



Legislative Assembly for the ACT

STANDING COMMITTEE ON EDUCATION, TRAINING
AND YOUNG PEOPLE
**Report on 2003 to 2004 Annual and Financial
Reports**

MAY 2005

Report 1

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Resolution of Appointment

To examine matters related to early childhood education and care, primary, secondary, post secondary and tertiary education and vocational training, non-government education, youth and family services, technology, arts and culture, sport and recreation.

Terms of Reference

On 7 December 2005 the following reports for the 2003-2004 financial year, and the 2004 and 2005 calendar year were referred by the Assembly to the Standing Committee on Education and Training for inquiry and report:

- Canberra Institute of Technology
- Department of Education and Training
- Office for Children, Youth and Family Support
- Building and Construction Industry Training Fund Board
- Cultural Facilities Corporation

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SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1

2.5 The Committee recommends that annual reports accurately reflect the full governance arrangements of the agency throughout the entire year.

RECOMMENDATION 2

2.13 The Committee recommends that reporting agencies improve the level of discussion and analysis in reports, including clear and plain explanations of the intent, meaning and variances in performance measures, and including discussion of challenges and difficulties faced by the agency.

RECOMMENDATION 3

2.18 The Committee recommends that, in future, agencies ensure that they report appropriately on the implementation of Government responses to Legislative Assembly committee recommendations, and make this information available on the internet.

RECOMMENDATION 4

2.22 The Committee recommends that the Government ensure that there is a mechanism included in the Annual Reports Directions for annual reports to include qualitative and quantitative information about the work undertaken by volunteers.

RECOMMENDATION 5

2.26 The Committee recommends that agencies ensure that future reports include contact officers and relevant references to other reporting and information sources consistently throughout the report.

1 INTRODUCTION

- 1.1 On 7 December 2004, 2003-2004 annual and financial reports were presented to the Legislative Assembly and referred to standing committees for inquiry and report.
- 1.2 As per the schedule defined by the Speaker, the Standing Committee on Education, Training and Young People is responsible for the following reports:
 - Building and Construction Industry Training Fund Board;
 - Canberra Institute of Technology;
 - Cultural Facilities Corporation
 - Department of Education and Training; and
 - Office for Children, Youth and Family Support.
- 1.3 The Canberra Institute of Technology reports on a calendar year as it is part of the national training effort and needs to remain in line with that national system.¹ Both the 2003 and 2004 reports stand referred to this committee. The 2004 was tabled in April 2005 and so the Committee may choose to report on it at some point in the future, but it is not addressed in this report.
- 1.4 The Committee held public hearings on 2 February 2005 with the Minister for Education and Training and officials from the Department of Education and Training and the Canberra Institute of Technology. The Committee chose not to hold public hearings into the other referred reports given the length of time from the reporting period and the fact that all members of the Committee are new to the portfolio area responsibilities. The Committee will receive briefings on the activities of these areas over the coming months.

Purpose and intent of annual reports

- 1.5 Annual and financial reports are the primary accountability documents of departments and agencies. They are high-level documents reflecting on the year's performance, achievements and outcomes and should be a concise way of accounting for the expenditure of public monies.

¹ Transcript of Evidence, 2 February 2005, p. 48

- 1.6 Agencies report against the requirements of the Chief Minister's Annual Reports Directions (the Directions), which are issued under the *Annual Reports (Government Agencies) Act 2004*.
- 1.7 The Directions identify annual reports as:
- the principal way in which agencies account for management performance through Ministers to the Legislative Assembly and the wider community;
 - tabled in the Assembly and form a key part of the historical record of government and public administration decisions, actions and outcomes;
 - a source of information and reference about the performance of agencies and service providers for other stakeholders, educational and research institutions, the media and the public; and
 - key reference documents and documents for internal management.²
- 1.8 Departments and agencies reporting to the ACT Government have a number of resources available to them to ensure adequate reporting including the Directions, reports of various Assembly Committees, the Institute of Public Administration annual reports awards judges reports and the 2003 Auditor General's report, the *Effectiveness of Annual Reporting* (Report 1, 2003).
- 1.9 There are also a number of resources produced by other jurisdictions that are useful guides to effective annual reporting. The NSW Audit Office produces a better practice guide to reporting that identifies that annual reports should:
- report objectives that are clear and measurable;
 - focus on results and outcomes;
 - discuss results against expectations;
 - be complete and informative;
 - explain changes over time;
 - provide evidence of value for money;
 - discuss risks, strategies and the external operating environment.³
- 1.10 The Committee assessed the above reports in this context, and also assessed the reports for:
- accessibility, clarity and focus in presentation;

² Chief Minister's Department. *2004 Annual Reports Directions*. June 2004. p. 1

³ Audit Office of New South Wales. *Reporting performance: a guide to preparing performance information for annual reports*. November 2000, p. 2. Available online at www.audit.nsw.gov.au/guides-bp/annualreporting.pdf

- clear links between output classes and results;
- open and honest discussion of the impact of outside scrutiny on the agency and any difficulties faced.

- 1.11 The Committee has no comment to make on the ACT Building and Construction Industry Training Fund Board Annual Report.
- 1.12 For the majority of the reporting period the responsibilities of Office for Children, Youth and Family Support were held by the Department of Education and Training and this is reflected in the Department annual report. For the reporting period 26 May to 30 June 2004, this report is clear with good links to output classes and listing relevant contact officers and websites for more information. On the whole this is a very good report.
- 1.13 Since this report was released, the Office has moved from the Chief Minister's Department to the Department of Disability, Housing and Community Services. The Committee received a briefing from the Office on its current and planned future activities and thus has not examined the report in detail. However, the following comments on general reporting should be taken to apply to all reports.

2 GENERAL REPORTING ISSUES

- 2.1 The Department of Education and Training underwent major public scrutiny in this reporting year. The Committee notes that this is acknowledged in the beginning of the report. However, for nearly five months during the reporting period, the Chief Executive stood aside while the Commissioner for Public Administration undertook an investigation into the management of child protection.
- 2.2 This acting appointment is not mentioned in the overview, nor the chapter on organisational governance arrangements, even though it was for a significant part of the reporting period.
- 2.3 Chief Executives are responsible for the outcomes of the department under their control and therefore reports reflecting those outcomes should list all chief executives, acting or otherwise, who have held responsibility for the department during the reporting period.
- 2.4 Annual reports should not be a snapshot of the agency as at 30 June (or 31 December), but rather an explanation of outcomes balanced against the operating environment of the year.

RECOMMENDATION 1

- 2.5 **The Committee recommends that annual reports accurately reflect the full governance arrangements of the agency throughout the entire year.**
- 2.6 Many of the items reported on are a list of figures, such as 'this number of students attended government schools achieve this percent in benchmark testing'. While reporting of this type is interesting, and necessary, the report is more a 'good news' activity report, than a genuine analysis of the outputs, outcomes and shortfalls in performance.
- 2.7 In general, the Committee found that the reports:
 - Lacked in discussion and analysis about the impact of major external scrutiny;

- Contained little analysis of outcomes, including the challenges faced by the agency;
 - Lacked, clear, concise and qualitative links to the budget papers.
- 2.8 Committees of the Assembly have long made commentary on the usefulness of performance measures and the need to ensure that they are meaningful and yet it appears there has been little movement towards improving measures, or the explanations of variances.
- 2.9 While the Department of Education and Training report itself is written in clear, simple, language, this style disappears in the notes to the performance measures. The notes to the measures and reasons for variance are written in a complicated manner, and it is unclear to the lay reader just what some of the measures refer to⁴ and what the notes actually mean.
- 2.10 For example, a reason for material variance states:
- The result is lower than the original and amended target due to improved allocations methodologies and better identification and exclusion of centrally controlled direct costs in the current year.⁵
- 2.11 When appearing before the Committee, officers provided simple explanations for many of the more complicated performance measures and reasons for variance. There is no reason why these explanations cannot be included in the report as a matter of course, and no reason why reasons for material variance need to be as complicated as that above.
- 2.12 Readers should be able to clearly understand performance measures and what they refer to, and the impact on Territory finances, and what the measures actually deliver in terms of services. When performance measures are vaguely written with no, or extremely complicated, accompanying notes, it is impossible to obtain a true picture of the agency's outcomes.

⁴ For example, Output Class 2.1 (page 186) includes a cost measure of 'Average cost per school.' This refers to the cost of running the non-Government Schools office, but nowhere can the reader find this explanation.

⁵ Department of Education and Training Annual Report 2003-2004, p. 179

RECOMMENDATION 2

- 2.13 **The Committee recommends that reporting agencies improve the level of discussion and analysis in reports, including clear and plain explanations of the intent, meaning and variances in performance measures, and including discussion of challenges and difficulties faced by the agency.**

Specific reporting issues

Implementation of the recommendations of Legislative Assembly Committees

- 2.14 Departments are required to report on the implementation of agreed recommendations of Legislative Assembly committee reports. Often multiple departments have responsibility for the carriage of recommendations.
- 2.15 For example, the 2003 Health of School Age Children report released by the Standing Committee on Health (Fifth Assembly) had recommendations to be implemented by both the health and education departments. ACT Health reports on the implementation of the relevant recommendations of the above report, but the Education Department does not.
- 2.16 As noted by the Minister in the public hearing on 2 February 2005⁶, there are many reports that refer to cross-agency responsibilities and agencies must ensure that they are reporting on all of their responsibilities when this occurs.
- 2.17 The Committee notes that the report does contain a reasonably comprehensive response to the Standing Committee on Education's (Fifth Assembly) report on vocational education and training, *Pathways to the Future*, and notes that this response is to made available on the internet⁷.

⁶ Transcript of Evidence, 2 February 2005, p. 14

⁷ *ibid.*, p. 38

RECOMMENDATION 3

- 2.18 **The Committee recommends that, in future, agencies ensure that they report appropriately on the implementation of Government responses to Legislative Assembly committee recommendations, and make this information available on the internet.**

Reporting of volunteer contribution to outcomes

- 2.19 The contribution that volunteers make to the education system is widely known. However, when questioned on this, the Minister was unable to quantify the contribution either in hours or dollar terms.⁸
- 2.20 Volunteering is an important part of the social fabric of our community and particularly important in educational settings for the diversity of skills and experiences it can bring to the lives of young people. The contribution of the volunteer workforce is also a significant cost saving for the Government and volunteers must be recognised for the contribution that they make.
- 2.21 The Committee acknowledges that the Government is appreciative of the efforts of volunteers, but it needs to report on the contribution of volunteers in quantitative terms – recognising and valuing this contribution as essential to agency performance.

RECOMMENDATION 4

- 2.22 **The Committee recommends that the Government ensure that there is a mechanism included in the Annual Reports Directions for annual reports to include qualitative and quantitative information about the work undertaken by volunteers.**

Other reporting issues

- 2.23 Throughout the reports reference is made to various documents, for example in the Department of Education and Training report, reporting to the Assembly against the goals of the *Indigenous People Action Plan 2002-04*⁹. The

⁸ *ibid.*, p. 44

⁹ Department of Education and Training Annual Report 2003-2004, p. 71

report makes little reference to where readers can find these reports, nor a contact officer. This is a common feature throughout most reports. The Committee notes that there are contact officers listed on pages 14 and 15 of the Department report but is of the opinion that these contacts should be listed against the relevant section of the report. The Committee also notes that some sections do contain reference to an internet site, however this is not consistent throughout the report.

- 2.24 Comprehensive reporting is essential, and obviously not all aspects of the agencies business can be reported comprehensively in an annual report, it is therefore important that contact officers and relevant internet references are included throughout the report.
- 2.25 The Office of Children, Youth, and Family Support annual report is a good example of this.

RECOMMENDATION 5

- 2.26 **The Committee recommends that agencies ensure that future reports include contact officers and relevant references to other reporting and information sources consistently throughout the report.**

Mary Porter MLA

Chair

19 April 2005

APPENDIX A: Conduct of Inquiry

Annual and Financial reports were referred to committees on 7 December 2004.

The Committee held a public hearing on 2 February 2005 into the Department of Education and Training Annual Report and the 2003 Canberra Institute of Technology Annual Report. The Committee chose not to hold public hearings on the other referred reports and instead had private briefings from each of these areas. The hearing was advertised via media release on 1 February 2005.

The Committee heard from the following individuals at the public hearing:

- Ms Katy Gallagher, Minister for Education and Training

For the Department of Youth and Training:

- Dr Michele Bruniges, Chief Executive
- Ms Anne Thomas, Executive Director, People, Information and Resources
- Mr Craig Curry, Executive Director, Education and Training
- Ms Julie McKinnon, Executive Director
- Ms Anne Houghton, Training and Adult Education
- Mr Rob Donnelly, Director, Director, Budget and Facilities
- Mr Michael Bateman, Director, People, Information and Resources Network
- Ms Kathy Melsom, Director, Student Services and Equity

For the Canberra Institute of Technology:

- Mr Peter Veenker, Chief Executive and Director
- Mr Peter Kowald, Acting General Manager, Corporate Services Division
- Mr Vaughn Croucher, Dean, Learning Services Division

A transcript is available from the Legislative Assembly website at <http://www.hansard.act.gov.au/hansard/2005/comms/default.htm>, answers to questions on notice are available from the Committee Secretary at committees@parliament.act.gov.au.