LEGISLATIVE ASSEMBLY

Public Bodies Review Committee

Report on an Inquiry into Web-Based Annual Reporting in the NSW Public Sector

Together with Transcript of Evidence and Minutes of Meetings

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Terms of reference

The Public Bodies Review Committee is to inquire into and report on web-based annual reporting in the NSW public sector with particular emphasis on:

- potential impacts on accountability;

- accessibility of the electronic presentation of annual reports;

- appropriate standards of presentation;

- achieving consistency in the presentation of information;

- usefulness of guidelines for public sector bodies on the preparation of web-based annual reports;

- impacts on the Premier's Annual Reports Awards.

Chair's foreword

Annual reports are the key mechanism whereby public sector agencies make themselves accountable to the public and to their elected representatives in Parliament. The exponential growth of the web and related technologies presents ever greater opportunities for these agencies to deliver their performance reports in accessible and easily navigable formats, which greatly enhance the user experience.
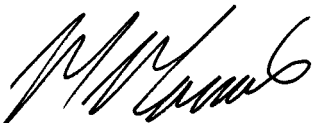
However, in order to maximise these opportunities, the Committee considers that the web must be recognised as an entirely new communications medium. Until agencies stop simply "thinking print" from inception to delivery, they will not be able to fully exploit the great opportunities which this medium has to offer.

In the course of its Inquiry, the Committee found that the NSW Government has made substantial progress in utilising the web, through the provision of a website Style Directive, and by amending the *Annual Report (Departments) Regulation 2005* and the *Annual Reports (Statutory Bodies) Regulation 2005* to require public sector agencies to publish their annual reports on the internet.

The Inquiry also revealed that there has been only limited progress in effectively monitoring the extent to which users were accessing annual reports online, and in the identification of cost benefits which may flow from the conversion from paper- to web-based reporting. The Committee considers that quantifying these will provide important indicators as to the public value of web-based annual reporting.

One of the most encouraging findings of the Inquiry was the potential for web-based reporting to effectively deliver the information within annual reports to those for whom the printed format has traditionally been a barrier, such as people with visual impairment. The Committee will continue to monitor the extent to which new and developing technologies contribute to widening accessibility to these important accountability mechanisms.

I would like to thank all of the contributors who put in the time and effort to provide the submissions and evidence which have informed this Report. I would also like to take this opportunity thank my fellow Committee Members for the enthusiasm with which they have approached the subject matter of the Inquiry. Finally, I would like to thank the Committee Secretariat for their endeavours in preparing this Report.

Matthew Morris MP
Chair

Executive summary

The growth of the internet as a communications medium has provided the NSW Government with great opportunities to deliver information and services to the people of NSW. An international comparison of national rates of internet access reveal that at 70% of households, Australia has the tenth highest rate of internet access for households at home[1].

The NSW Government has utilised this medium to deliver services via the internet and related technologies, a service commonly known as e-government. The growth of e-government has implications for annual reporting. The NSW Government in its 2006 Internal Government Red Tape Review recommended that Government agencies be required to publish their Annual Report on the internet and in 2007 published the NSW Government's *Website Style Directive* which aims to provide Government websites with a common look and feel.

Given the increasing role of the web as the medium for delivering this key accountability mechanism the Committee wished to ensure that the requirements of accountability, accessibility and appropriate guidance for agencies, were being met.

During the course of its inquiry the Committee found a consensus of opinion that web-based annual reporting can greatly facilitate review of public sector agency performance, and thus enhance accountability of NSW public sector agencies. However it found only limited progress in effectively monitoring the extent to which users were accessing annual reports online, and in the identification of cost benefits which may flow from the conversion from paper-based to web-based reporting.

In its consideration of the potential accountability impact of web-based annual reporting, the Committee examined the merits of requiring electronic copies of annual reports to be tabled in Parliament. Whilst the Committee acknowledged the work undertaken by the NSW Government in developing a web page that acts as a portal linking the user to annual reports on the agencies' websites it did not find that this satisfied the desired criteria of independence, integrity and permanency of record which are essential for accountability. Accordingly the Committee is of the view that an electronic version of annual reports should be tabled in Parliament, in order to preserve the appropriate distinction between the legislature and the executive in the custodianship of that information (see pages 11-12).

The Committee recognises the potential benefits of web-based annual reporting to make information accessible to those groups for whom the printed word has too frequently represented a barrier. These groups include people who have a visual impairment such as low vision or blindness. This barrier can only be raised by ensuring that the format in which an annual report is made available is compatible with the assistive technologies that are used to access the web. Whilst noting the substantive progress made by the NSW Government in making its websites compliant with best practice guidelines, the Committee regards the provision of a contact name and number to be a priority for any government website that is publishing an annual report in a format that cannot easily be accessed by persons using assistive technologies (see page 16).

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[1] Australian Bureau of Statistics, Household Use of Information Technology, 2005-2006, 8146.0, page 12

Executive summary

In the course of its inquiry the Committee heard evidence from Vision Australia who commented on the accessibility issues relating to image files such as PDF and JPEG and emphasised the need for accessibility to be a key consideration in design from the inception stage, when the source documents were prepared, right through to the delivery point when the finalised documents were offered as downloads on a website. Whilst the Committee recognises the benefits to agencies of providing annual reports in PDF format it is of the view that they should also provide that information in an alternative file type such as Word or HTML (see page 18).

Whilst current annual reporting legislation and the *Website Style Directive* will do much to ensure web-based annual reports have a common look and feel, it is the Committee's view that guidance should be provided to the NSW public sector to ensure that agencies maximise their technological advantages and minimise their costs. Accordingly the Committee recommends that the NSW Government Chief Information Officer provide a basic web-based annual reporting template for the use of all NSW public sector agencies (see page 24).

Finally the Committee is of the view that best practice in web-based annual reporting should be reflected in the Premier's Annual Reports Award and the Committee makes a number of findings as to the means by which this prestigious program may include online annual reports and assess them effectively.

List of recommendations

1. That cl 11 of the *Annual Reports (Departments) Regulation 2005* and cl 17 of the *Annual Reports (Statutory Bodies) Regulation 2005* be amended to require NSW Government Departments and statutory bodies to provide the Parliament of New South Wales with an electronic copy of any annual report which is tabled in Parliament (p 11).

2. That the Parliament provide a discrete location on its public website where all such annual reports can be accessed (p 12).

3. That, where annual reports are published on a government website in a format that cannot be easily accessed by persons using assistive technologies, details of a contact officer be provided on that website, to assist with accessing the information by other means (p 16).

4. That all NSW public sector agencies develop their annual reports in a file type that can be easily read by assistive technology, and which provides information in alternative file types to PDF, such as Word or HTML (p 18).

5. That, in order to maximise the potential of web-based annual reporting, and minimise costs to both the user and the provider of information, the NSW Government Chief Information Officer provide a basic web-based annual reporting template for the use of all NSW public sector agencies (p 24).

Chapter One - Background

1.1 In 1997 the New South Wales Government published *Information Management and Technology Blueprint for NSW - A Well-connected Future,* a strategic framework for the use of information management and technology. The Blueprint was applicable to all government agencies, including government trading enterprises and state owned corporations. Ministers were asked to ensure that:

> all organisations under their administration … adopt a rigorous approach to meeting the Blueprint's vision to ensure their information management and technology strategies and investments align with the Government's desired policy outcomes. These organisations must also actively explore avenues that will allow them to share information and resources, eliminate duplicated common functions and deliver services through shared points of access to the government.[2]

Connect.nsw provided the strategy and implementation framework for the Blueprint's goals to be achieved.

1.2 By 2001, 900 services were available online and could be accessed through the NSW Government internet portal. In a performance audit report that year, the Audit Office commented that much of the value from e-government depended on reforming administrative processes within and between agencies. However, the Office saw e-government as a catalyst for improving efficiency and effectiveness and 'for changing the nature and delivery of social programs, services and information'.[3] The report provided a strategic assessment of the progress the NSW public sector was making to deliver services via the internet and related technologies.

1.3 In early 2007, the NSW Government released its *Website Style Directive*, which aimed to promote a consistent 'look and feel' across all government public websites, with the aim of standardising key elements of websites to assist the public to access information. The Directive was:

> supported by guidelines, tools and templates … including the standards for navigation and consistency in positioning features and common content across NSW Government websites.[4]

For example, links on the left-hand side of a NSW government web page allow a user to access the agency's annual report via the link Home>About us>Publications.[5]

1.4 A recent trend in electronic financial reporting - currently being promoted by the Standard Business Reporting Program of the Australian Government - is a move towards using XBRL. XBRL is:

> an XML[6]-based open standard language specifically designed to improve electronic communication of financial data enabling users to prepare, communicate and analyse financial information with improved accuracy and reliability.[7]

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[2] NSW Department of Premier and Cabinet, Ministerial Memorandum 1997-11, *Information Management and Technology*.

[3] Audit Office of NSW, September 2001, *e-government: Use of the Internet and related technologies to improve public sector performance*, p. 12.

[4] NSW Department of Premier and Cabinet Circular 2007-03, *NSW Government Website Style Directive*.

[5] NSW Government, *NSW Government Website Style Directive*, Version 4.0, pp. 14-15.

[6] XML refers to 'Extensible Markup Language'.

Background

The Committee notes that the use of XBRL could greatly enhance the capacity to compare information across jurisdictions.

Audit Office of New South Wales – performance audit reports

1.5   In 2000, an Audit Office performance audit reported that six of the eight agencies reviewed had provided a copy of their annual report on their internet site. The Audit Office noted that 'for some agencies this practice [had] yielded savings in printing, production and delivery costs'.[8]

1.6   An Audit Office *Better Practice Guide* on reporting performance published in the same year included an accessibility checklist, which suggested consideration be given to whether:

* the annual report was provided in electronic format via the internet;

* internet access to the annual report was user-friendly, allowing quick access to the report from the agency's home page;

* the annual report was in a format that could be easily downloaded and printed; and

* copies of previous years' annual reports were available electronically on the internet.[9]

1.7   In 2003, a performance audit report on the user-friendliness of NSW government websites found that the content of the websites evaluated was generally 'relevant and suitable', but that their user-friendliness varied greatly.[10] The report recommended the adoption of better practices in developing and designing websites so that the needs of users would be more effectively met.

1.8   Another 2003 performance audit report, reviewing the annual reports of eight agencies, found that seven of the agencies provided a copy of the annual report on their internet site, and that most of these agencies also provided copies of their last five reports[11], which had been previously recommended by the Audit Office (see dot point above).

Internal Government Red Tape Review

1.9   In February 2006, the NSW Government announced a number of initiatives to reduce red tape, both generally and within government. In December of that year, the Budget Committee of Cabinet endorsed Stage 1 recommendations of the Internal Government Red Tape Review, which was examining government agency red tape affecting other agencies, with the aim of reducing compliance and administrative

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[7] Standard Business Reporting, viewed 18 August 2008, <www.sbr.gov.au/content/accounting_bookkeeping_ and_tax_professionals_xbrl.htm>.

[8] Audit Office of New South Wales, 2000, *Performance Audit Report: Judging Performance from Annual Reports - Review of eight agencies' annual reports*, p. 18.

[9] Audit Office of New South Wales, 2000, *Reporting Performance: A guide to preparing performance information for annual reports*, p. 25.

[10] Audit Office of New South Wales, 2002, *User-friendliness of websites*, p. 2.

[11] Audit Office of New South Wales, 2003, *Performance Audit Report: Judging Performance from Annual Reports - Review of eight agencies' annual reports*, p. 14.

work, particularly for small agencies. One of those recommendations was that NSW Government agencies be required to publish their Annual Report on the internet.[12]

1.10   The recommendation became law on 21 December 2007: the *Annual Reports (Departments) Amendment Regulation 2007* and the *Annual Reports (Statutory Bodies) Amendment Regulation 2007* now provide for all agencies to post their annual reports on the internet. The provisions apply to reporting years ended on or after 21 December 2007.

1.11   In respect of these changes, NSW Treasury has advised that:

> All agencies must publish their annual report on their website (or other relevant website) as soon as practicable after the report has been presented to Parliament. The new provisions require the posted annual report to replicate the report that is presented to Parliament and to remain posted for a reasonable time, having regard to the nature of the information and stakeholder needs.[13]

Auditing standards

1.12   In 1999, an *Audit and Assurance Alert* issued by the Australian Accounting Research Foundation drew attention to the risk agencies incurred of inadvertently misleading users by publishing both audited and unaudited financial information on a website. There was also the potential for financial report information addressed by the auditor's report to be changed. The *Audit and Assurance Alert* stressed that the auditor should ensure that security and control procedures for the website were in place, to ensure that electronic financial information was properly authorised and that any changes could be detected and monitored.[14]

1.13   An *Auditing Guidance Statement* issued in July 2002 provided the following advice:

> When the financial information presented on a website includes an audit report, or when information includes financial information that has the appearance of being audited, there is the potential for audit association to be implied. It is management's responsibility to implement controls:
>
> (a) to clearly differentiate and/or segregate audited and unaudited information;
>
> (b) to limit or prohibit the association of audited with unaudited information though the use of hyperlinks; and
>
> (c) to protect the security of audited financial information.[15]

1.14   One advantage of reporting on the web is the timeliness of information provided. That advantage is counterbalanced by concern about the integrity of the information. At the Committee's public hearing for this inquiry, the Deputy Auditor-General commented:

> **Mr WHITFIELD:** The issue then becomes with an annual report, which has an audit certificate on it, you are putting an opinion on it at a point in time. If the information keeps changing then you have not got a guarantee that the information is accurate, that

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[12] Department of Premier and Cabinet Circular 2007-26, *Internal Government Red Tape Review Update*, Recommendation 9.2.

[13] NSW Treasury Circular 08/08, *Changes to annual reporting requirements*.

[14] Australian Accounting Research Foundation, *Audit & Assurance Alert No 4*, viewed 19 August 2008, <http://www.auasb.gov.au/docs/AAARA4_6-99.htm>.

[15] Australian Accounting Research Foundation, July 2002, AGS 1050, *Audit issues relating to the electronic presentation of financial reports*.

it has been audited, except when you do it once a year, so if you want it to be meaningful then you would have to put in some sort of review mechanism to make sure that the information posted had a degree of accuracy that it may not necessarily have.[16]

Other jurisdictions

1.15 Most state governments require agencies to provide annual reports on their websites. Also, the reports can usually be accessed from the central government website. In Western Australia and Queensland, annual reports are available as a specific list on the Parliament's website after they have been tabled.

1.16 There is generally a requirement that a minimal number of hard copies be produced for tabling and distribution, and that the reports on the website be consistent with those tabled in Parliament. In 2006, the South Australian Cabinet decided that agency[17] annual reports should be made available to the general public exclusively by electronic means.

Production costs of annual reports

1.17 The NSW Government Ministerial Memorandum 1998-04 requires government agencies to keep costs associated with producing annual reports to a minimum:

This may be achieved in a number of areas including:
- size of report - emphasis should be on recording performance of an agency rather than documenting activity;
- quantity printed - fewer copies if there is access via the Internet and if condensed versions are made available for recruitment purposes, overseas visitors, etc.
- paper quality;
- printing in black and white;
- minimal or no use of photos; and
- quality control.[18]

1.18 In order to contain costs, government agencies are also required to restrict the use of consultants:

Consultants should only be used in instances where an agency is able to demonstrate a strong, cost effective business case and where the necessary expertise does not exist within the agency. The decision on whether to engage consultants for text preparation, editing, layout, etc. of the report continues to be left to the discretion of each Chief Executive Officer.[19]

1.19 Annual reporting regulations stipulate that government agencies must show in their annual reports:

the total external costs (such as fees for consultants and printing costs) incurred in the production of the report. [20]

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[16] Public Bodies Review Committee, NSW Parliament, transcript of evidence 12 November 2007, see Appendix 4 to this Report.

[17] 'Agency' means departments and portfolios that are represented on Senior Management Council.

[18] NSW Department of Premier and Cabinet, Ministerial Memorandum1998-04, *Production Costs of Annual Reports.*

[19] *ibid.*

[20] *Annual Reports (Departments) Regulation 2005*, cl 5(e); *Annual Reports (Statutory Bodies) Regulation 2005*, cl 8(2)(a).

This may not reflect the real cost to the agency of producing the report. No concrete evidence was provided to the Committee during its hearing on 12 November 2007 that a systematic survey of the cost of producing annual reports had been carried out. At the hearing, the Department of Premier and Cabinet took on notice a question about the cost of preparing an annual report. In response, the Director General informed the Committee that:

> Agencies are not required to disclose the total costs for preparing an annual report as a separate budget line item (whether in their annual reports or in budget reports which are provided to Treasury).[21]

1.20   In answer to another question taken on notice at the Committee's hearing, as to whether any agency had identified any dollar savings from moving from paper- to web-based annual reporting, the Director General reported that the Department:

> … has consulted with Treasury and the Department of Commerce regarding this matter. The Department, however, is not aware of any agency which has undertaken a systematic comparison of the costs of paper-based annual reporting and web-based annual reporting, in order to identify any savings from the latter.[22]

However, she reported that the former Premier's Department[23] had reduced its print run of annual reports from 500 copies to 200 after the reports were placed on the web. Treasury had also significantly reduced its publication of reports, down from 1000 to 300 copies.

1.21   The General Manager Operations, Government Chief Information Office, advised the Committee that the Government's Website Style Directive has the longer term effect of 'reducing the costs by not only getting information available but reducing the costs of designing websites on a regular basis'.[24] However, the Directive does not cover the style of the annual report itself, and the restriction on engaging consultants may limit many agencies where there is no in-house expertise in web design to merely reproducing the hard copy of their annual report as a PDF file or files. In contrast to this approach, Sydney Water's 2007 annual report can be accessed from its website in an interactive form designed specifically for the medium.[25]

1.22   In response to a question from Ms Lylea McMahon MP on whether there should be a style guide and template for web-based annual reports, Mr Anthony Lean, Policy Manager, Legal Branch, Department of Premier and Cabinet, advised the Committee that:

> … I think the Government's view would be that there should not be any overall increase in costs. We do not want to be in a situation where it costs more to print reports for the web, because obviously that will move resources away from more important front line service delivery. Certainly I think the existing Premier's memo that is there about minimising the costs associated with the preparation of annual reports, part of it is to try to encourage agencies to do it all in house if possible and certainly guidelines saying

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[21] Director General, Department of Premier and Cabinet, correspondence to the Committee dated 21 November 2007.

[22] *ibid.*

[23] The Department of Premier and Cabinet was only created as a single department during the 2006-07 financial year.

[24] Public Bodies Review Committee, transcript of evidence 12 November 2007, see Appendix 4 of this Report.

[25] Sydney Water, <http://www.sydneywater.com.au/AnnualReport/>.

what you can and cannot do could help in that regard, but obviously that would be a decision for the Government.[26]

1.23   In relation to the use of consultants, Mr Lean considered that:

If we went to a specific web-based reporting format the Government would need to consider that issue, whether consultants could or could not be used for that purpose.[27]

1.24   However, although there may be an initial cost in setting up a web-based annual report template, savings would ensue in subsequent years. Sydney Water commented in its submission to the Committee:

The contents of the paper annual report have become more streamlined as a result of the shift to web-based reporting. The detailed financial, compliance and environmental reports are now contained in the interactive version of the annual report on the Sydney Water website. They were previously available on a CD.

The factors that influenced this change are:

- increasing time and cost to incorporate this material into the paper copy

- small size of the audience

- increasing preference to read and print only as required from the internet

- all key stakeholders have access to high-speed internet connections.[28]

1.25   The Deputy Auditor-General made the following observation:

Mr WHITFIELD: It gets to the intention of why do entities do an annual report, is it a marketing exercise, and if you take New South Wales Treasury Corporation's example, they do an annual report but they also do a condensed one which is used as a marketing tool. So if it is purely to accord with the Public Finance and Audit Act requirement of having annual financial statements in accord with the Annual Reports Act and it is purely on an information basis, one of the main issues is that the numerous changes to the accounting standards over the years and the adoption of AIFRS in Australia has meant that annual reports are getting larger and larger because of the greater content of disclosure that is required to accord with the accounting standards. For instance, some of the universities' annual reports go to 70 or 80 pages just to get all the financial information in there. There is a large cost in printing that. So going to the web-based arrangement one would imagine should be cheaper and add greater access to all the stakeholders.[29]

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[26] Public Bodies Review Committee, NSW Parliament, transcript of evidence 12 November 2007, see Appendix 4 to this Report.
[27] *ibid*.
[28] Submission No 4, Sydney Water, p 2.
[29] Public Bodies Review Committee, NSW Parliament, transcript of evidence 12 November 2007, see Appendix 4 to this Report.

Chapter Two - Accountability

Annual reports as an accountability mechanism

2.1   Annual reports are the key mechanism whereby public sector agencies make themselves accountable to the public and the Parliament. An annual report should convey a simple, meaningful summary of an organisation's aims, objectives, functions and services which enables a reader to understand the workings of the organisation, and determine whether it is performing satisfactorily.

2.2   Annual reporting legislation requires all statutory bodies and departments to prepare and present to Parliament an annual report containing both financial and non-financial information on their operational activities. The relevant annual reporting acts and regulations are as follows:

- *Annual Reports (Departments) Act 1985*;

- *Annual Reports (Departments) Regulation 2005*;

- *Annual Reports (Statutory Bodies) Act 1984*; and

- *Annual Reports (Statutory Bodies) Regulation 2005*.

2.3   Agencies have four months from the end of their reporting period to submit annual reports to the relevant minister and the Treasurer, although the Treasurer can in certain circumstances approve an extension. In the case of agencies with a 30 June year-end, this means by 31 October of that year. The minister must then table the agency's report in Parliament within one month of the date of receipt.

2.4   The legislation requires copies of the report to be made available for public sale or distribution as soon as practicable after the annual report has been laid before both Houses of Parliament.

2.5   The NSW Treasury provides an annual reporting web page as a quick reference guide for agencies.[30] This includes links to the relevant legislation, an annual reporting review compliance checklist and Treasury circulars on annual reporting.

The potential of web-based annual reporting to enhance accountability

2.6   There was a consensus in the evidence received by the Committee on the potential role of the web as a communication channel to increase accountability through the provision of enhanced stakeholder access to annual reports.

2.7   One particular section of the community which has the potential to benefit from a move to web-based reporting is people with disabilities,[31] for whom the printed format has often presented a barrier to accessing information:

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[30] NSW Treasury, *Annual Reporting* <http://www.treasury.nsw.gov.au/annfaq/arpage>, viewed at 19 August 2008.

[31] For a definition of the term 'disability' in relation to a person, see s 4 of the *Disability Discrimination Act 1992* (Cth) s4 <http://www.austlii.edu.au/au/legis/cth/consol_act/dda1992264/s4.html>, and s 4 of the *Anti-Discrimination Act 1977* (NSW) <http://www.austlii.edu.au/au/legis/nsw/consol_act/aa1977204/s4.html>, accessed at 18 August 2008.

Accountability

> That is why we were particularly interested in the proposal of the New South Wales State Government to move to web-based reporting, because technologies have opened up a world of opportunity for us, but depending on how that technology is utilised and reporting mechanisms are developed, it may mean that it improves access to that information, it may in fact mean that it creates yet another barrier for us.[32]

2.8 The issue of just how annual reports might be delivered in a format that makes them easily accessible to persons with disabilities is discussed in detail in the following chapter on accessibility.

2.9 NSW Treasury gave evidence that in their view, web-based annual reporting:

> … has resulted in annual reports in both the public and the private sector becoming more accessible. That permits a greater review of performance of agencies as well as comparison between entities. We therefore think that web-based reporting, by making annual reports more available to the community and to all stakeholders, is likely to … increase accountability.[33]

2.10 The Audit Office of NSW also referred to these contiguous goals in their evidence to the Committee:

> As an office we believe that annual reports are a key mechanism for agencies to account for their performance, and good practice suggests that that form of accounting should be accessible to all stakeholders. For that to happen they need to be done in a variety of ways, either in a printed format or via an internet web page.[34]

2.11 The Department of Premier and Cabinet gave evidence that it recognised the benefits of publishing annual reports on the internet, and that work was currently underway to make it a legislative requirement for New South Wales public sector agencies to do so[35]:

> Web-based annual reporting has resulted in annual reports becoming more accessible. This has facilitated the review of an individual agency's performance as well as allowing comparisons to be made between agencies. The New South Wales Government has already given in principle support to requiring New South Wales Government agencies to publish their annual reports on the internet. The Department of Premier and Cabinet has already advised New South Wales public sector agencies to comply with this requirement through a departmental circular and that should take effect with the current round of annual reporting. Work is also currently under way through Treasury to make it a legislative requirement for New South Wales public sector agencies to publish their annual reports on the internet.[36]

The Annual Reports regulations have subsequently been amended to give this requirement effect (see par. 1.10).

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[32] Evidence of Michael Simpson, General Manager, Policy Advocacy, Vision Australia, at Public Bodies Review Committee hearing, 12 November 2007. See Appendix 4 to this Report.

[33] Evidence of Robert Williams, General Manager, Principle Policy Advisor (Accounting Policy), NSW Treasury, *ibid.*

[34] Evidence of Anthony Whitefield, Deputy Auditor-General, Audit Office of NSW, *ibid.*

[35] These legislative amendments have now been made. Clause 12(1A) of the *Annual Reports (Departments) Regulation 2005* requires that a Department Head must ensure that a copy of the annual report of the Department is made publicly available on the Department's Internet site (or other relevant Internet site) as soon as practicable after the report has been presented to Parliament.
For statutory bodies, cl 18(1A) of the *Annual Reports (Statutory Bodies) Regulation 2005* requires that a copy of the body's annual report must be made publicly available on the body's Internet site or other relevant Internet site as soon as practicable after the report has been presented to Parliament.

[36] Evidence of Anthony Lean, Policy Manager, Legal Branch, Department of Premier and Cabinet, at Public Bodies Review Committee hearing, 12 November 2007. See Appendix 4 to this Report.

2.12   The Committee is of the view that web-based annual reporting can greatly facilitate review of public sector agency performance, and thus enhance accountability of NSW public sector agencies.

Measuring the effectiveness of web-based annual reporting

2.13   The proposition that the web will increase accessibility to annual reports may be made with some confidence, given the revolutionary impact which the web has had on the delivery of information since its inception as a publicly available service in 1993.[37]

2.14   However, whilst the Committee heard considerable evidence that web-based annual reporting can increase stakeholder accessibility and thus facilitate accountability, it did not receive sufficient information to form a view as to whether the NSW public sector could currently asses the extent to which that potential was being realised.

2.15   The question of the extent to which web-based annual reports were actually being accessed by stakeholders was discussed with NSW Treasury:

> **Mr CANSDELL:** Can you gauge the amount of access to the web-based reports compared to distribution of hard copy?
>
> **Mr WILLIAMS:** No, we cannot because we do not have access to that sort of information. I don't know if we would.
>
> **Mr ASHTON:** What about the Audit Office?
>
> **Mr SMITH:** I am not sure that anybody would have access to that sort of information. It would depend on the number of hits on the individual websites of the agencies and I am not sure that the agencies themselves would know that.
>
> **CHAIR:** You would monitor the number of hits to your own Treasury components?
>
> **Mr WILLIAMS:** Not us personally.
>
> **CHAIR:** I just thought the agency might.
>
> **Mr WILLIAMS:** I do not know.
>
> **Mr CANSDELL:** I thought that would gauge the success of the web-based reporting rather than the hard copy distribution.[38]

2.16   Sydney Water is one agency which monitors the number of page impressions or 'hits' for the annual report on its website. In its submission to the Committee, it acknowledged that traffic to the annual report on its website was comparatively low, and that for 2006/07 the figures were actually down by 0.2% on the figures for 2005/06.[39]

2.17   Whilst the figures for one agency over a short reporting period do not demonstrate that confidence in web-based annual reporting is misplaced, it is the Committee's view that the NSW public sector could benefit from measuring access to the annual reports published on their websites, in order to assess their ongoing effectiveness as a medium for delivering that information to stakeholders.

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[37] The World Wide Web was created in 1989 by Sir Tim Berners-Lee, working at the European Organization for Nuclear Research (CERN) in Geneva, Switzerland. On April 30, 1993, CERN announced that the World Wide Web would be free to anyone.

[38] Public Bodies Review Committee hearing,12 November 2007. See Appendix 4 to this Report.

[39] Submission Number 4, Sydney Water, p 2.

Accountability to Parliament

2.18   By tabling their annual reports in Parliament, NSW government agencies ensure that they make themselves accountable to the people's elected representatives. This process reflects the doctrine of the separation of powers between the legislative and executive branches, which is fundamental to the Westminster system of government.

2.19   Accordingly, the Parliament of New South Wales has received, listed and published tabled papers for over 150 years. This information has been disseminated to the public through the Parliamentary Papers series available in the State Library of New South Wales, and other statutory deposit libraries.

2.20   In its consideration of the potential accountability impact of web-based annual reporting, the Committee has examined the merits of requiring electronic copies of annual reports to be tabled in Parliament. This is a procedure which has been adopted in some other jurisdictions. In Western Australia the government's Annual Reporting Framework document gives an administrative direction to public sector agencies to table an electronic copy of an annual report in the Parliament in addition to printed copies.[40] Those tabled papers which are annual reports of Government agencies can then be viewed as a discrete list.[41]

2.21   The Committee notes that the Queensland Parliament has a requirement under Standing Order 26(3) for an electronic version of annual reports to be supplied, in addition to the hard copy. As with the Western Australian Parliament, the electronic versions of the annual reports may also be viewed as a specific list on the Parliament's website.[42]

2.22   NSW Treasury made reference to the procedures in Western Australia in their evidence:

> … we did look at some of the other jurisdictions and we noted that Western Australia has a requirement requiring the electronic version of their annual report to be given to the Minister for tabling in Parliament and this version is included in the papers section of the Western Australian Parliament's website and it is considered to be the official version of the annual report. That means that the electronic copies are not only uploaded to an agency's website but also to the Western Australian Parliament's central website and that is the official copy.[43]

2.23   NSW Treasury did not advocate the introduction of a similar requirement in NSW, but it did consider that there might be some merit in tabling the web versions of annual reports in Parliament to put their status as the official version beyond doubt:

> **Mr WILLIAMS:** …One could say that the agencies put it on their website and the Government portal links to that website and you could say in some sense that achieves the same objective, but there is perhaps some merit in the argument that that is the official copy on the one website of all the annual reports.

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[40] Department of the Premier and Cabinet, Government of Western Australia, *Western Australian Public Sector Annual Report Framework 2007-2008 Reporting Year*, pp. 4-6, <http://www.dpc.wa.gov.au/PSMD/SiteCollectionDocuments/Annual%20Reporting%20Framework%202008.pdf>, accessed on 18 August 2008.

[41] Parliament of Western Australia, Tabled Papers, <http://www.parliament.wa.gov.au/web/newwebparl.nsf/iframewebpages/Site%2Bsearch> at 18 August 2008.

[42] Queensland Parliament's Tabled Papers: <http://www.parliament.qld.gov.au/view/legislativeAssembly/tabledPapers/tabledPapers.asp?Type=7&DateFrom=&DateTo=> at 18 August 2008.

[43] Evidence of Robert Williams, General Manager, Principle Policy Advisor (Accounting Policy), NSW Treasury, at Public Bodies Review Committee hearing, 12 November 2007. See Appendix 4 to this Report.

Mr ASHTON: You could only table a copy in Parliament which is paper at the moment.

Mr WILLIAMS: You can table the electronic version and that becomes the official version as well.[44]

2.24　The Department of Premier and Cabinet gave evidence that the NSW Government's website[45] already achieved the objective of making public sector annual reports available on a single website and did not therefore see the need to require agencies to table an electronic version:

> One point I wanted to highlight… is that the New South Wales Government website already provides a link to all of the annual reports which have been published on the internet by New South Wales public sector agencies. This achieves the same objective of similar requirements which have been introduced in other jurisdictions such as Western Australia, where there is a requirement to lodge them with Parliament in electronic form.[46]

2.25　This was also a view shared by the Department of Commerce in their evidence to the Committee.[47]

2.26　The Committee acknowledges the work undertaken by the NSW Government in developing a web page that acts as a portal linking the user to annual reports on the agencies' websites. However, under the current arrangements, which only require agencies to post their annual report on the website for a 'reasonable time'[48], there is no guarantee that agencies will continue to provide access to, or develop and maintain archives of annual reports. It is the Committee's view that this does not satisfy those desired criteria of independence, integrity and durability essential for accountability.

2.27　The Committee recognises the value of the Tabled Paper databases provided in the Queensland and Western Australian Parliaments, in that they allow for a distinct one-stop point of access that constitutes an important public reference source on the role and activities of government.

2.28　Accordingly, the Committee regards it as necessary for an electronic version of annual reports to be tabled in Parliament, in order to preserve the appropriate distinction between the legislature and the executive in the custodianship of that information.

2.29　The Committee is of the view that this important principle should be upheld through statutory obligation, rather than by way of an administrative direction.

RECOMMENDATION 1: That cl 11 of the *Annual Reports (Departments) Regulation 2005* and cl 17 of the *Annual Reports (Statutory Bodies) Regulation 2005* be amended to require NSW Government Departments and Statutory Bodies to provide the Parliament of New South Wales with an electronic copy of any annual report which is tabled in Parliament.

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[44] *ibid.*

[45] NSW Government, Annual Reports web page <http://www.nsw.gov.au/search.asp?q=Annual+Reports&pop=y> accessed on 18 August 2008.

[46] Evidence of Anthony Lean, Policy Manager, Legal Branch, Department of Premier and Cabinet, at Public Bodies Review Committee hearing,12 November 2007. See Appendix 4 of this Report.

[47] Evidence of Anthony Gates, General Manager Operations, Government Chief Information Office, NSW Commerce, *ibid.*

[48] NSW Treasury Circular 08/08, *Changes to annual reporting requirements.*

Accountability

RECOMMENDATION 2:   That the Parliament provide a discrete location on its public website where all such annual reports can be accessed.

Chapter Three - Accessibility

Background

3.1   The Committee recognises that a key benefit of web-based annual reporting is its potential to make this basic reporting mechanism widely available, on demand, to the citizens of New South Wales in a timely and cost-effective way. However the Committee is aware that this potential will not be fully realised if those with disabilities cannot receive that information because the format in which it is delivered is not compatible with the assistive technologies that they use to access the web[49].

3.2   Examples of assistive technologies include screen magnification software for users with low vision that enlarges content for easier viewing, and screen reader software for blind or dyslexic users that interprets what is displayed on the screen and then provides that information as Braille or audio output.

3.3   The Committee does not intend either to give a comprehensive account of how people with different disabilities use the web, or to replicate in detail the technical advice that has been provided by web industry bodies.[50] Rather, the Committee's aim is to highlight the accessibility barrier that will continue to exist for this section of the community, should current best practice guidelines not be implemented in the NSW Public Sector in the delivery of web-based annual reporting.

3.4   The Committee notes that equal access to information and services, where it can reasonably be provided, is a requirement of the *Disability Discrimination Act 1992* (Cth). This applies to any individual or organisation either developing a web page in Australia or placing or maintaining a web page on an Australian server.

3.5   In 2000, the Human Rights and Equal Opportunity Commission (HREOC) upheld a complaint by Mr Bruce Maguire against the Sydney Organising Committee for the Olympic Games (SOCOG) for:

> … conduct that is unlawful under section 24 of the [Disability Discrimination Act] in that it has provided for the use of the complainant a website which because of his blindness is to a significant extent inaccessible.[51]

Number of people in need of accessible information

3.6   People using assistive technologies to access the web may include persons who are deaf or hard of hearing, those with motor disabilities such as repetitive stress injury (RSI) or those with a visual impairment such as low vision or blindness.

3.7   When considering web accessibility for the citizens of NSW, some recent national statistics in relation to visual impairment indicate:

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[49] For a definition of the term "disability" in relation to a person, see the *Disability Discrimination Act 1992* (Cth) s4 <http://www.austlii.edu.au/au/legis/cth/consol_act/dda1992264/s4.html> and the *Anti-Discrimination Act 1977* (NSW) s4 <http://www.austlii.edu.au/au/legis/nsw/consol_act/aa1977204/s4.html> accessed on 18 August 2008.

[50] See, e.g., World Wide Web Consortium, *How people with disabilities use the web* (2005), <http://www.w3.org/WAI/EO/Drafts/PWD-Use-Web/Overview.html> accessed on 18 August 2008.

[51] *Maguire v Sydney Organising Committee for the Olympic Games* H 99/115, 24 August 2000, <http://www.hreoc.gov.au/disability_rights/decisions/comdec/2000/DD000120.htm>, accessed on 18 August 2008.

- in 2004 there were an estimated 480,000 Australians who were visually impaired, including over 50,000 (10.5%) who were legally blind;

- the prevalence of visual impairment is projected to increase with demographic ageing and—in a policy neutral environment—from 5.4% today to 6.5%, (nearly 800,000 people) by 2024. Over the same period, blindness may increase by 73%, to nearly 90,000 people in the over-40 age group. [52]

Accessibility Guidelines

3.8 The World Wide Web Consortium (WC3) is an industry body whose membership includes stakeholders in over 40 countries; these include providers of web services, web users and advocacy groups, standards bodies, and government agencies and laboratories. The consortium's Director is the inventor of the World Wide Web, Sir Tim Berners-Lee, who has said that:

> The power of the web is in its universality. Access by everyone regardless of disability is an essential aspect.[53]

3.9 This principal has been upheld through WC3's *Web Accessibility Initiative* (WAI), in the development of a series of guidelines which provide advice on the essential components of web accessibility. These components are:

- the software (or authoring tools) that people use to create websites;

- the content of web pages themselves; and

- the software (or user agents) that people use to access the web.[54]

3.10 The Committee heard evidence from Vision Australia, an organisation that works with people with throughout Australia who are blind or have low vision. It was their view that:

> … the W3C standards and guidelines are still the most appropriate in terms of providing good access to people with disabilities to web-based applications and it is not only following the W3C standards that provides good access, because that is about developing a website that is technically designed in the right way so that adaptive technology can access the web-based application, but it is also about the web design itself that provides good or poor access.[55]

3.11 Vision Australia discussed accessibility options which ranged from changing the screen contrast or the print size on the desktop, through to specific assistive technologies like screen reader software:

> … an overlay that a person puts onto their standard computer, the same sort of computer, laptop or desk top that you would use, but it is an additional application that literally interrogates the information coming up onto the screen and then what's coming up onto the screen is read in synthetic voice, similar to this voice …

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[52] H R Taylor, M L Pezzullo, J E Keeffe, 'The economic impact and cost of visual impairment in Australia', *British Journal of Ophthalmology (2006), Vol 90,* 272-275.

[53] World Wide Web Consortium, *Web Accessibility Initiative (WAI)*, <http://www.w3.org/WAI/> accessed on 18 August 2008.

[54] The latest versions of these and other web accessibility guidelines are available on the WC3 website: World Wide Web Consortium, *WAI Guidelines and Techniques* 2007, <http://www.w3.org/WAI/guid-tech.html> accessed on 18 August 2008.

[55] Public Bodies Review Committee, NSW Parliament, transcript of evidence 12 November 2007, see Appendix 4 to this Report.

> The same technology can do exactly the same thing with braille and this device that I have also has a braille display along here so that anything that comes up in speech also comes up along that braille display and you can read line by line using that braille display.[56]

3.12   Whilst accessibility to the web depends upon all of the components working together, it is specifically the *Web Content Accessibility Guidelines* (WCAG) that explain how to make the content of a website accessible to people with disabilities. The key concepts contained in the guidelines include:

- providing a text equivalent for every non-text element such as images or video, and ensuring that all information conveyed with colour is also available without colour, for example, from context or markup;

- using hypertext links with text that makes sense when read out of context. The text should indicate the nature of the link target, rather than simply 'click here', which says nothing about what is to be found if the link is followed;

- use style sheets to control layout and presentation so that pages have a consistent structure. When using tables, summarise them and identify rows and columns with headers;

- if frames are used to organise a web page into different zones, they should be titled in a way that describes their purpose and facilitates frame identification and navigation; and

- evaluation during website development and conduct of ongoing monitoring of existing sites.

3.13   In June 2000, the Online Council, representing the Commonwealth and all state and territory governments, agreed that WCAG would be the common best practice standard for all Australian government websites 'to ensure that people with disabilities or technical constraints can use online resources provided by Australian governments'.[57]

Implementing web accessibility

3.14   Recognising the need for its publicly accessible websites to have a common look and feel, the NSW Government has developed a Website Style Directive with the aims of promoting public confidence in the content, aiding access and navigation and minimising the costs of design and development of sites.

3.15   The Directive's accessibility statement is in section 3.5.4:

> All Government websites are required to maintain conformance to W3C's Web Content Accessibility Guidelines (WCAG). At a minimum, all public pages will meet the criteria for AA compliance with WCAG guidelines, and be checked using Bobby and the Wave 3.0 Accessibility Tool.[58]

3.16   In its submission to the Committee's inquiry, the NSW Government stated that:

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[56] *ibid.*

[57] News Release, Online Council, *Ministers from the Commonwealth, State and Territory Governments met in Adelaide today for the seventh Ministerial meeting of the Online Council*, 30 June 2000.

[58] New South Wales Government, *New South Wales Government Website Style Directive, Version 4.0* (2006), p. 19, <http://www.gcio.nsw.gov.au/library/guidelines/corporate-services> accessed on 19 August 2008.

> … information on Government websites must be published in HTML format so that it can be navigated and read by tools such as 'screen readers' used by disabled persons.
>
> Otherwise, if a document is published on the website in Adobe Acrobat pdf version (which cannot be read by 'screen readers'), a contact person needs to be provided on the website (so that a different version of the document may be provided or the document read to the individual).
>
> The requirements in relation to accessibility apply to the publication of annual reports on the internet.[59]

3.17 NSW Government agencies were required to report compliance with the Style Directive by 30 June 2007, with the option of an extension for a period of up to two years:

> **Mr GATES**: The reason for that was the Government did not want to require agencies that had just renewed their website to spend taxpayers' money renewing it five minutes later. I originally thought two years. We did a survey of agencies and found they renewed their websites every two years. So we are granting extensions for up to a two-year period because that is the reasonable timeframe…
>
> **CHAIR**: Can you give us any indication of what level of compliance there has been?
>
> **Mr GATES**: There is a reasonable level of compliance, given the fact that we are not forcing agencies but letting them renew their websites within two years. About ten or 15 per cent of agencies are compliant now. A number of other agencies have asked for extensions and some of those will be compliant by the end of this year, others will be compliant by the end of next year and others will be compliant within the two year timeframe that I indicated.[60]

3.18 The Committee acknowledges the work already undertaken by the NSW Government to make its websites compliant with WCAG. However, whilst there may be merit from an organisational point of view to provide a two-year extension, this has the potential to prolong the disadvantage experienced by some user groups until June 2009.

3.19 It is the Committee's view that, as a matter of priority, a contact should be provided on any government website that is publishing an annual report in a format that cannot easily be accessed by persons using assistive technologies.

RECOMMENDATION 3: That, where annual reports are published on a government website in a format that cannot be easily accessed by persons using assistive technologies, details of a contact officer be provided on that website, to assist with accessing the information by other means.

Accessible document formats

3.20 The Committee heard evidence from NSW Commerce on the reasons for the emergence of Portable Document Files (PDF) files as the common standard for delivering annual reports on NSW Public Sector websites:

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[59] Submission Number 3, NSW Government, p 2.

[60] Public Bodies Review Committee, transcript of evidence,12 November 2007. See Appendix 4 to this Report.

> **Mr GATES**: Yes, the standard has been PDF. As I say, there are lots and lots of programs around which will take a Word file, or various things in Xenix or Unix or whatever and convert it to a PDF. I do not want to use too much technical jargon, but the web is cross platform. If you have got an Apple you can read it, if you have got an IBM you can read it, if you have got a Xenix or a Unix machine you can read it, and PDF is a cross platform browser as opposed to Microsoft Word. So if we posted it as Microsoft Word and if you do not have Microsoft Word you cannot get it, but you can download the PDF reader off the web and, regardless of the system you have, you can then read the annual report.
>
> It was set up primarily to protect the integrity of the document, and, as I said, that is weakening a bit now and that is why probably one printed copy is still valuable before the Parliament, but the major advantage is that it is cross platform and it does not matter what system you use, you can read it.[61]

3.21   Vision Australia highlighted the importance of providing information in a file type that could be easily read by assistive technology. PDF and Joint Photographic Expert Group (JPEG) files represent an accessibility barrier because they contain a still image rather than a readable code, thereby making it difficult for the user to access them in an alternative format:

> One of the problems with the adaptive technology is that unless it can understand the code it won't be able to convert it and that is the problem with image files like Portable Document Files, JPEG files, because it is not actually code, it is an image so it finds it difficult to interrogate it.[62]

3.22   Though some recent PDF files can be converted (provided they have not been locked by the author), this did not represent equality of access for the visually impaired:

> It relies on the document being set out in a way that the Adobe 7 can access it. It also means that it is a third step in the process. It is like you opening a book and then having to get something to put over that page so that the language on the page is converted through this sort of intermediate device that you can then read through… I can probably access about 30 percent of them without having to jump through enormous hoops…[63]

3.23   Vision Australia emphasised the need for accessibility to be a key consideration in design from the inception stage, when the source documents were prepared, right through to the delivery point when the finalised documents were offered as downloads on a website. This would ensure documents that were not only technically compliant with assistive technologies but also designed in a way that made them accessible:

> … a number of websites now allow you to download in different ways, either a PDF file or an HTML type file or a Word type file. So it is allowing a person to choose the way that they might want to access their information. It is about establishing guidelines, I think, for developing that source document.[64]

3.24   Without accessibility as an integral part of web design, it was Vision Australia's view that the benefits of web-based annual reporting could not be realised:

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[61] Evidence of Anthony Gates, General Manager Operations, Government Chief Information Office, NSW Commerce, Public Bodies Review Committee hearing,12 November 2007. See Appendix 4 to this Report.

[62] Evidence of Michael Simpson, General Manager, Policy Advocacy, Vision Australia, *op.cit.*

[63] *ibid.*

[64] *ibid.*

Accessibility

> Designed in the right way, web-based reporting will provide good access to people who are blind and have low vision. Designed in an inaccessible way, it will be just as much a barrier as providing reports in hard copy print. [65]

3.25 When considering the preponderance of annual reports in PDF-only format on NSW Government agency websites, it is worth noting the comments of the Australian Human Rights & Equal Opportunity Commission (HREOC) in relation to the legal obligations of Australian organisations:

> The Portable Document Format (PDF) file system developed by Adobe has become widely used for making documents available on web pages. Despite considerable work done by Adobe, PDF remains a relatively inaccessible format to people who are blind or vision-impaired. Software exists to provide some access to the text of some PDF documents, but for a PDF document to be accessible to this software, it must be prepared in accordance with the guidelines that Adobe have developed. Even when these guidelines are followed, the resulting document will only be accessible to those people who have the required software and the skills to use it. The Commission's view is that organisations who distribute content only in PDF format, and who do not also make this content available in another format such as RTF, HTML, or plain text, are liable for complaints under the DDA.[66]

3.26 It is the Committee's view that the source documents for annual reports should be developed in a way that enables the user to easily view the content using assistive technology. Further, it is the Committee's view that if public sector agencies are providing information in still image files such as PDF, that they should also provide that information in an alternative file type such as Word or HTML.

RECOMMENDATION 4: That all NSW public sector agencies produce their annual reports in a file type that can be easily read by assistive technology, and which provides information in alternative file types to PDF, such as Word or HTML.

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[65] *ibid.*

[66] Human Rights and Equal Opportunity Commission, *World Wide Web Access: Disability Discrimination Act Advisory Notes* (2002), <http://www.hreoc.gov.au/disability_rights/standards/www_3/www_3.html>.

Chapter Four - Guidelines for public sector bodies on the preparation of web-based annual reports

Relevant current guidelines

4.1 In June 2007, the Department of Premier and Cabinet issued a circular notifying agencies of the Stage 1 recommendations of the NSW Government's internal government red tape review. These included the recommendation that all NSW Government agencies be required to publish their annual reports on the internet.[67] This is now a legislative requirement for departments and agencies.[68]

4.2 The Committee heard evidence from the NSW Government on the guidance it provides to agencies both on the style of their websites and on the legislative requirements for annual reporting.

NSW Government Website Style Directive

4.3 The Website Style Directive was discussed in the previous chapter on accessibility in relation to its specific requirements that W3C's Web Content Accessibility Guidelines (WCAG) apply to government websites. Overall the objectives of the Style Directive are to:

- promote community trust in content by identifying the site as an official NSW Government site;

- make it easier to search for information and to navigate within and across NSW Government websites; and

- minimise the costs of website development and design.

4.4 The Directive therefore sets standards for websites so that they have a common look and feel, but leaves content as a matter for the individual agencies, subject to legislative requirements. Thus, section 3.3.3 of the Directive refers to annual reports in terms of how agencies should provide links on their web pages to that publication rather than how the publication should be presented. [69]

4.5 This was reflected in the evidence the Committee heard from NSW Commerce:

> … Posting it on the web means that it is available and in the style directive which is relevant to this Inquiry, the purpose is to try to standardise web presentation. The style directive does not control the way the annual report looks. That is a matter for other legislation and for the Parliament. What the style directory says is that we are going to have a standardisation of websites in terms of navigation and that delivers three things: firstly, information is easier to find; secondly, by having standardisation the site on which you are searching gets known as a government site, so it is something that the community can have confidence in; and the third and final issue is that the website style directive has the longer term effect of reducing the costs by not only getting information available but reducing the costs of designing websites on a regular basis.

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[67] C2007-26 Internal Government Red Tape Review Update <http://www.dpc.nsw.gov.au/publications/memos_and_circulars/circulars/2007/c2007-26>.

[68] *Annual Reports (Departments) Regulation 2005*, cl. 5(e); *Annual Reports (Statutory Bodies) Regulation 2005*, cl. 8(2)(a).

[69] New South Wales Government, *New South Wales Government Website Style Directive, Version 4.0* (2006), p. 15. <http://www.gcio.nsw.gov.au/library/guidelines/corporate-services> viewed at 19 August 2008.

> Just to summarise then for the Committee, we have on our web style directory a standard menu. On the left-hand side of the menu is the primary area that is being used as an area that we have identified as publications to be required, and under 'publications' we have indicated that is where an agency should put its annual report.[70]

NSW Treasury Annual Reporting quick reference guide for agencies

4.6   The NSW Treasury provides an annual reporting web page as a quick reference guide for agencies which provides links to information on annual reporting such as Treasury Circulars and the relevant legislation.[71] The web page also includes a link to NSW Treasury's annual reporting review compliance checklist, which enables agencies or other interested parties to assess whether an annual report meets statutory requirements.

4.7   The guidance is therefore directed toward assisting agencies in complying with the legislative requirements on the disclosure of information in their annual reports and consequently does not make a distinction between whether that information is published in hard copy or on the internet. This was reflected in the evidence the Committee heard from NSW Treasury:

> **CHAIR:** In relation to web-based annual reports, have any guidelines been put together in terms of giving agency people some indication about the type of product you actually want to put out there into the web, but also what sort of detail or information? Is there anything specific relating to the web-based approach as opposed to the traditional reports?

> **Mr WILLIAMS**: Currently there are no guidelines specifically addressing the presentation of web-based annual reports, although there are general guidelines regarding annual reporting in various documents issued by both the Premier's Department and Treasury. I don't know if you want me to go through the names of some of those.

> **CHAIR**: Would you just give a couple of examples?

> **Mr WILLIAMS**: In our legislation there is the annual reporting for both statutory bodies and for departments and there are regulations which pertain to the content of those annual reports.

> **CHAIR**: So it is pretty basic. An individual agency then is essentially making their own determination about when it goes onto the web, how linkages are set up with other government agencies or back to the parliamentary website for example?

> **Mr WILLIAMS**: Yes. Do you agree with that?

> **Mr SMITH**: Yes. The New South Wales Government has a website that links annual reports to the annual reports on the website of individual agencies at present. As for the requirements, as Mr Williams has said, the requirements basically remain the same in terms of what you disclose, whether or not an annual report is hard copy or on the internet. So the requirements that we have apply equally to both.[72]

4.8   Thus, NSW Government guidance to date has understandably focused on setting standards for government websites as communication channels and on the information content of agencies' annual reports.

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[70] Evidence of Anthony Gates, NSW Department of Commerce, at Public Bodies Review Committee hearing,12 November 2007. See Appendix 4 to this Report.

[71] NSW Treasury, *Annual Reporting* <http://www.treasury.nsw.gov.au/annfaq/arpage>, at 19 August 2008.

[72] Public Bodies Review Committee, transcript of evidence, 12 November 2007. See Appendix 4 to this Report.

Specific guidelines for web-based annual reporting

4.9   The Committee did not receive any evidence to indicate that the NSW Government was developing any specific guidelines in relation to publishing annual reports on the web:

> **CHAIR:** On the directive to go to the web with annual reports, there have been some discussions this morning about the development of a guide specifically targeting annual reports that go onto the web and it seems like lots of people are in agreement it would be a good thing but nobody wants to do it. Are you aware of any movement towards having a guide put together for annual reports that go onto the web?
>
> **Mr LEAN:** No, I am not.
>
> **CHAIR:** Would you be happy to do it?
>
> **Mr LEAN:** That is obviously a matter of policy, which I could not commit one way or the other on. It is probably important to point out that there are already a lot of requirements in terms of annual reporting. There are some specific stylistic requirements which are, I think, set out in the legislation and they include requirements for indexes and table of contents, et cetera. There are also the more detailed requirements in the legislation for the things that you actually have to report on. Whether the report is prepared in paper form or for publication on the internet, those requirements would need to be met regardless.[73]

4.10   However the provision of such guidance, if required, was not ruled out:

> **Ms McMAHON:** If we were to move to a system where it was principally driven by the web-based delivery and the print was a secondary component of that, for the purposes of tabling in Parliament, there would definitely be a need for a style guide and a different way of laying it out, and even a template for agencies, I would have thought. Correct me if I am wrong.
>
> **Mr LEAN:** That is certainly possible but I think the Government's view would be that there should not be any overall increase in costs. We do not want to be in a situation where it costs more to print reports for the web, because obviously that will move resources away from more important front-line service delivery. Certainly I think the existing Premier's memo that is there about minimising the costs associated with the preparation of annual reports, part of it is to try to encourage agencies to do it all in-house if possible and certainly guidelines saying what you can and cannot do could help in that regard, but obviously that would be a decision for the Government.[74]

4.11   For its part, the Audit Office of NSW had not conducted any recent audits of web-based annual reporting, and made no recommendations as to whether any specific guidance should be developed. It did, however, recognise the NSW Government Website Style Directive's potential to improve access to information generally by standardising agency websites and the potential role for the Premier's Annual Reports Awards in developing best practice for web-based annual reporting:

> We have not done any work on how accessible the electronic presentation of annual reports is or the standards that should be there to govern the format and the content of what should be on there. We are aware that the Government has released a website style directive recently which is applicable to all agencies and hopefully that will standardise forms of presentation and the like and also make it easier for stakeholders and others to gain access because it will be the same for whichever annual report is up on whatever website there is.

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[73] *ibid.*
[74] *ibid.*

> The last issue would be the Premier's Annual Awards…Whether or not in the awards they want to go as far as putting in some criteria to assess annual reports on their accessibility and ease of use on the internet I guess is up to the people involved in those awards.[75]

4.12   The extent to which the web should be regarded as a whole new communication channel capable of providing users with 'added value' is, in the Committee's view, the key to determining whether specific guidelines are necessary for web-based annual reporting.

4.13   The Committee notes that there have been two significant recent developments at the Commonwealth level, which are indicative of the primacy of the web as a communication channel for business reporting.

Standard Business Reporting

4.14   The first development is the Australian Government's *Standard Business Reporting* initiative (SBR), which aims to simplify the processes by which businesses report financial information to government.[76] One of the relevant potential benefits identified by the Commonwealth Government is an increase in electronic reporting, which is anticipated to lead to a reduction in paper lodgements with potential savings downstream associated with scanning, storage and re-keying of information.

4.15   One of the key outcomes of SBR is intended to be the development of a standard Financial Reporting Taxonomy, to define the relationship between the accounting information which is held in accounting packages, and the rules governing the information required by government agencies. This would enable business and government agencies to share a common financial language, resulting in a more efficient and more reliable exchange of financial data.

4.16   The common financial language for the Financial Reporting Taxonomy would be *eXtensible Business Reporting* Language (XBRL) which is designed to solve the problems associated with collating electronic information when that information has been generated by various software.[77] Being an open standard and free from licence fees, XBRL offers benefits such as cost savings, greater efficiency, improved accuracy and reliability to users and suppliers of financial data.

4.17   The potential benefits of XBRL to the user of annual reports are enhanced access to and analysis of data. As it is a common financial language, it allows for the exchange of uniform financial data between computer systems, software applications and people. Thus XBRL-compliant data is entered cleanly once and then understood consistently and accurately thereafter.

4.18   Therefore, the usability of financial information is enhanced, as it allows the consumer to easily download data to another software application of their choice, without the need to painstakingly re-key it from the printed page. In addition to maintaining the integrity and accuracy of the information, its international standardisation makes the program highly comparable, allowing for benchmarking with other organisations.

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[75] Evidence of Anthony Whitefield, Audit Office of NSW, at Public Bodies Review Committee hearing, 12 November 2007. See Appendix 4 to this Report.

[76] See the Australian Government's Standard Business Reporting website, <http://www.sbr.gov.au/content/default.htm> accessed on 19 August 2008.

[77] See the XBRL Australia website, <http://www.xbrl.org/au/>.

4.19   The Committee notes that XBRL may well have implications for the 'annual report', in relation to shorter financial reporting periods or even continuous reporting of the data.

Corporations Legislation Amendment (Simpler Regulatory System) Act 2007

4.20   The second recent development at Commonwealth level is the *Corporations Legislation Amendment (Simpler Regulatory System) Act 2007,* which proposes allowing companies to distribute annual reports online via the internet, and only to provide hard copies on request. The perceived benefits to the information provider, information user, and the environment were set out by the government in the Bill's second reading speech:

> Australians are increasingly making use of the internet and, in recognising this, the bill brings the corporate law into the modern age by allowing companies to make annual reports available on the internet, and only require hard copies to be sent to shareholders who request them.

> This will result in significant costs savings to business but, importantly, shareholders will continue to have the opportunity to elect to receive hard copy annual reports free of charge. These amendments are also expected to deliver environmental benefits for the broader community.[78]

4.21   These developments are significant for NSW public sector annual reporting, first because the changes to company reporting requirements reflect the decline in the demand for printed copies of annual reports, on which the Committee took evidence in the course of its inquiry. Second, the SBR initiative for electronic business-to-government reporting reflects the NSW Government's focus on reducing red tape for agency-to-government reporting, and legislative changes to require departments and agencies to provide their annual reports online.

4.22   It is therefore questionable to what extent public bodies should be primarily 'thinking print', when designing and delivering documents. It is the view of the Committee that web-based annual reporting is unlikely to continue to meet the demands of users and regulators if it is nothing more than a static file converted from a source document which was designed for hard copy publication. If anything, whilst there is always likely to be a limited demand for printed annual reports, the growing functionality of online reporting is likely to accelerate their decline.

4.23   The emergence of web-based annual reporting as the preferred communication medium is likely to continue, if added value is made available to users by the reporting agency through web design tools that enable, for example:

- easy internal navigation and interactive links from the report to other information sources;

- effective use of animation, audio and video;

- increased accessibility, particularly for users with disabilities; and

- portable financial information available through XBRL.

4.24   The diverging nature of print and online annual reporting is reflected in the recent introduction of a special category for online reporting in the Australasian Reporting Awards (ARA). The ARA's judging criteria, and that of the Institute of Public Administration Australia (ACT Division), have been taken into account by the Committee in its proposals in relation to the Premier's Annual Reporting Awards.

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[78] Hon C Pearce MP, Parliamentary Secretary to the Treasurer, House of Representatives *Hansard*, 24 May 2007.

4.25   The Committee heard evidence that the information content of annual reports is determined by legislation and there are also stylistic requirements for the reports themselves and the websites on which they are made available. Current annual reporting legislation and the Website Style Directive will do much to ensure web-based annual reports have a common look and feel, but guidance should be provided to the NSW public sector to ensure that agencies maximise their technological advantages and minimise their costs.

4.26   It is the Committee's view that web-based annual reporting should take advantage of new technology, in order to significantly enhance the means by which the information is delivered to and used by its consumers. The aim should be to simplify information retrieval and analysis, increase accessibility and minimise the costs of both user and provider.

RECOMMENDATION 5: That, in order to maximise the potential of web-based annual reporting and minimise costs to both the user and the provider of information, the NSW Government Chief Information Officer provide a basic web-based annual reporting template for the use of all NSW public sector agencies.

4.27   The next chapter of this Report examines how annual reporting award programs are making effective assessment of web-based annual reports. Whilst it is not the Committee's intention to be prescriptive on the content of any possible NSW Government guidance, the following criteria are indicative of current best practice.

Chapter Five - Premier's Annual Reports Awards

5.1   The Public Bodies Review Committee convenes the Premier's Annual Reports Award in conjunction with the Public Accounts Committee. The Committee is therefore interested in reflecting the importance of high quality web-based annual reports in the awards program. At present, only hard copy annual reports can be entered into the awards program, therefore the criteria is biased towards this mode of presentation. This chapter will outline proposed reforms to the awards program to enable the entry and effective assessment of web-based annual reports.

5.2   The Committee is particularly interested in the progress made by other annual reporting awards programs in recognising achievements in the area of web-based annual reports, especially those in other jurisdictions that are focussed on public sector annual reports. Evidence collected by the Committee suggests that only the Institute of Public Administration Australia - Australian Capital Territory Division (IPAA ACT) - recognised significant achievements in online annual reports,[79] although the Institute of Public Administration in Tasmania does accept entries in CD ROM format.

5.3   The Australasian Reporting Awards (ARA) were established in 1950 to improve the standards of financial reporting in Australia.[80] The Awards are run by Australian Reporting Awards Inc, which is an independent not-for-profit organisation supported by volunteers from the business community and professional bodies. In 2008, the ARA will for the first time recognise achievements in online reporting.

5.4   This section of the report will outline the progress of both IPAA ACT and the ARA in the assessment of online annual reports, including details of the criteria used by both agencies.

The Institute of Public Administration Australia – ACT Division

5.5   IPAA ACT recognises achievements in online annual reporting through dedicated categories in its annual report awards. These categories are summarised below:

> **Online** – for demonstrated excellence and innovation in the effective use of technology and presentation in providing annual report information to stakeholders.

> **W3C Accessibility** - for demonstrated excellence in meeting the World Wide Web Consortium's Web Content Accessibility Guidelines on www.w3.org. [81]

5.6   Judges assessing entries for the awards named above gave consideration to whether an online annual report:

- had good design that ensured a pleasant onscreen reading experience;

- had ample way-finding and navigation aids, eg site, document, chapter and page navigation;

- provided accessibility for operating platforms other than Windows;

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[79] Telephone survey of the following awards programs: IPAA ACT, IPAA Tasmania, IPAA South Australia, IPAA Western Australia, Institute of Internal Auditors – Queensland Public Sector Annual Reports Awards, Australasian Reporting Award conducted in November 2007.

[80] See ARA website, <http://www.arawards.com.au/>, accessed on 19 August 2008.

[81] See IPAA ACT website, <http://www.act.ipaa.org.au/docs/2006%20-%20ARA%20Judges%20Report%2004-05.doc#_Toc133850411>, accessed on 19 August 2008.

- provided an 'experience' for the reader, rather than passive information delivery;

- assisted readers to locate information 'in-context' through site search engines or other devices;

- made good use of additional information and print-friendly pages; and

- provided a level of conformance with onscreen guidelines and standards, including the Web Content Accessibility Guidelines.[82]

Australasian Reporting Award

5.7   The recent and significant developments in corporations law—namely the introduction by the Federal Government of the Simpler Regulatory System Bill in June 2007—were cited by the Australasian Reporting Award in their background to the introduction of the special award category of the electronic (online) reporting award.[83] It appears that the introduction of the special category for online reporting is, in part at least, a response to this legislative development:

> The ARA recognises the changes to allow companies to distribute annual reports online via the Internet and only provide hard copies on request. This change will have a huge impact on not only annual reporting, but also its place in an organisation's communications strategy. This award seeks to recognise the effectiveness and quality of Annual Report Online Reporting for Publicly listed companies, Government and not for profit organisations.[84]

5.8   An examination of the criteria leads to the identification of the following principles:

- readability;

- accessibility;

- reflection of values, vision, image and branding;

- comprehensiveness;

- accuracy; and

- transparency.[85]

5.9   The specific criteria against which entries are assessed are as follows:

> **Communication Design:**
> Is the Online Report designed for screen viewing?
> Can the Report be easily read online?
> Can the reader control the font size? Does any colour contrast between text and background enhance or detract the reports readability?
> Is the Online Report different to the printed version?
> Does it allow multiple levels of readership such as skimming and in-depth reading?
> Does the Report effectively highlight critical messages and text?
> Are images used to enhance or do they detract from the message?
> Are images captioned effectively?

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[82] IPAA ACT website <http://www.act.ipaa.org.au/docs/2006%20-%20ARA%20Judges%20Report%2004-05.doc#_Toc133850411>, accessed on 19 August 2008

[83] Australasian Reporting Awards *Handbook 2007*, ARA 2007: Outstanding Success in Annual Reporting, p 39.

[84] *ibid.*

[85] *ibid.*

Has any flash, animation, audio, video etc been used? Has it been effective or a distraction? Does it slow down the file, impair or enhance the communication?

Accessibility:
Is the Report easily accessed from the website?
Is the navigation intuitive and easy to use?
Does the Report have a table of contents/index? Are the contents and index linked to the main sections of the Report?
Can the user move within sections and between sections? Between levels? Does the user have to go through too many levels?
Does the report provide interactive links to relevant sites/documents?
Can users quickly get the information they want? Does the user always know where they are, in the Report?
Does the Report use clarifying descriptions when necessary?
Can readers copy and paste information for their own use?
Can financial information be accessed in spreadsheet form? Is it already available in that form?
Is all referenced information linked to its relevant page?
Is there a site map and help button?

Printability:
Is the Online Report designed and produced to allow for the purpose of printing?
Is the Online Report set up for quick, cheap and efficient printing?
Can the Report be downloaded in full for later reading and printing?
Can individual sections of the report be downloaded for later reading and printing?
Can the user print directly from the page they are viewing?

Transparency:
Is there access to the Full Annual Report?
Is the company letting investors choose the information they want or dictating to them?
Are graphs, tables and diagrams clear and easily read and easily understandable?
Are there links to any other parts of the company website or other websites for further information?
Was the Online Report available quickly after the results were released? Was it available by the time the printed version was mailed?
Are Senior Management and Directors clearly taking responsibility for the Report content?

Company Branding and Values:
Does the Online Report consistently reflect the corporate brand i.e. website, corporate profile and other online documents?
Does the Report visualise the company values?
Does the Report relate to the website? [86]

5.10   The Committee recognises the significant work of the ARA in the development of the criteria listed above, which are reflective of the major components of a high quality web-based annual report. The development of the proposed criteria for the assessment of online entries to the Premier's Annual Reports Award has been informed by the work of both the IPAA ACT and the ARA.

Proposed Criteria for Online Entries to the Premier's Annual Reports Award

5.11   Given earlier evidence in the report of the growing popularity of online annual reports, it is proposed that all public sector bodies in NSW be given the option of entering

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[86] Australasian Reporting Awards website <http://www.arawards.com.au/>, accessed on 19 August 2008.

either an online annual report or a hard copy annual report. The criteria related to the content of the report will be applied to both types of entries. In addition, compliance with annual reporting legislation will be mandatory for both types of entries. The proposed new criteria would apply exclusively to online entries and it is recommended that entrants be assessed against the following requirements:

The online version is different from the hard copy version

5.12   This has been demonstrated to be a fundamental principle in high quality web-based annual reporting. No web-based annual report of high quality is identical to its hard copy counterpart. Simply creating an online file with the same content as the hard copy version fails to utilise the unique benefits offered by web-based annual reporting, and makes for a cumbersome online reading experience for the user.

Accessibility

5.13   This criterion will be measured by compliance with the Web Accessibility Initiative (WAI) guidelines. At a minimum, entrants will need to demonstrate that they make the report available online in either word or html formats in addition to other versions like PDF.

The annual report is easily accessible from the home page

5.14   Being able to quickly and easily identify the appropriate link to the annual report from the home page of the agency's website enhances the reading experience, therefore, entries will be assessed on the extent to which they deliver on this aspect of web-based annual reporting.

The report can be downloaded as one file or in sections

5.15   Allowing readers to download and print those sections of an annual report in which they are interested in as opposed to catering exclusively to those who wish to download an annual report in its entirety, is responsive to the diverse needs and preferences of readers.

The report can be downloaded with and without graphics

5.16   While not disputing the potential for graphics to be relevant to the content of an annual report and to make reading an annual report easier and more enjoyable, the potential for files containing a high volume of graphics to slow the download process is great. A plain text version is sometimes preferable and should be made available.

A search facility and site map is available

5.17   Ease of navigation and readability is enhanced by the provision of both a search facility and a site map in the online versions of annual reports. Mapping content can direct readers quickly to areas of interest. Given the length of the document and the volume of information provided this is especially important.

The report can be easily read online

5.18   The category of ease of reading will be assessed by giving consideration to the following factors: text colour, brightness, placement of graphics, use of headings, adjustable font size, logical sequence in the layout, ease of navigation, use of headings, consistent style, good use of graphs and tables.

Contact details for readers with questions/requiring assistance is provided

5.19   The provision of appropriate contact details (to a staff member who can discuss questions related to the annual report) for readers who either have difficulties accessing the online version of an annual report or who have questions arising from reading the annual report online is considered to be important for both accessibility and accountability.

The graphics are high quality

5.20   The addition of graphics should enhance the readability of an annual report by explaining or expanding the understanding of text within the report. Graphics should not dominate an annual report. In addition all graphics should be accompanied by captions explaining the graphic in consideration of those who may be using technology to assist them in reading the annual report.

The report is consistent with the agency website

5.21   As a general rule the style of the annual report should be consistent with the overall style of the agencies website. A radical departure from the style of the agencies website could be justified by special circumstances, in which case entrants should make such reasons clear when entering their annual report in the Awards.

The report has appropriate logos prominently displayed

5.22   Ease of identification of the agency to which the website and the annual report belong is a factor in building familiarity with the agency and in ensuring appropriate branding.

The report meets relevant government directives (unless exempted)

5.23   It is expected that all entries will fully comply with any guideline issued in the NSW public sector in relation to web-based communication. If an agency has been granted an exemption from complying with a guideline(s) they will need to indicate this upon entering the awards program.

The URL (web address) for the report is unique and promoted to potential readers

5.24   Entries that ensure that the URL for their annual report is distinctive will be viewed positively (for example www.agencyname.nsw.gov.au/annualreport08). Agencies who then promote this URL will be rewarded for making their annual report easy to locate, for encouraging readership, for building familiarity with the website and for promoting the use of the online version of the annual report.

A feedback option on the web-based annual report is provided

5.25   Being able to demonstrate that the agency facilitates and is therefore receptive to feedback is positive. It indicates an interest in quality improvement and engages the reader in the future direction of the website.

Appendix 1 – List of submissions

Submission No	Organisation
1	Vision Australia
2	Audit Office of New South Wales
3	Department of Premier and Cabinet
4	Sydney Water

Appendix 2 – List of witnesses

Agency	Witness
NSW Treasury	Mr Martin Smith, Principal Policy Analyst (Accounting Policy) Mr Robert Williams, Principal Policy Advisor (Accounting Policy)
Audit Office of NSW	Mr Tony Whitfield, Deputy Auditor-General Mr Phil Thomas, Assistant Auditor-General (Performance Audit)
Department of Commerce	Mr Tony Gates, General Manager Operations, Government Chief Information Office
Department of Premier and Cabinet	Mr Anthony Lean, Policy Manager, Legal Branch
Vision Australia	Mr Michael Simpson, General Manager, Policy Advocacy

Appendix 3 – Committee minutes

Minutes of Proceedings of the Public Bodies Review Committee (No. 2)

4.30 pm Wednesday 26 September 2007
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

Victoria Le Gallais, Glendora Magno, Samantha Ngui, Hilary Parker, Pru Sheaves

The meeting commenced at 4.50pm.
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2. Inquiry program

- Web-based Annual Reporting
- The Chair spoke to the brief, previously distributed.
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Resolved on the motion of Mr Ashton, seconded by Mr Cansdell that the Public Bodies Review Committee inquire into and report on web-based annual reporting in the NSW public sector with particular emphasis on:

   a) potential impacts on accountability;
   b) accessibility of the electronic presentation of annual reports;
   c) appropriate standards of presentation;
   d) achieving consistency in the presentation of information;
   e) usefulness of guidelines for public sector bodies on the preparation of web-based annual reports;
   f) impacts on the premier's annual reports awards.

Minutes of Proceedings of the Public Bodies Review Committee (No. 3)

10.00 am Monday 12 November 2007
Room 1254, Parliament House

Members Present

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

Also Present

Glendora Magno, Samantha Ngui, Hilary Parker, Pru Sheaves

The meeting commenced at 10.00am.

Inquiry into Web-Based Annual Reporting in the NSW Public Sector
Mr Martin Smith, Principal Policy Analyst (Accounting Policy) and Mr Robert Williams, Principal Policy Advisor (Accounting Policy), NSW Treasury, Level 24, Governor Macquarie Tower, Phillip Street, Sydney, sworn and examined. Mr Williams made an opening statement and he and Mr Smith were then questioned by the Chair, followed by other members of the Committee.

Questioning concluded, the witnesses withdrew.

Mr Anthony Whitfield, Deputy Auditor-General, and Mr Philip Thomas, Assistant Auditor-General (Performance Audit), Audit Office of NSW, Level 15, 1 Margaret Street, Sydney, sworn and examined. Mr Whitfield made an opening statement and he and Mr Thomas were then questioned by the Chair, followed by other members of the Committee.

Questioning concluded, the witnesses withdrew.

Mr Anthony Gates, General Manager Operations, Government Chief Information Office, NSW Commerce, Level 21, McKell Building, 2-24 Rawson Place, Sydney, affirmed and examined. Mr Gates made an opening statement. He was then questioned by the Chair, followed by other members of the Committee.

Questioning concluded, the witness withdrew.

Mr Anthony Lean, Policy Manager, Legal Branch, Department of Premier and Cabinet, Level 39, Governor Macquarie Tower, 1 Farrer Place, Sydney, affirmed and examined. Mr Lean made an opening statement. He was then questioned by the Chair, followed by other members of the Committee.

Questioning concluded, the witness withdrew.

Mr Michael Simpson, General Manager, Policy Advocacy, Vision Australia, 4 Mitchell Street, Enfield, sworn and examined. Mr Simpson made an opening statement. He was then questioned by the Chair, followed by other members of the Committee.

Questioning concluded, the witness withdrew and the Committee adjourned at 12.28pm.

Minutes of Proceedings of the Public Bodies Review Committee (No. 4)

5.00 pm Wednesday 5 December 2007
Room 1102, Parliament House

Members Present

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

Also Present

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

The meeting commenced at 5.10pm.

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2.   Inquiry program

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Web-Based Annual Reporting
The Committee noted the answer from the Department of Premier and Cabinet to a question taken on notice at the public hearing on 12 November 2007.

Appendix 4 – Transcript of evidence

NOTE: The proceedings took place on Monday 12 November 2007 at Parliament House, Macquarie Street, Sydney.

MARTIN LAWRENCE SMITH, Principal Policy Analyst (Accounting Policy) NSW Treasury, Level 24, Governor Macquarie Tower, Phillip Street, Sydney, and

ROBERT GEORGE WILLIAMS, Principal Policy Advisor (Accounting Policy), NSW Treasury, Level 24, Governor Macquarie Tower, Phillip Street, Sydney, sworn and examined:

CHAIR: Firstly I will invite either of you, if you would like to, to make an opening statement to the Committee.

Mr WILLIAMS: Let me make a very brief statement, and the brief statement really comes from the submission and the general comments on the first page. We believe that web-based annual reporting has resulted in annual reports in both the public and the private sector becoming more accessible. That permits a greater review of performance of agencies as well as comparison between entities. We therefore think that web-based reporting, by making annual reports more available to the community and to all stakeholders, is likely to therefore increase accountability.

CHAIR: Mr Smith, did you want to add anything to that?

Mr SMITH: Just at the moment I will leave it at that.

CHAIR: We have some questions we would like to put to you. If you can just respond to those as best you can and we may have some additional questions along the way, subject to the feedback that you can give us. I might kick that off and then other Committee members will follow suit.

In relation to web-based annual reports, have any guidelines been put together in terms of giving agency people some indication about the type of product you actually want to put out there into the web, but also what sort of detail or information? Is there anything specific relating to the web-based approach as opposed to the traditional reports?

Mr WILLIAMS: Currently there are no guidelines specifically addressing the presentation of web-based annual reports, although there are general guidelines regarding annual reporting in various documents issued by both the Premier's Department and Treasury. I don't know if you want me to go through the names of some of those.

CHAIR: Would you just give a couple of examples?

Mr WILLIAMS: In our legislation there is the annual reporting for both statutory bodies and for departments and there are regulations which pertain to the content of those annual reports.

CHAIR: So it is pretty basic. An individual agency then is essentially making their own determination about when it goes onto the web, how linkages are set up with other government agencies or back to the parliamentary website for example?

Mr WILLIAMS: Yes. Do you agree with that?

Mr SMITH: Yes. The New South Wales Government has a website that links annual reports to the annual reports on the website of individual agencies at present. As for the requirements, as Mr Williams has said, the requirements basically remain the same in terms of what you disclose, whether or not an annual report is hard copy or on the internet. So the requirements that we have apply equally to both.

CHAIR: Just in terms of having those annual reports on the web system, has there been any work done in terms of estimating savings associated with that process as opposed to traditional hard copies and multiple hard copies?

Mr WILLIAMS: Mr Smith had a quick look at this the other day. We do not think the information is readily available because although in the annual reports agencies are required to state the total costs--

Mr SMITH: Total external costs.

Mr WILLIAMS: --total external costs, therefore they are not stating the internal costs and they are not splitting that between hard copy or web-based costs, so there is not sufficient detail to identify what those savings are because of web-based.

Mr SMITH: Some of the costs would be difficult to dissect too, because if there are design costs, some of that design could be attributed to web-based and some to paper based.

Mr WILLIAMS: Or you could say most of the design costs could occur anyway.

Mr SMITH: I think it would even be difficult for an agency to see how much is in each.

CHAIR: So it is purely straight up printing costs, if there is any saving?

Mr SMITH: Yes.

CHAIR: As you say, the document still has to be prepared whether it goes on to a live web system or is physically manufactured?

Mr WILLIAMS: Yes.

CHAIR: Just in terms of your role, your capacity, have there been any recent developments in progressing web-based reporting?

Mr WILLIAMS: In New South Wales?

CHAIR: Across the board generally speaking.

Mr WILLIAMS: You mean in the private and public sectors?

CHAIR: In the public sector.

Mr WILLIAMS: We did have a quick look. One is that private sector companies upload their annual reports to their own websites and also publicly listed companies upload their annual reports to the Australian Stock Exchange website, but shareholders have continued to receive printed versions. But the Commonwealth has a Corporations Legislation Amendment (Simpler Regulatory System) Bill, and if that is passed shareholders will receive the reports in electronic form unless they request printed copies. So in that sense the proposed Commonwealth legislation is going a bit beyond what we currently have.

Further, we did look at some of the other jurisdictions and we noted that Western Australia has a requirement requiring the electronic version of their annual report to be given to the Minister for tabling in Parliament and this version is included in the papers section of the Western Australian Parliament's website and it is considered to be the official version of the annual report. That means that the electronic copies are not only uploaded to an agency's website but also to the Western Australian Parliament's central website and that is the official copy.

Mr CANSDELL: Can you gauge the amount of access to the web-based reports compared to distribution of hard copy?

Mr WILLIAMS: No, we cannot because we do not have access to that sort of information. I don't know if we would.

Mr ASHTON: What about the Audit Office?

Mr SMITH: I am not sure that anybody would have access to that sort of information. It would depend on the number of hits on the individual websites of the agencies and I am not sure that the agencies themselves would know that.

CHAIR: You would monitor the number of hits to your own Treasury components?

Mr WILLIAMS: Not us personally.

CHAIR: I just thought the agency might.

Mr WILLIAMS: I do not know.

Mr CANSDELL: I thought that would gauge the success of the web-based reporting rather than the hard copy distribution.

Mr ASHTON: One comment on that is you could print 1,000 copies and give them to everybody but who would have time to read them, but you are more likely to if you do access the internet and have a look at it. That is coming from someone who does not like the internet anyway.

Mr WILLIAMS: There are also capacities on web-based sites where you can have a chart of accounts where, if you wanted to go to the financial statements, you can go to that section and immediately print out that section. There are clear advantages of being able to

source information you want from the website.

Ms McMAHON: Going back to the issue of a style guide and whether there is any value or intention in creating a style guide for web-based reporting, if you are just uploading your annual report it is not in a user friendly format for on-screen use.

Mr WILLIAMS: Yes. I believe there is a Premier's directive, so Premier's can tell you this, where there are some requirements, for example, that it is in HTML format so it can be navigated by certain read tools, including those for the disabled, so there are some protocols in the New South Wales Government website style directive, but Premier's can tell you more about that than I.

Ms McMAHON: Would you see it as being of benefit?

Mr WILLIAMS: To have those things, yes, I think so, and there are even more advanced guidelines, called XBRL or something. I believe there are further sophisticated web presentation tools that can be used to assist users to access data and analyse data.

CHAIR: Does Treasury have a view in terms of wanting to see agencies work towards potentially only providing annual reports electronically or web-based?

Mr WILLIAMS: I do not know that Treasury has an official policy on that. We see that certainly by having the web-based versions it will reduce the need for the paper versions and certainly that is the way that ASIC is moving for publicly listed companies, that you only get the electronic version unless you ask for a hard copy.

Mr ASHTON: My question may be more relevant to another department that we will be talking to later, so you do not have to have a specific answer, but you mentioned ASIC. If something is put on the web at what point is it signed off officially? Presumably there would have to be a hard copy that some Minister signs off on, some presentation, or a company, or if it is Treasury, otherwise you could put something on a web and, as we know now with different things that go on there, that might not be right.

Mr WILLIAMS: That is potentially an advantage. You would have to read through the WA legislation of the advantages of having the hard copies tabled in Parliament and the web version tabled in Parliament and that would be the official version copied into their website, that is then the official version. I see some merit in that.

Mr ASHTON: From my old school way of thinking you still have to have the piece of paper that says this is the document and then you put it on the web.

Mr WILLIAMS: One could say that the agencies put it on their website and the Government portal links to that website and you could say in some sense that achieves the same objective, but there is perhaps some merit in the argument that that is the official copy on the one website of all the annual reports.

Mr ASHTON: You could only table a copy in Parliament which is paper at the moment.

Mr WILLIAMS: You can table the electronic version and that becomes the official version as well.

CHAIR: Just in terms of your own area, Treasury, do you do much monitoring of any other agencies or departments in terms of information that they put out there on the web?

Mr WILLIAMS: We do an annual reports review every year, where we look at mainly the content and the substance of the presentations in terms of whether they comply with the regulations and the act and we issue a Treasury circular on the results of that which we also discuss with the agencies, where we perceive deficiencies and suggest improvements in the annual circular.

CHAIR: Are they required to nominate how they are going to distribute their reports, whether it be an internet/hard copy mix?

Mr WILLIAMS: No.

Mr SMITH: At the moment the only requirement is for hard copy. There is no requirement for electronic at the moment.

CHAIR: Premier's have a circular that has come out of the Premier's and Cabinet Office about wanting to move people to internet-based material.

Mr WILLIAMS: Yes.

CHAIR: You will obviously have to change that position in due course.

Mr WILLIAMS: Yes.

Mr SMITH: I understand that as part of the red tape review some of our colleagues are looking at introducing such legislation at the moment.

Mr CANSDELL: I am concerned that it is 2007 and we are still talking about going to web-based reporting. I would have thought this would have come in seven years ago, not in 2007.

Mr WILLIAMS: Mr Smith can give you a little bit of history of CD ROMs and what happened there. If he gives that history we can say we were moving this way.

Mr CANSDELL: I am a dinosaur when it comes to computers. I have only come in the last seven years myself so I am taken aback a little bit when we are only talking about it now.

Mr WILLIAMS: When you say we are talking about it, we are talking about improving it or making it a requirement and giving further guidelines. If you go to our agencies all of their reports are on their website. It is already happening but it is not required to be done and some of the protocols or guidance regarding that has not been enhanced.

Mr CANSDELL: We are moving away from the hard copy as well.

Mr WILLIAMS: That is what I am saying. We are moving away from that. That practice has gone ahead of the requirement. We are talking about making things requirements and changing the focus. Mr Smith can tell you the history of CD ROMs.

Mr SMITH: I will do my best. Around about 1998 Parliament wrote to Treasury and suggested that an electronic version of all annual reports be forwarded to Parliament on a CD ROM, which was the latest and hottest technology at the time. That seemed very sensible and worked for a few years. In about 2003 or 2004 we received another letter from Parliament saying that nobody is looking at these things, so we removed the requirement. In the meantime the internet took off, as we have said, and agencies moved largely ahead of requirements and were tabling their annual reports anyway, so in that sense there perhaps

has not been the demand there might have been had agencies been a little more recalcitrant, but they are doing it anyway.

CHAIR: It could look a little bit odd tabling a CD in the Chamber but it is not impossible.

Mr SMITH: The hard copy requirement remained.

Mr CANSDELL: Could you not just print the hard copy off the internet reporting base?

Mr WILLIAMS: Exactly. That is effectively what occurs in the private sector. If something is asked for in hard copy they print it off but they do not have to pre-print all those glossy versions and have hundreds and thousands of them sitting around. That is the advantage.

CHAIR: Do you have a view about this because in reality not everybody can access that sort of facility, either because they do not have the ability to afford a PC in a home or they do not have the personal knowledge to be able to utilise it.

Mr WILLIAMS: I think that is why even with ASIC if a shareholder wants a hard copy they are entitled to request that. I would think increasingly that request would simply dissipate. If you keep the requirement there you are covering that base and you can just print it off.

CHAIR: We have no further questions. Is there anything you would like to conclude with?

Mr WILLIAMS: No, I do not think so. I think that making some improvements in these requirements will enhance the accountability and simplify things and save costs and make things more easily accessible to the public in general.

CHAIR: Stay tuned, because when we table our report we are hoping to do exactly that, to prompt some people to move forward in terms of web-based reporting and improve the product and hopefully encourage better access out there.

(The witnesses withdrew)

ANTHONY THOMAS WHITFIELD, Deputy Auditor-General, Audit Office of NSW, Level 15, 1 Margaret Street, Sydney, and

PHILIP GARVEN THOMAS, Assistant Auditor-General (Performance Audit), Audit Office of NSW, Level 15, 1 Margaret Street, Sydney, sworn and examined:

CHAIR: We have received a submission from yourselves and the Audit Office but before we lead into questions would you like to make an opening statement at all?

Mr WHITFIELD: In our submission, as you will read, it indicates that we have not done a lot of work in this particular area recently. The work we did goes back to 2000 and 2003. There are just a couple of points that I would like to highlight.

As an office we believe that annual reports are a key mechanism for agencies to account for their performance, and good practice suggests that that form of accounting should be accessible to all stakeholders. For that to happen they need to be done in a variety of ways, either in a printed format or via an internet web page.

We really have not examined it in any great detail, as I said earlier, although back in 2000 we did some preliminary work and we found that there were about six or so agencies that were placing their annual reports on the website, and in 2003 we did some further work and found that not only were they placing it on the website but a number of them were following the recommendation we made and putting up multiple years, about five years of reports, so there was the ability for stakeholders and others to see trends over the period.

We have not done any work on how accessible the electronic presentation of annual reports is or the standards that should be there to govern the format and the content of what should be on there. We are aware that the Government has released a website style directive recently which is applicable to all agencies and hopefully that will standardise forms of presentation and the like and also make it easier for stakeholders and others to gain access because it will be the same for whichever annual report is up on whatever website there is.

The last issue would be the Premier's Annual Awards. If agencies adopt the recommendation that we made of having five years' data up there, I think that will be helpful for not only the agencies but the stakeholders and the central bodies to look at the information and have ready access to it. Whether or not in the awards they want to go as far as putting in some criteria to assess annual reports on their accessibility and ease of use on the internet I guess is up to the people involved in those awards.

What we would say though is that with the public sector KPIs are more important than in the private sector. When you are assessing the performance of an agency, to know that the Police Service or the Department of Health has a surplus or a deficit, it does not really give you any substantive information. What you are keen to see is whether or not they have delivered the programs and used the appropriations for the purpose for which they were given, and therefore KPIs on service delivery would be more informative than just a straight financial report.

CHAIR: Was it 2000 that you mentioned where agencies started to go web-based?

Mr WHITFIELD: 2000 was when we first looked at it and in 2003 we did a follow-up but we have not done any substantive work since that point in time. Whilst we have looked at annual reports, we have looked at them as hard copies as opposed to soft copies on the web.

CHAIR: Do you have any intention to look into the concept of growing web-based reporting and the quality of reports?

Mr WHITFIELD: I might pass that on to Mr Thomas. He is in the performance audit area, which is the area which would look at that.

Mr THOMAS: In the nature of our planning for work we do 15 audits of performance each year and there is a myriad of possibilities we have to apply resources to, but it could come up. At this stage it depends on the extent of planning or the amount of weight we could see for the need to examine that further. As Tony said, the merits of web-based reports are mainly timeliness, quite different to accessibility. It is the timeliness of the information and that is why typically you see it in the private sector because companies are getting bought and sold by investors all the time via the stock exchange. Therefore they have a need for real time reporting.

In terms of annual reporting, that is the need or driver. If there is more interest in KPIs, that is perhaps imperative for timeliness because that is what people look for. The distinction between annual reporting which you are looking at and KPI real time reporting is probably more important as a driver of web-based reporting.

Mr CANSDELL: With those 15 audits you are doing each year, if there was an investigation into 2003-2007 would you say there had been a vast improvement in web-based reporting and standards comparing 2000 to 2003?

Mr THOMAS: We have not done any work in that area. We do 15 audits a year, which are audits that are evidence based. Based on perception only you would have to believe or you would want to believe that there had been improvement because the nature of the technology underlying them has changed so extensively over that time.

Mr WHITFIELD: And we are aware that clients, once we have signed off on their annual financial reporting statement, they are putting them up on the web. Whether they are as accessible as they should be, whether there is ease of use in getting to the relevant bits of information, we have not done any work at this point.

Mr THOMAS: In the past most of them were a PDF version but now some are more interactive, like Sydney Water for example.

CHAIR: Would you have seen a fairly healthy reduction in printing the traditional annual reports in hard copies in terms of the trend with agencies moving towards web-based approaches?

Mr WHITFIELD: I think initially what we saw was they moved from a printed copy to a copy on a CD and I think they are now progressing to web-based, but it is just purely observation. As I say, we have not done any detailed work to substantiate that.

Mr ASHTON: So there is no point spending a couple of thousand dollars doing a review on it and finding you have saved $20,000?

Mr WHITFIELD: Exactly, yes.

Mr THOMAS: The other aspect could be the quality of the reporting. Firstly, there is an issue as to how do you price a report. There are lots of different ways you can price a report per se. Secondly, you could put more effort into the quality of it, make it more glossy for example, even if you have fewer printed versions. So there are a number of aspects to consider.

Mr ASHTON: I have been on this Committee for the last eight and a half years. One of the first inquiries we did was annual reports and we found generally speaking the more glossy it was, the less it said. In other words, the more pretty pictures, the better the quality of the photograph, the better the cardboard on the front, the less information, which I think is a good idea.

Mr THOMAS: Yes.

Mr ASHTON: Because that is what people are taken by, the glossiness. If I can pick up on that word. If you are going to develop a web-based report, you may have a report but you may have something that is interactive, as you mentioned, where you can push a couple of buttons and you can see the Sydney Water, you can see the water streaming down, maybe you can go on a little boat cruise, I don't know, go under water. Is that what we are looking at here or just the actual financial reporting?

Mr WHITFIELD: It gets to the intention of why do entities do an annual report, is it a marketing exercise, and if you take New South Wales Treasury Corporation's example, they do an annual report but they also do a condensed one which is used as a marketing tool. So if it is purely to accord with the Public Finance and Audit Act requirement of having annual financial statements in accord with the Annual Reports Act and it is purely on an information basis, one of the main issues is that the numerous changes to the accounting standards over the years and the adoption of AIFRS in Australia has meant that annual reports are getting larger and larger because of the greater content of disclosure that is required to accord with the accounting standards. For instance, some of the universities' annual reports go to 70 or 80 pages just to get all the financial information in there. There is a large cost in printing that. So going to the web-based arrangement one would imagine should be cheaper and add greater access to all the stakeholders.

Ms McMAHON: One of the questions I have is around improvement in accountability and transparency of government. Just picking up on your point earlier, Mr Thomas, particularly in the private sector, they report in a timely manner on key performance indicators and key events to provide that transparency to their shareholders. What can be done in government around reporting on KPIs in terms of delivery of service? Does it go beyond just providing accessibility to annual reports?

Mr THOMAS: The distinction I am drawing, as you are picking up, is that in the private sector the company itself is open for sale continuously. In government an agency is not available for sale, it is owned by the Government, pretty much in perpetuity in most

instances.

CHAIR: At the moment.

Mr THOMAS: With most agencies, the reason why most people deal with them is for the service delivery, hence the need for KPIs, and the interest in service delivery tends to be far more continuous. It is of benefit to people in terms of understanding where the agency is going. It is a better driver for the management because they have a continuous drive to improve.

Ms McMAHON: So when you conduct the audits of organisations, are they reporting on the key performance indicators on-line outside of any reporting that they do in their annual report?

Mr THOMAS: I cannot answer that on a comprehensive basis. I think there would be a push towards it. In Sydney Water information there is information for example on what the dam capacity is on a week to week basis, which would not be in an annual report. It is only a point in time, that one example.

Mr WHITFIELD: I think with the introduction of the State Plan and the 34 priorities that are there, there is a requirement for the Auditor-General to audit that State Plan. We have been speaking with the Premier's Department recently. We have identified 22 out of the 34 priorities which are capable of being audited and our understanding is that from the 2007/2008 year an audit will be done and there will be reporting by the Government in October coinciding with the total State reporting. Under the State Plan agencies are required to report KPIs on an ongoing basis and I understand there is a website that has been put together to contain those KPIs.

The main issue with KPI reporting is the ability to be able to benchmark yourself against other jurisdictions and in that regard you need to make sure that the definitions that go behind the KPIs are uniform across the jurisdictions, otherwise it becomes difficult to compare.

For a number of years the Audit Office has been pushing for reporting on KPIs and if you go back over the last few years and look at our financial audit reports to Parliament, you will see that we have been commenting on KPIs. We have been able to turn up from other bodies, such as the Productivity Commission, or other publicly available information to push that point as well as information that we have been able to garner from the agencies themselves.

Mr ASHTON: With 22 audits out of a possible 34 how could you possibly audit other than just financially the Department of Education? I am a former teacher and I have had this debate before with the Audit Office. You can say how much money was spent and how many teachers were employed and how many lessons taught, but you cannot compare the value that is added to the kid in the classroom. How do you set up that KPI against other government bureaucracies, businesses, private enterprises? You cannot, can you?

Mr WHITFIELD: No, but what you can do is compare that KPI with the KPI from another jurisdiction on the same basis.

Mr ASHTON: Education from one state to another?

Mr WHITFIELD: And that is what I am talking about.

Mr ASHTON: I appreciate that. I am coming out of the left field, very obviously. Even if you compare New South Wales, the State of Victoria or South Australia, there are some things I do not think finitely you can in an Audit Office because you are talking about accounting and processes and outcomes in some ways but some of them are not actually assessable, are they? You cannot really make an assessment in some areas of education. You maybe can in health where you can say this is how much money you had, you did this many surgical procedures, and there is a good performance outcome. I am guessing that education will be one of your 22.

Mr WHITFIELD: Education will. The main agencies involved in the 22 would be health, transport, education and some of the energy corporations. There may not be one KPI that will give you the answer. It may be multiple KPIs, so you may be able to assess from the number of dollars that are spent per child, the literacy rates and numeracy rates at certain levels, teacher performance, so if you put them all together you can create a picture that can give you a reasonable understanding as to whether or not an agency, in this case education, is performing well or not, as opposed to saying they had a deficit of $1 million, so what.

Mr ASHTON: I appreciate that.

Mr THOMAS: If I could add a bit there, the KPI itself is not developed or nominated by the auditor, it is actually identified and nominated in the State Plan in conjunction with the Department of Education. They generate the number in the first instance and the auditor's role is to substantiate that or examine it to see how it has been developed, which is the same as you do in a financial system. There is a series of transactions with a system underneath it. At a principle level it is similar to what you do in terms of financial reporting.

Mr ASHTON: I appreciate that. I am not following a script.

CHAIR: In terms of your own reports that are produced by the Audit Office, I am yet to see one on an electronic form come to me on a CD, for example.

Mr WHITFIELD: Our annual reports?

CHAIR: Your audit reports that come through periodically.

Mr WHITFIELD: All our reports, once they are tabled, are put up on our website.

CHAIR: They are provided to the Parliament in hard copy which are distributed to us as members.

Mr WHITFIELD: That is right.

CHAIR: Are we able to get them on a CD? Are you at that level?

Mr WHITFIELD: Rather than put them on a CD we put them on the website where they can be downloaded, which we think is more efficient.

Mr ASHTON: We had that little discussion with the other group before.

Mr WHITFIELD: All our reports, including our own annual report, are posted on our website.

CHAIR: Just generally speaking in terms of the New South Wales public sector, how

well are we positioned in relation to other jurisdictions from your knowledge in this area?

Mr WHITFIELD: My own personal knowledge, I do not have a great deal. I have not done any research into that.

Mr THOMAS: Again, we have not done any work in that way so we cannot comment on a comparative basis.

CHAIR: Do you have a gut feeling? You people network across jurisdictions.

Mr WHITFIELD: I suspect the other jurisdictions are similar to us in terms of putting things up on their website. One of the things that I am aware is occurring in a number of jurisdictions is that they are reducing the amount of time that agencies have to prepare their annual reports and have them audited and tabled in their Parliaments. Western Australia has changed its act recently and my understanding is that their requirement is 31 August, and that is also happening in one or two other jurisdictions. In New South Wales the statutory deadline is 20 October.

If I can add to that, one of the issues there is that if you wanted to reduce the timing, the State owned corporations are well equipped to do it because they prepare half yearly accounts and are used to going through that process and the rigour of making sure that things are accurate. With the departments it is a bit of a different story. They only tend to do it once a year and as a result they take a bit longer to do it.

If there was a move to shorten the timeframe I would be suggesting to Treasury, as we have in the past, that there should be half yearly reporting brought into play, to get the agencies used to hard closing and gathering the information on a more timely basis.

Ms McMAHON: What do you see as being the major barriers or hurdles that agencies face in going to effective web-based reporting, given the criteria that you identified, which was five years' worth of data?

Mr WHITFIELD: The information is there. It is a matter of whether it is loaded up as a PDF or whatever to put it up on the web. The question is do you want it as a static document that someone can look at, or do you want it more fancy or interactive. If it is purely a static document then I could not see that there would be any downside for them or any restrictions in putting it up. It is a matter of converting it to a PDF and posting it on the website.

Ms McMAHON: Should it be just a static document, or should it be more fancy and interactive? Are there benefits in terms of transparency, accessibility, user friendliness and people having the information that they need?

Mr THOMAS: You tend to think if people do that, given there is a cost to do so, there must be a net benefit.

Mr ASHTON: I guess that the whole nature of an annual report is it is an annual report.

Mr WHITFIELD: That is right.

Mr ASHTON: If you want to keep it as a monthly change and someone is employed to keep it updated, that could be very handy but there is a cost in it and you would have to go back to Treasury, and that is Government, and that is us.

Mr WHITFIELD: The issue then becomes with an annual report, which has an audit

certificate on it, you are putting an opinion on it at a point in time. If the information keeps changing then you have not got a guarantee that the information is accurate, that it has been audited, except when you do it once a year, so if you want it to be meaningful then you would have to put in some sort of review mechanism to make sure that the information posted had a degree of accuracy that it may not necessarily have.

Mr ASHTON: And there could be statutory requirements that would have to be tabled in Parliament and that would slow the whole process down.

Mr THOMAS: And this links to one of the key bits. You are looking at web-based annual reporting. Web-based insinuates timeliness and annual reporting seems to be static, and within a few days or even months it could be out of date in that sense.

Mr ASHTON: The point that I was trying to make before was with annual reports that by the time you have put three or four of them together, the problem is already there. You are trying to correct something started a few years ago. You identify a problem through an annual report of one of our Government run instrumentalities.

CHAIR: I would love to quiz you further on KPIs but I would be way out of order so we will have to save it for another day.

(The witnesses withdrew)

(Short adjournment)

ANTHONY CHARLES GATES, General Manager Operations, Government Chief Information Office, NSW Commerce, Level 21 McKell Building, 2-24 Rawson Place, Sydney, affirmed and examined:

CHAIR: Would you like to make an opening statement?

Mr GATES: Briefly, Mr Chairman, the issue of annual reports that we have heard from other people is about accountability and their value depends on three broad things: Their currency - it is no good looking at an annual report that is 15 years old, although sometimes there are good historical lessons for today; the currency and the timeliness by which reports are posted is a matter for government, it is not a matter I have control over. The second thing they need is to be accurate and traditionally accuracy has been determined through the process of laying a paper copy before the Parliament. In recent years of course we have gone to the web, since 1996, and PDF has been the form of currency for web-based documents. PDF is a form of document in which the person who owns the document can put it on the web and it cannot be changed. That is now changing, like everything else. You can buy programs that amend PDF files and you can make HTML files relatively static. In previous times you could download those as well. You are probably always going to need at least one printed copy before the Parliament.

The value that web-based reporting offers though is availability. It is no good having an annual report if people cannot get it. Posting it on the web means that it is available and in the style directive which is relevant to this inquiry, the purpose is to try to standardise web presentation. The style directive does not control the way the annual report looks. That is a matter for other legislation and for the Parliament. What the style directory says is that we are going to have a standardisation of websites in terms of navigation and that delivers three things: firstly, information is easier to find; secondly, by having standardisation the site on which you are searching gets known as a government site, so it is something that the community can have confidence in; and the third and final issue is that the website style directive has the longer term effect of reducing the costs by not only getting information available but reducing the costs of designing websites on a regular basis.

Just to summarise then for the Committee, we have on our web style directory a standard menu. On the left-hand side of the menu is the primary area that is being used as an area that we have identified as publications to be required, and under "publications" we have indicated that is where an agency should put its annual report.

CHAIR: In terms of day-to-day support and advice to agencies by the Department of Commerce, are you in high demand in terms of inviting further advice and support?

Mr GATES: It is the government requirement that information move to a new style directory by June of this year. There were several exemptions to that process. One is that agencies could seek an extension. The reason for that was the Government did not want to require agencies that had just renewed their website to spend taxpayers' money renewing it five minutes later. I originally thought two years. We did a survey of agencies and found they renewed their websites every two years. So we are granting extensions for up to a two year period because that is the reasonable timeframe. Agencies can seek an exemption from it. There was only one exception stated in the directive. That was websites directed at young people under the age of 18. We thought that there was a different style required for them.

That is consistent with a number of other jurisdictions, including the United States and Britain. There have been other exemptions granted to State owned corporations and cultural entities that argue that they must compete in the market place for business with non-public sector agencies.

We have a number of sites which are compliant, we have a number of sites which will be compliant but which have extensions and we have a number of other agencies that do not have compliance, but we are trying to force website accessibility to make it easier for people with some limitations in their capacity to read or to hear or whatever to review the sites easily.

CHAIR: Just in terms of the implementation by agencies, what sort of process have you got in place to monitor that? Who is actually monitoring that they have complied by June or, if they have an exemption, that they are working towards having it finalised?

Mr GATES: There is a broader program of better government access in our department and there is a person in that better government access program who is specifically responsible for the web style directory. We have established a committee on which there are representatives from the Premier's Department and Commerce and a couple of other agencies, RTA, Health, Education, representative agencies, who actually decide the exemption process, and we report to them or the people in my department report to them and then through them to the Chief Executive's Committee on progress, and we are preparing a report to go through to the Chief Executive's Committee now on agency compliance with the directive.

CHAIR: Can you give us any indication of what level of compliance there has been?

Mr GATES: There is a reasonable level of compliance, given the fact that we are not forcing agencies but letting them renew their websites within two years. About ten or 15 per cent of agencies are compliant now. A number of other agencies have asked for extensions and some of those will be compliant by the end of this year, others will be compliant by the end of next year and others will be compliant within the two year timeframe that I indicated.

That said, of course a number of agencies already post their annual reports on line. The whole purpose of the style directory is to make it easier to find information. If you have a person who decides they are going to use what we refer to as a top level menu and put the annual report over here, and then somebody decides to use an L shaped menu and they put the annual report down here and then somebody then decides to put it at the bottom there, the members of the public do not know where to go to find the report. If we standardise it and it has all publications on the left-hand side and annual reports down there, then a person searching for an annual report on say the New South Wales Police site will search in the same place for the annual report on the Rural Fire Service website. As I said, the directive does not control the content of the annual report. That is a matter for the agency and for the Government. What we do though is make it easier for people to find them by standardising the search patterns.

CHAIR: Most of those publications are PDF did you mention?

Mr GATES: Yes, the standard has been PDF. As I say, there are lots and lots of

programs around which will take a Word file, or various things in Xenix or Unix or whatever and convert it to a PDF. I do not want to use too much technical jargon, but the web is cross platform. If you have got an Apple you can read it, if you have got an IBM you can read it, if you have got a Xenix or a Unix machine you can read it, and PDF is a cross platform browser as opposed to Microsoft Word. So if we posted it as Microsoft Word and if you do not have Microsoft Word you cannot get it, but you can download the PDF reader off the web and, regardless of the system you have, you can then read the annual report.

It was set up primarily to protect the integrity of the document, and, as I said, that is weakening a bit now and that is why probably one printed copy is still valuable before the Parliament, but the major advantage is that it is cross platform and it does not matter what system you use, you can read it.

CHAIR: I was just thinking that I have encountered the inability of opening PDF in Word and then having to download PDF, that particular software to go out to the web.

Mr GATES: It is certainly improving. Paul [a colleague in the gallery] and I were discussing on the way up here about the fact that one of the problems with PDFs is that they have had some problems with screen readers. People who are visually impaired can have documents actually read to them. PDFs have had some difficulties working with screen readers. In my understanding of the new version of PDF, it is much more adept at that, so that is less of a problem. Where people cannot get it read to them automatically, the web style directive makes sure that there is a contact number on the site so people can contact the agency and either get a copy sent to them or work out some way with the agency to have it read to them.

CHAIR: The style guide that we are operating with, does that reflect other jurisdictions or is it our own product?

Mr GATES: The concept of common look and feel has driven a number of agencies. If you go to the Canadian Government you will see that they have a common look and feel; the United Kingdom Government are going down that path; the Queensland Government is going down that path; at least one of the American States, I cannot remember which one I looked at, Tennessee or Pennsylvania. It is fairly common. So it is not a new concept. I would like to think, as a personal observation, that the website style guide we have is a pretty good one. I think if you were to compare ours to say the Canadian Government I think you will find ours is possibly more effective, but that is a value judgment others will have to make.

Ms McMAHON: Do you see any benefit in having a style guide for on-line annual reports?

Mr GATES: Personally, probably as a reader, but that is an issue for others to decide. There are requirements now as to what should be in an annual report.

Ms McMAHON: In terms of content?

Mr GATES: Yes, specific content. There are Government directives that we should cut the cost—as you observed, the glossier they are, probably the less information they hold, and that might be an accurate judgment or not, but what is true is that the glossier they

are, the more costly they are, and the whole idea about getting them on-line is it reduces the cost.

We were talking about interactive earlier. While interactive is certainly running videos and those sorts of things, to me one of the issues about a static website is that if you get stock market reports you can actually put them through processes to analyse them. With a PDF that is difficult. You have actually got to rekey it. That is the sort of interactivity where you actually do things with figures, and the extent to which somebody might want to do that with the annual reports of New South Wales Government departments is beyond my knowledge at the moment. The other advantage is not everybody wants to read the entire annual report.

Mr ASHTON: Bottom line.

Mr GATES: They might read the bottom line or they might look up the name of a Minister or his background or his chief executive and by having it on-line that can easily be looked up without having the need to print it out. You just print out the pages you want.

Mr ASHTON: Some MPs established their own websites and because there was an ability I think to hack into them we were advised not to do that because people can get in there and put all sorts of stuff on them. That was some years ago. The one that the Parliament has is very simple. It has your educational qualifications, what you did before you went to Parliament and all that sort of stuff. It is a few years since I had a look at it to see whether I should update it, but that is me. I do not know whether other MPs have done the same, but, as you said, 10 or 15 per cent are doing it and more will, but you have probably got to lead them to do it, crack the whip I bit I suppose.

Mr GATES: The important thing to remember is the web, like everything else we do in society, is vulnerable to nefarious interests. The important thing for government departments is to make sure that they have procedures in place to resist that sort of attack and to correct anything which is changed. Removing reference to the annual report would possibly be relatively easier but actually changing the annual report around would be a bit harder.

CHAIR: You mentioned earlier looking at issues around compliance. How much detail are you going into in that process? Not only in a broad sense, do they or do they not have the site set up, but are you looking at issues of compliance in greater detail about their layout, whether or not they have got things in the right places, whether or not the colours are right or whatever the case may be? How much detail do you drill down into?

Mr GATES: We have circulated a comprehensive compliance framework for the agencies to review and the lady in our department who looks through that does a degree of cross checking. Clearly the size of the job is relatively large to do, so she is doing selective audits. The other thing to highlight is that this is part of a long ongoing strategy that the Government has had since 1996 when the web became widely available. The first program in 1997 you will remember was Connect, which was about just getting the agencies to establish a presence on-line, and then by 2000 the Government had guidelines to actually get transactions on-line, so then you could pay your RTA registration, a whole lot of other things on-line, that was about transaction, and in 2007 the Premier announced the Better Government Access Program, which is about improving access and looking at doing some

sort of consolidation of websites to reduce the number of websites being looked at. The style directory is an important part of that. So we are in an ongoing process of steadily improving the performance of websites and improving the information that goes on them.

Ms McMAHON: To read a PDF document, let's say it is an annual report of 100 pages, to find a page or a bit of information often requires the user to print it to find something that they are looking for because it goes for more than one screen page, the pages often go for more than one screen page, versus the format specifically designed for on-line access. So going from a book there are a different styles that need to be followed, different ways of setting out information to have an on screen usability.

Mr GATES: Yes, that is true. You have picked on a strong issue with me. We read things in portrait and we look at things on the website in landscape. There are a couple of responses to that. Firstly, that is a general problem about the web in general, the fact that our computer screens are aligned a bit differently and there have been attempts by manufacturers to bring out screens that go the other way. A number of people use them for that purpose.

In terms of searching for information on the web, that is about readability. In terms of searching for information in a PDF file, while PDF has limitations as to the range of information it can display, it does better than a printed document, because with the printed document you have got the contents at the front, which you have got in a PDF document, you have got the index at the back which you have got in a PDF document, but you have also got the capacity that PDFs have to do searches, so if you are looking for a term or whatever, you can enter that in. So, yes, the PDF is more searchable than a printed document, but the issue that you are talking about, that distinction between alignment, is I think a problem for a whole range of computer use and possibly something which we will be addressing in the style directory in some future review of that.

CHAIR: Earlier we heard about the potential of the production of a guide for web-based annual reports. Have you got any knowledge of that concept or whether or not it is going to be pursued?

Mr GATES: No. As we talked earlier, there are government requirements for how you put annual reports together. I am not aware if anyone is working on a specific guide for how you present annual reports on-line. I am sure it has been done. I am just not sure by whom, not us.

CHAIR: Is there anything you would like to sum up with, any closing remarks?

Mr GATES: I appreciate the offer to talk to you today. I would just make one other point too. There was a point made earlier by one of the previous witnesses. If you go onto the New South Wales Government home page, which is the site maintained by the New South Wales Government, there is actually a tag there for annual reports and you can actually go to the search pattern and put in "annual report" and you will be presented with a consolidated list of all of the agency reports, or at least all of the agency reports that we know about it. Apart from the style directory, searching on Service New South Wales you can go to a single point within the New South Wales Government and get access to the current and previous annual reports. They will link back to the agencies, so you are still dependent on the way the agencies set up their websites but if the agencies have got them

across all their websites, we link them centrally through the Government home page.

CHAIR: On that issue, how far back do the annual reports go? The Audit Office has talked about five years.

Mr GATES: A number of agencies have reports going back five years, some have more, some have less. We are actually doing a program now where we are looking at the annual reports from the Department of Public Works going back to the 1800s as part of a cultural heritage process. That is specific to the agency; that is not part of the agency presenting its annual reports; but it is part of a cultural heritage program, looking at preserving these documents which are sitting around in dusty old libraries. I love books. There is still an important place for books and paper but we can also make these things far more accountable. I am told that there is some quite interesting reading in some of those documents. They are far more detailed from a time when life in government was a bit simpler maybe.

(The witness withdrew)

ANTHONY JAMES LEAN, Policy Manager, Legal Branch, Department of Premier and Cabinet, Level 39, Governor Macquarie Tower, 1 Farrer Place, Sydney, affirmed and examined:

CHAIR: We have received a submission from the department. Are you wanting to make an opening statement?

Mr LEAN: I would not mind highlighting a few points out of that submission. I will not go through the whole thing. I will take it as read.

Web-based annual reporting has resulted in annual reports becoming more accessible. This has facilitated the review of an individual agency's performance as well as allowing comparisons to be made between agencies. The New South Wales Government has already given in principle support to requiring New South Wales Government agencies to publish their annual reports on the internet. The Department of Premier and Cabinet has already advised New South Wales public sector agencies to comply with this requirement through a departmental circular and that should take effect with the current round of annual reporting. Work is also currently under way through Treasury to make it a legislative requirement for New South Wales public sector agencies to publish their annual reports on the internet.

One point I wanted to highlight, which has already been briefly mentioned, is that the New South Wales Government website already provides a link to all of the annual reports which have been published on the internet by New South Wales public sector agencies. This achieves the same objective of similar requirements which have been introduced in other jurisdictions such as Western Australia, where there is a requirement to lodge them with Parliament in electronic form.

There is a number of advantages to web-based annual reporting. It has enabled agencies to reduce the number of hard copy reports which are printed and it has resulted in an overall lowering of costs. As you would be aware, the New South Wales Government has a general policy of keeping the costs associated with the production of annual reports to a minimum. This is set out in Premier's Memorandum 1998-04. The policy requires annual reports to be prepared in the most cost effective manner to enable Ministers, Parliament and citizens to make evaluations of the appropriateness, effectiveness and efficiency of government agencies in the administration of legislation and the implementation of government policy. There is also restrictions on the use of consultants in preparing annual reports. It is important to point out that the requirement to keep costs to a minimum would also apply to annual reports which are prepared for publication on the internet.

The other point I wanted to highlight is that the Government is currently focussing on one issue, which is reducing red tape which applies to government agencies, particularly for smaller public sector agencies. The intent of this program is to reduce the amount of compliance and administrative work which is required of government agencies, without undermining transparency and accountability.

Some of the proposals that have been endorsed by Government and which are currently being considered for implementation affect the requirements relating to annual reports. For example, the requirement for smaller agencies to prepare an ethnic affairs priority statement and an EEO report will now change so that they will only have to report on that every three years, rather than every year, and the intent of that is to try to minimise the burden on the smaller agencies which are less well placed to report. The reason for raising that issue is obviously with web-based annual reporting the impact on smaller agencies should be specifically considered.

They are the points that I wanted to highlight from the submission.

CHAIR: In relation to the internal Government red tape review, can you give us a bit more of a feel for that in relation to how that will impact on annual reports?

Mr LEAN: There are a number of specific recommendations which have already been endorsed by Government and there were the ones that I mentioned around EEO reporting and also ethnic affairs reporting. The other is waste reduction reporting through the Department of Environment and Conservation. The main change there as I understand it is to provide additional guidance to agencies on how they should report, to make it simpler, but the other requirement is to reduce the burden on smaller agencies. They are the things that will have the most direct impact on annual reporting obligations.

There is also the specific recommendation which has already been adopted and imposed on all agencies, and that is for the annual reports to be published on the web. There will be legislative changes to give effect to that shortly, but they are the main changes on annual reports.

CHAIR: On the directive to go to the web with annual reports, there have been some discussions this morning about the development of a guide specifically targeting annual reports that go onto the web and it seems like lots of people are in agreement it would be a good thing but nobody wants to do it. Are you aware of any movement towards having a guide put together for annual reports that go onto the web?

Mr LEAN: No, I am not.

CHAIR: Would you be happy to do it?

Mr LEAN: That is obviously a matter of policy, which I could not commit one way or the other on. It is probably important to point out that there are already a lot of requirements in terms of annual reporting. There are some specific stylistic requirements which are, I think, set out in the legislation and they include requirements for indexes and table of contents, et cetera. There are also the more detailed requirements in the legislation for the things that you actually have to report on. Whether the report is prepared in paper form or for publication on the internet, those requirements would need to be met regardless.

The other point, which I'm sure Commerce has discussed in detail, is that there are general Government standards for publication of documents on the internet and those matters are covered in the submission as well and include requirements for where PDFs are used, et cetera.

CHAIR: We were talking to the Audit Office earlier about potential savings, moving from traditional hard copy and one would assume numerous copies of such, through to web-based reporting. You acknowledge that there should be some savings. Do you know of anyone who has actually had a look at what sort of dollars we might be talking about?

Mr LEAN: No, I do not know that anyone has prepared a systematic report which would identify the savings. I have seen some anecdotal material and I can certainly take this on notice and I think Commerce has reduced its print run significantly of annual reports as a result of publishing it on the internet. I can find out whether that is the case for our department as well.

Mr ASHTON: I appreciate what you have said about smaller agencies, that they are not going to want to print so many copies. You have not had the advantage of reading what

we have asked other people and you can read the transcript later, but is there any statutory requirement that they have to print so many hard copies of everything? They can table them in the Parliament and maybe MPs might get it in that format as well. They are more likely to open up an envelope and have a bit of a look than go to a website, and certainly I am not going to. Is there a requirement for that?

Mr LEAN: There is a requirement in the annual reports regulation for the annual reports to be made publicly available and I think CEOs have an obligation to keep copies at the head office to meet demand, but there is no actual number specified there.

Mr ASHTON: That makes sense. You could not really say otherwise. I notice some areas at the moment where we are trying to work out how many of these things to print. My wife is involved in doing a report at the moment and it is a situation where it will look really great but how many people are going to read the thing and how many do you print, given the cost, and you are talking about $14,000 for something basically to be read by a few school principals and a few head teachers and a few students, but could be very useful disseminated across the State. It is a Commonwealth program which she is involved in, but you wonder how many of these things actually will get used in the hard copy, and we talked before about if you put it on the web those who want access can have it and those that do not, there is no cost once it is on there.

Mr LEAN: There are a number of advantages of having them on the web. They are easier to search. Certainly in my position I often have to look at annual reports and it is much easier to look at the version on the web than to get the printed one out of the library. This is touched on in the submission. We also need to recognise that not everyone has access to the internet and so you need to keep a reasonable amount for that purpose.

CHAIR: The funding of agencies is isolated in terms of that money that they spend on annual reports, so you can monitor that?

Mr LEAN: Is it isolated?

CHAIR: Is it a stand-alone budget line item, a pool of money for annual report preparation?

Mr LEAN: I will take that on notice but, as I understand it, there would be an amount for publications generally, probably assigned to specific areas within departments. Obviously when those amounts are determined they would take into account the amount for annual reports, but I don't know if it is separately identified in the budget papers or anywhere else.

CHAIR: I just picked out what you said earlier about effectively it is a directive to try to reduce their costs associated with the production of annual reports. How do they do that if they do not have it stood out on its own so you can actually monitor it. If it blends in with the rest of publications, printing and stationery for the whole agency then it is just a blur and you are not going to get a feel for it.

Mr LEAN: Agencies would be able to pull that information out from the financial systems. You would pull up the invoices and see how much it actually costs. In terms of whether agencies are achieving the requirements in that Premier's memorandum that I mentioned, by looking at the annual report you can tell whether that has been complied with. There are requirements to minimise colours and try to minimise unnecessary photos and charts, et cetera, which all push up the cost. Theoretically, I suppose, some agencies could work out how much they have saved since that requirement was imposed.

Mr ASHTON: Given you have to do an annual report, whatever budget you have set

aside for publications, that is the first thing to take out, that you have got to get your annual reports in. If you can get the cost of that down you may save the Government something there, and then the agency may spend more on a glossy brochure than on other things. It obviously could contain important information.

CHAIR: With agencies, what is your understanding in terms of the use of the consultants in the preparation of annual reports and having those put on the web, from actually having a consultant do the web layout for their particular agency, through to annual reports preparation.

Mr LEAN: I am not aware specifically of what agencies do at the moment and whether they engage consultants to do the actual layout work specifically for web-based reports. I suspect that most reports on the web at the moment are PDF versions of the printed publication. There is a carve out in that Premier's memorandum for layout and getting technical assistance and printing and that sort of thing, so consultants are able to be used for that, but where there are restrictions is around more general use for consultants, completely outsourcing the job. If we went to a specific web-based reporting format the Government would need to consider that issue, whether consultants could or could not be used for that purpose. The requirement is already in place.

Ms McMAHON: If there was a style guide around the layout and format in relation to that, would that not then cut down on the costs of using consultants? One of the issues is, and I discussed this with commerce earlier, that designer layout for text based documents is different to the ideal designer layout for word based documents and, currently, at the moment we upload the text document into the word format.

Mr LEAN: Yes.

Ms McMAHON: If we were to move to a system where it was principally driven by the web-based delivery and the print was a secondary component of that, for the purposes of tabling in Parliament, there would definitely be a need for a style guide and a different way of laying it out, and even a template for agencies, I would have thought. Correct me if I am wrong.

Mr LEAN: That is certainly possible but I think the Government's view would be that there should not be any overall increase in costs. We do not want to be in a situation where it costs more to print reports for the web, because obviously that will move resources away from more important front-line service delivery. Certainly I think the existing Premier's memo that is there about minimising the costs associated with the preparation of annual reports, part of it is to try to encourage agencies to do it all in-house if possible and certainly guidelines saying what you can and cannot do could help in that regard, but obviously that would be a decision for the Government.

CHAIR: We have just that one question you have taken on notice for us and I appreciate that.

Mr LEAN: We will come back to you on that.

(The witness withdrew)

MICHAEL JEFFERY SIMPSON, General Manager, Policy Advocacy, Vision Australia, 4 Mitchell Street, Enfield, sworn and examined:

CHAIR: We have received a submission from your organisation which the members have had an opportunity to look through. Did you want to make an opening statement?

Mr SIMPSON: Yes, I would like to make an opening statement and then have the opportunity to respond to any questions that the Committee might have. In making that opening statement I wanted to inform the Committee that Vision Australia might not be well known to the Committee because it is a merged organisation, having merged in 2004 the organisations of the Royal Blind Society, which was a New South Wales based organisation, the Vision Australia Foundation, which was primarily Victorian, the Royal Victorian Institute for the Blind, which again was a Victorian organisation, and then again in 2006 the Royal Blind Foundation of Queensland merged into what is now known as Vision Australia.

Vision Australia is the largest service provider to people who are blind and have low vision throughout Australia and it is an organisation that works with around 50,000 people who are blind or have low vision, people who are deaf blind and people with print disability, on an annual basis.

We particularly want to highlight that there are some aspects that people who are blind and have low vision face in being able to participate in every part of life they choose and some of those aspects deny us the rights that we have as citizens, both in terms of meeting our rights and our obligations. A good example of that is that still in New South Wales people who are blind cannot vote independently in State or local government elections because the system we have in New South Wales for voting is a pencil and paper based system, so people who are blind inherently are not able to participate in that activity without the intervention of assistance. That is a good example that as we move into new technologies, governments can make decisions that can improve access to those sorts of aspects of life for people who are blind and have low vision, as long as the decisions are taken in a way that means access will be improved rather than putting other barriers in the way of people who are blind and have low vision.

One of the key barriers that Vision Australia has identified in the print handicapped community is access to information. It is estimated that less than five per cent of the world's information is in a format that can be accessed by people who are blind or have low vision, and one of Vision Australia's key roles is about eliminating those barriers. That is why we were particularly interested in the proposal of the New South Wales State Government to move to web-based reporting, because technologies have opened up a world of opportunity for us, but depending on how that technology is utilised and reporting mechanisms are developed, it may mean that it improves access to that information, it may in fact mean that it creates yet another barrier for us.

There are main three points that we wanted to pick up. Firstly around how the source documents are prepared. That basically means that if source documents in terms of the reporting are developed in an accessible way, then the next steps will be the determining factors as to whether it is going to be usable and accessible to people who are blind, but if that first step in preparing the source documents, the source supports, is not done in an accessible way, then it does not matter how accessible the next steps are.

The second step is really about how the web interface works. If that is not done in an

accessible way, then a person who is blind will not be able to interface and use that. There have been some both good and poor examples in the past, and many people are familiar with the complaint lodged by Bruce Maguire against SOCOG in 2000 in terms of both the inaccessibility of the web portal that SOCOG developed as well as the inaccessibility of the ticket and program book that SOCOG developed. Bruce Maguire's complaint really highlighted the need for more thought to go into both web design and document design, but unfortunately while some State Governments and Federal Governments have moved in a positive manner others have moved more slowly.

The third aspect is how accessible the end result of all of this is in terms of the files that are offered as documents for downloading. If documents right from that source and through the web interface are developed in an accessible way, then how useable it is going to be relies on that final file document and in using that technology. Still image files, like Portable Document Files, JPEG files, are still inaccessible largely to people who are blind and have low vision, so a downloadable document, the end result of all of this, needs to be done in an accessible way if it is going to be useable by people who are blind and have low vision.

If all of these aspects are developed and designed in an accessible way then you will be demonstrating good practice and thinking of people who are blind and have low vision in a very inclusive way.   It is most important and most interesting because it is not only the general public that we are thinking about, it is others who might have to be involved in the process along the way. Often when business, government and the community are thinking about people who are blind and have low vision in this respect, they are thinking about people only as end users, if you like, on the customer side of the counter, but people who are blind and have low vision are in fact possibly at all aspects of the process. You could have people who are blind and have low vision who are going to be involved in compiling and developing reports, because it is not out of the question that there are people who are blind and have low vision who are in the public service in New South Wales. There potentially are people who are blind and have low vision who are Members of Parliament, maybe members of the staff of parliamentarians, and perhaps members of committees, such as reference committees and oversight committees, that might be needing to review or question the reports that are developed.

It really means that to think about people who are blind and have low vision in a very inclusive way is not only thinking about citizens of New South Wales who might be wanting to access reports as citizens, but also people involved in the process along the way who might be blind and have low vision, so they are the particular points that we wanted to draw to the attention of the Committee today.

CHAIR: Thank you very much for that, that was quite comprehensive. We do have some questions which we would like to put to you, so feel free to add whatever you think is appropriate.   The web accessibility initiative standard, I always wonder how well we do as a Government in terms of taking care of those extra needs for people with various arrays of disabilities. Certainly vision is one of those, but that standard, how well are we complying with that, or are we complying at all? I want to hear an honest view. If we are not doing well then it is a challenge for us.

Mr SIMPSON: There are good examples and poor examples and the W3C standards and guidelines are still the most appropriate in terms of providing good access to people with disabilities to web-based applications and it is not only following the W3C standards that provides good access, because that is about developing a website that is technically designed in the right way so that adaptive technology can access the web-based application, but it is also about the web design itself that provides good or poor access.

For example, if a person has to work their way through several links that do not really have any intuitive design to them then to actually find what you are wanting technically, the web page or the web address might be technically accessible but in terms of it being useable it might not follow best practice. It is about having appropriate technical compliance but also follows best practice in useability, so the W3C guidelines and standards will provide people with excellent technical guidance but not necessarily useability guidance.

CHAIR: On that initiative or the standards, what is your experience? You mentioned some good examples and some bad examples. Can you maybe give us one of each that we can do a little more research on?

Mr SIMPSON: Yes. Some good examples are, say, the Victorian Department of Communities. Victoria have done a lot of work around what they refer to as e-democracy, so they are developing good practice in a number of areas, so the Victorian Department of Communities has an excellent web accessibility, as does the Department of Human Services in Victoria, the Department of Environment at a Federal Government level, the Australian Electoral Commission. Interestingly, today marks the availability of e-voting at a federal level for the first time in Australia's history, so later on today I will be able to cast my vote in the federal election in a private and independent way, using electronic voting.

There are a number of positive examples from Queensland that demonstrate very good accessibility. There are a number of less than good examples. Some of those do come from New South Wales. They come from all jurisdictions, not just New South Wales, but in New South Wales some of the websites that are very difficult to negotiate include the Department of Community Services, New South Wales Health, and in some respects it is because of the complexity of the information and the websites that cause that inaccessibility, but sometimes it is just around the difficulty of navigating those sites and that is what I was talking about in terms of useability.

CHAIR: It is interesting that you say that because we have a whole style guide for all of the agencies to comply with in terms of layout and navigation, but obviously it is not going quite far enough to assist visually impaired people, or certainly not to the extent that it should be.

Mr ASHTON: I used to know a lady who used to work in the Department of Education and her job was to translate, and that is probably not the right word, syllabuses from the HSC and other papers like that into braille effectively for students obviously vision impaired or blind. This might seem a very silly question, but how would you read something that is on a web page? What is the mechanism of translating it from us pulling it up and reading it, to be accessible if it is in braille maybe or is there a technology that does that? You have to excuse my ignorance on that question.

Mr SIMPSON: There are some specific technologies that people who are blind and have low vision use and they extend to people who are deaf blind, given the dual sensory loss nature. The Microsoft applications, for example, have some inbuilt accessibility so you can choose the accessibility options in, for example, most of the Microsoft desk top applications and that will allow a person to change some print size. It will allow a person to change, say, the screen contrast from, say, white on black to black on white, different colours. Once you go past some of those low level accessibility options you then get into specific adaptive technology and there are some well-known applications such as JAWS and Window Wise. JAWS simply stands for Job Access With Speech and Window Wise is another application. They are both what is referred to as screen reader technology, so it's an overlay that a person puts onto their standard computer, the same sort of computer, laptop or desk top that you would use, but it is an additional application that literally interrogates the

information coming up onto the screen and then what's coming up onto the screen is read in synthetic voice, similar to this voice. Did you understand that? It is actually quite good speech and it is synthetic speech and literally what it is doing is looking at the characters on the screen and recognising the code and then converting that code into synthetic speech.

The same technology can do exactly the same thing with braille and this device that I have also has a braille display along here so that anything that comes up in speech also comes up along that braille display and you can read line by line using that braille display.

One of the problems with the adaptive technology is that unless it can understand the code it won't be able to convert it and that is the problem with image files like Portable Document Files, JPEG files, because it is not actually code, it is an image so it finds it difficult to interrogate it.

Ms McMAHON: Previous witnesses have said that with the latest versions of Adobe Acrobat that in fact a lot of those issues with screen readers has been overcome. Is that the case, or not?

Mr SIMPSON: Technically that is correct. With some of the latest versions of Adobe portable documents files are more accessible, but it is reliant on the document not being author locked. It relies on the document being set out in a way that the Adobe 7 can access it. It also means that it is a third step in the process. It is like you opening a book and then having to get something to put over that page so that the language on the page is converted through this sort of intermediate device that you can then read through, so it is reliant on all levels actually working well. I use Adobe 7 as a PDF converter and of the documents I download from the web, or that people send to me, I can probably access about 30 percent of them without having to jump through enormous hoops to get them to work, so it is not quite there yet, so it is not the full solution.

Mr ASHTON: We heard very early in the piece that a lot of the stuff we put down on annual reports or from the different agencies are accessible across every spectrum except Microsoft. I think I heard that correctly. That is the one you say you use.

Mr SIMPSON: It is one of the most successful but it does not necessarily mean it has to be a Microsoft type file, like a Word file. Any document that is produced in HTML mark-up type language is going to be accessible to adaptive technology, so it is really reliant on that source document.

The other point we made in our submission, particularly the one around the graphics or graphs that might be used in a report, it does not mean that we are saying that those sorts of things cannot be used, they necessarily are important for people with sight, because you can look at a graph and get a real picture for what is actually happening in terms of positive or negative trends, but knowing that a person who is blind or has low vision might not be able to see that graph, it is important to have that sort of information also explained in the text of the document, otherwise a person who is blind is only going to get half the information. They will get the text but not the information in the graph or the diagram.

Mr CANSDELL: When you mentioned earlier that 30 per cent of files you can access and the other 30 per cent you have to go through enormous hoops. Can you still access those other files, whether they be graphs or anything, in some other medium?

Mr SIMPSON: Some, yes. Some good examples recently have been press releases from government, the Department of Ageing, Disability and Home Care. The press releases come in PDF. I then have to open them. If they do not read, I then have to save them as a rich text file format and save that document to another place in the computer and then try to

open it that way. So where you might open a document and it takes 20 seconds to come up in front of your eyes, for me to actually get to even start reading that document it might take ten minutes to get it into a format that I can read.

Mr CANSDELL: Can you see changes in the near future to assist you with that?

Mr SIMPSON: I think the changes are being able to deliver documents in a number of formats and a number of websites now allow you to download in different ways, either a PDF file or an HTML type file or a Word type file. So it is allowing a person to choose the way that they might want to access their information. It is about establishing guidelines, I think, for developing that source document.

CHAIR: On the issue of file format, what is the most workable for you today? What is the most convenient format to receive annual reports?

Mr SIMPSON: The most accessible is literally the most basic of files, which is a straight text file, but that does not allow for that much in the way of graphics or particularly design that people like to get into reports, but it allows a person to then do what they need to do with that document, so put it in larger print, read it in braille or use synthetic speech. I think the important thing to do is to create the original file format in a way that it will lend itself then to multiple formats further down the track, so that you can add all of those things in like pictures and graphics or you can do a layout that has a lot of formatting in it.

The key thing from a philosophical perspective is how protective you need to be about the source file. One of the reasons that people use author locked PDF files is that if somebody downloads it, they then cannot change the information and alter that information and purport to say that this altered information is actually the information I originally received. So it is about putting things into the design that allow for a person to access a document using adaptive technology but also dealing with what you need to deal with in terms of maintaining the integrity and importance of that original source document.

CHAIR: So your screen reader at the moment can manage a PDF?

Mr SIMPSON: About 30 per cent of them.

CHAIR: I am no expert by any stretch, but I thought there was only one type of PDF file.

Mr SIMPSON: No.

CHAIR: Can you give us some information. You need don't have to do it now, but information about what type of PDF file works for screen readers and what does not, so we can have a look at exactly what our agencies are utilising.

Mr ASHTON: We can make recommendations perhaps.

CHAIR: We can make recommendations that they move to a particular type to at least provide that opportunity with the screen reader program.

Mr SIMPSON: One of the aspects of our organisation is advice and consultancy

around web design and document design. We can certainly get the individuals who are involved in that area of Vision Australia to work with you around the appropriateness of particular formats.

CHAIR: One final question from me and it is on the file format again because I think that seems to be a critical piece of the jigsaw. With a PDF file that a screen reader can access, what happens when it gets to a graph in a document, does it just skip past it or--

Mr SIMPSON: Not necessarily. If the document is designed in the right way and it has what the W3C standards refer to as "alt" tags, then it will give you a descriptor of the graph. It is invisible to somebody reading a document visually, but it is something the technology picks up and says there is a graphic here, there is a picture here. It then automatically sees if there is a descriptor of that graphic and if so it will read the descriptor.

Mr ASHTON: Like percentages or yearly growth increases, would it identify that?

Mr SIMPSON: If that is all included in a text file for the "alt" tag it will, but again, mostly if you are reading a document on the web and there is a picture of something, it could be a dolphin swimming in the ocean, as soon as you come across that, then a screen reader will just say "graphic". So you will not know what it is unless it is has got an "alt" tag attached to it and if the adaptive technology sees that, it then goes and sees what the tag is and it will read that tag to you. It might say, "Pictures of dolphins swimming in the ocean". It could do the same thing with a bar chart or any sort of L curve or whatever.

Mr ASHTON: Pie graph or whatever?

Mr SIMPSON: Yes.

CHAIR: Are there any final comments you would like to make?

Mr SIMPSON: Particularly just reaffirming that point that we made around people who are blind and have low vision are not necessarily just the end users. If we are truly wanting to build an inclusive community, and the New South Wales State Government has made a real commitment to the employment of people with disability, both in the public service and generally in the community, we need to have practices both within the public service and government departments and in the broader community that facilitate and accommodate people being employed.

Vision Australia has recently done an amount of research and we found that 63 per cent of people who are blind or have low vision of working age are unemployed and we are keen to work with the New South Wales Government in terms of improving employment, but that is not going to happen unless all aspects of employment are accessible, and that includes any aspect that requires access to technology, web-based reporting, the compiling of reports, right through the whole process. Designed in the right way, web-based reporting will provide good access to people who are blind and have low vision. Designed in an inaccessible way, it will be just as much a barrier as providing reports in hard copy print.

(The witness withdrew)

(The Committee adjourned at 12.28 p.m.)

Appendix 4 – Transcript of evidence