

The Senate

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Community Affairs  
Legislation Committee

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# MEMBERSHIP OF THE COMMITTEE

## 45<sup>th</sup> Parliament

### Members

Senator Slade Brockman, Chair	Western Australia, LP
Senator Rachel Siewert, Deputy Chair	Western Australia, AG
Senator Jonathon Duniam	Tasmania, LP
Senator the Hon. Lisa Singh	Tasmania, ALP
Senator Dean Smith	Western Australia, LP
Senator Murray Watt	Queensland, ALP



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# ABBREVIATIONS

AAO	Administrative Arrangements Order
ADHA	Australian Digital Health Agency
AIHW	Australian Institute of Health and Welfare
ARPANSA	Australian Radiation and Protection and Nuclear Safety Authority
CALD	Culturally and linguistically diverse
committee	Senate Community Affairs Legislation Committee
Commonwealth	Commonwealth of Australia
CRA	Commonwealth Rental Assistance
DEX	Data Exchange
DHS	Department of Human Services
DOF	Department of Finance
DOH	Department of Health
DSS	Department of Social Services
FOI Act	<i>Freedom of Information Act 1982</i>
Hon.	Honourable
ICT	Information and communications technology
MBS	Medicare Benefits Schedule
MRFF	Medical Research Future Fund
NDIA	National Disability Insurance Agency
Organ and Tissue Authority	Australian Organ and Tissue Donation and Transplantation Authority
PAF	Performance and Accountability Framework
PBAC	Pharmaceutical Benefits Advisory Committee
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>

PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
Scheme	National Disability Insurance Scheme
TTLF	Try Test Learn Fund
UVR	Ultraviolet radiation



# Chapter 1

## Introduction

1.1 The Senate Community Affairs Legislation Committee (committee) is responsible for examining the annual reports of departments and agencies of the Health Portfolio, Social Services Portfolio and Human Services Portfolio.<sup>1</sup>

1.2 The committee's first report on annual reports for 2018 presents an overview of the examination of annual reports presented to the Parliament between 1 May 2017 and 31 October 2017.

1.3 Commonwealth entities (corporate and non-corporate) and Commonwealth companies are obligated to report to the Parliament, and through the Parliament to the Australian public, on their obligations and performance in support of executive government.<sup>2</sup> The committee views the annual reporting process as an important administrative function to support the transparency and accountability of executive governments' operations.

### Terms of reference

1.4 Under Senate Standing Order 25(20) the annual reports of certain departments and agencies stand referred to committees for examination and assessment. Each committee is required to:

- (a) examine each annual report referred to it and report to the Senate whether the report is apparently satisfactory;
- (b) consider in more detail, and report to the Senate on each annual report which is not apparently satisfactory, and on the other reports which it selects for more detailed consideration;
- (c) investigate and report to the Senate on any lateness in the presentation of annual reports;
- (d) in considering an annual report, take into account any relevant remarks about the report made in debate in the Senate;
- (e) if the committee so determines, consider annual reports of departments and budget-related agencies in conjunction with examination of estimates;
- (f) report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year;

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1 *Journals of the Senate*, No. 84—12 February 2018, p. 2668.

2 Department of Finance (DOF), *Resource management guide no. 130: Overview of the enhanced Commonwealth performance framework*, July 2016, p. 3.

- (g) draw to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports;
- (h) report to the Senate each year whether there are any bodies which do not present annual reports to the Senate and which should present such reports.<sup>3</sup>

### **Allocated portfolios and functions**

1.5 Pursuant to resolution of the Senate, the committee is allocated portfolio oversight of the Health Portfolio, Social Services Portfolio and Human Services Portfolio.<sup>4</sup>

1.6 The Commonwealth departments within those portfolios are the Department of Health (DOH), Department of Social Services (DSS) and Department of Human Services (DHS). The Schedule of the Administrative Arrangements Order (AAO) details the policy functions of those departments.<sup>5</sup>

1.7 On 20 December 2017, the AAO was amended in accordance with machinery of government changes. This amendment included the transfer of matters regarding multicultural affairs from DSS to the newly formed Department of Home Affairs.<sup>6</sup>

1.8 Information on the range of Commonwealth entities and companies within the committee's portfolio allocation is available on the Department of Finance's (DOF) website.<sup>7</sup>

### **Requirements and purpose of annual reports**

1.9 Annual reports are key documents under the enhanced Commonwealth performance framework established in accordance with paragraph 5(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).<sup>8</sup> The presentation of information regarding the performance of Commonwealth entities and companies, through annual reports prepared in accordance with the PGPA Act, makes a significant contribution to Australia's system of accountability for public resources.

#### *Requirements*

1.10 The *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) specifies the annual reporting requirements of Commonwealth entities and

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3 The Senate, *Standing Order and other orders of the Senate*, August 2015, SO 25(20).

4 *Journals of the Senate*, No. 2—31 August 2016, p. 75–76; *Journals of the Senate*, No. 84—12 February 2018, p. 2668.

5 The Administrative Arrangement Order is available online via the following web address: <https://www.legislation.gov.au/Details/C2018Q00002>.

6 Commonwealth of Australia, *Schedule: Amendments to the Administrative Arrangements Order*, 20 December 2017, pp. 4, 6.

7 Accessible via the following web address: <https://www.finance.gov.au/resource-management/governance/agor/>.

8 Department of Finance, *Resource Management Guide No. 130: Overview of the enhanced Commonwealth performance framework*, July 2016, pp. 3–5.

companies. Resource management guides produced by DOF provide context to the annual reporting requirements for each of the reporting entity types: non-corporate Commonwealth entities;<sup>9</sup> corporate Commonwealth entities;<sup>10</sup> and Commonwealth companies.<sup>11</sup>

1.11 Commonwealth entities and companies were first required to present annual reports in accordance with the provisions of the PGPA Act for the 2015–16 period. Prior to the PGPA Act, annual reporting provisions were specified in the: *Financial Management and Accountability Act 1997*; *Commonwealth Authorities and Companies Act 1997*; *Commonwealth Authorities and Companies Regulations 1997*; and the *Corporations Act 2001*.

1.12 The committee's first report on annual reports for 2017 provided a detailed overview of the annual reporting requirements of the PGPA Act, the PGPA Rule and other key legislative requirements for annual reporting of Commonwealth bodies.<sup>12</sup> Since the committee tabled its previous report on annual reports, on 6 September 2017, there have been two minor administrative updates to the PGPA Rule.<sup>13</sup>

1.13 In summary, annual reports of Commonwealth entities and companies should:

- meet the requirements of the PGPA Act and the PGPA Rules;
- be in accordance with the reporting requirements of primary legislation;<sup>14</sup> and
- be compliant with guidelines relevant to the production of annual reports.

1.14 Annual reports stand referred to the committee for examination with respect to an 'apparently satisfactory' standard.<sup>15</sup> Whilst Senate standing orders do not define

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9 DOF, *Resource Management Guide No. 135: Annual reports for non-corporate Commonwealth entities*, May 2017.

10 DOF, *Resource Management Guide No. 136: Annual reports for corporate Commonwealth entities*, May 2017.

11 DOF, *Resource Management Guide No. 137: Annual reports for Commonwealth companies*, May 2017.

12 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, March 2017, pp. 2–7.

13 Note: on 12 September 2017, the PGPA Rule was amended in accordance with the Public Governance, Performance and Accountability Amendment (Government Business Enterprise) Rules 2017, to add WSA Co Limited to the list of Commonwealth companies defined as government business enterprises for the purpose of Section 8 of the PGPA Act. On 1 January 2018, the PGPA Rule was amended in accordance with Public Governance, Performance and Accountability Amendment (Procurement by Corporate Commonwealth Entities) Rules 2017, to add the National Digital Health Agency and the National Portrait Gallery of Australia to the list of Corporate Commonwealth entities for which the Finance Minister can make a written instruments about procurement under section 105B of the PGPA Act.

14 See, for example: section 311A of the *Commonwealth Electoral Act 1918*; section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999*; and schedule 2, part 4 of the *Work Health and Safety Act 2011*.

15 The Senate, *Standing Order and other orders of the Senate*, August 2015, SO 25(20)(a).

apparently satisfactory, the committee generally considers this to mean being substantively in accordance with relevant legislation and guidelines.

### *Timeliness*

1.15 Commonwealth entities and companies are required to present annual reports to the relevant minister, in accordance with the timeframes provided in applicable legislation. The minister is then required to table the annual report in Parliament.<sup>16</sup>

1.16 The committee supports DOF's guidance to Commonwealth entities that it is best practice for ministers to table annual reports in Parliament no later than 31 October 2017.<sup>17</sup>

1.17 In considering the timeliness of presenting annual reports to Parliament, the committee notes the first date that an annual report was tabled in either house. If the Senate is out-of-session, the committee notes the date that a report was presented to the President, as the effect of this is considered equivalent to tabling the report.<sup>18</sup>

### *Purpose*

1.18 Annual reports include significant information regarding the operation and performance of Commonwealth entities and companies. The publication of annual reports is a principal opportunity for Commonwealth entities, companies, and executive governments to present information to Parliament and the broader public. Through the publication of information, the probity of the operations of executive governments is enhanced, and the management of the Commonwealth's extensive public resources is made more transparent.

1.19 Senate committees have systematically examined annual reports since 1989, following a report of the Senate Standing Committee on Finance and Public Administration which envisaged that committees' examination of annual reports would include consideration of substantive performance matters and not an exercise limited to legislative compliance.<sup>19</sup>

1.20 Annual reports are important documents that should be informative for members of Parliament and other interested persons, of a rigorous standard, and be presented in accordance with relevant legislation.

### **Reports examined**

1.21 This report considers 28 annual reports of Commonwealth entities and companies within the committee's portfolio oversight that were presented to Parliament between 1 May 2017 to 31 October 2017.

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16 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, pp. 4–5.

17 DOF, *Resource Management Guide No. 130: Overview of the enhance Commonwealth performance framework*, July 2016, p. 7.

18 Harry Evans and Rosemary Laing, eds, *Odgers' Australian Senate Practice*, 14<sup>th</sup> edition, Department of the Senate, 2015, p. 539.

19 Senate Standing Committee on Finance and Public Administration, *The Timeliness and Quality of Annual Reports*, June 1989, p. 41.

1.22 The 2016–17 annual report of the Australian Digital Health Agency (ADHA) was first presented to Parliament in the Senate on 13 November 2017.<sup>20</sup> In accordance with Senate standing orders, ADHA's report will be examined in the committee's second report on annual report for 2018.<sup>21</sup>

1.23 A list of the annual reports of Commonwealth entities and companies referred to the committee for examination can be found at Appendix 1.

#### *Comments made in the Senate*

1.24 Pursuant to Senate Standing Order 25(20)(d), the committee is obliged to consider any relevant comments made about annual reports in the Senate.

1.25 The committee notes comments made by Senator Rachel Siewert, by leave of the Senate in the consideration of documents on 18 October 2017, in relation to the tabling of the 2016–17 annual report for Australian Hearing. Senator Siewert stated the importance of Australian Hearing's work, particularly in relation to addressing hearing conditions affecting Indigenous communities.<sup>22</sup>

#### **Report structure**

1.26 This report is structured in three chapters, as follows:

- Chapter 1—provides background information regarding the committee's examination of annual reports;
- Chapter 2—presents an overview of the committee's examination of annual reports of DOH, DSS and DHS; and
- Chapter 3—presents an overview of the committee's examination of certain annual reports of Commonwealth entities and companies.

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20 *Journals of the Senate*, No. 68—13 November 2017, p. 2166.

21 The Senate, *Standing Order and other orders of the Senate*, August 2015, SO 25(20)(f).

22 Senator Rachel Siewert, *Senate Hansard*, 18 October 2017, pp. 7936–7937.



## Chapter 2

### Annual reports of Commonwealth departments

2.1 The committee was referred the 2016–17 annual reports of the following Commonwealth departments for examination and report:

- Department of Health (DOH);
- Department of Social Services (DSS); and
- Department of Human Services (DHS).

2.2 The committee considered that the annual reports of DOH, DSS and DHS were of an apparently satisfactory standard and were presented to Parliament in a timely manner.

#### Department of Health

2.3 The 2016–17 annual report for DOH was presented to the President out-of-session on 30 October 2017, and was tabled in the Senate on 13 November 2017.<sup>1</sup>

2.4 DOH is broadly responsible for leading and shaping:

Australia's health and aged care system and sporting outcomes through evidence based policy, well target programs, and best practice regulation.<sup>2</sup>

#### Secretary's review

2.5 The Secretary's review provided a high-level overview of the major work undertaken by DOH during 2016–17. The then Secretary, Mr Martin Bowles PSM, emphasised DOH's:

- initiatives supporting the innovation of Australia's healthcare system, particularly the Government's first disbursement from the \$20 billion Medical Research Future Fund (MRFF);<sup>3</sup>
- continuation of work to reshape the primary health care system, particularly through Primary Health Networks to tailor health care services to the specific needs of local communities;
- contribution to meeting the closing the gap health care outcomes, including improved health and life expectancy outcomes for Indigenous Australians;
- ongoing clinician-led review of the Medicare Benefits Schedule (MBS), to consider how items listed on the MBS support evidence-based medical practices and improve the health outcomes of patients; and

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1 *Journals of the Senate*, No. 68, 13 November 2017, p. 2168.

2 Department of Health (DOH), *Annual report 2016–17*, p. 18.

3 Note: the Medical Research Future Fund was established by the Government as a result of funding provided in the 2014–15 Budget for medium to long-term medical research to support medical innovation that improves the health and wellbeing of Australians.

- support provided for aged care services, including the implementation of the Increasing Choice in Home Care initiative.<sup>4</sup>

2.6 Mr Bowles retired as Secretary on 1 September 2017.<sup>5</sup> The committee extends its thanks to Mr Bowles for his contribution to the important work of DOH. On 18 September 2017, Ms Glenys Beauchamp PSM was appointed Secretary of DOH.<sup>6</sup>

### ***Chief Medical Officer's report***

2.7 The Chief Medical Officer, Professor Brendan Murphy, reported on clinical matters pertinent to DOH during 2016–17, including:

- the capacity of the medical workforce and the maldistribution of doctors;
- initiatives for improving immunisation rates amongst the population, including increased rates of childhood immunisation;
- the response to the increased rates of the MenW invasive meningococcal disease;
- the appointment of the Australian Advisory Council for the Medicinal Use of Cannabis and assessment of the evidence base for medicinal cannabis use;
- DOH's response to Lyme disease and chronic Lyme-like illnesses; and
- strategies employed to respond to antimicrobial resistance, particularly the use of antibiotics only in circumstances where there is clear evidence of benefit.<sup>7</sup>

### ***Ministerial responsibilities***

2.8 As at 30 June 2017, ministerial responsibilities for the Health Portfolio were:

- the Hon. Greg Hunt MP, Minister for Health and Minister for Sport;
- the Hon. Ken Wyatt AM MP, Minister for Aged Care and Minister for Indigenous Health; and
- the Hon. Dr David Gillespie MP, Assistant Minister for Health.<sup>8</sup>

2.9 In December 2017, Senator the Hon. Bridget McKenzie was appointed Minister for Rural Health and Minister for Sport. The Hon. Dr David Gillespie MP ceased ministerial responsibilities for the Health Portfolio.<sup>9</sup>

4 DOH, *Annual report 2016–17*, pp. 4–6.

5 The Hon. Greg Hunt MP, *Retirement of Mr Martin Bowels PSM from public service*, 22 August 2017.

6 DOH, *Glenys Beauchamp PSM*, 19 September 2017, <http://www.health.gov.au/internet/main/publishing.nsf/Content/health-profile-beauchamp>.

7 DOH, *Annual report 2016–17*, pp. 7–11.

8 DOH, *Annual report 2016–17*, p. 29.

9 Department of Prime Minister and Cabinet (PM&C), *Ministry list of the Turnbull Government*, 5 March 2018, [https://www.pmc.gov.au/sites/default/files/publications/ministry-list-05-march-2018\\_1.pdf](https://www.pmc.gov.au/sites/default/files/publications/ministry-list-05-march-2018_1.pdf).



### ***Reporting against performance criteria***

2.10 DOH reported on key performance targets across its six portfolio outcomes: health system policy, design and innovation; health access and support services; sport and recreation; individual health benefits; regulation, safety and protection; and ageing and aged care.<sup>10</sup>

2.11 The committee is pleased to note that DOH met the majority of its performance targets. DOH reported several significant community outcomes, including:

- the first disbursement of \$64.9 million from the MRFF to fund a 'balance of long-term research and quick win programs which will improve health system efficiency, patient care and access, health outcomes and innovation in health';<sup>11</sup>
- establishment of 12 suicide prevention trial sites across 11 Primary Health Networks to deliver community-tailored responses to rising rates of suicide;<sup>12</sup>
- expansion of the National Bowel Cancer Screening Program to screen additional age cohorts, which is expected to contribute to the prevention of over 90 000 instances of bowel cancer and 59 000 related deaths between 2015–2040;<sup>13</sup>
- continued success of the *Play.Sport.Australia* initiative in collaboration with the Australian Sports Commission, with 5800 schools registering to participate in the initiative which promotes children's engagement with sport in a fun and supportive environment;<sup>14</sup>
- continuation of the MBS review, with over 440 clinicians, consumers and healthcare experts, across 65 committees and working groups, examining the clinical evidence-base for over 5700 MBS listed items;<sup>15</sup> and
- subsidisation of glucose monitoring devices for more than 4000 people aged under 21 years with type 1 diabetes through the National Diabetes Services Scheme.<sup>16</sup> The committee notes that in 2016 there were 2625 people newly diagnosed with type 1 diabetes.<sup>17</sup>

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10 DOH, *Annual report 2016–17*, pp. 36–192.

11 DOH, *Annual report 2016–17*, p. 43.

12 DOH, *Annual report 2016–17*, p. 62.

13 DOH, *Annual report 2016–17*, p. 60.

14 DOH, *Annual report 2016–17*, p. 101.

15 DOH, *Annual report 2016–17*, p. 112.

16 DOH, *Annual report 2016–17*, p. 136.

17 Australian Institute of Health and Welfare, *Incidence of insulin-treated diabetes in Australia*, 29 January 2018, <https://www.aihw.gov.au/reports/diabetes/incidence-insulin-treated-diabetes-australia-2016/contents/type-1-diabetes-incidence>.

2.12 The committee observed that a proportion of DOH's performance targets were not met. Examples of these targets include: reduced rates of chronic disease related mortality for Aboriginal and Torres Strait Islander people;<sup>18</sup> reduced rates of illicit drug use in the last 12 months for the population aged 14 years or older;<sup>19</sup> and the timeliness of Australia's reporting obligations under the International Narcotic Drugs Convention.<sup>20</sup> The committee acknowledges the complexity and scale of these targets and would welcome further reporting from DOH on its strategies for improved performance outcomes in these areas.

2.13 In its 2015–16 annual report, DOH used visual indicators to summarise the proportion of performance targets met in the performance statement for each outcome.<sup>21</sup> The committee considered that these visual indicators were a useful reporting technique and noted the absence of this information in DOH's annual report for 2016–17. Whilst not a mandatory reporting requirement under the *Public Governance, Performance and Accountability Rule 2014*, the committee encourages DOH to consider if there is merit in presenting more performance information in summarised formats, to assist in the communication of DOH's extensive performance targets.

2.14 The committee is pleased to note that, in response to the committee's comments in its first report on annual reports for 2017 regarding the unavailability of data, DOH has provided additional information in its 2016–17 annual report indicating when data will be available and where it will be published.<sup>22</sup>

### ***Financial performance***

2.15 In 2016–17, DOH administered: expenses totalling \$63.4 billion; assets totalling \$2.3 billion (as at 30 June 2017); and liabilities of \$2.9 billion.<sup>23</sup> Compared to 2015–16: administered expenses increased from \$55.8 billion; administered expenses increased from \$2.1 billion; and liabilities decreased from \$3.3 billion.<sup>24</sup>

2.16 Of the total government expenditure in 2016–17, the health expenditure accounted for 16 per cent, or \$74.5 billion.<sup>25</sup>

2.17 The committee noted that DOH ran an operating loss of \$55.5 million in 2016–17 (prior to depreciation costs).<sup>26</sup> This was an increase from the operating loss

18 DOH, *Annual report 2016–17*, p. 67.

19 DOH, *Annual report 2016–17*, p. 86.

20 DOH, *Annual report 2016–17*, p. 151.

21 DOH, *Annual report 2015–16*, pp. 45, 67, 83, 103, 107, 125.

22 See: Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, pp. 4–5; DOH, *Annual report 2016–17*, pp. 82–83, 87.

23 DOH, *Annual report 2016–17*, p. 14.

24 DOH, *Annual report 2015–16*, p. 17.

25 Commonwealth of Australia, *Consolidated Financial Statements for the year ended 30 June 2017*, December 2017, p. 12.

of \$5.5 million of the previous financial year.<sup>27</sup> DOH explained that its operating loss in 2016–17:

...was largely a result of undertaking important additional activities within existing resources. Included in the operating loss is the Medicine and Medical Devices Review which was agreed by Government through the 2016-17 Budget process and was funded by revenue derived from industry.<sup>28</sup>

### ***Consultants and exempt contracts***

2.18 DOH's 2016–17 consultancy expenditure totalled \$99.3 million.<sup>29</sup> The committee notes that compared to 2015–16, consultancy expenditure increased over 70 per cent and there was a 33 per cent increase in the total number of consultancy contracts. DOH reported that the increased use of consultants was associated with work for the Aged Care Digital Payments Program and the evaluation of submissions made to the Pharmaceutical Benefits Advisory Committee.<sup>30</sup>

2.19 Commonwealth entities are required to report on contracts greater than \$10 000 in value, and which were exempt from publication on AusTender as publication would disclose exempt matters under the *Freedom of Information Act 1982* (FOI Act), to the extent that reporting would not disclose exempt matters.<sup>31</sup> DOH reported it held 116 exempt contracts in 2016–17, a reduction from 171 exempt contracts held in 2015–16, however no further information was provided.<sup>32</sup> To the extent that reporting information regarding exempt contracts does not adversely impact on DOH's obligations under the FOI Act, the committee encourages DOH to consider if making further information available would enhance the probity of DOH's reporting.

2.20 Overall, the committee commends DOH for producing a high-quality annual report, which presents substantive information regarding its operational performance and highlights its significant achievements across the 2016–17 financial year.

### **Department of Social Services**

2.21 The 2016–17 annual report for DSS was tabled in Parliament on 16 October 2017.<sup>33</sup>

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26 DOH, *Annual report 2016–17*, p. 14.

27 DOH, *Annual report 2015–16*, p. 17.

28 DOH, *Annual report 2016–17*, p. 14.

29 DOH, *Annual report 2016–17*, p. 224.

30 DOH, *Annual report 2016–17*, p. 224.

31 See: paragraph 17AG(9) of PGPA Rule.

32 DOH, *Annual report 2016–17*, p. 225.

33 *Journals of the Senate*, No. 64, 16 October 2017, p. 2040; House of Representatives, *Votes and Proceedings*, No. 80, p. 1123.

2.22 The mission of DSS is to improve 'the lifetime wellbeing of people and families'.<sup>34</sup>

### ***Secretary's review***

2.23 The then Secretary, Mr Finn Pratt AO PSM, provided an overview of DSS' key achievements in 2016–17, including:

- progress made with increasing rates of vaccination through the *No Jab, No Pay* initiative, and noted that more than 210 000 families are now compliant with vaccination requirements, and that immunisation rates for children aged one to five are now greater than 93 per cent;
- launch of the *Third Action Plan 2016–2019* of the *National Plan to Reduce Violence against Women and their Children 2010–2022*, which focusses on 'prevention and early intervention, and keeping perpetrators accountable across all systems'; and
- launch of the Try Test Learn Fund (TTLF), which will provide \$96 million for financing 'new and innovative policy responses for groups of people identified as being at risk of long-term welfare dependency'. The committee notes DSS received close to 400 ideas through the TTLF from individuals and organisations across Australia.<sup>35</sup>

2.24 Since producing the Secretary's review, Mr Pratt was appointed Secretary of the Department of Environment and Energy. The committee thanks Mr Pratt for his service and welcomes Ms Kathryn Campbell CSC as the new Secretary of DSS.

### ***Ministerial responsibilities***

2.25 As at 30 June 2017, ministerial responsibilities for the Social Services Portfolio were:

- the Hon. Christian Porter MP, Minister for Social Services;
- the Hon. Jane Prentice, Assistant Minister for Social Services and Disability Services; and
- Senator the Hon. Zed Seselja, Assistant Minister for Social Services and Multicultural Affairs.<sup>36</sup>

2.26 Following the tabling of DSS' 2016–17 annual report, changes were made to the ministerial responsibilities for the Social Services Portfolio as follows: the Hon. Dan Tehan MP was appointed Minister for Social Services; the Hon. Dr David Gillespie MP was appointed Assistant Minister for Children and Families and Senator

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34 Department of Social Services (DSS), *Annual report 2016–17*, p. 6.

35 DSS, *Annual report 2016–17*, pp. 1–2.

36 DSS, *Annual report 2016–17*, p. 15.

the Hon. Zed Seselja ceased ministerial responsibilities in the Social Services Portfolio.<sup>37</sup>

### ***Performance reporting***

2.27 DSS reported on its performance across the following four portfolio outcomes: social security; families and communities; disability and carers; and housing.<sup>38</sup> DSS presented several key achievements, including:

- the settlement of 24 376 refugees, including 12 000 refugees from Syria and Iran through the Humanitarian Settlement Services Program;<sup>39</sup>
- expansion of the Data Exchange (DEX) used for measuring the effectiveness of grants and presenting the outcome achieved for clients and services. DEX is currently used by six agencies for reporting on 55 programs and, with over 2300 organisations and 11 000 individuals registered, DEX supported close to 30 million interactions since July 2016;<sup>40</sup> and
- work to support the establishment of the National Disability Insurance Scheme (NDIS) Quality and Safeguards Commission, including securing an agreement for a national NDIS quality and safeguards framework and progression of the bill to establish the commission.<sup>41</sup>

2.28 In its first report on annual reports for 2017, the committee commented on DSS' performance reporting, particularly regarding the desirability of using descriptors for reporting results, such as 'met' or 'not met'.<sup>42</sup> The committee acknowledges that there has been some improvement in this regard. However, the committee suggests that there may be further scope to improve the transparency of DSS' performance reporting by providing information, where applicable, on whether an outcome measure result meets DSS' performance target. For example, in reporting on the following outcome measures, DSS has provided relevant figures but has not indicated whether those figures met DSS' performance targets:

- the accuracy of social security payments;<sup>43</sup>
- the percentage of DSS' assisted individuals and families who experience improved circumstances relevant to individual/family needs;<sup>44</sup> and

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37 Department of Prime Minister and Cabinet, *Ministry list of the Turnbull Government*, 5 March 2018, [https://www.pmc.gov.au/sites/default/files/publications/ministry-list-05-march-2018\\_1.pdf](https://www.pmc.gov.au/sites/default/files/publications/ministry-list-05-march-2018_1.pdf).

38 DSS, *Annual report 2016–17*, pp. 21–81.

39 DSS, *Annual report 2016–17*, pp. 20, 48.

40 DSS, *Annual report 2016–17*, pp. 48, 93.

41 DSS, *Annual report 2016–17*, pp. 64, 70.

42 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, p. 15.

43 DSS, *Annual report 2016–17*, pp. 40, 92.

44 DSS, *Annual report 2016–17*, p. 51.

- the percentage of Commonwealth Rent Assistance (CRA) units which recorded reduced rental stress after receiving CRA.<sup>45</sup>

2.29 The committee encourages DSS to review the information provided in its performance reporting.

### ***Financial performance***

2.30 In 2016–17, DSS administered around one quarter of the Commonwealth Budget, inclusive of \$109.5 billion in payments to individuals and \$4.3 billion for 'programs, subsidies and grants to support the community'.<sup>46</sup> Comparatively, DSS administered \$113.4 billion in payments to individuals and \$6.9 billion for programs, subsidies and grants in the 2015–16 reporting period.<sup>47</sup>

2.31 DSS managed administered appropriations of \$116.8 billion, and departmental appropriations of \$0.5 billion.<sup>48</sup> Compared to 2015–16, DSS' administered appropriations decreased from \$120.3 billion and departmental appropriations decreased from \$0.6 billion.<sup>49</sup>

2.32 In 2016–17, DSS achieved a small surplus of \$0.9 million. This surplus improved on the surplus achieved in the previous financial year of \$0.8 million.

2.33 The committee commends DSS on the quality of its annual report. The committee also encourages DSS to consider if reporting more detailed information regarding the effectiveness of its assets management processes, and its procurement practices in support of small and medium enterprises, would enhance the comprehensiveness of DSS' annual report.<sup>50</sup>

### **Department of Human Services**

2.34 The 2016–17 annual report for DHS was tabled in the House of Representatives on 24 October 2017, and in the Senate on 13 November 2017.<sup>51</sup>

2.35 The purpose of DHS is as follows:

The department delivers payments and associated services on behalf of partner agencies, and provides related advice to government on social welfare, health and child support delivery.<sup>52</sup>

45 DSS, *Annual report 2016–17*, p. 77.

46 DSS, *Annual report 2016–17*, p. 110.

47 DSS, *Annual report 2015–16*, p. 129.

48 DSS, *Annual report 2016–17*, p. 2.

49 DSS, *Annual report 2015–16*, p. 4.

50 For further information see: Department of Finance, *Resource Management Guide No. 135: Annual reports for non-corporate Commonwealth entities*, May 2017, pp. 22–23, 28–29, [https://www.finance.gov.au/sites/default/files/RMG-135\\_Annual\\_reports\\_for\\_non-corporates.pdf](https://www.finance.gov.au/sites/default/files/RMG-135_Annual_reports_for_non-corporates.pdf).

51 House of Representatives, *Votes and Proceedings*, No. 85, p. 1185; Journals of the Senate, No. 68, 13 November 2017, p. 2168.

### ***Secretary's review***

2.36 The then secretary, Ms Kathryn Campbell CSC, provided a substantive overview of the work undertaken by DHS during 2016–17. Ms Campbell noted:

- the scale of DHS' service delivery arrangements, including the processing of more than 3.8 million social security and welfare claims, delivery of more than 700 million self-service transactions, handling 52 million phone calls and 19 million visits to service centres, and 74 000 kilometres covered by mobile service centres;
- public controversy associated with the online compliance initiative, which raised automated debts based on averaged income data, and DHS' response to improve the initiative's results;
- efforts to improve service delivery, including moving to the delivery phase of the Welfare Payment Infrastructure Transformation Program to improve the delivery of student payments and to upgrade ageing information and communications technology (ICT) infrastructure;
- collaboration with the Digital Transformation Agency to improve the myGov service, particularly focusing on achieving a simplified, user-centric design; and
- the importance of, and approach to, developing workforce capacity and diversity.<sup>53</sup>

2.37 As in DHS' annual report for 2015–16, Ms Campbell noted people's frustration when their calls to DHS went unanswered, or they had to wait for calls to be answered.<sup>54</sup> The committee notes DHS' performance measure for customer satisfaction of 'time to receive service' was just 46.3 per cent.<sup>55</sup>

2.38 As previously noted, Ms Campbell commenced as Secretary of DSS on 18 September 2017. On the same day, Ms Renée Leon PSM commenced as Secretary of DHS.<sup>56</sup> The committee thanks Ms Campbell for her work and welcomes Ms Leon.

### ***Ministerial responsibilities***

2.39 During the 2016–17 reporting period, the Hon. Alan Tudge MP was the Minister for Human Services.<sup>57</sup>

52 Department of Human Services (DHS), *Annual report 2016–17*, p. 2, 240.

53 DHS, *Annual report 2016–17*, pp. X–XIII.

54 DHS, *Annual report 2016–17*, pp. X–XIII.

55 DHS, *Annual report 2016–17*, p. 242.

56 DHS, *Ms Renée Leon PSM*, 6 February 2018, <https://www.humanservices.gov.au/organisations/about-us/our-department/secretary-department-human-services>.

57 DHS, *Annual report 2016–17*, p. 4.

2.40 On 20 December 2017, the Hon. Michael Keenan MP was sworn in as Minister for Human Services.<sup>58</sup>

### ***Performance reporting***

2.41 DHS reported on its performance across three program areas: Program 1.1: Services to the Community – Social Security and Welfare; Program 1.2: Services to the Community – Health; and Program 1.3: Child Support.<sup>59</sup>

2.42 For Program 1.1, DHS met 13 of its 15 performance measures.<sup>60</sup> DHS reported that the performance measures it met included positive results for customers' 24/7 access to DHS' ICT systems and Centrelink's accurate delivery of Indigenous customer payments.<sup>61</sup> DHS did not meet its performance targets for achieving customer service satisfaction standards, or its targets for the delivery of the strengthening the integrity of welfare payments Budget measure.<sup>62</sup>

2.43 For Program 1.2, DHS met 12 of its 14 performance measures.<sup>63</sup> Some of DHS' positive results included pharmacists' satisfaction with Medicare providers' service delivery and high rates of claims processed within service level standards.<sup>64</sup> DHS did not meet its targeted results relating to achieving customer satisfaction standards, or telephony service standards for calls made to the Pharmaceutical Benefits Scheme Authority line and the My Health Record Providers line.<sup>65</sup>

2.44 For Program 1.3, DHS met five out of its seven performance measures. Performance measures achieved included the rate of child support liabilities raised, and child support claims processed within service level standards.<sup>66</sup> DHS did not meet its targeted results for the achievement of customer satisfaction standards, although it came very close to its 85 per cent target, nor did DHS meet its target for the average speed of answer for telephony services.<sup>67</sup>

2.45 The committee recognises that DHS' approach to reporting its performance, with respect to its annual statements and stated purpose, is transparent and informative. When DHS reported that it did not meet a targeted result, it provided

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58 DHS, *The Hon Michael Keenan MP*, December 2017, <https://www.mhs.gov.au/biography>.

59 DHS, *Annual report 2016–17*, pp. 240–258.

60 DHS, *Annual report 2016–17*, p. 241.

61 DHS, *Annual report 2016–17*, pp. 242, 246.

62 DHS, *Annual report 2016–17*, pp. 242, 244.

63 DHS, *Annual report 2016–17*, p. 249.

64 DHS, *Annual report 2016–17*, pp. 249, 253.

65 DHS, *Annual report 2016–17*, pp. 250, 252.

66 DHS, *Annual report 2016–17*, pp. 255–256.

67 DHS, *Annual report 2016–17*, pp. 254, 256.



clear information regarding the outcome of the result and provided information as to the work being undertaken to improve on its performance.<sup>68</sup>

### ***Management of human resources***

2.46 DHS reported on matters regarding the management of human resources and exceeded the reporting standards required by legislation. DHS highlighted its: provisions for supporting employees from culturally and linguistically diverse (CALD) backgrounds;<sup>69</sup> plans and processes to support the employment of people with a self-identified disability;<sup>70</sup> and employment of, and support for, Aboriginal and Torres Strait Islander peoples.<sup>71</sup>

2.47 DHS provided information on the number of employees who had self-identified as having a CALD background, disability background, or an Aboriginal and Torres Strait Islander background. DHS also reported on the substantive Australian Public Service classification levels for employees with the abovementioned backgrounds.<sup>72</sup>

### ***Financial reporting***

2.48 In 2016–17, DHS administered approximately 40 per cent of the Government's total outlays, through approximately \$174.3 billion in payments. DHS received \$4201.6 million in government appropriations and generated own-source revenue and gains of \$244.8 million.<sup>73</sup> Compared to the previous reporting period, DHS' government appropriations decreased from \$4223.5 million and own source revenue and gains increased from \$193.6 million.<sup>74</sup>

2.49 DHS achieved an \$80.7 million operating surplus (after adjustment for depreciation, amortisation and asset revaluation).<sup>75</sup> This improves on DHS' operating deficit of \$3.2 million during the previous reporting period.<sup>76</sup>

2.50 At the end of the 2016–17 reporting period, DHS' total equity was \$847.3 million, which was an increase from \$698 million at the same time in the previous year.<sup>77</sup>

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68 DHS, *Annual report 2016–17*, pp. 242, 244, 250, 252.

69 DHS, *Annual report 2016–17*, p. 133.

70 DHS, *Annual report 2016–17*, p. 134.

71 DHS, *Annual report 2016–17*, pp. 138–140, 144–145.

72 DHS, *Annual report 2016–17*, pp. 266–267.

73 DHS, *Annual report 2016–17*, p. 198.

74 DHS, *Annual report 2015–16*, p. 186.

75 DHS, *Annual report 2016–17*, p. 198.

76 DHS, *Annual report 2015–16*, p. 186.

77 DHS, *Annual report 2015–16*, p. 188; DHS, *Annual report 2016–17*, p. 201.

2.51 As at 30 June 2017, DHS held assets totalling \$2227 million, mostly comprised from retained appropriations and non-financial assets. Asset values increased 8.1 per cent from the same time during the previous year.<sup>78</sup>

2.52 Overall, the committee commends DHS for producing an informative, clearly presented and PGPA Act compliant annual report.

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78 DHS, *Annual report 2016–17*, p. 201.

## Chapter 3

### Annual reports of Commonwealth entities and companies

#### Health Portfolio

3.1 The committee received the 2016–17 annual reports of Commonwealth entities and companies within the Health Portfolio as listed at Appendix 1. The committee examined the reports of the following entities in further detail:

- Australian Institute of Health and Welfare;
- Australian Organ and Tissue Donation and Transplantation Authority;
- Australian Radiation and Protection and Nuclear Safety Agency; and
- Cancer Australia.

#### *Australian Institute of Health and Welfare*

3.2 The Australian Institute of Health and Welfare (AIHW) is a corporate Commonwealth entity established under the *Australian Institute of Health and Welfare Act 1987* to develop 'authoritative and accessible information and statistics that inform decisions and improve the health and welfare of all Australians.'<sup>1</sup> The outcome of AIHW's work is:

[a] robust evidence base for the health, housing and community sectors, including through developing and disseminating comparable health and welfare information and statistics.<sup>2</sup>

3.3 During the 2016–17 reporting period, AIHW reported against nine performance criteria of which seven were met and two were partially met.<sup>3</sup> AIHW produced 188 reports, which exceeded its target of 161 reports. Further, 63 per cent of AIHW's statistical products included data in a manipulable format, the target for which was 50 per cent.<sup>4</sup> The committee notes that from 2017–18, AIHW will not report against performance criteria relating to downloads of *Australia's health* and *Australia's welfare*, as AIHW has expanded the accessibility of these publications to include direct access via its webpage.<sup>5</sup>

3.4 AIHW's annual appropriation in 2016–17 totalled \$26.9 million.<sup>6</sup> This was an increase of \$15.6 million from its 2015–16 annual appropriation, to account for the allocation of the Performance and Accountability Framework (PAF) reporting

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1 Australian Institute of Health and Welfare (AIHW), *Annual report 2016–17*, p. vii.

2 AIHW, *Annual report 2016–17*, p. 3.

3 AIHW, *Annual report 2016–17*, p. 5.

4 AIHW, *Annual report 2016–17*, p. 12.

5 AIHW, *Annual report 2016–17*, pp. 13–14.

6 AIHW, *Annual report 2016–17*, p. 19.

responsibilities to AIHW.<sup>7</sup> For 2016–17, AIHW received \$29.6 million in own source income, received interest totalling \$1.02 million and achieved a surplus of \$76 000.<sup>8</sup>

3.5 The committee noted AIHW's overview of the key reports it produced in 2016–17, including an examination of vulnerable young peoples' interaction with services for homelessness, youth justice and child protection, and Australia's first indigenous eye health measures report.<sup>9</sup>

3.6 In its first report on annual reports for 2017, the committee noted that a key change for AIHW was assuming reporting responsibilities for PAF.<sup>10</sup> The committee is pleased to note that AIHW reported organisational amendments have been made 'to maintain the distinctive features of the PAF reporting and to extend them to other relevant areas of the AIHW's work.'<sup>11</sup>

3.7 Overall, AIHW's 2016–17 annual report is clearly-expressed and provides useful insight into the scope and scale of AIHW's work. The committee considers the report is of an apparently satisfactory standard and meets the reporting requirements set under the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

### ***Australian Organ and Tissue Donation and Transplantation Authority***

3.8 The Australian Organ and Tissue Donation and Transplantation Authority (Organ and Tissue Authority) is a non-corporate Commonwealth entity which was established in 2009 to:

...save and improve the lives of more Australians through optimising every potential organ and tissue donation for transplantation, through a nationally coordinated and consistent approach and system.<sup>12</sup>

3.9 The Organ and Tissue Authority reported that in 2016 '1447 lives were saved or transformed through the generosity of 503 deceased organ donors and their families'.<sup>13</sup> Compared to the previous year, the Organ and Tissue Authority stated that

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7 Note: the Performance and Accountability Framework (PAF) was implemented in 2011, under the Council of Australian Governments National Health Reform Agreement (NHRA), to support local-level performance assessment for the NHRA and a high quality Australian health system. Following the closure of the National Health Performance Authority on 30 June 2016, the PAF reporting functions were transferred to the Australian Institute of Health and Welfare.

8 AIHW, *Annual report 2016–17*, p. 19.

9 AIHW, *Annual report 2016–17*, pp. 32, 35.

10 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, March 2017, p. 22.

11 AIHW, *Annual report 2016–17*, p. 63.

12 Australian Organ and Tissue Donation and Transplantation Authority (Organ and Tissue Authority), *Annual report 2016–17*, p. 18.

13 Organ and Tissue Authority, *Annual report 2016–17*, p. 23.

there was a 17 per cent increased in the number of transplant recipients, and a 16 per cent increase in the number of deceased organ donors.<sup>14</sup>

3.10 For 2016–17, the Organ and Tissue Authority utilised eight performance criteria, of which it met three and partially met five.<sup>15</sup> Criteria met included target rates of organ donations from deceased persons, and the conduct of community awareness and education initiatives. Criteria partially met included the rate of organ transplant recipients from deceased donors, and the rate of families' consent to organ and tissue donation.<sup>16</sup>

3.11 As at 30 June 2017, the Organ and Tissue Authority employed 27.4 full-time-equivalent staff. Fifty six per cent of staff were employed at an Australian Public Services classification of Executive Level 1 or Executive Level 2, the majority of whom were based in Canberra.<sup>17</sup>

3.12 In 2016–17, the Organ and Tissue Authority: administered expenses totalling \$43.77 million; received revenue of \$5.53 million; held a net asset position of \$2.20 million; and achieved an operating surplus of \$0.15 million (prior to depreciation, amortisation, and asset revaluation).<sup>18</sup>

3.13 The committee considered that the Organ and Tissue Authority's annual report for 2016–17 was of a high-standard and purposefully highlighted the activities undertaken in support of organ and tissue donations and transplantations.

### ***Cancer Australia***

3.14 Cancer Australia is a non-corporate Commonwealth entity established under the *Cancer Australia Act 2006* with a purpose to:

[m]inimise the impact of cancer, address disparities, and improve the health outcomes of people affected by cancer in Australia by providing national leadership in cancer control.<sup>19</sup>

3.15 In 2016–2017, Cancer Australia reported on three program objectives of: providing leadership in national cancer control and promoting appropriate cancer care; funding priority research and strengthening national data capacity; and promoting cancer awareness and providing information about cancer to the community.<sup>20</sup> Cancer Australia met all references points and targets for each of its programs.<sup>21</sup>

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14 Organ and Tissue Authority, *Annual report 2016–17*, p. 23.

15 Organ and Tissue Authority, *Annual report 2016–17*, pp. 18–19.

16 Organ and Tissue Authority, *Annual report 2016–17*, pp. 18–19.

17 Organ and Tissue Authority, *Annual report 2016–17*, pp. 62–63.

18 Organ and Tissue Authority, *Annual report 2016–17*, pp. 15–16.

19 Cancer Australia, *Annual report 2016–17*, p. 3.

20 Cancer Australia, *Annual report 2016–17*, p. 19.

21 Cancer Australia, *Annual report 2016–17*, pp. 19–21.

3.16 Cancer Australia's 2016–2017 departmental expenses were \$12.78 million and administered expenses were \$17.01 million.<sup>22</sup> Three new consultancy contracts were entered into during the reporting period which cost a total of \$0.3 million, and there were five ongoing consultancy contracts with actual expenditure of \$0.8 million.<sup>23</sup> In collaboration with six other funding partners, Cancer Australia jointly provided \$12.5 million in grants for cancer research through the Priority-driven Collaborative Cancer Research Scheme.<sup>24</sup> The committee welcomed the substantive information that Cancer Australia included within its financial statements, as this additional information assisted in making the statements more informative and transparent.

3.17 The committee considers that Cancer Australia's 2016–2017 annual report is of an apparently satisfactory standard, and is in accordance with the requirements of the PGPA Rule.

### ***Australian Radiation and Protection and Nuclear Safety Agency***

3.18 The Australian Radiation and Protection and Nuclear Safety Agency (ARPANSA) is established under the *Australian Radiation Protection and Nuclear Safety Act 1998* to 'protect the Australian people and environment from the effects of radiation.'<sup>25</sup>

3.19 In 2016–17, ARPANSA reported against 23 targets, 14 of which were met and nine which were considered 'partially met, criterion changed or removed'.<sup>26</sup> ARPANSA reported that it experienced several challenges during the reporting period, such as: managing efficiency dividends and staffing levels; an unsuccessful enterprise bargaining attempt; and stakeholder engagement in relation to the national radioactive waste management facility.<sup>27</sup> The committee notes ARPANSA's reporting on the projects and activities it undertook to improve its performance.<sup>28</sup>

3.20 The committee welcomed ARPANSA's use of case studies to report on the unique work it undertook in 2016–17, including: the Personal Radiation Monitoring Service to measure any occupation radiation Australian workers may receive;<sup>29</sup> maintaining a network of ultraviolet radiation (UVR) sensors and publishing near real-time UVR data to 'assist in reducing the impact and burden of disease caused by over-exposure to solar UVR';<sup>30</sup> and participation in an international nuclear emergency

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22 Cancer Australia, *Annual report 2016–17*, p. 32.

23 Cancer Australia, *Annual report 2016–17*, p. 87.

24 Cancer Australia, *Annual report 2016–17*, p. 19.

25 Australian Radiation and Protection and Nuclear Safety Agency (ARPANSA), *Annual report 2016–17*, p. 17.

26 ARPANSA, *Annual report 2016–17*, pp. 30–39.

27 ARPANSA, *Annual report 2016–17*, p. 29.

28 ARPANSA, *Annual report 2016–17*, p. 40.

29 ARPANSA, *Annual report 2016–17*, p. 53.

30 ARPANSA, *Annual report 2016–17*, p. 55.

exercise which provided an opportunity to test Australia's whole-of-government response to a severe nuclear accident scenario.<sup>31</sup>

3.21 ARPANSA reported on its responsibility for licensing the radiation sources and sites of Commonwealth entities and stated that it had been made aware of two breaches with significant safety implications, and eight breaches with minor or no safety implications.<sup>32</sup>

3.22 For 2016–17, ARPANSA's revenue was \$24.4 million of which 53 per cent was appropriated by government and 47 per cent was from own-source activities.<sup>33</sup> ARPANSA reported expenses totalling \$27.9 million, and a deficit of \$3.5 million due to the 'rectification and remediation of a legacy radiation site and the settlement of litigation.'<sup>34</sup>

3.23 The committee considers ARPANSA's annual report to be of a satisfactory standard.

### **Social Services Portfolio**

3.24 The committee was referred the 2016–17 annual reports of the National Disability Insurance Agency (NDIA) and Australian Institute of Family Studies. The committee selected the NDIA's annual report to examine in further detail.

#### ***National Disability Insurance Agency***

3.25 The NDIA is a corporate Commonwealth entity established under the *National Disability Insurance Scheme Act 2013* to implement the National Disability Insurance Scheme (scheme). Following a three-year trial of the scheme from 2013, the NDIA commenced transition to a full roll-out of the scheme on 1 July 2016. The scheme is anticipated to be fully implemented by mid-2020 and fund disability supports for an estimated 460 000 participants.<sup>35</sup>

3.26 The NDIA's 2016–17 annual report presented significant achievements across the reporting period, including: an additional 60 357 participants entering the scheme with approved support plans and raising the number of scheme participants to 90 638; the collection of baseline measures from 98 per cent of participants to allow for assessment of the scheme's benefits for participants; and support for small businesses with individuals and small traders making up over 40 per cent of the scheme's providers.<sup>36</sup>

3.27 The Scheme Actuary, Ms Sarah Johnson, reported on several pressures on the scheme that 'require management responses', including: more children entering the

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31 ARPANSA, *Annual report 2016–17*, p. 57.

32 ARPANSA, *Annual report 2016–17*, p. 116.

33 ARPANSA, *Annual report 2016–17*, p. 46.

34 ARPANSA, *Annual report 2016–17*, p. 46.

35 National Disability Insurance Agency (NDIA), *Annual report 2016–17*.

36 NDIA, *Annual report 2016–17*, p. 19.

scheme with complex needs than initially estimated; lower than expected number of people exiting the scheme; and higher than expected costs for shared support accommodation.<sup>37</sup> Whilst not a requirement under the PGPA Rules, the committee encourages the NDIA to consider if noting its response to the pressures on the scheme would enhance the completeness of its reporting.

3.28 The NDIA reported on its actual costs by program, as follows:

- Program 1.1: Reasonable and necessary care and support for participants—\$2243.2 million, including \$2238.2 million of participant plan expenses and \$5 million for impairment expenses;
- Program 1.2: Community inclusion and capacity development grants—\$33.5 million; and
- Program 1.3: Agency costs—\$574.4 million in operating expenses, including \$125.7 million in community partnership costs and \$5.6 million in grant expenses.<sup>38</sup>

3.29 The committee notes that for 2016–17, the NDIA reduced the ratio of its operating expenses to scheme cost to 25.9 per cent, a decrease from a ratio of 33.3 per cent in the previous year. The NDIA 'ended 2016–17 with an operating surplus of \$617 million'.<sup>39</sup>

3.30 In the committee's first report on annual reports for 2017, the committee noted reports from other government entities that made recommendations relevant to the work of the NDIA and encouraged the NDIA to note those reports in its annual reports.<sup>40</sup> The committee welcomed the information included in the NDIA's 2016–17 report which examined relevant reports of external government entities.<sup>41</sup>

3.31 The committee notes the NDIA's 2016–17 annual report was well-presented and provided extensive and important information regarding the scheme's operations and the NDIA's performance across the reporting period. The committee considers that the NDIA's report is satisfactory.

## **Human Services Portfolio**

3.32 The committee was referred the 2016–17 annual report of Australian Hearing for examination and the committee chose to consider that report in further detail.

### ***Australian Hearing***

3.33 Australian Hearing is a corporate Commonwealth entity established under the *Australian Hearing Services Act 1991* to 'deliver a positive impact on the hearing

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37 NDIA, *Annual report 2016–17*, p. 155.

38 NDIA, *Annual report 2016–17*, pp. 116–117.

39 NDIA, *Annual report 2016–17*, p. 117.

40 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, March 2017 p. 29.

41 NDIA, *Annual report 2016–17*, pp. 142–143.



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impaired through effective and accessible hearing services, quality clinical care and excellence in client service.<sup>42</sup>

3.34 In 2016–17, Australian Hearing provided 557 531 hearing services to its clients, inclusive of: 69 806 services to 29 683 young Australians under the aged of 21; 8732 services to 4079 to young adults aged between 21 and 26; and 58 837 services to over 24 605 adults with complex hearing needs.<sup>43</sup>

3.35 Australian Hearing visited 238 Indigenous and Torres Strait Island sites in 2016–17 and saw an additional 15.6 per cent of adults, and 4.7 per cent more children and young adults under the age of 26, compared to the 2015–16 reporting period.<sup>44</sup>

3.36 Australian Hearing reported against six activity categories, for which it achieved all targeted results. Highlights of Australian Hearing's performance included: the provision of 390 722 services to voucher holders and the opening of 11 new permanent hearing centres.<sup>45</sup> Out of the 12 performance criteria used by Australian Hearing in 2016–17, 11 of the criteria were met and one criterion was substantially met.<sup>46</sup>

3.37 Total revenue achieved by Australian Hearing in 2016–17 was \$255.3 million, which represented a 4.8 per cent increase over the previous year. Australian Hearing's earnings before depreciation, amortisation and tax were \$38.6 million, and a before tax profit of \$32 million was achieved. Australian Hearing reported capital expenditure for 2016–17 of \$13.7 million, and stated that it 'continued to invest in remote services, new hearing centres and technology to support business efficiencies.'<sup>47</sup>

3.38 The committee commends Australian Hearing on its 2016–17 annual report and notes the clear presentation of its achievements in the delivery of hearing services.

## **Senator Slade Brockman Chair**

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42 Australian Hearing, *Annual report 2016–17*, p. 6.

43 Australian Hearing, *Annual report 2016–17*, p. 21.

44 Australian Hearing, *Annual report 2016–17*, pp. 16, 20–21.

45 Australian Hearing, *Annual report 2016–17*, pp. 16, 20–21.

46 Australian Hearing, *Annual report 2016–17*, pp. 20–21.

47 Australian Hearing, *Annual report 2016–17*, pp. 9–10.



## Appendix 1

### Dates relating to the presentation of annual reports between 1 May 2017 and 31 October 2017

#### Health Portfolio

Reporting body	Submitted to Minister	Received by the Minister	Tabled in the Senate, or presented out of sitting(*)	Tabled in the House of Representatives
Administrator of the National Health Funding Pool	10/10/2017	11/10/2017	20/10/2017(*)	23/10/2017
Aged Care Complaints Commissioner	25/08/2017	25/08/2017	20/09/2017(*)	16/10/2017
Aged Care Pricing Commissioner	1/9/2017	1/9/2017	18/10/2017	18/10/2017
Australian Aged Care Quality Agency	4/10/2017	4/10/2017	27/10/2017(*)	4/12/2017
Australian Commission on Safety and Quality in Health Care	29/09/2017	2/10/2017	17/10/2017	17/10/2017
Australian Institute of Health and Welfare	5/10/2017	5/10/2017	13/11/2017	26/10/2017
Australian Organ and Tissue Donation and Transplantation Authority	27/09/2017	27/09/2017	17/10/2017	17/10/2017
Australian Radiation Protection and Nuclear Safety Agency	4/10/2017	4/10/2017	18/10/2017	18/10/2017
Australian Sports Anti-Doping Authority	13/10/2017	13/10/2017	31/10/2017(*)	4/12/2017
Australian Sports Commission	6/10/2017	6/10/2017	13/11/2017	26/10/2017
Australian Sports Foundation Limited	10/10/2017	12/10/2017	27/10/2017(*)	4/12/2017

Reporting body	Submitted to Minister	Received by the Minister	Tabled in the Senate, or presented out of sitting(*)	Tabled in the House of Representatives
Cancer Australia	14/09/2017	26/09/2017	30/10/2017(*)	4/12/2017
Department of Health <sup>1</sup>	13/10/2017	13/10/2017	30/10/2017(*)	4/12/2017
Food Standards Australia New Zealand	27/09/2017	27/09/2017	16/10/2017	16/10/2017
Independent Hospital Pricing Authority <sup>2</sup>	5/10/2017	5/10/2017	13/11/2017	19/10/2017
National Blood Authority	9/10/2017	9/10/2017	18/10/2017	18/10/2017
National Health and Medical Research Council	23/10/2017	23/10/2017	30/10/2017(*)	4/12/2017
National Health Funding Body	10/10/2017	11/10/2017	20/10/2017(*)	23/10/2017
National Industrial Chemicals Notification and Assessment Scheme <sup>3</sup>	13/10/2017	13/10/2017	30/10/2017(*)	4/12/2017
National Mental Health Commission	28/09/2017	29/09/2017	20/10/2017(*)	23/10/2017
Office of the Gene Technology Regulator	9/10/2017	9/10/2017	31/10/2017(*)	4/12/2017
Pharmaceutical Benefits Advisory Committee <sup>4</sup>	13/10/2017	13/10/2017	30/12/2017(*)	4/12/2017
Professional Services Review Scheme	13/10/2017	13/10/2017	27/10/2017(*)	4/12/2017

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1 Incorporates the financial statements for the Australian National Preventative Health Agency at Appendix 3.

2 Includes the report of the Clinical Advisory Committee.

3 Incorporated into the Department of Health's *Annual Report 2016–17* at Appendix 2.

4 Incorporated into the Department of Health's *Annual Report 2016–17* at Appendix 1.

### Social Services Portfolio

Reporting body	Submitted to Minister	Received by the Minister	Tabled in the Senate, or presented out of sitting(*)	Tabled in the House of Representatives
Australian Institute of Family Studies	18/09/2017	18/09/2017	13/11/2017	23/10/2017
Department of Social Services	15/09/2017	15/09/2017	16/10/2017	16/10/2017
National Disability Insurance Agency	12/10/2017	13/10/2017	13/11/2017	24/10/2017

### Human Services Portfolio

Reporting body	Submitted to Minister	Received by the Minister	Tabled in the Senate, or presented out of sitting(*)	Tabled in the House of Representatives
Australian Hearing	26/9/2017	27/09/2017	18/10/2017	18/10/2017
Department of Human Services	9/10/2017	9/10/2017	13/11/2017	24/10/2017



## Appendix 2

### **List of additional documents presented to the Senate and referred to the committee that are not required to be examined under Senate Standing Order 25(20)**

- *Aged Care (Living Longer Living Better) Act 2013*—Independent review of the operation of the Act—Legislated Review of Aged Care, 2017.
- Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for the period April to June 2017.
- Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for the period 1 January to 31 March 2017.
- Australian Radiation Protection and Nuclear Safety Agency—Quarterly report for the period 1 October to 31 December 2016.
- Australian Sports Commission—Corporate plan 2017–21.
- Department of Social Services—Multicultural Access and Equity in Australian Government Services—Report for the period 2013 to 2015.
- *Medical Indemnity Act 2002*—Costs of the Australian Government's run-off cover scheme for medical indemnity insurers—Report for 2015–16.
- *Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010*—Costs of the Australian Government's run-off cover scheme for midwife professional indemnity insurers—Report for 2015–16.
- National Health and Medical Research Council—Ethical guidelines on the use of assisted reproductive technology in clinical practice and research, 2017.
- National Health and Medical Research Council (NHMRC)—NHMRC licensing Committee—Report on the operation of the *Research Involving Human Embryos Act 2002* for the period 1 September 2016 to 28 February 2017.
- National Health and Medical Research Council—Corporate plan 2017–21.
- *Tobacco Advertising Prohibition Act 1992*—Report for 2016.