CHAPTER 1

ANNUAL REPORTS OF DEPARTMENTS

1.1 The annual reports for the financial year 2010-11 of the following departments were referred to the committee for examination and report:

- Attorney-General's Department
- Department of Immigration and Citizenship

Attorney-General's Department

Tabling of report

1.2 The 2010-11 annual report was presented out of session on 14 October 2011 (and tabled in the Senate on 31 October 2011). The department's early presentation of the report made it available to Senators for the Supplementary Budget Estimates 2011-12 hearings.

Secretary's review

1.3 The committee notes some of the achievements for the year across the department, as outlined by the Secretary in his review of 2010-11, including:

- coordinating a whole-of-government approach to the response and recovery efforts in response to nationwide natural disasters;
- supporting the Australian Government's response to a number of international natural disasters;
- leading the Australian component of the cyber security exercise called *Cyber Storm III*, sponsored by the United States Department of Homeland Security;
- developing the multi-agency Commonwealth Organised Crime Response Plan;
- continuing to implement recommendations from the Access to Justice Taskforce; and
- preparing a national action plan on human rights as part of the implementation of the Human Rights Framework.[1]

Performance reporting

1.4 The report's performance information addresses the key performance indicators (KPIs) as listed in the Portfolio Budget Statement for 2010-11. The

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1 *Attorney-General's Department Annual Report 2010-11*, pp 2-3.

committee notes that all KPIs for the department were assessed as being achieved, substantially achieved or partially achieved, with a brief supporting comment following each result.

1.5 The report presents a 'clear read' from the Portfolio Budget Statement to the annual report in relation to reporting on performance. The committee notes that no KPIs for the department provide a quantitative measure for performance or targets. The committee further notes that the department has previously included quantitative measures for some KPIs and has identified targets, and has presented results in response to those KPIs in the annual report.[2]

1.6 The committee acknowledges that the development of quantitative KPIs for departmental programs involving policy development and advice may pose a challenge, and that qualitative KPIs may be more appropriate in some areas. However, the inclusion of quantitative KPIs for some program areas would assist in demonstrating the effective achievement of a program objective.

1.7 For example, the KPI for Program 1.3 Justice Services was '[I]mprovement in access to education, information, advice and support services for disadvantaged Australians and communities'. The KPI was reported as being achieved with the supporting comment that '[C]ommunity legal centres have continued to provide legal assistance and advice to disadvantaged Australians on a wide range of issues'.[3] Although the supporting discussion provided support for the claim of this KPI being achieved, quantitative measures, such as centre/client numbers, would enhance the demonstration of this KPI and provide a basis for comparing results over time.

1.8 According to the Department of Finance and Deregulation, KPIs, within the outcomes and programs reporting framework, 'should measure the effectiveness and efficiency of the program and clearly measure the program's success, particularly against the intended result of the relevant outcome statement.'[4]

1.9 In line with the recent report of the Australian National Audit Office (ANAO), *Development and implementation of key performance indicators to support the outcomes and programs framework*,[5] the committee encourages agencies, where suitable, to develop KPIs that have an appropriate emphasis on quantitative and

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2 See, for example, Attorney-General's Portfolio, Portfolio Budget Statement 2008-09.

3 *Attorney-General's Department Annual Report 2010-11*, p. 77.

4 Department of Finance and Deregulation, *Performance Information and Indicators*, October 2010, p. 8.

5 Australian National Audit Office, Performance Audit Report No. 5 2011-12, *Development and implementation of key performance indicators to support the outcomes and programs framework*

measureable indicators, including targets.[6] This would clearly demonstrate the effectiveness of a program in achieving its objectives in support of the relevant outcome. The ANAO report found that:

> 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.[7]

Social inclusion outcomes

1.10 As noted in the preface of this report, under the revised Requirements for Annual Reports issued in July 2011, it is now a mandatory requirement for agencies whose activities impact on social inclusion outcomes, to provide information about relevant programs and progress in relation to social inclusion strategic change indicators.[8]

1.11 The department had previously provided an account of progress toward its social justice agenda in recent reports. The 2010-11 report presents a summary of the department's contribution to the whole-of-government social inclusion agenda which is described as aiming to give every Australian the help they need to access the support and opportunities that Australian society has to offer. In this regard, the report notes that the Attorney-General's Department has responsibility for this agenda from the law and justice perspective.[9]

1.12 Some areas of the department's work contributing to the social inclusion agenda which are highlighted in the report include legal assistance, Indigenous community safety and law and justice matters, and the protection and promotion of human rights.[10] While the department is not one of the main Commonwealth social

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6 Australian National Audit Office, Performance Audit Report No. 5 2011-12, *Development and implementation of key performance indicators to support the outcomes and programs framework*, see Recommendation No. 1, p. 28.

7 Australian National Audit Office, Performance Audit Report No. 5 2011-12, *Development and implementation of key performance indicators to support the outcomes and programs framework*, p. 53.

8 See Requirements for Annual Reports, July 2011, subsection 11(4).

9 *Attorney-General's Department Annual Report 2010-11*, p. 180.

10 *Attorney-General's Department Annual Report 2010-11*, pp 180-181.

policy agencies responsible for delivering the identified strategic change indicators,[11] the report provides useful background on its contribution.

Financial performance

1.13 The department reported an operating surplus of $0.367 million for 2010-11. This compares with an operating deficit of $0.244 million for the previous year.[12]

1.14 Departmental income and expenses both increased slightly during the year—0.4 per cent and 0.6 per cent respectively—primarily reflecting additional funding from budget measures.[13]

1.15 The department's mix of administered expenses changed significantly during the year as a result of amendments to the Administrative Arrangement Orders on 14 September and 14 October 2010. These amendments related to the transfer of responsibility for the Australian Territories from the department to the Department of Regional Australia, Regional Development and Local Government, and the department's assumption of responsibility for natural recovery policy and the Australian Government Disaster Recovery Payment from the Department of Families, Housing, Community Services and Indigenous Affairs.[14]

Conclusion

1.16 The report closely complies with the Requirements for Annual Reports and includes most 'suggested' items in addition to mandatory requirements. The committee considers the report to be 'apparently satisfactory'.

Department of Immigration and Citizenship

Tabling of report

1.17 The department presented the annual report for 2010-11 on 14 October 2011 (and tabled on 31 October 2011), which made it available to the committee for examination during the Supplementary Budget Estimates hearings on 17 and 18 October 2011.

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11 The Department of Education, Employment and Workplace Relations, the Department of Families, Housing, Community Services and Indigenous Affairs, the Department of Human Services, the Department of Health and Ageing, and the Department of Broadband, Communication and the Digital Economy are identified as the main bodies contributing to the strategic change indicators under the Government's Framework of Indicators for Social Inclusion.

12 *Attorney-General's Department Annual Report 2010-11*, p. 163.

13 *Attorney-General's Department Annual Report 2010-11*, p. 163.

14 *Attorney-General's Department Annual Report 2010-11*, p. 163.

Secretary's review

1.18 The Secretary's review of 2010-11 highlighted major initiatives and challenges for the department during the year. For example, the Secretary noted the launch of the government's new policy *The People of Australia – Australia's Multicultural Policy*, a key initiative of which is the establishment of a new independent body, the Australian Multicultural Council, to advise government on multicultural affairs.[15]

1.19 The Secretary also highlighted reforms to the Skilled Migration Program to make it more responsive to skilled labour demands. In particular, a new Skilled Occupation List was introduced on 1 July 2010, which included 183 high value occupations based on the advice of Skills Australia.[16]

1.20 The Secretary reported that irregular maritime arrivals continue to be a challenge for the department, and noted that 'serious issues' in relation to immigration detention centres are of concern to the department.[17]

1.21 The Secretary provided some brief contextual background on the worldwide situation in relation to asylum seekers, noting that Australia receives about two per cent of the global total of applications for asylum each year. He further noted that:

> These new applications are only a small proportion of the total number of people displaced each year by war, civil unrest and persecution. Applications for asylum in developed nations peaked in 2002, then fell each year to 2006, before again beginning to rise. This pattern matches the experience of Australia over the last decade.[18]

1.22 Some other areas of challenge and achievement highlighted by the Secretary included the granting of citizenship to over 100,000 people; children's issues, including an audit of the impact on children of immigration legislation, policies and programs; and agreement to the Regional Cooperation Framework.[19]

Social inclusions outcomes

1.23 The report provides a brief description of the department's contribution to the social inclusion agenda. The areas covered include the provision of support services to assist in the settlement of new arrivals, including refugees; the contribution to a cohesive and harmonious society through the Diversity and Social Cohesion Program; and inclusion of culturally and linguistically diverse communities. The department

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15 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 8.

16 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 6.

17 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 5.

18 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 12.

19 *Department of Immigration and Citizenship Annual Report 2010-11*, pp 4-5.

also contributes to government programs related to homelessness and the not-for-profit sector.[20]

Performance reporting

1.24 The department's performance information in relation to deliverables and KPIs is well presented and provides a 'clear read' from the Portfolio Budget Statement 2010-11. The tabular presentation of performance information for quantitative KPIs, which includes a target and actual results, was helpful and accessible. The committee also found the detailed statistics and supporting discussion on various migration programs and visa categories informative.

1.25 An area of interest to the committee was the performance report dealing with Outcome 4, which includes the management of IMAs. The performance report noted that there was a 41 per cent increase in the total number of IMAs in immigration detention from the previous year and a 100 per cent increase in the number of cases being managed by case managers at 30 June 2011 compared to the previous year.[21]

1.26 The high number of IMAs was described as a continuing challenge in 2010-11, '...resulting in significant pressure on the case management services and accommodation facilities across the detention network'.[22]

1.27 An area of concern for the committee was the performance result for the processing of onshore protection applications decided within 90 days, in accordance with section 65A of the *Migration Act 1958*. The actual result of 60.7% is well below the target (and legislative requirement) of 100%. It is also below the actual result for the previous two years: 71.8% for 2009-10, and 77% for 2008-09.[23]

1.28 It was revealed that 72.3% of protection visa decisions which took more than 90 days were caused by departmental-related delays, such as the complexity of certain cases requiring additional investigation and resources. This has increased considerably from 41% caused by departmental-related delays in 2009-10.[24] Other factors impacting on the delay in processing onshore protection applications include client-related, external agency and third party related reasons.[25]

1.29 Another matter of ongoing interest to the committee is the Temporary Business (Long Stay) (subclass 457) visa program. It was reported that 2010-11 was

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20 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 317.

21 *Department of Immigration and Citizenship Annual Report 2010-11*, pp 155 and 200.

22 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 155.

23 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 106.

24 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 122.

25 See Chapter 3 of this report for the committee's examination of the Department of Immigration and Citizenship's recently tabled four monthly reports on protection visa processing.

the strongest year on record for the subclass 457 visa program, with an increase of 32.6 per cent for visas granted from 2009-10 figures.[26] The committee was pleased to note that the department exceeded its performance target of 75 per cent of subclass 457 visa applications being processed within service standards, achieving a result of 85.6 per cent.[27]

Financial performance

1.30 The department's financial performance was described as strong, despite challenges imposed by increased activity and complex operational demands.[28]

1.31 The Department reported an operating deficit of $63.1 million for 2010-11. This compares to an operating surplus of $5.5 million in 2009-10. The operating deficit was attributed to a change in government appropriation funding whereby depreciation and amortisation expenses are no longer funded on an annual basis. It was pointed out that, if the department's depreciation and amortisation expenses of $77.9 million for the year were funded, the financial result for 2010-11 would have been an operating surplus of $14.8 million.[29] The main contributing factors for the operating result were:

- a strong focus on performance and associated financial management;
- efficiencies achieved throughout the financial year, including reductions in corporate overhead expenses; and
- a continued focus on improving business planning and monthly financial reporting activities.[30]

1.32 The committee notes that administered expenses were $1,100 million, $65 million higher than the estimate of $1,035 million provided at 2010-11 Additional Estimates. This was mainly attributed to increased expenses for Program 4.3 – Offshore Asylum Seeker Management.[31]

Staff awards

1.33 The committee congratulates the Secretary, Mr Andrew Metcalfe, for being recognised as the Federal Government Leader of the Year in the 2010 Leadership in Government Awards. The Deputy Secretary, Dr Wendy Southern, was also recognised at this event and was presented with the Outstanding Contribution Award for her work

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26 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 68.

27 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 48.

28 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 32.

29 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 32.

30 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 32.

31 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 33.

in overseeing public service reform, and parliamentary and electoral affairs, in her previous role at the Department of the Prime Minister and Cabinet.[32]

Conclusion

1.34 The annual report is a comprehensive document which appears to give full coverage of operations during the year and which closely follows the Requirements for Annual Reports. The committee considers the report to be 'apparently satisfactory'.

32 *Department of Immigration and Citizenship Annual Report 2010-11*, p. 257.