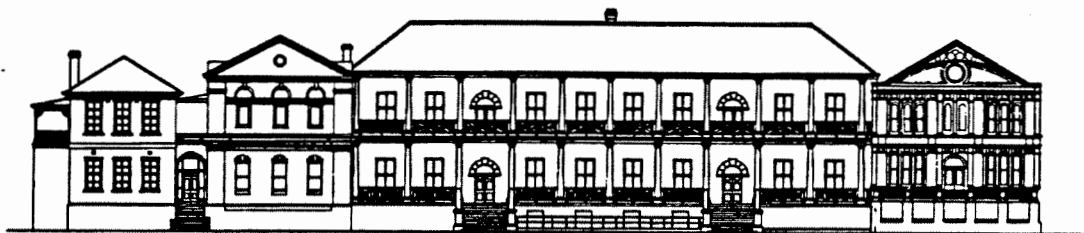




PUBLIC ACCOUNTS COMMITTEE ISSUES PAPER

Annual Reports



Report No. 90

May 1995

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MEMBERS OF THE PUBLIC ACCOUNTS COMMITTEE

Mr Terry Rumble, FCPA, MP, Chairman

Terry Rumble was elected Labor Member for Illawarra in March 1988. Before entering Parliament he qualified as an accountant and was employed in public practice and in the coal mining industry. He has served as a member of the Regulation Review Committee and was the Chairman of the Leader of the Opposition's Backbench Committee which involves Treasury, arts and ethnic affairs. Mr Rumble was elected Chairman of the Committee on 24 May 1995.

Mr Pat Rogan, MP, Vice- Chairman

Pat Rogan has been member for East Hills since 1973. He has been active on numerous parliamentary committees in that time including the Joint Committee upon Public Accounts and Financial Accounts of Statutory Authorities. This was the Committee that reactivated a dormant Public Accounts Committee in 1983. Pat Rogan has also served as Shadow Minister for Minerals and Energy with a background as a senior sales engineer in automation.

Mr Joe Tripodi B.Ec (Hons), MP

Joe Tripodi was elected to Parliament in May, 1995 as the Labor Member for Fairfield. Before entering Parliament he worked as an economist with the Reserve Bank of Australia and as a union official with the Labor Council of NSW.

Mr Ian Glachan, MP

The Liberal Member for Albury since 1988, Ian Glachan has had a varied background. He served five years at sea as a marine engineer, was a farmer for ten years, and operated a newsagency in Albury for 18 years. Mr Glachan is also a past president of the Albury-Hume Rotary Club and a Paul Harris Fellow, an active member of the Anglican Church, and was the Legislative Assembly member on the Board of Governors of Charles Sturt University. His other parliamentary responsibilities have included the Chairmanship of the Public Accounts Committee.

Mr Peter Cochran, MP

Following a background in farming, the Army, the Commonwealth Police, ASIO, and the Cooma-Monaro Shire Council, Peter Cochran won the seat of Monaro for the National Party in 1988. His other parliamentary responsibilities included the chairmanship of the Minister's Advisory Committee on Land and Water Conservation, deputy chairmanship of the Committee for Police and Emergency Services, and membership of the committee for the Environment and the Select Committee on Public Sector Superannuation. He was also the Premier's representative on the Anzac House Trust and the Anzac Memorial Trust.

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TERMS OF REFERENCE

To inquire into and report to the Legislative Assembly on:

1. the effectiveness of annual reporting under the current annual reporting legislation;
2. any of the current annual reporting requirements with which there has been consistent inadequate compliance;
3. the form which the annual reporting requirements in the new financial and annual reporting legislation should take, including the extent to which it should be prescriptive;
4. the specific annual reporting requirements which should be included in the new financial and annual reporting legislation, including any new requirements which could improve the effectiveness of annual reporting;
5. mechanisms to monitor compliance with the new requirements and to achieve best practice standards in reporting;
6. measures to increase the level of parliamentary scrutiny of annual reports; and
7. any other matter concerning public sector annual reporting in NSW.

CHAIRMAN'S FOREWORD

It is now ten years since the NSW Parliament passed legislation requiring statutory authorities and government departments to prepare annual reports.

Following the Public Accounts Committee's landmark report on *Accounting and Reporting Requirements for Statutory Authorities* the Annual Reports (Statutory Bodies) Act was passed in 1984. The Annual Reports (Departments) Act was passed in 1985 and detailed regulations were made, prescribing the detail of the matters to be included in annual reports. Over the years this legislation has been amended on numerous occasions and the annual reporting requirements have expanded. A checklist of annual reporting requirements published by the NSW Treasury in March 1994 is reproduced as appendix one.

The NSW Treasury is currently rewriting the financial and annual reporting legislation and it is envisaged that the annual reporting requirements will be incorporated into the new legislation.

The Public Accounts Committee believes that this is therefore an opportune time to review the effectiveness of annual reporting by NSW public sector agencies and to provide an opportunity for public discussion about what agencies should be required to include in their annual reports in future. This inquiry gives you a chance to tell the legislators what you would like to see included in the new annual reporting requirements.

The inquiry was commenced by the former Committee in 1994. Included as appendix three are the results of a survey of MPs which was conducted last year.

At its first meeting recently the new Committee formally resolved to conduct a comprehensive inquiry into annual reporting and adopted the terms of reference which are set out in full on the preceding page.

This *Issues Paper* is designed to focus attention on the key issues which will be considered by the Committee during this inquiry. A number of questions are posed under each of the terms of reference. Written submissions are invited addressing the terms of reference and the questions identified in this paper. The Committee will be holding public hearings and a Seminar in August.

To obtain further information about the Committee's inquiry please contact the Senior Project Officer, David Blunt, on 230 2521.

Terry Rumble MP
Chairman

1. The effectiveness of annual reporting under the current annual reporting requirements.

- 1.1 Who are the users / readers of NSW public sector annual reports? If you are a user of annual reports - do you find them useful? If so, why and if not, why not? If you are responsible for preparing an annual report - what mechanisms do you have in place to determine whether readers find your report useful?
- 1.2 Are the information needs of key stakeholders met by annual reports? If you are a stakeholder - do you believe that your information needs have been adequately addressed in annual reports? If you are responsible for preparing an annual report - what mechanisms do you have in place for identifying and responding to the information needs of your key stakeholders?
- 1.3 Are annual reports effective as instruments of accountability to Parliament? To what extent do annual reports fulfil other purposes such as marketing and public relations, staff training and development, and historical records? If you believe that annual reports do fulfil these other purposes, how can we ensure that they continue to fulfil their primary role as instruments of accountability to Parliament?
- 1.4 How reliable is the information contained in annual reports? If you are a user of annual reports - how reliable do you find the information contained in them? If you are responsible for preparing an annual report - how do you ensure the reliability of the information which is contained in your report?
- 1.5 Are we getting value for money from annual reports? Is the high cost of production of some annual reports justified?

[NB Since 1992 the cost of production of annual reports has been required to be disclosed. The cost of 1994 annual reports varied from \$5.78 per copy for 3,000 copies of the ICAC report to \$43.94 per copy for 600 copies of the Education and Youth Affairs report.]

2. Any of the current annual reporting requirements with which there has been consistent inadequate compliance.

Since 1991 the NSW Treasury has engaged the Audit Office to review a selection of annual reports each year. The Audit Office's findings are published each year in the Auditor-General's reports to Parliament. In his 1994 report (Volume 2, pp.59-60) the Auditor-General identified the following as some of the more common areas of inadequate compliance with the legislative requirements:

- *measures of performance;*
- *major works;*
- *consumer response;*
- *risk management and insurance activities;*
- *payment of accounts;*
- *equal employment opportunity strategies; and*
- *guarantee of service.*

Reviews of 1994 annual reports by Committee staff suggest that there has been inadequate compliance with the requirements to report on:

- *"Major problems and issues"; and*
- *"disclosure of controlled entities".*

2.1 Are there any other current annual reporting requirements with which there has been consistent inadequate compliance? Please give any examples of which you are aware.

3. The form which the annual reporting requirements in the new financial and annual reporting legislation should take, including the extent to which it should be prescriptive.

The NSW Treasury has indicated that in redrafting the Public Finance and Audit Act it will:

- *bring all current provisions into line with contemporary public finance, accountability, financial reporting and auditing standards;*
- *re-orient the Act away from its somewhat prescriptive and detailed approach to one written, wherever possible, in broad terms with statements of principles, and supported by statements of best principles issued by the Treasurer; and*
- *adopt a Plain English approach. (Office of Financial Management 1993-94 Annual Report, p.28)*

- 3.1 Is the Treasury's intention to move away from a "somewhat prescriptive and detailed approach" to "broad terms with statements of principles" the correct approach?
- 3.2 If the annual reporting requirements in the new financial and annual reporting legislation are set out in "broad terms with statements of principle" should more detailed and prescriptive requirements be set out somewhere else? If so, should this be done by way of regulations made under the Act, Treasurer's directions, best practice guidelines, accounting standards or some other means?

Since the introduction of the Annual Reports (Statutory Bodies) Act in 1984 and the Annual Reports (Departments) Act 1985 a number of alternative models for setting out annual reporting requirements have been introduced in various jurisdictions. These include:

- *the private sector annual reporting requirements set out in the Corporations law, supplemented by the Australian Stock Exchange listing requirements, and with much of the detail provided for in the relevant accounting standards;*
- *the judging criteria used in the Annual Reports Awards (which are reproduced in appendix two);*
- *the annual reporting requirements included in the State Owned Corporations Act 1988; and*
- *the annual reporting requirements included in the Local Government Act 1992.*

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- 3.3 To what extent could the annual reporting requirements in the new legislation be based upon any or all of the alternative models set out above? Are there any other models which should be considered for the form of the new annual reporting requirements?

4. The specific annual reporting requirements which should be included in the new financial and annual reporting legislation, including any new requirements which could improve the effectiveness of annual reporting.

- 4.1 Are there any current annual reporting requirements which you would like to see dropped from the new legislation? If so, what are they and why should they be dropped?
- 4.2 Are there any new annual reporting requirements which you would like to see included in the new legislation which could improve the effectiveness of annual reporting? If so, what are they and why should they be included?
- 4.3 The Committee is particularly interested in comments on the following issues which are discussed below:
- executive summaries;
 - comparisons with previous year's performance;
 - response to political debate about the agency;
 - interstate and federal comparisons;
 - prescription of performance indicators and measures to be used;
 - related party disclosure; and
 - auditing of non financial performance information.

[The Public Accounts Committee survey of MPs in 1994, reproduced in appendix three, revealed strong support for the provision of executive summaries and comparisons with the previous year's performance.]

In a speech to a 1993 Royal Institute of Public Administration in Australia (RIPAA) seminar on annual reporting the current Treasurer, the Hon Michael Egan MLC, made a number of suggestions for improvements to the annual reporting requirements. These included:

"the preparation of high quality annual reports needs to be based on: ...

- *an awareness and acknowledgment of significant political debate about major aspects of the authority's activities and the need to answer or provide information relevant to that debate; and*

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- *increasing use of comparisons with other states or federal experience where possible, and medium to long term projections of various activities."*

Volume One of the Auditor-General's 1991 report discussed the current requirements for annual reports to include unspecified qualitative and quantitative measures and indicators of performance "where practicable". The Auditor-General's report called for the Annual Reports (Statutory Bodies) Regulation 1985 to be amended to specify the measures and indicators of performance to be included in annual reports.

The Committee has noted that the notes to the financial statements in private sector annual reports contain an important provision which is not present in public sector annual reports. This is related party disclosure, under which any benefits which flow from the reporting entity to entities with which its directors are involved is detailed. Consideration should be given to the question of whether related party disclosure may be useful for public sector agencies which have boards of directors.

Financial statements contained in public sector annual reports are audited by the Auditor-General. However, non financial information in NSW public sector annual reports, including performance information, is not subject to audit or external verification. The Committee understands that in Western Australian the Auditor-General has responsibility for auditing non financial performance indicators in annual reports. Consideration should be given to whether non financial performance information in NSW annual reports should be subject to audit.]

5. Mechanisms to monitor compliance with the new requirements and to achieve best practice standards in reporting.

Since 1991 the NSW Treasury has engaged the Audit Office to review a selection of annual reports on its behalf. The primary objective of the review is to monitor compliance with the annual reporting requirements. The reviews are conducted by audit staff familiar with the relevant organisation. Instances of apparent inadequate compliance are followed up in writing, initially by the Audit Office. Significant matters are further followed up by the Treasury. Each year the Auditor-General's report to Parliament includes a brief summary of the major areas of inadequate compliance with the annual reporting requirements.

Approximately 60 reports are reviewed each year. Factors such as public interest and size are taken into account in determining the agencies whose reports are reviewed. The Audit Office is endeavouring to review a report of every agency every three to four years. A selection of the agencies whose reports are reviewed in one year subsequently have their reports reviewed again in the following year to ensure all matters previously raised have been corrected.

- 5.1 Are the current arrangements for monitoring compliance with the annual reporting requirements by the Audit Office on behalf of the NSW Treasury appropriate? Are there any steps which could be taken to improve these arrangements?
- 5.2 Are there any alternative mechanisms for monitoring compliance with the new annual reporting requirements which you would like to see established? If so, please provide details.
- 5.3 What mechanisms can be put in place to achieve best practice standards in annual reporting?

6. Measures to increase the level of parliamentary scrutiny of annual reports.

There is currently no formalised procedure for parliamentary scrutiny of NSW public sector annual reports. Individual parliamentarians make use of annual reports on an ad hoc basis. Parliamentary committees which have a statutory monitoring and review function in relation to a particular agency (eg Joint Committee's on the ICAC and Office of the Ombudsman) make extensive use of the annual reports of those agencies. Parliamentary Committees undertaking short term inquiries into particular agencies (eg Select Committee on the Sydney Water Board, Public Accounts Committee inquiries into particular agencies) also make extensive use of the annual reports of the agencies being reviewed. The Legislative Council Standing Committees on State Development and Social Issues may also conduct inquiries into matters arising from annual reports but have not conducted any such inquiries to date.

The Public Accounts Committee has a statutory responsibility to consider proposed amendments to the annual reports acts and regulations. The Public Accounts Committee has also conducted a number of inquiries which have addressed specific areas of non-compliance with the annual reporting requirements. The conduct of this comprehensive review of the annual reporting legislation has further added to the Public Accounts Committee's expertise in this area and may lead to a more formalised role for the Public Accounts Committee in the scrutiny of annual reports in the future.

The Labor Party policy on Reviving and Improving Public Administration in NSW, launched in February 1995, stated that Labor will establish a Public Bodies Review Committee. One of the functions suggested for this Committee is to "review annual reports each year, that is, act as an Estimates Committee for annual reports".

Another model which has been developed in the Senate is the referral of annual reports for review by general purpose committees which are responsible for a particular area of public policy. Of course, this model necessitates the establishment of a system of general purpose committees which do not exist at present in the NSW Parliament.

- 6.1 Do you support any of the options outlined above to increase the level of parliamentary scrutiny of annual reports? If so, why? If not, why not and what alternative mechanism would you suggest?

7. Any other matter concerning public sector reporting in NSW.

- 7.1 Are there any other matters concerning public sector annual reporting in NSW on which you would like to make submissions? If so, please provide details.

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Appendix One -

Checklist of Annual Reporting Requirements

**reproduced from NSW Treasury,
*Excellence in Financial Management - Annual Reports:
A Guide for the NSW Public Sector,*
March 1994**

I. CHECKLIST OF ANNUAL REPORTING REQUIREMENTS

The annual reporting legislation specifically requires the following information to be included in the annual reports of departments and statutory bodies.

	Statutory Bodies	Departments
	Reference*	Reference*
BUDGETS		
• detailed budget for the year reported on	s7(1)(a)(iii) ARSBA	
• outline budget for next year	s7(1)(a)(iii) ARSBA	
• particulars of material adjustments to detailed budget for the year reported on	c3(a)&(b) ARSBR	
REPORT OF OPERATIONS		
	s7(1)(a)(iv) ARSBA	s9(1)(c) ARDA
Nature of Report of Operations	s9 ARSBA	s11 ARDA
Charter		
• manner of establishment & purpose of organisation	s9(1)(a) ARSBA/ c4(1)(a) ARSBR	s11(1)(a) ARDA/ c3(a) ARDR
• principal legislation administered/operating under		
Aims & Objectives		
• objectives of the organisation	s9(1)(b) ARSBA/ c4(1)(b) ARSBR	s11(1)(b) ARDA/ c3(b) ARDR
• range of services provided		
• clientele/community served		
Access		
• address of principal office/s	s9(1)(c) ARSBA/ c4(1)(c) ARSBR	s11(1)(c) ARDA/ c3(c) ARDR
• telephone number of principal office/s		
• business & service hours		

	Statutory Bodies	Departments
Management & Structure	s9(1)(d) ARSBA/ c4(1)(d) ARSBR	s11(1)(d) ARDA/ c3(d) ARDR
<ul style="list-style-type: none"> names & qualifications of board members 	c4(1)(d)(i) ARSBR	
<ul style="list-style-type: none"> method & term of appointment of board members 	c4(1)(d)(i) ARSBR	
<ul style="list-style-type: none"> frequency of meetings & members' attendance at meetings 	c4(1)(d)(i) ARSBR	
<ul style="list-style-type: none"> names & positions of officers as members of significant statutory bodies & significant inter-departmental committees 		c3(d)(i) ARDR
<ul style="list-style-type: none"> significant committees of the body or department & names of committee members 	c4(1)(d)(i) ARSBR	c3(d)(i) ARDR
<ul style="list-style-type: none"> titles & names of senior/principal officers & their qualifications 	c4(1)(d)(i) ARSBR	c3(d)(i) ARDR
<ul style="list-style-type: none"> organisation chart indicating functional responsibilities 	c4(1)(d)(ii) ARSBR	c3(d)(ii) ARDR
<ul style="list-style-type: none"> details of significant committees established/abolished 	c4(1)(d)(ia) ARSBR	c3(d)(iii) ARDR
Summary Review of Operations	s9(1)(e) ARSBA/ c4(1)(e) ARSBR	s11(1)(e) ARDA/ c3(e) ARDR
<ul style="list-style-type: none"> narrative summary of significant operations 	c4(1)(e)(i) ARSBR	c3(e)(i) ARDR
<ul style="list-style-type: none"> program/operation information 	c4(1)(e)(ii) ARSBR	c3(e)(ii) ARDR
<ul style="list-style-type: none"> monetary amount of recreation leave & long service leave entitlements 		c3(e)(iii) ARDR
Funds Granted to Non-Government Community Organisations		
<ul style="list-style-type: none"> name of recipient 	c4(1)(e1)(i) ARSBR	c3(e1)(i) ARDR
<ul style="list-style-type: none"> amount 	c4(1)(e1)(ii) ARSBR	c3(e1)(ii) ARDR
<ul style="list-style-type: none"> program area as per Budget paper 	c4(1)(e1)(iii) ARSBR	c3(e1)(iii) ARDR
<ul style="list-style-type: none"> program as per Budget paper 	c4(1)(e1)(iv) ARSBR	c3(e1)(iv) ARDR
<ul style="list-style-type: none"> additional details as prescribed i.e. nature & purpose of the project 	c4(1)(e1)(v) ARSBR PM 91-34	c3(e1)(v) ARDR PM 91-34

	Statutory Bodies	Departments
Legal Change	s9(1)(f) ARSBA/ c4(1)(f) ARSBR	s11(1)(f) ARDA/ c3(f) ARDR
<ul style="list-style-type: none"> • changes in Acts & subordinate legislation • significant judicial decisions 		
Economic/Other Factors Affecting Achievement of Operational Objectives	c4(1)(g) ARSBR	c3(g) ARDR
Management & Activities		
<ul style="list-style-type: none"> • nature & range of activities • measures & indicators of performance • internal & external performance reviews conducted • benefits from management & strategy reviews • management improvement plans & achievements • major problems & issues • major works in progress, cost to date, estimated dates of completion & cost overruns • reasons for significant delays etc. to major works or programs 	c4(1)(h)(i) ARSBR c4(1)(h)(ia) ARSBR c4(1)(h)(ib) ARSBR c4(1)(h)(ic) ARSBR c4(1)(h)(id) ARSBR c4(1)(h)(ii) ARSBR c4(1)(h)(iii) ARSBR c4(1)(h)(iv) ARSBR	c3(h)(i) ARDR c3(h)(ii) ARDR c3(h)(iii) ARDR c3(h)(iv) ARDR c3(h)(v) ARDR c3(h)(vi) ARDR c3(h)(vii) ARDR c3(h)(viii) ARDR
Research & Development	c4(1)(i) ARSBR	c3(i) ARDR
<ul style="list-style-type: none"> • completed research including resources allocated • continuing research including resources allocated • developmental activities including resources allocated 		
Human Resources		
<ul style="list-style-type: none"> • number of employees by category & comparison to prior three years • exceptional movements in employee wages, salaries or allowances • personnel policies & practices 	c4(1)(j)(i) ARSBR c4(1)(j)(ii) ARSBR c4(1)(j)(iii) ARSBR	c3(j)(i) ARDR c3(j)(ii) ARDR c3(j)(iii) ARDR

	Statutory Bodies	Departments
Human Resources (cont.)		
• industrial relations policies & practices	c4(1)(j)(iv) ARSBR	c3(j)(iv) ARDR
• overseas visits with the main purposes highlighted		c3(j)(vi) ARDR
Consultants		
• for each engagement costing greater than \$30,000 - name of consultant - title of project - actual cost	c4(1)(j1)(i) ARSBR	c3(j1)(i) ARDR
• for engagements costing less than \$30,000 - total number of engagements - total cost	c4(1)(j1)(ii) ARSBR	c3(j1)(ii) ARDR
• if applicable, a statement that no consultants were engaged	c4(1)(j1)(iii) ARSBR	c3(j1)(iii) ARDR
Equal Employment Opportunity		
• achievements & strategies	c4(1)(j2)(i) ARSBR	c3(j2)(i) ARDR
• statistical information as prescribed by the Treasurer	c4(1)(j2)(ii) ARSBR TC G1991/18	c3(j2)(ii) ARDR TC G1991/18
Land Disposal		
• properties disposed of during the year - total number - total value	c4(1)(j3)(i) ARSBR	c3(j3)(i) ARDR
• if value greater than \$5,000,000 & not by public auction or tender - list of properties - for each case, name of person who acquired the property & proceeds from the disposal	c4(1)(j3)(ii) ARSBR	c3(j3)(ii) ARDR
• details of family or business connections between the purchaser & the person responsible for approving the disposal	c4(1)(j3)(iii) ARSBR	c3(j3)(iii) ARDR
• statement giving reasons for the disposal	c4(1)(j3)(iv) ARSBR	c3(j3)(iv) ARDR
• purpose/s for which proceeds were used	c4(1)(j3)(v) ARSBR	c3(j3)(v) ARDR
• statement indicating that access to the documents relating to the disposal can be obtained under the Freedom of Information Act	c4(1)(j3)(vi) ARSBR	c3(j3)(vi) ARDR

	Statutory Bodies	Departments
Promotion		
<ul style="list-style-type: none"> publications/other information available indicating those published during the year 	c4(1)(k)(i) ARSBR	c3(k) ARDR
<ul style="list-style-type: none"> overseas visits with the main purposes highlighted 	c4(1)(k)(ii) ARSBR	
Consumer Response		
<ul style="list-style-type: none"> extent & main features of complaints services improved/changed in response to complaints/suggestions 	c4(1)(l) ARSBR	c3(l) ARDR
Guarantee of Service		
<ul style="list-style-type: none"> standard for provision of services comment on any variances or changes made to standard 	c4(1)(m) ARSBR	c3(m) ARDR
Late Payment of Accounts		
<ul style="list-style-type: none"> reasons for late payments interest paid due to late payments 	c4(1)(m1) ARSBR	c3(n) ARDR
Payment of Accounts		
<ul style="list-style-type: none"> performance indicators for 1991/92, 1992/93 & 1993/94 as per Treasury Circular details of action taken to improve performance 	c4(1)(m2) ARSBR TC G1992/12	c3(o) ARDR TC G1992/12
Report on Risk Management & Insurance Activities		
	c4(1)(n) ARSBR	c3(p) ARDR
Disclosure of Controlled Entities		
<ul style="list-style-type: none"> names of controlled entities details of objectives, operations & activities of controlled entities measures of performance 	c4(1)(o) ARSBR PM 91-2	c3(q) ARDR PM 91-2
Investment Management Performance		
	c4A ARSBR TC G1991/5	

	Statutory Bodies	Departments
Liability Management Performance	c4B ARSBR TC G1991/5	
Chief and Senior Executive Officers	c4C ARSBR PM 92/4	c3A ARDR PM 92/4
<ul style="list-style-type: none"> total number of executive positions at each level for current & prior reporting years 	c4C(1)(a) ARSBR	c3A(1)(a) ARDR
<ul style="list-style-type: none"> number of female executive officers for current & prior reporting years 	c4C(1)(b) ARSBR	c3A(1)(b) ARDR
<ul style="list-style-type: none"> for each executive officer of or above level 5: <ul style="list-style-type: none"> - name, position & level - period in position - statement of performance 	c4C(1)(c) ARSBR PM 92/4 c4C(2) ARSBR	c3A(1)(c) ARDR PM 92/4 c3A(2) ARDR
<ul style="list-style-type: none"> information on Chief Executive Officer not holding an executive position 	c4C(3) ARSBR	c3A(3) ARDR
Major Assets		
<ul style="list-style-type: none"> list of assets (other than landholdings) & highlighting major acquisitions during the year 		c4(a) ARDR
Code of Conduct	c5(2) ARSBR	c4(c) ARDR
<ul style="list-style-type: none"> inclusion of details of amendments inclusion of replacement code 		
Unaudited Financial Information Distinguished	c3B ARSBR	c2A ARDR
Identification of Audited Financial Information	c3C ARSBR	c2B ARDR
Inclusion of Financial Statements as part of Annual Report	s7(1)(a)(i) ARSBA	s9(1)(a) ARDA
Inclusion of Financial Statements of Controlled Entities	s7(1)(a)(ia) ARSBA	
Financial Statement Format	s41B(1) PF&AA	s45E(1) PF&AA
Audit Opinion	s7(1)(a)(ii) ARSBA	s9(1)(b) ARDA

	Statutory Bodies	Departments
After Balance Date Events Having a Significant Effect in the Succeeding Year on:		
• financial operations	c5(1)(a) ARSBR	c4(e) ARDR
• other operations	c5(1)(b) ARSBR	c4(e) ARDR
• clientele/community served	c5(1)(c) ARSBR	c4(e) ARDR
 OTHER PRESCRIBED REQUIREMENTS		
Particulars of Extensions of Time Granted for:		
• preparation & submission of annual report/financial statements	s13(5) ARSBA	s16(5) ARDA
Disclosure of Approved Exemptions including Reasons (NB. under Separate Headings)	c9(4) ARSBR	c8(4) ARDR
Response to Matters Raised by Auditor-General in Outgoing Audit Reports	s7(1)(a)(iia) ARSBA	s9(1)(b1) ARDA
Letter of Submission to Minister stating:	s9A ARSBA	s11A ARDA
• report submitted to Minister for presentation to Parliament	s9A(a) ARSBA	s11A(a) ARDA
• provisions under which report is prepared	s9A(b) ARSBA	s11A(b) ARDA
• if applicable, length of lateness in submitting report and reasons	s9A(c) ARSBA	s11A(c) ARDA
• if no application for extension of time, reasons for lateness and no application	s9A (d) ARSBA	s11A(d) ARDA
(Letter to be signed by two board members or Department Head)	s9A(e) ARSBA	s11A(e) ARDA
Submission of Annual Report to Minister & Treasurer (not later than <u>four</u> months after year end)	s10 ARSBA	s12 ARDA
Submission of Annual Report to Parliament (within <u>one</u> month after receipt by Minister)	s11(1) ARSBA	s13(1) ARDA
• if late, statement by Minister	s11(1A) ARSBA	s13(1A) ARDA

	Statutory Bodies	Departments
Form of Annual Reports		
• material information reported	c6(1)(a) ARSBR	c5(1)(a) ARDR
• index & table of contents	c6(2) ARSBR	c5(2) ARDR
• logical sequence	c6(1)(c) ARSBR	c5(1)(c) ARDR
• appropriate layout	c6(1)(d) ARSBR	c5(1)(d) ARDR
• legibility	c6(1)(e) ARSBR	c5(1)(e) ARDR
• appropriate captions for charts, diagrams, etc.	c6(1)(f) ARSBR	c5(1)(f) ARDR
Size - ISO A4	c7(1)(a) ARSBR	c6(1)(a) ARDR
Printing Requirements		
• total number of copies of annual report printed	c5(2) ARSBR	c4(f) ARDR
• average cost per copy printed	c5(2) ARSBR	c4(f) ARDR
• computer readable form (for Parliament)	c7(3) ARSBR	c6(3) ARDR
Inclusion of Other Reports & Information		
• report to Parliament on administration of Freedom of Information Act	s5A(2) ARSBA/ s68 FOIA	s6(2) ARDA/ s68 FOIA
• implementation of Price Determinations	s18(4) GPTA	s18(4) GPTA
• performance of recycling activities	MR 27/3/1990	MR 27/3/1990
• listing requirements for all NSW Government publications	PM 91-27	PM 91-27
• program evaluation results	PM 91-3	PM 91-3
• implementation of recommendations of Royal Commission into Aboriginal Deaths in Custody	PL5/8/1992	PL5/8/1992

Key

- ARDA - Annual Reports (Departments) Act 1985
- ARDR - Annual Reports (Departments) Regulation 1986
- ARSBA - Annual Reports (Statutory Bodies) Act 1984
- ARSBR - Annual Reports (Statutory Bodies) Regulation 1985
- FOIA - Freedom of Information Act 1989
- GPTA - Government Pricing Tribunal Act 1992
- MR - Joint Media Release by the Premier, the Minister for Administrative Services and the Minister for the Environment dated 27 March 1990
- PF&AA - Public Finance & Audit Act 1983
- PL - Premier's Letter dated 5 August 1992
- PM - Premier's Memorandum
- TC - Treasury Circular
- TD - Treasurer's Directions
- TM - Treasurer's Memorandum

Appendix Two -

Annual Report Awards 1996 Criteria

**reproduced with permission from
Annual Report Awards (ARA) Australia Inc.**

**from Annual Report Awards
*1996 Criteria Booklet***

**NB. Details of the Annual Reports Awards
are set out on the next page,
including objectives and contact details**

1996 Criteria Booklet

ARA Australia Inc. is incorporated under the Associations Incorporated Act of NSW 1984. It is a non profit organisation, established to continue the aims of excellence in annual reporting by Australian organisations. The operation is run by volunteers from the business community and in June 1995, has been operating for 45 years.

ARA OBJECTIVES

- To promote the improvement of communication by organisations, particularly through the publication of informative, factual annual reports.
- To encourage effective communication of financial and business information.
- To create public awareness of valid and objective measures of performance and to promote a better understanding of the results achieved.
- To create public awareness of the purposes of enterprises, how they function, and their achievements.

ANNUAL REPORT AWARDS (ARA) AUSTRALIA INC.

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Australia Square
Sydney NSW 2000
Tel: (02) 247 3962
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Regn No.: Y 15106-00

NOTE: Details of entrants and winners of the 45th Annual Report Awards, adjudicators' comments and other related information will be published in the 1995 Annual Report Awards Handbook which will be available in June.

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1996 Criteria Booklet

ARA CRITERIA

INTRODUCTION

In previous years the ARA has divided entries into the following three main categories:

DIVISION A: Competitive business enterprises

DIVISION B: Public sector and local government

DIVISION C: Professional, community, welfare and health organisations

These main categories were then divided into a further twenty sub categories, 13 in Division A, 3 in Division B and 5 in Division C. In 1995 a decision was taken to create 13 divisions along industry lines.

The new divisions are:

1. ACCOMMODATION, COMMUNICATION AND RECREATION

ACCOMMODATION

Hotels, hostels, departments of housing etc.

COMMUNICATION

Newspaper, television and print media, telecommunications, postal services etc.

RECREATION

Tourist authorities, museums, departments of sport, garden and park authorities, artistic organisations, zoos etc.

2. AGRICULTURE

Departments of agriculture, agricultural producers, agricultural research organisations etc.

3. COMMUNITY WELFARE AND EDUCATION

COMMUNITY WELFARE

Charitable organisations.

EDUCATION

Universities and colleges, departments of education etc.

4. ENERGY AND WATER

ENERGY

Electricity and gas authorities.

WATER

Water boards, departments of water resources etc.

5. FINANCE AND FINANCIAL SERVICES

FINANCE

Banks, building societies, credit unions etc.

FINANCIAL SERVICES

Fund managers, trusts, government treasury operations etc.

6. HEALTH

Hospitals, departments of health, area health services etc.

7. INSURANCE AND BUSINESS SERVICES

INSURANCE

Insurance companies.

BUSINESS SERVICES

Workcover providers, trustee companies, superannuation providers.

8. LEGAL AND REGULATORY SERVICES

LEGAL

Police, corrective services, law reform commissions, judicial organisations etc.

REGULATORY

Auditors-general, ombudsmen, departments of consumer affairs etc.

9. LOCAL GOVERNMENT

City councils, shire councils, departments of local government etc.

10. MANUFACTURING AND TRADING

MANUFACTURING

Production companies.

TRADING

Totalisator agency boards, lotteries, retail and wholesale traders etc.

11. MINERALS, PETROLEUM AND EXPLORATION

MINERALS

Mining companies, departments of minerals.

PETROLEUM

Oil producing or refining companies.

EXPLORATION

Companies involved in exploration for minerals or petroleum, i.e. not producing.

12. PROFESSIONAL, TRADE AND SPORTING ORGANISATIONS

PROFESSIONAL

Professional institutes and societies.

TRADE

Trade based institutes and societies.

SPORTING ORGANISATIONS

Sporting clubs.

13. TRANSPORTATION, CONSTRUCTION AND THE ENVIRONMENT

TRANSPORT

Airlines, trucking companies, railways, bus companies, departments of transport, roads and traffic authorities etc.

CONSTRUCTION

Building and engineering companies.

THE ENVIRONMENT

Departments of conservation, waste management services, conservation organisations.

NOTE: Where an organisation has interests in more than one of these industry divisions, the ARA categorises that organisation on the basis of its prime business interest.

1996 Criteria Booklet

CRITERIA USED BY THE ARA FOR JUDGING ANNUAL REPORTS

The ARA criteria are in two parts: the general criteria applying to all divisions and specific additional criteria which apply to individual divisions. Together they set out the specific disclosure required by the ARA.

Organisations are not penalised when parts of particular criteria are not fully appropriate to their operations. Adjudicators take into account the fact that the nature and extent of organisations' ability to provide appropriate coverage of particular issues will vary depending on their size, complexity and sophistication.

The focus of the ARA Committee is on issues that are generally not prescribed by regulation or accounting standards. The overall test applied by the ARA is what is reasonable to expect the organisation to report.

GENERAL CRITERIA APPLICABLE TO ALL DIVISIONS

OVERVIEW/OBJECTIVES

The early pages of the report must provide the reader with:

- A clear, meaningful mission, vision or values statement for the organisation.
- A clear indication of the organisation's objectives. The objectives must be relevant, measurable and linked to the mission etc.
- A summary of the organisation's strategies for achieving its stated objectives.
- A statement of the organisation's history, its profile and the services it provides. The statement should address the industry or area in which the organisation operates and its position in that industry or area.

HIGHLIGHTS

The early pages of the report must contain a clear highlights/year at a glance section which provides reader-friendly summaries of:

- Progress towards achievement of the organisation's objectives in both operational and financial terms.
- Important events from the current year and the outlook for the following year. Include both positive and negative factors, both financial and non financial.
- Performance indicators covering key financial and non-financial features relevant to the organisation's operations. The information should cover a minimum of two years performance to provide an indication of percentage changes in results.
- A summary of key shareholder and/or stakeholder information. Examples could include: dividends per share, payout ratios, earnings per share, share price vs indices, percentage return (after tax) on shareholders' shareholdings, special business at the AGM, community involvement, volunteer activities, fundraising results.

REVIEW OF OPERATIONS

In this category the ARA requires an expansion of the information contained in the highlights and overview sections. It is divided into two sections: coverage of the overall organisation, and activities of divisions.

THE OVERALL ORGANISATION

The ARA is looking for a detailed explanation of the operation of the organisation as a whole, with comparison to prior year(s). This information coverage should be easy to locate, and include:

- A detailed discussion of the organisation's financial and non-financial activities and results for the year. This discussion must include an explanation of all material events which affected the organisation's overall performance for the year. This explanation must cover, where appropriate, current and future changes and trends, abnormal and major items, economic factors, credit rating, liquidity position, dividend policy, government policy, foreign exchange and changes in accounting policy. Both positive and negative issues must be addressed.
- A discussion of the major products/brands/services offered by the organisation.
- Details of business risks and profit sensitivity to issues such as competition, the business environment, market share, export performance, product price, foreign exchange and interest rates.
- Detailed discussion of performance against objectives. Must include key performance indicators (both positive and negative). The information provided should indicate targets/standards for each indicator and narrative explanations of the reasons for significant variations to those targets/standards.
- Coverage of research and development activities and their impact on the operation of the organisation and a discussion of technology related issues.
- Discussion of the impact of government on the activities of the organisation. To cover issues such as taxation, funding, relevant legislation and policies, involvement and intervention.
- Discussion of the organisation's impact on the environment and its actions to improve its environmental performance.
- Discussion of activities designed to promote community interests associated with the organisation.
- Discussion of the outlook for the organisation, including any issue or event likely to have a significant impact on the following years performance or position.
- Discussion of corporate governance issues, including aspects of the role of the directors and management, along with the code of conduct.

ACTIVITIES OF DIVISIONS

This section is applicable to organisations that have separate divisions or products/groups or geographical areas that are distinguishable. A division does not mean the breakdown between the administrative, financial personnel, etc. units within an organisation that provides a single product or service. Again this information should be easy to locate and show comparisons including:

- A summary by division showing key information such as the purpose and strategies of each division, major products and services, major business and trade names, relevant logos, sources of funds, relevant financial results, locations and facilities, markets and outlook.
- Meaningful details relating to each division. To expand on the issues covered by the overall summary and also include, where appropriate, comment on the division's performance, factors affecting that performance, information on assets employed and financing arrangements, costs and employment details.
- Detailed coverage of marketing arrangements including, where appropriate, details of competition, market share, marketing and pricing strategies, key customer groups, major supply sources and exports.
- Discussion of the outlook for each division, including issues or events likely to have a significant impact on the following years performance.

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MANAGEMENT, PERSONNEL POLICIES AND INDUSTRIAL RELATIONS

One of the most critical assets of any organisation is its people. In this category the ARA requires reader friendly coverage of:

- The Board of Directors. To include individual or collective photos of the directors and details of their experience, qualifications, ages, terms of appointment and financial and other benefits, including fees. Details of the committees of the Board and changes to the Board to be provided.
- Key staff members. To include individual or collective photos of key staff and details of their experience, responsibilities and qualifications.
- The organisation or corporate structure clearly showing workflows and the links between the various units and/or divisions of the organisation.
- Key personnel issues. To include discussion of issues such as training and development, industrial relations, equal employment initiatives, safety records, productivity, relevant industrial awards, enterprise agreements, workforce details, wages and superannuation.

FINANCIAL STATEMENTS AND RELATED NOTES

The provision of accurate and reliable financial information is a key requirement of the ARA. In general the ARA rewards organisations which provide relevant financial information over and above that required by the relevant legislation.

It is expected that the financial statements will not be too brief, cover activities of associated companies where appropriate, and comply with relevant legal requirements. In particular, the coverage should include:

- A balance sheet.
- A profit and loss or income and expenditure statement, as appropriate.
- A statement of cash flow.
- Clear, concise notes covering major accounting policies and other key events throughout the year.
- Comparative figures covering at least the last financial year.
- Cross references between the statements and the notes.
- A signed statement from the directors as to their view of the financial statements.
- A signed report from the Auditor.

STATISTICAL SUMMARIES

An important aspect of annual reporting is the ability to compare performance over time. The ARA requires that annual reports include comparative information for key financial and non-financial activities covering at least five years. Where possible the ARA prefers this information to be presented in a consolidated tabular format. Organisations that are unable to provide information over five years should provide the available information and give reasons.

In general, the information provided should include:

- Key balance sheet items, key profit and loss items, ratios covering gearing, liquidity performance, productivity, shareholders'/stakeholders' interests and definition of key ratios, along with other key financial and non-financial performance indicators and information.
- An explanation or definition of the main terms used.

PRESENTATION

In relation to presentation, the ARA is interested not in design for design's sake, but in how the design can improve the level of disclosure and readability to the readers of annual reports. To this end the annual report should:

- Be clear and concise, with material presented in a logical order with a list of contents. It should include relevant graphs, tables and photographs. Where possible the people appearing in photographs should be named.
- Ensure narrative components are expressed in plain English.
- Make effective use of all pages including the four cover pages and where possible the spine of the report should carry the name of the organisation.

OTHER

This category covers the following range of miscellaneous items which, where appropriate, should be covered in the annual report:

- The date the report was published.
- The location of major activities. This should include maps (where appropriate), addresses, telephone and fax numbers.
- A value-added statement.
- A calendar of events of interest to shareholders which includes notice of the AGM.
- Shareholder and stakeholder benefits including share performance, dividend histories and dividend reinvestment plans.
- Dividend policy.
- Shareholder listing covering at least the top 20 shareholders in each class of share or option.

1996 Criteria Booklet

CRITERIA APPLICABLE TO SPECIFIC DIVISIONS

NOTE: While the specific criteria are provided within industry groupings, the requirements will not necessarily be relevant to all entrants from those industries. Accordingly, the specific criteria apply only where they are applicable.

1. ACCOMMODATION, COMMUNICATION AND RECREATION

ACCOMMODATION

- Detail the number of rooms and beds available, their occupancy rate during the reporting period and revenue generated per room.
- Detail the size and location of hotels, hostels and other forms of accommodation in operation and under construction.
- Outline marketing or chain affiliations.
- Indicate source of clientele, eg. intrastate, interstate and international.

COMMUNICATION

- Provide details of all publications and/or media interests.
- Summarise circulation and ratings figures.
- Indicate revenue from sales and advertising, broken down into the various publications and forms of advertising.
- Discuss the impact of cross ownership and other government rules and regulations on the activities of the organisation.
- Discuss the impact of changes to the communications industry, e.g. pay television, optical fibre cabling, satellite technology.

RECREATION

- Provide details of the number of visitors using the organisation's facilities.
- Provide tourist statistics showing the number and source of tourists (e.g. intrastate, interstate and international).
- Costs of promotions aimed to increase patronage. These costs should be compared directly to the changes in patronage.

2. AGRICULTURE

- Indicate production and sales amounts by products along with quotas, if any.
- Outline price trends in commodity markets.
- Show livestock or primary product statistics.
- Detail location of properties and the basis for their valuation.
- Explain seasonal conditions.

3. COMMUNITY WELFARE AND EDUCATION

COMMUNITY WELFARE

- Acknowledge the involvement of volunteers as a supplement to the efforts of paid staff.
The report should make clear which roles are voluntary and which are paid positions.
- Indicate fundraising policies and results. The results must show both the revenue received and the costs associated with generating that revenue.
- An explanation of the statutory basis on which the organisation conducts its fundraising efforts.
- Specifically acknowledge the receipt of any government funding. Where there are conditions applying to that funding they must be disclosed along with an explanation of how those conditions are met.
- Provide a statement of the statutory or other authority for the establishment and operation of the organisation. The basis of membership should be indicated.
- Where donations are received the report should include appropriate acknowledgment of the donors of cash or gifts in kind. Where gifts have been made for specific purposes, this should be explained and the use to which such donations were put indicated.
- The five-year summaries should include information on the number of clients or patients by service type or activity and by region. Charts or graphs should be utilised to illustrate this information.

EDUCATION

- Number of students, subjects offered and pass rates.
- Location of all campuses.
- Acknowledgment of the receipt of any government funding. Where there are conditions applying to that funding they must be disclosed along with an explanation of how those conditions are met.

4. ENERGY AND WATER

ENERGY

- Comment on energy production and availability.
- Details of energy consumption over time; in total, per day, per user etc.
- Detail the cost of providing energy over time to users; in total, per kilowatt hour, per household etc.
- Comment on disruptions to the energy supply during the reporting period.
- Discuss accident and injury rates over time.
- Outline strategies for reducing energy consumption.
- Discuss the use of alternate energy sources.

WATER

- Comment on the water storage capacity available to the organisation.
- Provide details of the available level of water over at least a five-year period.
- Details of water consumption over time; in total, per day, per user etc.
- Detail the costs of providing water to users; in total, per user etc.
- In providing statistical information differentiation must be made between business and private users.
- Outline strategies for reducing water consumption.

5. FINANCE AND FINANCIAL SERVICES

- Indicate the current number of members/clients and show movements over at least five years.
- State clearly the services provided by the organisation.
- State major sources of income and profit (include both core and non core business).
- Explain how changes in government monetary and fiscal policy affect the organisation's policies especially those relating to lending and borrowing.
- Outline the operations and performance of associated companies and their impact on the organisation's policies.
- Discuss interest margins and overheads.
- Disclose movements in interest rates and margins over at least five years.
- Outline the philosophy of the organisation and how members/contributors benefit from participating.
- Explain method of calculation of deferred income.
- Provide a breakdown of receivables and investments into major categories of business in the review of operations and balance sheet.
- Explain the basis of calculation for the provision of unexpired risks.
- Outline changes in capital.

6. HEALTH

- Total number of beds, occupancy rates, number of patients treated, length of stay, cost per bed per day, cost per patient treated, number of surgical cases, births etc.
- Acknowledge the involvement of volunteers as a supplement to the efforts of paid staff. The report should make clear which roles are voluntary and which are paid positions.
- Acknowledge fundraising policies and results. The results must show both the revenue received and the costs associated with generating that revenue.
- An explanation of the statutory basis on which the organisation conducts its fundraising efforts.
- Specifically acknowledge the receipt of any government funding. Where there are conditions applying to that funding they must be disclosed along with an explanation of how those conditions are met.

7. INSURANCE AND BUSINESS SERVICES

- Indicate the current number of policy holders/members and show movements over at least five years.
- State clearly the services provided by the organisation.
- State major sources of income and profit (include both core and non core business).
- Explain how changes in government policies affect the activities of the organisation.
- Outline the operations and performance of associated companies and their impact on the organisation.
- Disclose movements in premiums over at least five years.
- Outline the philosophy of the organisation and how policy holders/members benefit from participating.
- Explain method of calculation of deferred income.
- Outline changes in capital.

8. LEGAL AND REGULATORY SERVICES

LEGAL

- Clearly state the services offered by the organisation and how they impact on the legal system.
- Indicate links between your organisation, other legal organisations, government and the community.
Comment on how the roles of various organisations are co-ordinated.

REGULATORY

- Clearly state the actual role and scope of the organisation. Exactly what is it that this organisation was set up to achieve.
- The number of audits/cases conducted over at least five years.
- Given that regulatory agencies do not have a direct affect on their industries/organisations, clearly indicate how your organisation actually impacts on the results obtained by those industries/organisations.

9. LOCAL GOVERNMENT

- Description of local government area, including history, population, geographic area, physical, social & demographic information.
- Elected members names, photos, qualifications, experience and terms of appointment.
- Details of council/committee structures, no. of meetings attended by members.
- Comment on major operations including roads, garbage collection, community services.
- Provide costs in total and per user of major services including roads, garbage collection, community services.

10. MANUFACTURING AND TRADING

- State major sources of income and profit (include both core and non core business).
- Explain how changes in government policies affect the activities of the organisation.
- State turnover by type of store/business.
- Present the number, size and location of outlets.
- Indicate stores under construction.
- Provide detail of profit by non-retailing interests (including consumer credit operations).
- Outline the operations and performance of associated companies and their impact on the organisation's activities.

1996 Criteria Booklet

11. MINERALS, PETROLEUM AND EXPLORATION

PRODUCTION

- Discussion of world demand and world production.
- Clear separate indications of mineral reserves (proven and probable) and resources (measured, indicated and inferred), with detail appropriate to the size of the company.
- Major acquisitions or disposals of producing property interests.
- Details of divisional/mine activities (actual and projected), production, ore tonnages and grades.
- A reconciliation of mineral reserves and resources with those previously reported.
- Unit production costs, and separately, unit cash costs, along with average selling prices, for major products or mines.
- Production volume and grades, by major products or mines.
- Maps, showing the location of the entity's various significant operations in relation to well known landmarks or geographical features.
- Details of forward sale contracts.
- Discussion of and accounting for restoration costs.

EXPLORATION

- Differentiate between grass roots and existing mine site exploration.
- Significant results of, and total expenditure on, exploration in key segments and overall.
- Major acquisitions or disposals of exploration property interests.
- Details of exploration activities, methods of sampling, type of drilling or testing, no. of holes drilled, depth drilled and results.
- Exploration funds available, where invested and amount committed to exploration programmes.
- The market for target materials.
- Plans for exploration, and for development of discoveries, including financing, extent of equity or other interest, cost and price assumptions.
- Past operating and exploration history of key properties and newly acquired properties.
- Exploration costs incurred, those capitalised and those written off against profit, distinguishing between costs in Australia and overseas.
- For exploration tenement interests, the maps should show location, and be supplemented by sections of significant exploration targets.

12. PROFESSIONAL, TRADE AND SPORTING ORGANISATIONS

- Provide a statement of the statutory or other authority for the establishment and operation of the organisation. The basis of membership should be indicated.
- Detail the current number of members and show movements over at least five years.
- Acknowledge fundraising policies and results. The results must show both the revenue received and the costs associated with generating that revenue.
- An explanation of the statutory basis on which the organisation conducts its fundraising efforts.
- Specifically acknowledge the receipt of any government funding. Where there are conditions applying to that funding they must be disclosed along with an explanation of how those conditions are met.
- Where donations are received, the report should include appropriate acknowledgment of the donors of cash or gifts in kind. Where gifts have been made for specific purposes, this should be explained and the use to which such donations were put indicated.

13. TRANSPORT, CONSTRUCTION AND THE ENVIRONMENT**TRANSPORT**

- Explain how changes in government policies affect the activities of the organisation.
- Present equipment details including owner/driver arrangements.
- Explain load factors and appropriate performance indicators.
- List equipment financing and depreciation details.
- Comment on accident and injury statistics over at least five years.
- Detail passenger numbers showing movements over at least five years.

CONSTRUCTION

- Explain the basis for the amount of interest capitalised.
- Detail long term financing arrangements, including leasebacks.
- Comment on work in hand.
- Policies for revenue and profit recognition to be clearly stated.

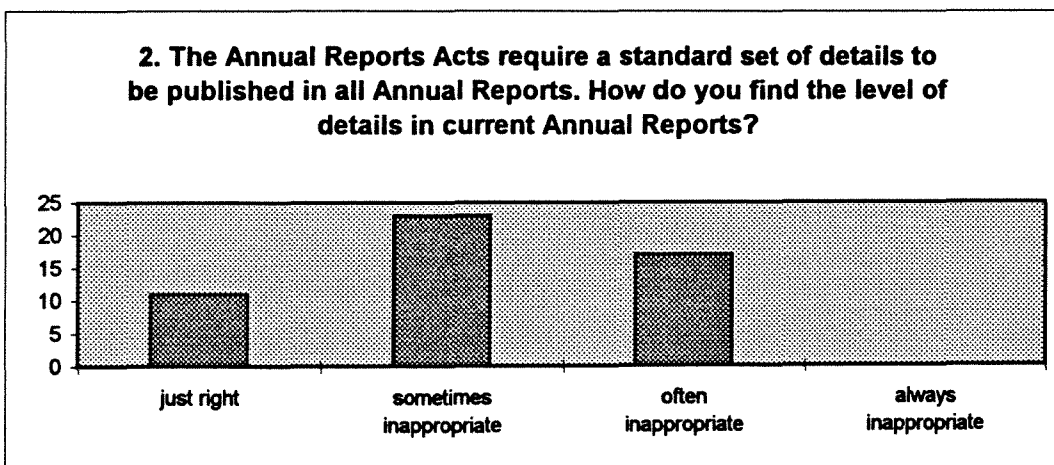
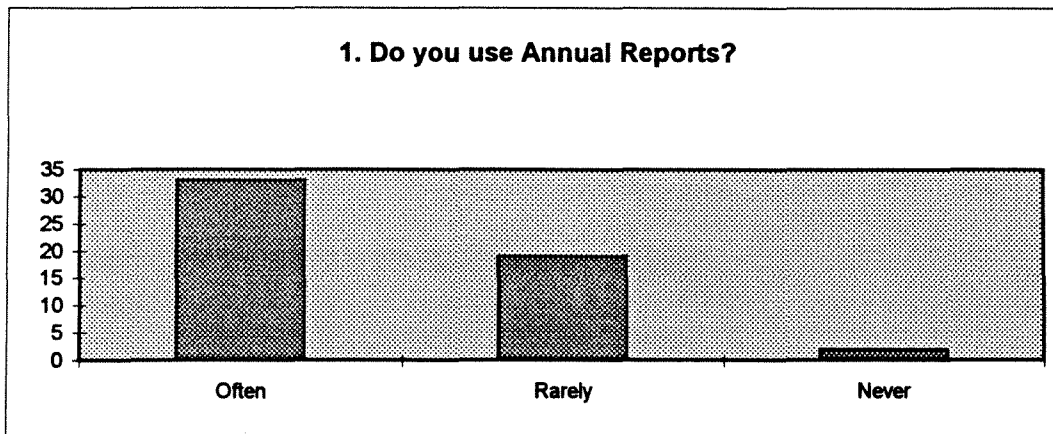
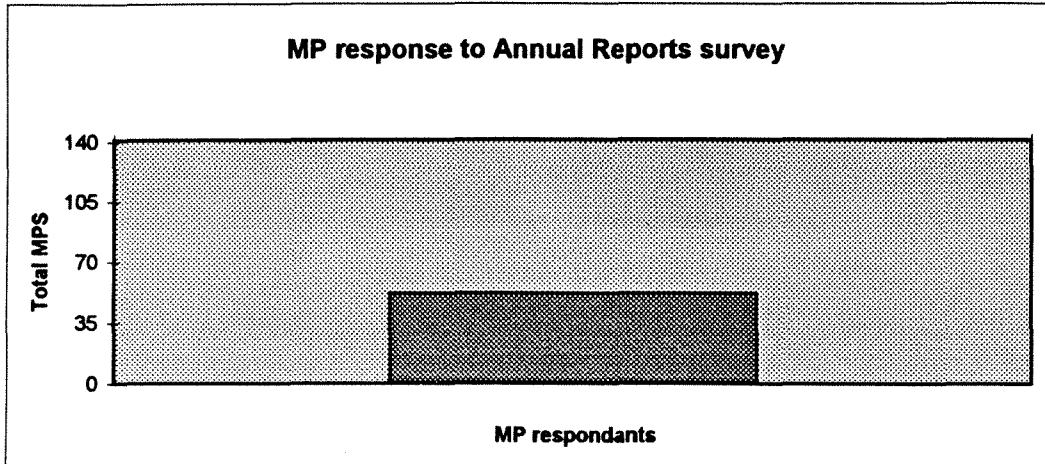
**Appendix Three -
Results of Survey of Members of Parliament
on Annual Reports
conducted in 1994
by the Public Accounts Committee**

Public Accounts Committee

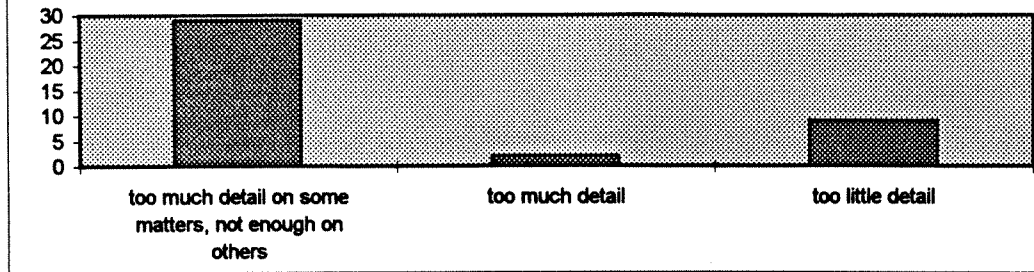
SURVEY ON ANNUAL REPORTS

A survey on annual reports was circulated to all Members of NSW Parliament by the Public Accounts Committee in September 1994.

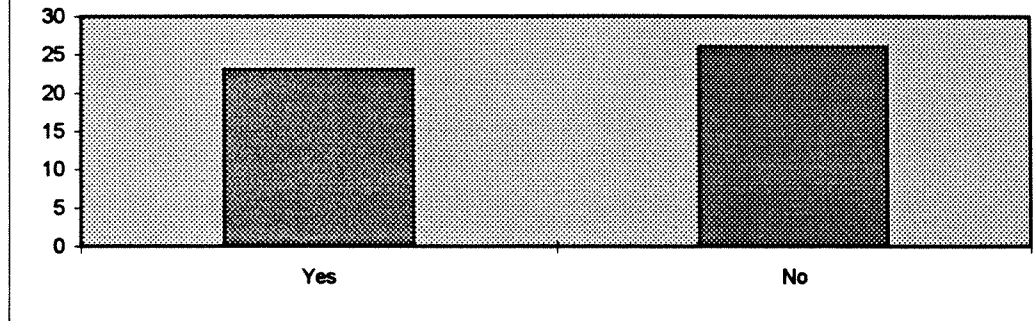
The following graph indicates the level of responses to this survey:



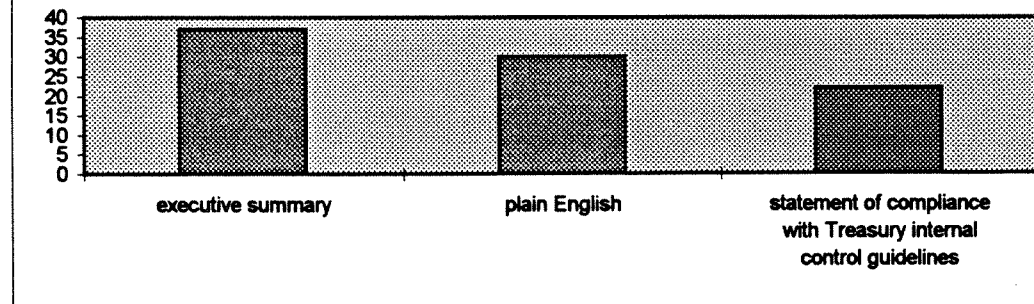
3. If you marked inappropriate, why?

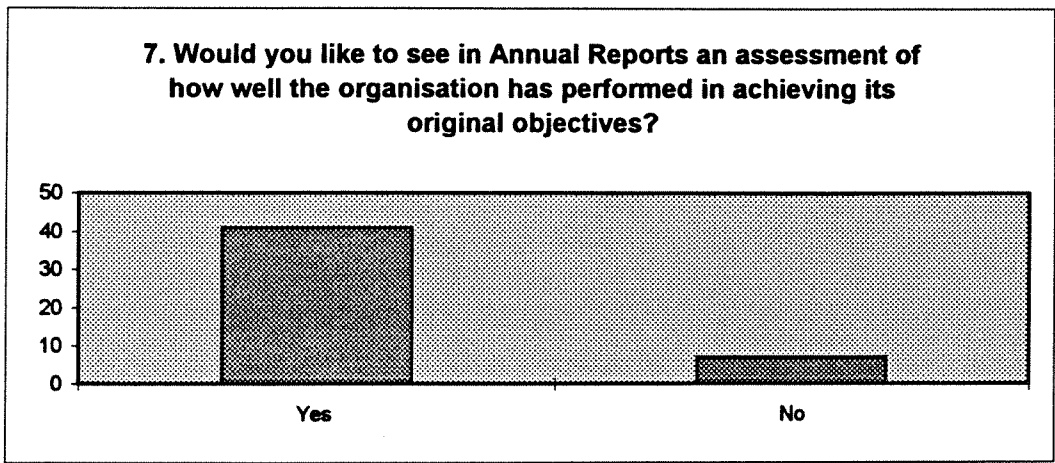
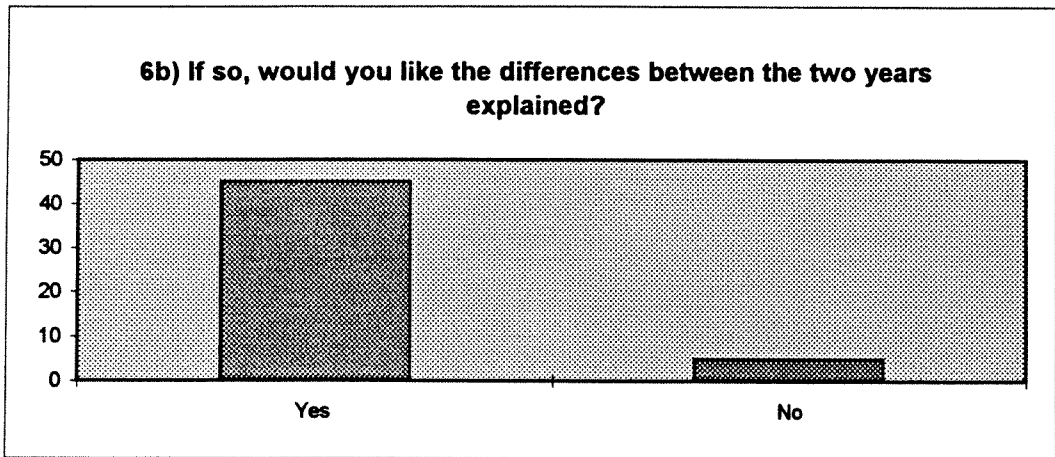
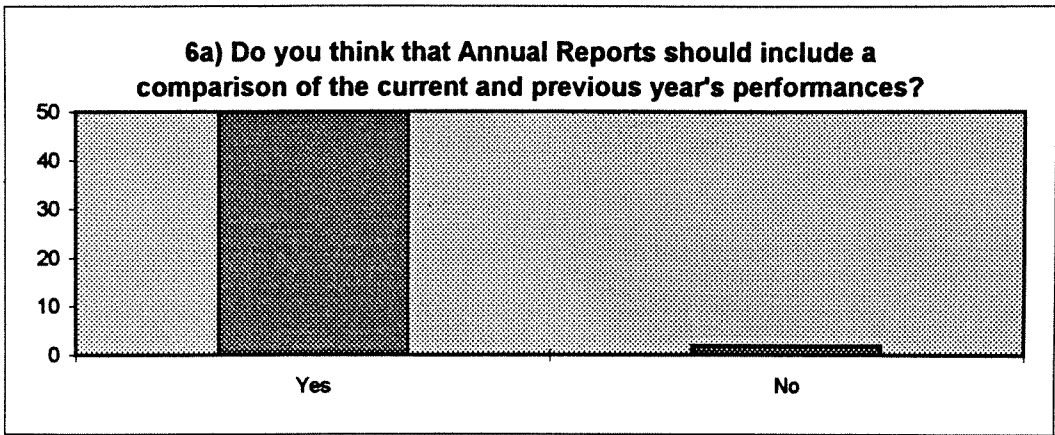


4. Have you found significant gaps in Annual Reports?



5. Indicate what you think should be included in Annual Reports from the following:





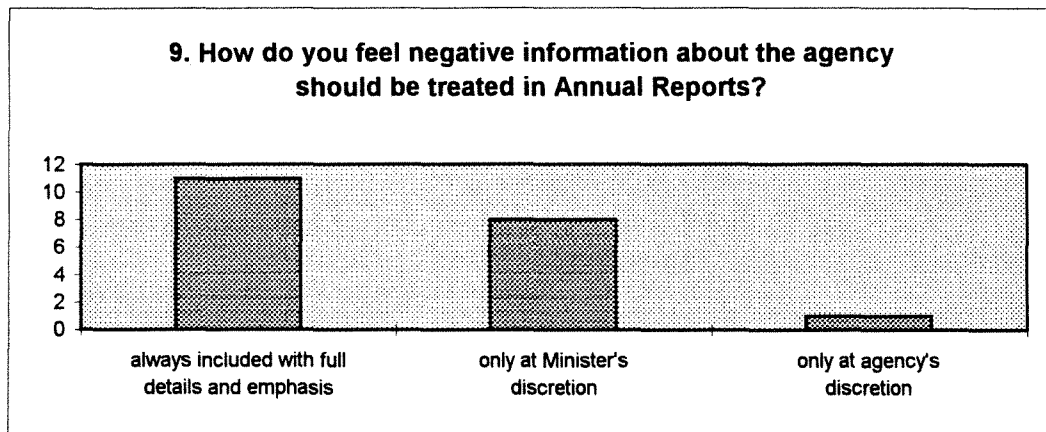
Due to the phrasing of question 8, answers have been divided into the following clauses:

8a) Do you think that legislation should prescribe in detail elements to be included in Annual Reports?

16 responded yes

8b) Do you think that legislation should set broad guidelines and leave it to agencies to interpret?

11 responded yes



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