

## Chapter 2

### Annual reports of Commonwealth Departments

2.1 For the financial year of 2012–13, the annual reports of the following departments were referred to the committee for examination and report:

- Department of Families, Housing, Community Services and Indigenous Affairs;
- Department of Health and Ageing; and
- Department of Human Services.

#### **Department of Families, Housing, Community Services and Indigenous Affairs**

##### *Tabling of the report*

2.2 The 2012–13 annual report was received out of session by the President of the Senate on 29 October 2013 which made it available to Senators for examination at the supplementary budget estimates 2013–14 hearings.

##### *Secretary's review*

2.3 The secretary, Mr Finn Pratt, noted several significant achievements during 2012–13 including:

- The further development and refinement of the National Disability Insurance Scheme (NDIS) and foundation of DisabilityCare Australia (now the National Disability Insurance Agency<sup>1</sup>);
- Launching the NDIS from 1 July 2013 in South Australia, Tasmania, the Hunter region in New South Wales and the Barwon area in Victoria, and with seven state and territories signed up for a full roll out of the scheme by July 2019;
- Continuing commitment to the Stronger Futures in the Northern Territory package with 2012–13 being the first year into the 10 year commitment;
- Improving community safety in remote communities across the Northern Territory with the Tackling Alcohol Abuse Implementation Plan and the Community Safety and Justice Implementation Plan;
- Ongoing work with the Parliamentary Joint Select Committee on Constitutional Recognition of Aboriginal and Torres Strait Islander People to build public awareness and community support for the constitutional recognition of Indigenous Australians;

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1 After the Federal election on 7 September 2013, the incoming Government discontinued the use of the name 'DisabilityCare Australia', reverting to the National Disability Insurance Scheme.

- Expanding income management into seven new sites and the introduction of the Essential Medical Equipment Payment and Low Income Supplement as part of the Clean Energy Future package;
- Establishing the National Gambling Regulatory and working with industry and the Queensland Government to run a trial of dynamic warning technology; and
- The Royal Commission into Institutional Responses to Child Sexual Abuse was established.<sup>2</sup>

### *Ministerial responsibilities*

2.4 As at 30 June 2013, the ministers and parliamentary secretaries responsible for the portfolio and its agencies were:

- The Hon Jenny Macklin MP, Minister for Families, Community Services and Indigenous Affairs, and Minister for Disability Reform;
- The Hon Mark Butler MP, Minister for Housing and Homelessness;
- The Hon Julie Collins MP, Minister for Community Services, Minister for Indigenous Employment and Economic Development and Minister for the Status of Women;
- The Hon Amanda Rishworth MP, Parliamentary Secretary for Disability and Carers; and
- The Hon Melissa Park MP, Parliamentary Secretary for Homelessness and Social Housing.

### *Performance reporting*

2.5 The annual report addresses the key performance indicators (KPIs) as listed in the *Portfolio Budget Statements 2012–13*. The committee notes that during 2012–13, the Research and Evaluation Committee assessed 36 projects against each of the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) outcomes. They also monitored several large evaluations including evaluations of the Paid Parental Leave scheme, Income Management and the National Disability Insurance Scheme.<sup>3</sup>

### *Financial performance*

2.6 With the department continuing to manage a range of pressures including the compound effect of efficiency dividends and other targeted savings, their financial performance was regarded as strong.<sup>4</sup>

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2 Department of Families, Housing, Community Services and Indigenous Affairs, 'Secretary's Review', *Annual Report 2012-13*, pp. 2-4

3 Department of Families, Housing, Community Services and Indigenous Affairs, 'Our Performance Part Two', *Annual Report 2012-13*, p. 26.

4 Department of Families, Housing, Community Services and Indigenous Affairs, 'Secretary's Review', *Annual Report 2012-13*, p. 6.

2.7 Financial management measures taken by the department include finding efficiencies in travel, accommodation, and information and communication technology savings. The department is also looking at adjusting staff profiles, the appropriate use of temporary staffing arrangements, and re-engineering of Corporate Service functions.<sup>5</sup>

2.8 The department reported a \$50.6 million deficit for 2012–13. As in the last financial year, the deficit was attributed to the:

Revised net cash appropriation arrangements, whereby asset replacement is funded through a capital appropriation rather than an operating appropriation.<sup>6</sup>

2.9 The operating surplus attributable to FaHCSIA was \$0.3 million.<sup>7</sup>

2.10 Income increased for the department from \$568.4 million in 2011–12 to \$589.4 million in 2012–13. Government measures relating to the launch of DisabilityCare Australia, the National Gambling Regulator and the Royal Commission into Institutional Responses to Child Sexual Abuse led to the increase.<sup>8</sup>

2.11 The Australian National Audit Office (ANAO) makes audit recommendations to government agencies, and rates its audit findings on a risk scale: Category, A, B and C, corresponding to significant, moderate and low business or financial management risks respectively.<sup>9</sup> The committee commends FaHCSIA on continuing to having no category A, B or C findings after the ANAO audit of the FaHCSIA 2012–13 financial statements.<sup>10</sup>

### *Transparency and Scrutiny*

2.12 As mentioned in the committee's *Report on Annual Reports 2013(1)*, the committee notes the work being undertaken by the Department of Finance and Deregulation and the ANAO in regards to agencies potentially breaching section 83 of the Constitution, whereby 'no money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law'.<sup>11</sup>

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5 Department of Families, Housing, Community Services and Indigenous Affairs, 'Secretary's Review', *Annual Report 2012-13*, p. 6.

6 Department of Families, Housing, Community Services and Indigenous Affairs, 'Managing our Finances', *Annual Report 2012-1-32*, p. 150.

7 Department of Families, Housing, Community Services and Indigenous Affairs, 'Managing our Finances', *Annual Report 2012-1-32*, p. 150.

8 Department of Families, Housing, Community Services and Indigenous Affairs, 'Managing our Finances', *Annual Report 2012-1-32*, p. 150.

9 The Auditor-General, *Audit Report No. 51 2011-12 Interim Phase of the Audits of the Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2012*, Australian National Audit Office, 2012, p. 17, fn. 4.

10 Department of Families, Housing, Community Services and Indigenous Affairs, 'Managing our Finances', *Annual Report 2012-13*, p. 150.

11 The Constitution of Australia, Chapter IV—Finance and Trade, sec. 83.

2.13 FaHCSIA continues to monitor its level of compliance across all legislation that it has administrative responsibility in accordance with section 83 of the Constitution.<sup>12</sup>

## **Department of Health and Ageing**

### *Tabling of the report*

2.14 The 2012–13 annual report was received out of session by the President of the Senate on 31 October 2013 which made it available to Senators for examination at the supplementary budget estimates 2013–14 hearings.

### *Secretary's review*

2.15 The secretary, Professor Jane Halton, noted numerous significant achievements including:

- Gains being made to lower smoking rates across the population;
- Tackling obesity through work to develop front of pack labelling to provide consumers with information about making health choices;
- Providing Australians with free treatment as a public patient in public hospitals through Medicare;
- The Pharmaceutical Benefit Scheme (PBS) has subsidised around 750 medicines available in more than 7970 forms;
- Providing a comprehensive immunisation program, with a greater range of vaccines free to citizens compared to most other countries;
- Implementing change through the Department of Health and Ageing (DoHA) National Alignment (DNA) to ensure the department is in the best position to implement and manage key priorities and programs;
- Implementation of single-header, multi-year funding agreements and improved contract management tools and processes to address the administrative burden on government funded non-for-profit organisations; and
- The active contribution the department's staff made in supporting the Hartley Lifecare Boundless Canberra.<sup>13</sup>

### *Chief Medical Officer's Report*

2.16 Professor Chris Baggoley, Chief Medical Officer, addressed four main issues in his report, namely immunisation, emerging new viruses and diseases, antimicrobial resistance, and early diagnosis and screening for cancer.

2.17 Professor Baggoley noted that Australia's National Immunisation Program is continuing to be successful in contributing to our low infant mortality and high life-expectancy rates. The National Immunisation Program's ongoing success is

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12 Department of Families, Housing, Community Services and Indigenous Affairs, 'FaHCSIA Financial Statements', *Annual Report 2012-1-32*, p. 250.

13 Department of Health and Ageing, 'Secretary's Review', *Annual Report 2012–2013*, pp. 1-2.

demonstrated through the reduction of many vaccine preventable diseases. He notes that Australia is achieving good results with childhood immunisation coverage, with at or above 90% average coverage for children at one, two, five years old. However, some geographical areas are reporting significant lower coverage which is a significant concern to the Chief Medical Officer.<sup>14</sup>

2.18 Emerging infectious diseases such as the Avian influenza A (H5N1) identified in China and the Middle East Respiratory Syndrome (MERS), continue to pose threats to the health of Australians. While there have been no cases of either virus in Australia, the department has undertaken planning and response measures in conjunction with the Communicable Diseases Network Australia, with Australia being well placed to respond to new communicable disease threats should they occur in Australia.<sup>15</sup>

2.19 In February 2013 the Australian Antimicrobial Resistance Prevention and Containment Steering Group was established to look at the critical issue impacting on Australia's health; antimicrobial resistance.<sup>16</sup>

2.20 BreastScreen Australia, the National Cervical Screening Program and the National Bowel Cancer Screening Program have demonstrated that screening can detect early signs of cancer, increase the chances for successful treatment and reduce mortality for these cancers.<sup>17</sup>

#### *Changes in administrative arrangements*

2.21 The portfolio outcome structure was amended in 2012–13 to include one new portfolio agency, the National Health Funding Body to provide transparent and efficient administration and funding to Australia's public hospital system.<sup>18</sup>

#### *Ministerial responsibilities*

2.22 As at 30 June 2013, the ministers and parliamentary secretaries responsible for the portfolio and its agencies were:

- The Hon Tanya Plibersek MP, Minister for Health;
- The Hon Mark Butler MP, Minister for Mental Health and Ageing;
- The Hon Warren Snowdon MP, Minister for Indigenous Health;

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14 Department of Health and Ageing, 'Chief Medical Officer's Report', *Annual Report 2012–2013*, p. 3.

15 Department of Health and Ageing, 'Chief Medical Officer's Report', *Annual Report 2012–2013*, pp. 3-5.

16 Department of Health and Ageing, 'Chief Medical Officer's Report', *Annual Report 2012–2013*, p. 5.

17 Department of Health and Ageing, 'Chief Medical Officer's Report', *Annual Report 2012–2013*, p. 5.

18 Department of Health and Ageing, 'Overview of the Department', *Annual Report 2012–2013*, p. 22.

- The Hon Shayne Neumann MP, Parliamentary Secretary for Health and Ageing; and
- The Hon Melissa Parke MP, Parliamentary Secretary for Mental Health.<sup>19</sup>

#### *Performance reporting*

2.23 The annual report addresses KPIs as listed in the *Portfolio Budget Statements 2012-13*. The committee acknowledges that the vast majority of performance indicators were met or substantially met.<sup>20</sup>

2.24 The committee notes the department's achievement in expanding the National Bowel Cancer Screening Program to include people turning 60 from 1 July 2013.<sup>21</sup>

2.25 The committee also notes the achievement of the department in finalising Australia's first National Aboriginal and Torres Strait Islander Suicide Prevention Strategy.<sup>22</sup>

#### *Financial performance*

2.26 In 2012–13, the department recorded an operating deficit of \$52.1 million under the net cash appropriation model introduced by the Commonwealth in 2010–11.<sup>23</sup>

2.27 For the 2012–13 reporting period, the total expenses administered on behalf of the department was \$51.2 billion, an increase of \$1.5 billion from the previous year. Subsidies expenses increased by 4.2%, from \$9.1 billion in 2011–12 to \$9.4 billion in 2012–13, primarily being administered by the Ageing and Aged Care Division to provide quality and cost-effective care for older people and their carers. Grant expenses also increased by 14.5% to \$7.0 billion in line with budget expectations.<sup>24</sup>

2.28 To meet financial challenges ahead, the department is progressing key reforms and perusing all avenues for productivity and efficiency improvement. Key reforms include improving IT governance, automation of grants procurement and program funding into a single, system and database alignment in the department's Enterprise Data Warehouse.<sup>25</sup>

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19 Department of Health and Ageing, 'Overview of the Department', *Annual Report 2012–2013*, p. 20.

20 Department of Health and Ageing, 'Performance Reporting', *Annual Report 2012–2013*, pp. 28-199.

21 Department of Health and Ageing, 'Outcome 1 Population Health', *Annual Report 2012–2013*, p. 28.

22 Department of Health and Ageing, 'Outcome 11 Mental Health', *Annual Report 2012–2013*, p. 162.

23 Department of Health and Ageing, 'Financial Performance', *Annual Report 2012–2013*, p. 278.

24 Department of Health and Ageing, 'Financial Performance', *Annual Report 2012–2013*, p. 277.

25 Department of Health and Ageing, 'Financial Performance', *Annual Report 2012–2013*, p. 280.

## Department of Human Services

### *Tabling of the report*

2.29 The 2012–13 annual report was presented out of session on 22 October 2013 (and tabled on 12 November 2013). This made it available to Senators for the supplementary budget estimates 2013–14 hearings.

### *Secretary's review*

2.30 The secretary, Ms Kathryn Campbell, noted several achievements of the department including:

- Making payments totalling \$149.4 billion on behalf of the government;
- Students, families, seniors and job seekers being able to conduct many transactions via new apps made for smartphones;
- Streamline of services into new smart centres, taking phone calls and processing across programs such as Centrelink and Medicare;
- Administering new payments and services including key elements of the government's aged care package, Living Longer. Living Better; and
- Commitment of staff volunteering to travel to affected areas by cyclones and bushfires to provide support.<sup>26</sup>

### *Ministerial Responsibilities*

2.31 As at 30 June 2013, the Minister responsible for the Human Services Portfolio was Senator the Hon Jan McLucas.<sup>27</sup>

### *Performance reporting*

2.32 The annual report addresses the KPIs as listed in the *Portfolio Budget Statements 2012–13*. The committee acknowledges that the Department of Human Services met 25 of its 28 KPIs.<sup>28</sup>

2.33 The department notes the continuous improvements in service delivery reform, new business and design processes and expanding research capabilities underpin the department's culture. With the launch of the department's self-service mobile apps, there was significant growth for 2012–13 in the department's online and self-service capabilities. Customers using Apple and Android smartphones were able to access the department's services 'on the go'. During 2012–13, the app was downloaded more than 750 000 times, with self-service use across programs such as Centrelink, Medicare and Child Support.<sup>29</sup>

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26 Department of Human Services, 'Secretary's Review', *Annual Report 2012-13*, pp. 2-3.

27 Department of Human Services, 'Our Department and our Partnerships', *Annual Report 2012-13*, p. 7.

28 Department of Human Services, 'Secretary's Review', *Annual Report 2012-13*, p. 3.

29 Department of Human Services, 'Transforming and Delivering Services', *Annual Report 2012-13*, p. 29.

2.34 The department delivers social policy services to families with children, including assistance to separated families through child support services and new programs such as Dad and Partner Pay. Since its beginning in January 2013, 27 000 fathers and partners received the new payment. The department provides assistance to older Australian and 2.3 million Australians were delivered Age Pension payments.<sup>30</sup>

2.35 The department achieved payment correctness at 98 per cent, higher than their target of 95 per cent, and recovered \$1.2 billion of Centrelink payment debts.<sup>31</sup>

#### *Financial performance*

2.36 In 2012–13, the department reported an operating deficit of \$7.3 million before unfunded depreciation and revaluation adjustments. This is compared to a \$38.6 million deficit in 2011–12.

2.37 In 2012–13, the department changed the method for calculating the operating deficit reported. In the 2011–12 Annual Report the loss of \$14.8 million reported included the impact of revaluation adjustments and funded depreciation.

2.38 An estimated \$149.4 billion in payments were administered by the department in 2012–13.<sup>32</sup>

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30 Department of Human Services, 'Families, People Looking For Work, Studying or Unable to Work, and Older Australians', *Annual Report 2012-13*, pp. 68-69.

31 Department of Human Services, 'Ensuring Compliance and Business Integrity', *Annual Report 2012-13*, p. 188.

32 Department of Human Services, 'Financial Overview and Financial Statements', *Annual Report 2012-13*, p. 252.