public sector, especially those annual reports that might not be the same standard as the winners.<sup>2</sup>

- 4.9 The *Review of Annual Reports* demonstrates a rigorous and effective way for scrutinising annual reports. The review allows reports to be assessed within broad agency categories, such as regulatory or commercial. This differs from the Awards process as it allows annual reports to be compared with comparable agencies. The Committee has recently completed its second review of three large agencies.
- 4.10 Although the Premier's Annual Reports Awards provide an opportunity for agencies to receive recognition for producing high quality annual reports, the process does not afford the Committee to thoroughly scrutinise annual reports. The Awards could be administered by another agency, but the current review of annual reports can only be undertaken by the Committee using its investigative and reporting powers.
- 4.11 Due to these considerations, the Committee has advised the Premier that it will no longer provide administrative support for the Awards. It has also suggested to the Premier that agencies should be encouraged to submit their annual reports to the Australasian Reporting Awards (ARA). The ARA are conducted annually and many NSW Agencies already submit their reports to these awards.
- 4.12 The Committee was advised in a letter from the Director-General of the Department of Premier and Cabinet of 13 August 2010 that future options for the awards would be considered in the context of arrangements for the 2011 reporting year.
- 4.13 The Premier's Annual Reports Awards have provided an avenue for the Committee to comment on the standard and quality of agencies' annual reports and for agencies' efforts to be recognised. The Committee looks forward to the results of next year's Premier's Annual Reports Awards.

**Recommendation:** That the Premier continues to reward excellence in annual reports as part of the Public Sector Awards and identify a suitable agency such as IPAA or DPC to manage this process and to provide additional resources to administer the awards.

<sup>2</sup> Public Bodies Review Committee, *Review of Annual Reports*, Report No 3/54, April 2010 at p 1

## **Conclusion**

4.14 The Public Bodies Review Committee has determined (in conjunction with the Public Accounts Committee) that its involvement will cease after the 2010 Premier's Annual Reports Awards.

4.15 The recent Review of Annual Reports inquiry has provided the Committee with an opportunity to assess annual reports outside of the Annual Reports Awards. This review has allowed the Committee to undertake a more in depth assessment of annual reports and the flexibility to compare agencies in a more comparable manner.

The Premier's Annual Reports Awards presented an opportunity to illustrate the importance to the public sector of annual reporting and to reward agencies who presented worthy reports. However, after five years the Committee considers that it has achieved what it set out to accomplish with the Awards and that another agency could take over the management.

# Appendix 1 - Minutes of Meetings

## Relevant Extracts from Minutes of Meetings

### Minutes of Proceedings of the Public Bodies Review Committee (No. 1)

10.30 am Thursday 21 June 2007

Room 814, Parliament House

#### Members Present

Mr Ashton MP	Mr Cansdell MP
Mr Draper MP	Ms McMahon MP
Mr Merton MP	Mr Morris MP

#### Also Present

Russell Grove, Les Gönye, Glendora Magno, Samantha Ngui, Hilary Parker, Pru Sheaves

#### General Business

- Mr Morris talked to the circulated briefing note on the functions and history of the committee.
- The secretariat reported on arrangements concerning the annual reports awards and on the winners.

Resolved, on the motion of Mr Ashton, seconded by Mr Merton:

That the officers responsible for the compilation of the award winning reports be recognised by inviting them to a forthcoming committee meeting prior to the award presentations.

- The Committee discussed possible meeting times and agreed generally to meet at 4.30 pm on sitting Wednesdays as required.

The committee adjourned at 11 am until a date to be determined.

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### Minutes of Proceedings of the Public Bodies Review Committee (No. 5)

4.00 pm Wednesday 2 April 2008

Room 1102, Parliament House

#### Members Present

Mr Morris MP (Chair), Mr Ashton MP, Mr Cansdell MP (Vice Chair), Mr Draper MP, Ms McMahon MP

**Apologies**

Mr Merton MP

**Also Present**

Nina Barrett, Jonathan Elliott, Samantha Ngui, Hilary Parker, Pru Sheaves

The meeting commenced at 4.05pm.

**2. Annual Reports Awards 2008**

The Chair updated Committee Members on the progress of the Annual Reports Awards and drew Members' attention to the program for the Public Sector Annual Reporting Workshop planned for Monday 23 June 2008. The Chair extended an invitation to attend the workshop to interested Members.

The Committee adjourned at 4.35pm until 29 April 2008.

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**Minutes of Proceedings of the Public Bodies Review Committee (No. 8)**

4.00pm Wednesday 25 June 2008  
Room 1102, Parliament House

**Members Present**

Mr Morris MP (Chair), Mr Ashton MP, Mr Cansdell MP (Vice Chair), Mr Draper MP, Ms McMahon MP, Mr Merton MP

**Also Present**

Jonathan Elliott, Mel Keenan, Hilary Parker

The meeting commenced at 4.25pm.

**1. Confirmation of the Minutes**

Resolved on the motion of Ms McMahon, seconded by Mr Cansdell, that the minutes of the deliberative meeting held on 9 April 2008 and the public hearing held on 29 April 2008 be confirmed.

**2. Winners of the Premier's Annual Reports Awards for 2008**

The Committee noted the winners and the commended entries in the 2008 Awards.

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Resolved on the motion of Ms McMahon, seconded by Mr Cansdell, that:

- the Committee endorse the winners of the Annual Reports Award for 2008;
- the Chair and the Chair of the Public Accounts Committee write to the Premier to advise him of the Committee's recommendation; and
- the Chair and the Chair of the Public Accounts Committee write to the award winners and competition entrants advising them as to the award winners for 2008.

The Committee adjourned at 4.53pm until 24 September 2008.

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### **Minutes of Proceedings of the Public Bodies Review Committee (No 9)**

4:30pm Wednesday 24 September 2008  
Room 1102, Parliament House

#### **Members Present**

Mr Morris MP (Chair), Mr Cansdell (Vice Chair), Mr Ashton MP, Mr Draper MP, Ms McMahon MP, Mr Merton MP

#### **Also present**

Jonathan Elliott, Victoria Maigre, Ian Thackeray, Alex Moore (Intern for Mr Ashton MP)

The meeting commenced at 4:39pm.

#### **6. General business**

The Chairman reported on the Annual Reports Awards morning tea.

The Committee discussed ways to improve the accountability of the annual reporting process, including encouraging greater entrant numbers for the Annual Report Awards and sampling public sector annual reports. This issue to be an agenda item for the roundtable discussions.

The secretariat would report on how many annual reports are prepared annually by public sector agencies.

The Committee adjourned at 5:11pm.

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### **Minutes of Proceedings of the Public Bodies Review Committee (No 12)**

4:30pm Wednesday 11 March 2009  
Room 1102, Parliament House

**Members Present**

Mr Morris MP (Chair), Mr Cansdell MP (Vice Chair), Mr Draper MP, Mr Lalich MP, Mr Merton

**Apologies**

Mr Ashton MP

**Also present**

Ian Thackeray, Indira Rosenthal

The meeting commenced at 4:45pm.

**3. Annual Reports Awards 2009**

Members noted the closing date for the nominations and the Chairman summarised the process following the receipt of all nominations.

The Committee adjourned at 5:00pm.

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**Minutes of Proceedings of the Public Bodies Review Committee (No 13)**

4:30pm Wednesday 2 September 2009

Room 1102, Parliament House

**Members Present**

Mr Morris MP (Chair), Mr Ashton MP, Mr Lalich MP.

**Apologies**

Mr Cansdell MP (Vice Chair), Mr Draper MP, Mr Merton MP.

**Also present**

Pru Sheaves, Jonathan Elliott.

The meeting commenced at 4:37 pm.

**2. 2009 Annual Reports Awards**

The Committee noted the winning entries in the 2009 Awards.

Resolved on the motion of Mr Ashton, seconded by Mr Lalich, that:

- the Chair and the Chair of the Public Accounts Committee, write to the award winners, congratulating them on their successful entries to the 2009 Premier's Annual Reports Awards; and
- the Chair write to the members of the Judging Panel, thanking them for their important contribution to the 2009 Premier's Annual Reports Awards.

The Committee adjourned at 4:50pm.

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**Minutes of Proceedings of the Public Bodies Review Committee (No 17)**

4:30pm Wednesday 23 June 2010

Room 1102, Parliament House

**Members Present**

Mr Ashton MP, Mr Cansdell MP (Deputy Chair), Mr Draper MP, Ms Hornery MP, Mr Lalich MP (Chair), Mr Merton MP.

**Also present**

Jonathan Elliott, Hilary Parker, Rohan Tyler.

The meeting commenced at 4:35 pm.

**1. Premier's Annual Reports Awards**

*a) Future direction of the Awards*

Resolved on the motion of Mr Cansdell, seconded by Mr Ashton, that the Committee:

- write to the Premier discontinuing its involvement with the Premier's Annual Reports Awards following completion of the 2010 competition but suggesting consideration be given to encouraging departments and agencies to submit their annual reports in the Australasian Reports Awards, or that the Department of Premier and Cabinet identify and approach a new organisation to manage the Awards, and
- write to the Chair of the Public Accounts Committee in similar terms.

*b) 2010 Premier's Annual Reports Awards winners*

Resolved on the motion of Mr Draper, seconded by Ms Hornery, that the Committee

endorse the Judging Panel's recommendations on the winners of the Annual Reports

Award for 2010 and that the Chair and the Chair of the Public Accounts Committee

write to:

- the Premier, to advise her of the Committee's recommendation;
- the award winners and competition entrants advising them as to the award winners for 2010;
- the members of the Judging and Technical Panels to thank them for their contributions to the Awards process.

The Committee adjourned at 4:45pm.

**Minutes of Proceedings of the Public Bodies Review Committee (No 20)**

4:30 pm Wednesday, 24 November 2010

Room 1102, Parliament House

**Members Present**

Mr Ashton MP, Mr Cansdell MP (Deputy Chair), Mr Draper MP, Ms Hornery MP, Mr Lalich MP (Chair).

**Apology**

Mr Merton

**Also present**

Vicki Buchbach, Jacqueline Isles, Lisa Kitvitee, Hilary Parker, Kylie Rudd.

The meeting commenced at 4:40 pm.

**1. Confirmation of minutes**

Resolved on the motion of Mr Draper, seconded by Ms Hornery, that the minutes of the meeting held on 10 September 2010 be confirmed.

**2. Second Review of Annual Reports**

- a) Correspondence from Department of Services, Technology and Administration of 7 October answering questions taken on notice at the hearing in 10 September

Resolved on the motion of Mr Ashton, seconded by Ms Hornery that the Committee note the correspondence.

- b) Consideration of Chair's draft report

Resolved on the motion of Mr Ashton, seconded by Mr Draper, that the draft report be the Report of the Committee and that it be signed by the Chair and presented to the House, together with the transcript and minutes of evidence, and that the Chair and the Committee Manager be permitted to correct stylistic, typographical and grammatical errors.

The Committee adjourned at 4:44 pm.

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Chair

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Committee Manager