

CHAPTER 1

ANNUAL REPORTS OF DEPARTMENTS

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

- Attorney-General's Department; and
- Department of Immigration and Citizenship.¹

Attorney-General's Department

Tabling of report

1.2 The 2012–13 annual report was presented out of session to the President of the Senate on 30 October 2013 and tabled in the Senate on 12 November 2013. The report was available to senators for the Supplementary Budget Estimates 2013–14 hearings.

Secretary's review

1.3 The secretary's highlights for 2012–13 included supporting the operations of the Defence Abuse Response Taskforce, established in November 2012, and the Royal Commission into Institutional Responses to Child Sexual Abuse, established in January 2013.² Additionally, the department assisted in the development of a National Plan to Combat Cybercrime to unify and align current and future efforts across jurisdictions.³

Changes to the portfolio structure

1.4 The report outlines changes made to the portfolio in early 2013, which included the Federal Magistrates Court of Australia being renamed the Federal Circuit Court of Australia in April 2013; and institutional reforms in relation to the operations of the National Native Title Tribunal and the Federal Court of Australia coming into effect in March 2013. As a result of the reforms, the Tribunal is no longer considered a *Financial Management and Accountability Act 1997* (FMA Act) agency.⁴

1.5 The committee is aware of machinery of government changes of late 2013, following the federal election, and looks forward to the addition of the cultural affairs and arts agencies in the department's 2013–14 annual report.

1 Following a resolution of the Senate in November 2013, the department was renamed the Department of Immigration and Border Protection.

2 *Attorney-General's Department Annual Report 2012–13*, p. 4.

3 *Attorney-General's Department Annual Report 2012–13*, p. 6.

4 *Attorney-General's Department Annual Report 2012–13*, p. 9.

Performance reporting

1.6 The annual report's performance review addressed the key performance indicators (KPIs) of each of the department's programs, as listed in the Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES).⁵ The report included a comprehensive account of the department's achievements and work progress within each program. However, discussion and analysis of departmental performance against KPI targets within individual programs was limited and did not adequately consider the department's effectiveness in achieving its stated outcomes.⁶ The committee draws the department's attention to the Requirements for Annual Reports which state that '[d]escriptions of processes and activities should be avoided. Rather, reporting should be aimed at providing an assessment of how far the agency has progressed towards the achievement of its stated outcomes'.⁷

1.7 The committee notes that the performance information provided in the department's annual report did not include specific program objectives or deliverables contained in the PBS and PAES.⁸ The committee suggests including program objectives, where possible immediately before a narrative report of the major achievements within each program, to provide context of how these achievements contributed to the program's objective. The inclusion of such information would contribute to achieving a 'clear read' of the PBS and PAES.

1.8 The tabular presentation of KPIs was consistent with the format used in the 2011–12 and 2010–11 annual reports, and was accessible and generally informative. The report assessed the KPIs as being 'achieved', 'substantially achieved', 'partially achieved' or 'not achieved', with a brief explanation supporting each result.⁹ The use of categories such as these to assess the department's effectiveness in achieving each KPI is particularly helpful when addressing performance against qualitative KPIs, as it facilitates direct comparisons of KPI results within and amongst programs.

1.9 However, the report lacked quantitative KPI targets. The committee notes these were also missing from the 2011–12 and 2010–11 reports. The committee acknowledges the difficulty in assessing the effective operations of departmental programs that involve policy development using quantitative KPI targets. However, in some instances, where KPIs address timeliness, it would be helpful to include a

5 *Attorney-General's Department Annual Report 2012–13*, pp 34–35, 47–49, 52, 55, 59, 64, 69 and 71. See also *Portfolio Budget Statements 2012–13*, *Attorney-General's Portfolio*, pp 13–52, and *Portfolio Additional Estimates Statements 2012–13*, *Attorney-General's Portfolio*, pp 11–39.

6 *Attorney-General's Department Annual Report 2012–13*, pp 23–71.

7 DPMC, *Requirements for Annual Reports*, 24 June 2013, Part 3, subsection 11(1).

8 *Portfolio Budget Statements 2012–13* *Attorney-General's Portfolio*, pp 25–36. Also, for performance information on Program 1.8 see *Portfolio Additional Estimates Statements 2012–13* *Attorney-General's Portfolio*, p. 24.

9 *Attorney-General's Department Annual Report 2012–13*, pp 34–35, 47–49, 52, 55, 59, 64, 69 and 71.

quantitative performance target. For example, in *Program 1.7 – Australian Government Disaster Financial Support Payments* (Program 1.7), one of the KPIs was '[t]imeliness of receipt of assistance'.¹⁰ The use of a quantitative performance target in this instance would provide a more accurate assessment as to whether the intended KPI result was achieved and more evidence to support whether the program accomplished its objectives.

1.10 Furthermore, upon closer examination of KPI results for Program 1.7, the committee notes the supporting commentary included quantitative values to report the KPI results, and stated that the KPIs were achieved despite there being no indication of what the intended results or performance targets were for each KPI.¹¹ The committee suggests that where quantitative figures are provided to present KPI results, they should be assessed against definitive performance standards determined by the department as well as compared to results from previous years.

1.11 The committee reminds the department of best practice for the development of KPIs, which is outlined in the Australian National Audit Office's (ANAO) *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*:

The tendency for entities to rely on qualitative KPIs reduces their ability to measure the results of program activities over time. A mix of effectiveness KPIs, that place greater emphasis on quantitative KPIs and targets, would provide a more measureable basis for performance assessment. Targets, in particular, should be used more often to express quantifiable performance levels to be attained at a future date. By enabling a more direct assessment of performance, the greater use of targets would assist to clarify and simplify the process of performance monitoring.¹²

Social justice agenda

1.12 The annual report described the department's social justice agenda as being 'founded on the principles of access and equity and the rights of all citizens to live in a just and secure society that accords with the *Charter of Public Service in a Culturally Diverse Society*'.¹³ The department has continued to administer programs and partake in initiatives that contribute to the social justice agenda, and the department progressed work on:

- the development and implementation of an external merits review model for the DisabilityCare scheme through collaboration with the National Disability Insurance Scheme (NDIS) taskforce;¹⁴

10 *Attorney-General's Department Annual Report 2012–13*, p. 69.

11 *Attorney-General's Department Annual Report 2012–13*, p. 69.

12 Australian National Audit Office, *Audit Report No. 5 2011–12, Performance Audit, Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, p. 53.

13 *Attorney-General's Department Annual Report 2012–13*, p. 72.

14 *Attorney-General's Department Annual Report 2012–13*, p. 75.

- reductions in community and family violence by facilitating the Family Violence Prevention Legal Services Program, where 14 service providers are funded to provide culturally safe services to 31 identified high-need geographic areas;¹⁵ and
- projects to improve Indigenous community safety and reduce Indigenous offending and re-offending. This included 40 projects in the areas of prison throughcare, youth prevention and diversion, restorative justice and community patrols.¹⁶

Financial performance

1.13 The department's overall financial performance was briefly outlined in the 2012–13 annual report. The department reported an operating deficit of \$19,779 million for 2012–13. This compares to an operating deficit of \$78,181 million in 2011–12. The report's discussion and analysis of financial performance did not provide an explanation for the significant difference in operating deficits over the 2012–13 and 2011–12 reporting periods. The operating deficit for the 2012–13 financial period was reported to be primarily attributable to non-appropriated depreciation and amortisation expenses of \$21,020 million.¹⁷

1.14 The committee notes that administered expenses were \$620,018 million, compared to \$510,241 million in 2011–12. The 2012–13 expenses included \$175,351 million in personal benefits payments to individuals following the floods and bushfire events that occurred early in 2013.¹⁸

Conclusion

1.15 The committee draws attention to its earlier comments on performance reporting and KPIs. The report includes most 'suggested' items in addition to 'mandatory' requirements.¹⁹ The committee considers the report to be 'apparently satisfactory'.

Department of Immigration and Citizenship

Tabling of report

1.16 The department's annual report for 2012–13 was presented out of session on 29 October 2013 and tabled in the Senate on the 12 November 2013. As a result, the report was available to the committee for examination during the Supplementary Budget Estimates hearings on 18 and 19 November 2013.

15 *Attorney-General's Department Annual Report 2012–13*, p. 74.

16 *Attorney-General's Department Annual Report 2012–13*, p. 73.

17 *Attorney-General's Department Annual Report 2012–13*, p. 15.

18 *Attorney-General's Department Annual Report 2012–13*, p. 15.

19 The list of requirements in the annual report conforms to DPMC, *Requirements for Annual Reports*, 24 June 2013, Attachment F.

Secretary's review

1.17 The secretary's review described the department's development and progress in 2012–13, highlighting major initiatives and challenges. The 2012–13 Migration Program resulted in a total of 190 000 places, which was an increase of 5000 places from the previous year's program. Additionally, a total of 20 019 visas were granted through the 2012–13 Humanitarian Program, making it the largest Humanitarian Program in almost 30 years.²⁰

1.18 The department's first ImmiCards were issued to bridging e visa and protection visa holders, the result of a two year project that streamlined processes across the department, consequently replacing the visa evidence card with a more secure document.²¹

1.19 Reforms to the subclass 457 visa program were introduced from 1 July 2013 in order to 'strengthen the department's capacity to prevent misuse' of the 457 visa program,²² and the visa simplification and deregulation project was established to enable clients to better understand and navigate the visa framework. The project has seen a reduction in the number of visa subclasses from 149 at the start of the project in 2009, to 99 by July 2013.²³

1.20 One of the significant highlights in 2012–13 for the Office of the Migration Agents Registration Authority (MARA) included the introduction of a streamlined approach to complaints handling to improve professional standards and consumer protection, resulting in 'shorter timeframes for resolving complaints and a substantial reduction of outstanding complaint numbers'.²⁴

Office of the Migration Agents Registration Authority

1.21 The department presented the Office of the MARA's performance results against deliverables and KPIs that were consistent with those provided in the PBS and PAES.²⁵ The department reported that the Office of the MARA met or exceeded its targets in four of the five KPIs.²⁶

1.22 For example, in relation to the 'percentage of complete registration applications finalised within service standards', the Office of the MARA exceeded its

20 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 5.

21 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 5.

22 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 6.

23 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 6.

24 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 7.

25 *Department of Immigration and Citizenship Annual Report 2012–13*, pp 99–104. See also *Portfolio Budget Statements 2012–13, Immigration and Citizenship Portfolio*, pp 20–28 and *Portfolio Additional Estimates Statements 2012–13, Immigration and Citizenship Portfolio*, pp 24–33.

26 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 104.

KPI target of 95 per cent with a result of 97.4 per cent.²⁷ Additionally, the KPI target for the 'percentage of registered migration agents who participated in continuing professional development activities and found them useful' was met with an actual result of greater than 65 per cent.²⁸ The KPI target measuring the 'percentage of complete complaints finalised within service standards' was not met: a 75.8 per cent result was achieved in 2012–13 as opposed to the KPI target of 100 per cent, despite demonstrating an improvement from the 2011–12 result of 70 per cent.²⁹

1.23 Nevertheless, the committee notes improvements in the performance of complaints handling by the Office of the MARA in comparison to 2011–12 outcomes. The committee is aware of the independent review by The Navigator Company that recommended:

- development of a risk model to improve the prioritisation of complaints; and
- further streamlining the existing investigation process for less serious professional conduct matters.³⁰

1.24 The Office of the MARA implemented the recommendations of the complaints handling review to resolve complaints involving minor issues in a more timely manner with an educative focus, resulting in a continued reduction of on-hand complaint numbers.³¹ More specifically, the volume of complaints has reportedly decreased by 15.4 per cent from 2011–12.³²

Social inclusion agenda

1.25 The annual report provided a brief statement describing the activities and programs administered by the department to promote the social inclusion of new arrivals.³³ The department provided settlement services to assist new arrivals to establish themselves in the Australian community, such as the humanitarian settlement services program, the complex case support program, and the settlement grants program.³⁴ Programs such as these enabled access to local services such as health, housing, employment, community and family programs.³⁵ The department also supported other departments and agencies in the development of their first biennial

27 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 104.

28 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 104.

29 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 104. See also *Committee Hansard*, 19 November 2013, p. 20.

30 *Office of the Migration Agents Registration Authority Annual Report 2011–12*, p. 17.

31 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 104.

32 *Committee Hansard*, 19 November 2013, p. 20.

33 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 328.

34 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 328.

35 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 328.

Agency Multicultural Plans, significantly contributing to the implementation of the strengthened multicultural access and equity policy across Australian government.³⁶

Performance reporting

1.26 The department's performance information was comprehensive and well-presented, and included outcome strategies, objectives, deliverables, KPIs and performance results at each program level. The information was arranged logically, and the outcomes and programs structure was presented in a straightforward format that allowed the reader to easily access and compare the information in the annual report to the PBS and PAES.³⁷ As a result, the performance reporting provided a 'clear read' between the annual report and the relevant PBS and PAES.³⁸

1.27 The report contained a performance review of each program, providing an assessment of how far the department has progressed towards achievement of its stated outcomes. Each program review covered major achievements and challenges for the department and included meaningful qualitative and quantitative analysis of migration programs and visa categories, in the form of detailed statistics and supporting discussion. Where possible, historical trends of KPI performance over the last three reporting periods accompanied actual results for 2012–13.³⁹

1.28 In 2012–13, the department reported that the percentage of onshore protection visa applications decided within 90 days in accordance with legislation⁴⁰ was 51 per cent, falling well below the target of 100 per cent.⁴¹ The median number of days taken to decide primary cases rose drastically from 44 days in 2011–12 to 89 days in 2012–13.⁴² The department identified factors that contributed to KPIs not being met. For example, 86 per cent of decisions not made within the required timeframe were due to department-related delays caused by the 'increased number of arrivals, arrangements for allowing people to apply, the complexity of certain cases that required additional investigation, and resource-related issues'.⁴³

1.29 There were 26 427 protection visa applications and refugee status determination requests from people seeking asylum in Australia during 2012–13,

36 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 328.

37 *Department of Immigration and Citizenship Annual Report 2012–13*, pp 26–28. See also *Portfolio Budget Statements 2012–13, Immigration and Citizenship Portfolio*, pp 13–102 and *Portfolio Additional Estimates Statements 2012–13, Immigration and Citizenship Portfolio*, pp 9–108.

38 *Department of Immigration and Citizenship Annual Report 2012–13*, pp 38–272.

39 *Department of Immigration and Citizenship Annual Report 2012–13*, pp 38–272.

40 Provisions for protection visa decision-making can be found in subsection 65A of the *Migration Act 1958*.

41 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 115.

42 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 129.

43 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 129.

compared to 14 436 in 2011–12,⁴⁴ (an increase of 83 per cent on the previous year). The difference was predominantly in the number of Irregular Maritime Arrival (IMA) refugee status determination requests received between the two reporting periods, while a similar number of non-IMA protection visa applications were lodged in 2011–12 compared to 2012–13.⁴⁵ The number of protection visas granted to Irregular Maritime Arrivals (IMAs) and non-IMAs in 2012–13 was similar to the previous reporting period, with 7,504 granted in 2012–13 compared to 7,041 in 2011–12.⁴⁶

Financial performance

1.30 The department's 2012–13 financial performance was reported as 'strong despite the challenges posed by increased activity and complex operational demands'.⁴⁷

1.31 An operating deficit of \$87.7 million was reported in 2012–13 compared to \$98.5 million in 2011–12.⁴⁸ The department incurred \$98.4 million in depreciation and amortisation expenses. Government funding for depreciation and amortisation expenses ceased in 2010–11: continued funding for these items would have resulted in a \$7.2 million surplus in 2012–13.⁴⁹ Factors contributing to the department's financial performance in 2012–13 included:

- a strong focus on performance and associated financial management;
- a continued focus on improving business planning and monthly financial reporting activities; and
- an increase in the government long-term bond rate that reduced the department's employee expenses by approximately \$6 million.⁵⁰

Conclusion

1.32 The annual report closely adheres to the Requirements for Annual Reports and provides a detailed analysis of departmental performance and operations during the year. The committee considers the report to be 'apparently satisfactory'.

44 *Department of Immigration and Citizenship Annual Report 2012–13*, pp 126–127.

45 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 127.

46 *Department of Immigration and Citizenship Annual Report 2012–13*, pp 126–127.

47 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 30.

48 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 30.

49 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 30.

50 *Department of Immigration and Citizenship Annual Report 2012–13*, p. 30.