

The Senate

Environment and Communications
Legislation Committee

Annual reports (No. 1 of 2020)

February 2020

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Chapter 1

Introduction

1.1 This is the first report on annual reports for 2020 of the Senate Environment and Communications Legislation Committee (the committee). It provides an overview of selected annual reports of agencies within the allocated portfolios tabled in the Senate between 1 May and 31 October 2019.

1.2 Annual reports inform the Parliament, stakeholders and other interested parties of the operations and performance of public sector departments, agencies and companies. They are a primary accountability mechanism. Additionally, annual reports are important reference documents and form part of the historical record of the Commonwealth.

Terms of reference

1.3 Under Standing Order 25(20), the annual reports of certain departments and agencies are referred to the committee for examination and assessment. The 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 annual 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.
- (g) Draw the attention of the Senate to 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.

Allocated portfolios

1.4 In accordance with the resolution of the Senate on 4 July 2019, the committee had oversight of the following portfolios during the reporting period:

- Environment and Energy; and
- Communications and the Arts.¹

1.5 On 8 August 2019, following an amendment to the Administrative Arrangements Orders (AAOs), Old Parliament House transferred from the Communications and the Arts portfolio to the Prime Minister and Cabinet portfolio. Accordingly, the Old Parliament House Annual Report for 2018-19 will be examined by the Senate Finance and Public Administration Legislation Committee.

Reports examined

1.6 This report examines the following reports, tabled in the Senate or presented out-of-session to the President of the Senate and referred to the committee between 1 May and 31 October 2019:

Non-corporate Commonwealth entities

- Department of Communications and the Arts—Annual Report for 2018-19;
- Department of the Environment and Energy—Annual Report for 2018-19;
- Australian Communications and Media Authority and the Office of the eSafety Commissioner—Annual Report for 2018-19;
- Bureau of Meteorology—Annual Report for 2018-19;
- Clean Energy Regulator—Annual Report for 2018-19;
- Climate Change Authority—Annual Report for 2018-19; and
- Great Barrier Reef Marine Park Authority—Annual Report for 2018-19.

Corporate Commonwealth entities

- Australia Council for the Arts—Annual Report for 2018-19;
- Australian Broadcasting Corporation—Annual Report for 2018-19;
- Australian Film, Television and Radio School—Annual Report for 2018-19;
- Australian National Maritime Museum—Annual Report for 2018-19;
- Australian Postal Corporation—Annual Report for 2018-19;
- Australian Renewable Energy Agency—Annual Report for 2018-19;

1 *Journals of the Senate*, No. 3, 4 July 2019, pp. 83–84. See also, *Journals of the Senate*, No. 42, 13 February 2020, pp. 1268–1269 for the allocation of agencies following the Administrative Arrangements Order made on 5 December 2019, with took effect from 1 February 2020. These changes will be discussed in the committee's report on 2019-20 annual reports.

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- Clean Energy Finance Corporation—Annual Report for 2018-19;
 - Director of National Parks—Annual Report for 2018-19;
 - National Film and Sound Archive of Australia—Annual Report for 2018-19;
 - National Gallery of Australia—Annual Report for 2018-19;
 - National Library of Australia—Annual Report for 2018-19;
 - National Museum of Australia—Annual Report for 2018-19;
 - National Portrait Gallery of Australia—Annual Report for 2018-19;
 - Screen Australia—Annual Report for 2018-19;
 - Special Broadcasting Service Corporation—Annual Report for 2018-19; and
 - Sydney Harbour Federation Trust—Annual Report for 2018-19.

Commonwealth companies

- Australia Business Arts Foundation Limited (Creative Partnerships Australia)—Annual Report for 2018-19;
- Bundanon Trust—Annual Report for 2018-19;
- NBN Co Limited—Annual Report for 2018-19; and
- Snowy Hydro Limited—Annual Report for 2018-19.

Other bodies

- Classification Board and Classification Review Board—Reports for 2018-19;
- Independent Scientific Committee on Wind Turbines—Report for 2018;
- National Environment Protection Council—Report for 2017-18;²
- Office of the National Wind Farm Commissioner—Report for 2018; and
- Public Lending Right Committee—Report for 2018-19.

Reports not examined

1.7 The committee is not obliged to report on Acts, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. The following documents were referred to the committee between 1 May and 31 October 2019 but are not examined in this report:

- Australian National Maritime Museum—Corporate plan 2019–23;

2 The National Environment Protection Council (NEPC) annual report was tabled in accordance with section 24 of the *National Environment Protection Council Act 1994*. This requires the NEPC to report its operations during the year ended on the preceding 30 June. This legislative requirement means that the report covers the 2017-18 financial year rather than the 2018-19 reporting period.

- Clean Energy Regulator—Renewable Energy Target administrative report for 2018;
- Climate Change Authority—Review of the National Greenhouse and Energy Reporting legislation—Final report, dated December 2018 and Government response, dated August 2019;
- Final budget outcome 2018-19—Report by the Treasurer (Mr Frydenberg) and the Minister for Finance (Senator Cormann), dated September 2019;
- *Great Barrier Reef Marine Park Act 1975*—Great Barrier Reef outlook report for 2019; and
- *Greenhouse and Energy Minimum Standards Act 2012*—Independent review of the Act—Final report, dated June 2019.

Annual reporting requirements

1.8 A performance reporting framework is established for all Commonwealth entities and companies by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The performance framework is based on section 38 of the PGPA Act which requires all Commonwealth entities to measure and assess their performance according to the requirements prescribed by the rules.

1.9 The performance framework includes the requirement for Commonwealth entities to prepare a corporate plan and annual performance statements. The Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) contains the minimum requirements that must be included.

1.10 Section 39 of the PGPA Act requires all Commonwealth entities to prepare an annual performance statement and include those statements in their annual reports. Entities use the annual performance statements to report on the results achieved against the targets, goals and measures established at the beginning of a reporting year in corporate plans and in any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement, that were prepared for the reporting period.

1.11 Below is a summary of the legislative authority and requirements for the different types of bodies under which annual reports are prepared:

- Non-corporate Commonwealth entities: PGPA Act, section 46, and the PGPA Rule, Division 3A(A); for portfolio departments and executive agencies, and for statutory bodies, relevant enabling legislation.
- Corporate Commonwealth entities: PGPA Act, section 46, and the PGPA Rule, Division 3A(B); and for statutory bodies, relevant enabling legislation.
- Commonwealth companies: PGPA Act, section 97, which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule, Part 3-3; and for statutory bodies, relevant enabling legislation.

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- Non-statutory bodies: the annual reporting requirements are contained in the government response to the Senate Standing Committee on Finance and Public Administration's Report on Non-Statutory bodies.³

Changes to the PGPA Rule

1.12 In April 2019, the Minister for Finance amended the PGPA Rule which affected the annual reporting obligations for Commonwealth entities and companies. The amendments implemented a number of recommendations from the *Independent Review into the Operation of the PGPA Act and Rule*⁴ and commenced in the reporting period that began on or after 29 June 2018.

1.13 The annual reports of Commonwealth entities are now required to include additional remuneration disclosures for three staffing categories: key management personnel; senior executives; and other highly paid staff. In addition, Commonwealth entities must also disclose their executive remuneration policies and practices, including the governance arrangements under which those operate and the basis on which executive remuneration has been determined.⁵

1.14 Commonwealth companies are only required to include information in relation to key management personnel.⁶ The change does not affect the reporting of key management personnel information in company financial statements in accordance with the requirements of the *Corporations Act 2001*.

1.15 The amendments also require Commonwealth entities and companies to publish annual reports on the Australian Government's transparency portal: www.transparency.gov.au. This includes additional statistics on all employees of an entity or company, information on the accountable authority for non-corporate entities, as well as the inclusion of compliance index templates for corporate Commonwealth entities and companies, in a structure similar to the existing compliance index for non-corporate Commonwealth entities.⁷

3 *Senate Hansard*, 8 December 1987, pp. 2632–45.

4 Department of Finance, *Independent review into the operation of the Public Governance, Performance and Accountability Act 2013 and Rule*, September 2018.

5 Public Governance, Performance and Accountability Amendment (Reporting Executive Remuneration) Rules 2019, Explanatory Memorandum, pp. 1–11.

6 Department of Finance, *Resource Management Guide No. 139 – Commonwealth companies Executive Remuneration Reporting Guide for Annual Reports*.

7 Public Governance, Performance and Accountability Amendment (Annual Reporting) Rules 2019, Explanatory Memorandum, pp. 1–4.

Timeliness

1.16 As part of its review of annual reports, the committee is required to investigate and report on any lateness in the presentation of annual reports.⁸ In assessing the timeliness of the presentation of annual reports, the committee assesses the presentation against the requirements of the PGPA Act, the PGPA Rule and other legislative requirements.

Presentation to ministers

1.17 Section 46 of the PGPA Act requires the provision of an annual report of a Commonwealth entity, including corporate and non-corporate entities, to the responsible minister by the 15th day of the fourth month after the end of the reporting period for the entity. For most agencies this translates to 15 October each year. This part of the PGPA Act does not, however, provide a timeframe for the minister to present the report to the Parliament.

1.18 The arrangements for Commonwealth companies differ to some degree. Section 97 of the PGPA Act sets out the requirements for the provision of annual reports of Commonwealth companies to the responsible minister. In general, this amounts to four months after the end of the reporting period for each company.⁹

Tabling in Parliament

1.19 The PGPA Rule states that annual reports for corporate Commonwealth entities, non-corporate Commonwealth entities and Commonwealth companies must comply with the guidelines for presenting documents to the Parliament.¹⁰ In addition, the Department of Finance's Resource Management Guides for corporate and non-corporate Commonwealth entities advise:

It has been practice for the responsible Minister to present the report to each house of the Parliament on or before 31 October. If Senate Supplementary Budget Estimates hearings are scheduled to occur before 31 October, Ministers have sought to table annual reports prior to those hearings.¹¹

8 Standing Order 25(20)(c).

9 *Public Governance, Performance and Accountability Act 2013*, ss. 97(2).

10 See PGPA Rule, sections 17AB, 17BC and 28C.

11 Department of Finance, *Resource Management Guide No. 135 – Annual report for non-corporate Commonwealth entities*, May 2019, p. 11; *Resource Management Guide No. 136 – Annual report for corporate Commonwealth entities*, p. 9. In the case of a wholly-owned Commonwealth company, or a Commonwealth company that is not required to hold an annual general meeting, the PGPA Act states that "the responsible Minister must table the documents in each House of the Parliament as soon as practicable after receiving them. In all other cases, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after the annual general meeting of the company" (*Public Governance, Performance and Accountability Act 2013*, ss. 97(5)).

1.20 Entities reporting in accordance with their own legislation are often required to prepare for the relevant minister their annual report 'as soon as is practicable' after the end of the particular period to which the report relates. The committee draws attention to subsections 34C(2) and 34C(3) of the *Acts Interpretation Act 1901*, which stipulate that where no date for providing a report to a minister is specified, the report should be presented no more than six months after the reporting period, and the minister must provide the report to the Parliament within 15 days after the minister receives it.

1.21 Where a deadline for presenting an annual report cannot be met, a Commonwealth entity or company can seek an extension of time to report under the *Acts Interpretation Act 1901*, by advising the responsible minister of the reasons why the entity cannot comply with the deadline. The responsible minister is required to table this application and a statement specifying whether the extension was granted and the reasons for the extension in both houses of the Parliament.¹²

Timeliness of reports examined

1.22 In its *Annual reports (No. 1 and No. 2 of 2019)* tabled in July 2019, the committee commented that the majority of annual reports for Commonwealth entities within its allocated portfolios did not meet the recommended timeframe for the tabling of annual reports prior to the commencement of the October 2018 Supplementary Budget Estimates.¹³

1.23 In July 2019, the committee wrote to all departments and agencies in the Communications and the Arts and Environment and Energy portfolios reminding them to table their annual reports in Parliament within a reasonable timeframe for the committee to consider the content of the reports prior to the commencement of Supplementary Budget Estimates.

1.24 The committee notes that the majority of agencies met the recommended timeframe for tabling annual reports prior to the commencement of the committee's Supplementary Estimates hearings on 21 October 2019. The committee also notes that eight agencies, listed in Appendix 1, did not meet the recommended timeframe.¹⁴

1.25 Overall, the committee welcomes this improved timeliness in tabling annual reports and thanks both departments and all associated agencies that provided their annual reports prior to the committee's hearings. The committee further encourages all agencies to follow best practice in the future by ensuring that their annual reports are

12 *Acts Interpretation Act 1901*, ss. 34C(6).

13 Senate Environment and Communications Legislation Committee, *Annual reports (No. 1 and No. 2 of 2019)*, pp. 9–11.

14 Appendix 1 lists the relevant tabling dates for annual reports in the Senate and the House of Representatives between 1 May and 31 October 2019.

tabled prior to its Supplementary Estimates hearings, which in 2020 are due to commence on 19 October.

1.26 Appendix 1 lists the annual reports tabled (or presented) in the Senate and the House of Representatives between 1 May and 31 October 2019 and referred to the committee, with relevant tabling dates.

1.27 Appendix 2 lists documents tabled (or presented) in the Senate and House of Representatives between 1 May and 31 October 2019 and referred to the committee, with relevant tabling dates.

Senate debate

1.28 In accordance with Standing Order 25(20)(d), the committee is required to take into account any relevant remarks about annual reports made in debate in the Senate. None of the annual reports examined in this report were the subject of Senate debate.

Non-reporting bodies

1.29 Standing Order 25(20)(h) requires that the committee report on any bodies which do not present annual reports to the Senate but should present such reports. The committee notes that there are no relevant bodies which are required to present an annual report to the Senate which have not done so.

Apparently satisfactory

1.30 Standing Order 25(20)(a) requires that the committee report to the Senate on whether the annual reports of departments and agencies in its portfolios are 'apparently satisfactory'. In making this assessment, the committee considers such aspects as timeliness of presentation and compliance with relevant reporting requirements.

1.31 The committee reminds all agencies to ensure that they include a complete and up-to-date compliance index in their annual reports. For Commonwealth entities, this must include a list of requirements as specified by the PGPA Rule and where those requirements are to be found in the annual report. This is an important element of accountability and the committee expects all relevant portfolio agencies to ensure that this information is reported consistently.

1.32 The committee has examined all annual reports referred during the reporting period and considers that they are 'apparently satisfactory'.

Chapter 2

Review of selected reports

2.1 The committee provides the following comments on the annual reports of the two former departments from the portfolios referred to it, as well as reports from two agencies within each portfolio as follows:

- Department of Communications and the Arts;
- Australian Communications and Media Authority;
- National Portrait Gallery of Australia;
- Department of the Environment and Energy;
- Snowy Hydro Limited; and
- Sydney Harbour Federation Trust.

Communications and the Arts portfolio

Department of Communications and the Arts

2.2 The 2018-19 Annual Report of the former Department of Communications and the Arts was presented to the President of the Senate on 18 October 2019 and tabled in the Senate on 11 November 2019. The Secretary's review provided an overview of some of the department's activities in 2018-19, including:

- increased efforts to improve cyber-safety through the Keeping our Children Safe Online package and the department's co-chairing of the Taskforce to Combat Terrorist and Extreme Violent Material Online;
- the release of the *Regional Telecommunications Independent Review Committee* report and the summary report on the development of the Universal Service Guarantee;
- the commencement of the process to renew the National Arts and Disability Strategy; and
- the department's support for the Inquiry into the Competitive Neutrality of the National Broadcasters.¹⁵

Performance reporting

2.3 During the reporting period, the department published a revised corporate plan which updated the department's activity-based performance criteria to better align with the Commonwealth performance framework.¹⁶

15 Department of Communications and the Arts, *Annual Report 2018-19*, pp. 2–9.

16 Department of Communications and the Arts, *Annual Report 2018-19*, p. 20.

2.4 The changes to the corporate plan were reflected in the performance statements which discussed the results achieved against the new measures and targets. The relationships between the revised performance measures and the criteria and targets contained in the Portfolio Budget Statements (PBS) have also been mapped to information presented in the annual performance statements. The annual report measured the department's performance against its purposes—connectivity, creativity and culture—identified in the revised corporate plan. The department reported meeting the majority of the 26 performance measures which it used to assess its performance in achieving these purposes. The annual report noted that one new target for the achievement of minimum fixed broadband download speeds was not applicable for 2018-19, while the results for the creative and cultural sectors contribution to GDP was not available at the time of reporting.¹⁷ One target in relation to the efficient delivery of administered items under program 1.1 was reported as not being met with only 14 of 17 items on time and on budget.¹⁸

2.5 The performance statements were supported by appropriate analysis of the results achieved, including relevant comparative data and case studies. The committee notes that the annual report also included a summary of the methodologies used for the calculation of the results against corporate plan measures.¹⁹ This was a useful addition to the performance statements and the committee looks forward to this information being included in future annual reports.

2.6 The committee considers that the department has met its reporting obligations and its 2018-19 annual report is 'apparently satisfactory'.

Financial reporting

2.7 The department reported an operating deficit of \$5.2 million for the financial year 2018-19. This compared to an operating surplus of \$5.6 million for the previous reporting period. The department noted:

The department's net cost of services for 2018-19 was \$113.0 million, with revenue from government of \$107.8 million, resulting in an operating deficit of \$5.2 million. The operating result excluding depreciation was a small surplus of \$16,000.²⁰

17 Department of Communications and the Arts, *Annual Report 2018-19*, pp. 21–24.

18 Department of Communications and the Arts, *Annual Report 2018-19*, pp. 50–54.

19 Department of Communications and the Arts, *Annual Report 2018-19*, pp. 93–96.

20 Department of Communications and the Arts, *Annual Report 2018-19*, p. 6.

Australian Communications and Media Authority

2.8 The Australian Communications and Media Authority (ACMA) Annual Report 2018-19 was tabled in the Senate on 15 October 2019.

2.9 In the Chair's foreword, Ms Nerida O'Loughlin highlighted some of the key activities that were undertaken by the ACMA during the reporting period. This included:

- the introduction of new rules to address consumer concerns in relation to the migration of phone and internet services under the National Broadband Network;
- the announcement of the Scam Technology Project to explore solutions to disrupt scam activities across telecommunications networks;
- the release of the draft *Five-year spectrum outlook 2019–23* in April 2019;
- an investigation into coverage by Australian television broadcasters of the terrorist attack in Christchurch, New Zealand; and
- ACMA's contribution to the Australian Competition and Consumer Commission's Digital Platforms Inquiry.²¹

Performance reporting

2.10 The 2018-19 annual report provided a comprehensive assessment of the ACMA's non-financial results against the performance measures and targets set out in the PBS and corporate plan. These results were discussed under three broad strategic priorities aligned to the ACMA's outcome and programs. This included:

- public confidence in communications and media services through the provision of safeguards, information and advice;
- spectrum arrangements that benefit all Australians through efficient and effective spectrum management; and
- a regulatory framework that anticipates change through monitoring the environment and influencing regulatory responses.²²

2.11 Consistent with previous annual reports, the ACMA's individual performance measures have been recorded as either 'met', 'mostly met' or 'not met' during the reporting period. The annual report noted that the ACMA met or mostly met all of its performance measures for the two programs associated with the delivery of its outcome.

21 Australian Communications and Media Authority, *Annual Report 2018-19*, pp. 8–9.

22 Australian Communications and Media Authority, *Annual Report 2018-19*, pp. 21–26.

2.12 As an independent statutory authority within the ACMA, the Office of the eSafety Commissioner (OeSC) reported its performance against key criteria under the same outcome as ACMA, as well as performance measures related solely to the work of the OeSC. The annual report noted that the OeSC met all of the performance targets as outlined in the 2018-19 PBS. The OeSC also provided informative statistics on the operation of its cyberbullying complaints scheme and image-based abuse portal.

2.13 The committee considers that both the ACMA and the OeSC have met their respective reporting obligations and their annual reports are 'apparently satisfactory'.

Financial reporting

2.14 The ACMA reported a technical operating deficit of \$12.331 million for the year ended 30 June 2019. The ACMA clarified this figure stating:

After adjusting for unfunded depreciation and amortisation expenses and charges to the asset revaluation surplus, the ACMA recorded an operating deficit of \$0.407 million. This was driven by the pre-sale revaluation of the ACMA's property at Capalaba in Queensland.²³

National Portrait Gallery of Australia

2.15 The National Portrait Gallery of Australia (the Portrait Gallery) Annual Report 2018-19 was tabled in the House of Representatives on 22 October 2019 and subsequently tabled in the Senate on 11 November 2019.

2.16 The Portrait Gallery is a corporate Commonwealth entity established by the *National Portrait Gallery of Australia Act 2012* as an independent statutory authority. The purpose of the Portrait Gallery is to present the faces of Australia and to use portraiture to tell their stories and to increase the understanding and appreciation of the Australian people—their identity, history, culture, creativity and diversity.²⁴

2.17 The committee notes that this is the first annual report to be presented by the new Director, Ms Karen Quinlan, following the retirement of Mr Angus Trumble in December 2018. In the Chairman's report, Dr Helen Nugent provided an overview of some of the important activities undertaken by the Portrait Gallery during the reporting period. This included:

- celebrations to mark the 20th anniversary of the establishment of the Portrait Gallery;
- the launch of the exhibition *20/20: celebrating twenty years with twenty new portrait commissions*;
- the reopening of the Portrait Gallery on 14 September 2019 following the temporary closure of the building in April 2019; and

23 Australian Communications and Media Authority, *Annual Report 2018-19*, p. 72.

24 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 23.

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- a focus on travelling exhibitions and outreach programs, including the Virtual (school) Excursion program *Visual Thinking Strategies*.²⁵

2.18 The Portrait Gallery was temporarily closed to the public from 23 April to 14 September 2019 to undertake rectification works to maintain the integrity of the building and its collection of artworks. The annual report stated:

The need to undertake repairs reflects issues that emerged with the building over a long period of time, some stemming from the original construction and others that were progressively identified since the Gallery has been operational.²⁶

Performance reporting

2.19 The Portrait Gallery has reported its performance against four strategic priorities as defined in its 2018-19 corporate plan and PBS. They are to enliven the collection; to engage audiences; to enlarge support; and to enhance resources.²⁷ The achievement of these priorities was measured against 23 key performance criteria outlined in its corporate plan. The Portrait Gallery reported achieving or exceeding the majority of these targets in 2018-19. The annual report noted, however, that some targets were impacted by the temporary closure of the building to the public in 2019. For example, the Portrait Gallery reported reaching 946 488 people through onsite exhibitions, educational programs and online programming, compared to its target of 1 million people.²⁸ Similarly, the annual report stated that the building closure resulted in reduced own-sourced revenue during the closure period.²⁹

2.20 The annual report also included general analysis of the results achieved against the key performance criteria for each of the four objectives. However, the committee suggests that the inclusion of additional supporting statements against each criterion to explain any significant trends and developments that may have affected the results, would provide greater context to the results reported and would enhance the Portrait Gallery's reporting of its performance.

2.21 The committee considers that the Portrait Gallery has met its reporting obligations and its annual report is 'apparently satisfactory'.

25 National Portrait Gallery of Australia, *Annual Report 2018-19*, pp. 2–3.

26 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 19.

27 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 23.

28 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 31.

29 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 58

Financial reporting

2.22 The Portrait Gallery reported core operations income of \$13.9 million compared to total expenses of \$15.7 million for the financial year 2018-19. This resulted in a \$1.8 million deficit.³⁰ The annual report noted:

After adjusting for the \$1.7 million impact of non-appropriated depreciation and amortisation expense, core operations achieved a deficit of \$0.1 million. This deficit includes an adverse non-cash adjustment of \$0.1 million due to the decrease in the government bond rate used to value employee provisions to present value.³¹

Environment and Energy portfolio

Department of the Environment and Energy

2.23 The 2018-19 Annual Report of the former Department of the Environment and Energy was presented to the President of the Senate on 18 October 2019 and tabled in the Senate on 11 November 2019.

2.24 The former Secretary, Mr Finn Pratt, presented an overview of the department's non-financial performance for the 2018-19 reporting period. Some of the achievements highlighted included:

- the delivery of the second phase of the National Land Care Program—Regional Land Partnerships—using a reformed regional delivery model;
- the protection and restoration of water-dependant ecosystems in the Murray-Darling Basin by securing 400 gegalitres (GL) of water for the environment from the Murray River valley;
- an agreed National Waste Policy to help guide action on waste management, recycling and resource recovery until 2030;
- helping to establish the Hydrogen Strategy Taskforce; and
- developing the Electricity Retail Code which sets a cap on standing offer electricity prices and specifies how prices and discounts must be advertised, published or offered.³²

Performance reporting

2.25 The annual performance statements in the 2018-19 Annual Report were complete and reflected the relationship between the purposes and activities contained in the department's corporate plan with the programs and outcomes outlined in the PBS. Each of the performance measures were presented with the summary of the

30 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 49.

31 National Portrait Gallery of Australia, *Annual Report 2018-19*, p. 49.

32 Department of the Environment and Energy, *Annual Report 2018-19*, pp. 2–5.

results achieved against the criteria and targets. The department reported achieving 62 per cent and partly achieving 35 per cent of its performance measures. The department reported not achieving two measures in relation to meeting statutory timeframes for *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) project decisions and decisions on international wildlife trade permits. The department noted that this was due to 'the need to seek additional information from proponents; and significant workloads'.³³

2.26 The annual report noted that the department will implement a revised governance structure in 2019-20 following findings and recommendations from a report undertaken by the Australian Institute of Company Directors. The department noted that the new structure 'will involve a move to a streamlined, adaptive governance model to more effectively manage the department's evolving needs and priorities'.³⁴

2.27 The department reported two corrections to material errors included in its 2017-18 Annual Report as required by paragraph 17AH(1)(e) of the PGPA Rule. The corrections related to the incorrect reporting of salary rates for job classifications and the conflation of the reported number of ongoing employees based in the Australian Capital Territory and those based overseas.³⁵

2.28 The committee notes that the compliance index included in the department's annual report does not include page references. The committee draws the department's attention to the Department of Finance's guidance in relation to paragraph 17AJ(d) of the PGPA Rule that non-corporate Commonwealth entities 'must also provide details of the location of the information in the annual report that addresses each of the mandatory requirements specified by the PGPA Rule'.³⁶

2.29 The committee expects this information to be included in the compliance indexes of future annual reports.

2.30 Overall, the committee considers the 2018-19 annual report of the department is 'apparently satisfactory'.

33 Department of the Environment and Energy, *Annual Report 2018-19*, p. 23.

34 Department of the Environment and Energy, *Annual Report 2018-19*, p. 110.

35 Department of the Environment and Energy, *Annual Report 2018-19*, p. 297.

36 Department of Finance, *Resource Management Guide No. 135 – Annual report for non-corporate Commonwealth entities*, May 2019, p. 43.

Financial reporting

2.31 The department reported that it operated within its approved budget for the 2018-19 financial year.³⁷ The annual report stated:

Departmental revenue was \$459.61 million in 2018-19. Revenue from Government reduced by \$50.46 million, mainly due to the appropriation provided to the Director of National Parks changing to an administered appropriation.

Departmental expenses were \$598.55 million in 2018-19. This was \$28.26 million lower than in 2017-18, also mainly due to the cessation of payments to the Director of National Parks and lower supplier costs, which was offset by higher salaries expenditure and non-cash adjustments relating to Antarctic restoration provisions.³⁸

Snowy Hydro Limited

2.32 The Snowy Hydro Limited (Snowy Hydro) Annual Report 2018-19 was presented to the President of the Senate on 18 October 2019 and tabled in the Senate on 11 November 2019.

2.33 The committee notes that this is the first time it has had the opportunity to review Snowy Hydro's annual report since it became a wholly-owned Commonwealth company on 29 June 2018. This followed the Commonwealth's purchase of 100 per cent of the shares in the company held by the governments of New South Wales and Victoria.

2.34 Under a stringent water licence, Snowy Hydro captures, stores, diverts water and releases it for the use of irrigators, town water supplies and the environment. Snowy Hydro's business includes energy generation activities to supply the National Electricity Market, and it operates as a retail energy provider through the Red Energy and Lumo Energy brands.³⁹

2.35 The Chairman and Chief Executive Officer's message provided an overview of some the entity's activities during the reporting period, including:

- commencement on the Snowy 2.0 project following planning approval for exploratory works;
- the signing of 888MW of long-term contracts with eight wind and solar projects under its Renewable Energy Procurement Program;
- achieving 1.09 million retail customers, supported by strong consumer growth in New South Wales; and

37 Department of the Environment and Energy, *Annual Report 2018-19*, p. 5.

38 Department of the Environment and Energy, *Annual Report 2018-19*, pp. 5–6.

39 Snowy Hydro Limited, *Annual Report 2018-19*, p. 8.

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- celebrating 70 years since the start of construction of the Snowy Mountains Hydro-electric scheme.⁴⁰

Performance reporting

2.36 Snowy Hydro's annual report contains useful information on its general performance over the reporting period, including detailed discussion of its corporate governance and remuneration frameworks.⁴¹ The annual report also contains relevant information on Snowy Hydro's water and energy operations and future developments. Some further details would have assisted the committee to more fully assess Snowy Hydro's non-financial performance. For example, it would have been helpful if some activities highlighted in the Chairman and CEO's message, such as the Renewable Energy Procurement Program (rated an outstanding success), and the strategic partnership with Qantas (rated as exceeded all expectations), were further described in the body of the report.⁴² Similarly, it wasn't clear whether all of the key non-financial measures and goals outlined in Snowy Hydro's Statement of Corporate Intent, were reported against in the annual report.

2.37 While Snowy Hydro as a Commonwealth company is not required to prepare annual performance statements, it is required to report on the actual performance results achieved against the performance information outlined in its corporate plan under section 27A of the PGPA Rule.⁴³ The committee suggests that future annual reports should more clearly indicate whether performance measures and goals were achieved or not achieved during the relevant reporting period.

2.38 The committee also suggests that Snowy Hydro provide a more detailed breakdown of the number of ongoing and non-ongoing employees as required by paragraph 28E(ga) of the PGPA Rule. This includes the number of employees at the end of the previous reporting period and should be calculated and reported on a head count basis (number of employees).⁴⁴

2.39 Overall, the committee considers that Snowy Hydro's 2018-19 annual report is 'apparently satisfactory'.

40 Snowy Hydro Limited, *Annual Report 2018-19*, pp. 4–5.

41 Snowy Hydro Statement of Corporate Intent FY 2019

42 Snowy Hydro Limited, *Annual Report 2018-19*, p. 4.

43 Department of Finance, *Resource Management Guide No. 134 – Annual performance statements for entities*, July 2017, p. 6.

44 Department of Finance, *Resource Management Guide No. 137 – Annual reports for Commonwealth companies*, May 2019, p. 6.

Financial reporting

2.40 Snowy Hydro's annual report provided a detailed summary of the key financial results for 2018-19. This included discussion on movements contributing to the company's overall performance. The annual report noted:

The consolidated Statutory Profit after tax attributable to the owners of Snowy Hydro was \$332.2 million (FY2018: \$267.5 million restated). The underlying profit after tax was \$321.2 million (FY2018: \$428.4 million restated).⁴⁵

2.41 There were no significant or moderate audit findings identified by the Australian National Audit Office (ANAO) as a result of its audit of the 2018-19 financial statements.

Sydney Harbour Federation Trust

2.42 The Sydney Harbour Federation Trust (the Harbour Trust) Annual Report 2018-19 was tabled in the House of Representatives on 17 October 2019 and tabled in the Senate on 11 November 2019.

2.43 The Harbour Trust is a corporate Commonwealth entity established by the *Sydney Harbour Federation Trust Act 2001* (SHFT Act). Under the SHFT Act, the Harbour Trust is responsible for the management and rehabilitation of prominent former Defence sites on Sydney Harbour. This includes Cockatoo Island in Sydney Harbour, Woolwich Dock and Parklands in Woolwich, HMAS Platypus in Neutral Bay, Georges Heights, Middle Head and Chowder Bay in Mosman, North Head Sanctuary in Manly, the Marine Biological Station in Watsons Bay and the Macquarie Lightstation in Vaucluse.⁴⁶

2.44 The Executive Director's Summary outlined the Harbour Trust's achievements and activities for 2018-19, which included:

- commencing work on the Sub Base Platypus Renewal Project;
- implementation of the Harbour Trust's Reconciliation Action Plan;
- the sound exhibition held at Headland Park's Camouflage Fuel Tanks to coincide with the 2019 *Sydney Festival*; and
- achieving nearly 1.9 million visitors across the Harbour Trust's sites.⁴⁷

Performance reporting

2.45 The annual performance statements were informative and clearly aligned with the Harbour Trust's 2018-19 corporate plan and PBS. The Harbour Trust has identified

45 Snowy Hydro Limited, *Annual Report 2018-19*, p. 38.

46 Sydney Harbour Federation Trust, *Annual Report 2018-19*, pp. 18–23.

47 Sydney Harbour Federation Trust, *Annual Report 2018-19*, pp. 8–9.

five performance areas and reported the results against key priority measures and actions under each of these criteria. The annual report also provided appropriate explanations as to whether these priority actions or performance measures were met or exceeded during the reporting period. The Harbour Trust achieved or partly achieved the majority of its priority actions and met or exceeded nine of the 14 key performance measures identified in the corporate plan and PBS.

2.46 The annual report noted that the performance measure targets were reassessed and revised between the compilation of the PBS and corporate plan. It noted:

As 2018-2019 was the first period for reporting on a number of the key performance measures put forth, the original targets set in the PBS reflected an immature data set. The latter publication of the Corporate Plan enabled it to draw upon a more complete data set, resulting in revisions to the original targets set. No changes were made to the performance criterion or the measures themselves.⁴⁸

2.47 The Harbour Trust was the subject of an ANAO audit to assess the effectiveness of the governance board in the Harbour Trust. The ANAO made three recommendations, including that the board review its audit committee arrangements to ensure it obtains the external advice and assurance it requires from its audit committee and to ensure its annual report and corporate plan meet the requirements of the PGPA Rule.⁴⁹ The Harbour Trust agreed to implement all three recommendations.

2.48 The committee notes that the Commonwealth is currently conducting an independent review of the Harbour Trust, including its legislative, financial and governance arrangements.⁵⁰ A final report is due to be delivered to the Federal Minister for the Environment by the end of March 2020.

2.49 The committee considers that the Harbour Trust has met its reporting obligations and its annual report is 'apparently satisfactory'.

Financial reporting

2.50 The Harbour Trust is solely reliant on its own income generation and does not receive operational funding from the Commonwealth. However, the Harbour Trust received a commitment of \$21.4 million in capital funding from the Commonwealth for further works at Sub Base Platypus and Headland Park in the 2019-20 Budget.

2.51 The annual report provides a summary of the Harbour Trust's financial performance in 2018-19. The committee notes that the Harbour Trust recorded a

48 Sydney Harbour Federation Trust, *Annual Report 2018-19*, p. 64.

49 Australian National Audit Office, *Effectiveness of Board Governance at the Sydney Harbour Federation Trust*, Audit Report No. 37, 2018-19, p. 10.

50 Sydney Harbour Federation Trust, *Annual Report 2018-19*, p. 73.

deficit on continuing operations of \$1.208 million for the year ended 30 June 2019.⁵¹ The annual report explains that the Harbour Trust sought approval for the operating loss:

The Original Budget figures were reported in the 2018-19 Portfolio Budget Statements published in May 2018. This was subsequently updated during the financial year with the Minister of Finance's approval. This allowed for an approved operating loss.⁵²

Senator the Hon David Fawcett
Chair

51 Sydney Harbour Federation Trust, *Annual Report 2018-19*, p. 86.

52 Sydney Harbour Federation Trust, *Annual Report 2018-19*, p. 92.

Appendix 1

Dates relating to the presentation of annual reports between 1 May 2019 and 31 October 2019

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Communications and the Arts portfolio				
Australia Council for the Arts— Annual Report for 2018-19	19/09/2019	19/09/2019	15/10/2019	15/10/2019
Australia Business Arts Foundation Limited (Creative Partnerships Australia)—Report for 2018-19*	23/09/2019	23/09/2019	21/10/2019	11/11/2019
Australian Broadcasting Corporation — Report for 2018-19	25/09/2019	25/09/2019	16/10/2019	16/10/2019
Australian Communications and Media Authority and the Office of the eSafety Commissioner— Report for 2018-19	26/09/2019	26/09/2019	15/10/2019	15/10/2019
Australian Film, Television and Radio School— Annual Report for 2018-19*	1/10/2019	1/10/2019	25/11/2019	11/11/2019 (28/10/2019)**

* Report tabled after the commencement of the committee's 2019-20 Supplementary Estimates hearings.

** Denotes the date the report was presented in the Senate out-of-session.

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Australian National Maritime Museum— Report for 2018-19*	1/10/2019	1/10/2019	23/10/2019	11/11/2019
Australian Postal Corporation— Report for 2018-19	19/09/2019	19/09/2019	17/10/2019	11/11/2019
Bundanon Trust— Report for 2018-19	18/09/2019	18/09/2019	21/10/2019	11/11/2019 (18/10/2019)**
Classification Board and Classification Review Board— Reports for 2018-19	12/09/2019	12/09/2019	15/10/2019	15/10/2019
Department of Communications and the Arts— Annual Report for 2018-19	20/09/2019	20/09/2019	21/10/2019	11/11/2019 (18/10/2019)**
National Gallery of Australia—Report for 2018-19	19/09/2019	19/09/2019	15/10/2019	15/10/2019
National Film and Sound Archive— Report for 2018-19*	3/10/2019	3/10/2019	24/10/2019	11/11/2019
National Library of Australia—Report for 2018-19	24/09/2019	24/09/2019	17/10/2019	11/11/2019
National Museum of Australia—Report for 2018-19*	29/09/2019	29/09/2019	25/11/2019	11/11/2019 (30/10/2019)**

* Report tabled after the commencement of the committee's 2019-20 Supplementary Estimates hearings.

** Denotes the date the report was presented in the Senate out-of-session.

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
National Portrait Gallery of Australia—Report for 2018-19*	8/10/2019	8/10/2019	22/10/2019	11/11/2019
NBN Co Limited—Report for 2018-19*	4/10/2019	4/10/2019	21/10/2019	11/11/2019
Public Lending Right Committee—Report for 2018-19	20/09/2019	20/09/2019	21/10/2019	11/11/2019 (18/10/2019)**
Screen Australia—Report for 2018-19*	20/09/2019	20/09/2019	22/10/2019	11/11/2019
Special Broadcasting Service Corporation—Report for 2018-19	25/09/2019	25/09/2019	17/10/2019	11/11/2019
Environment and Energy portfolio				
Australian Renewable Energy Agency—Report for 2018-19	2/10/2019	10/10/2019	17/10/2019	11/11/2019
Bureau of Meteorology—Report for 2018-19	25/09/2019	1/10/2019	17/10/2019	11/11/2019
Clean Energy Finance Corporation Report for 2018-19	2/10/2019	10/10/2019	17/10/2019	11/11/2019
Clean Energy Regulator—Report for 2018-19	3/10/2019	3/10/2019	17/10/2019	11/11/2019

* Report tabled after the commencement of the committee's 2019-20 Supplementary Estimates hearings.

** Denotes the date the report was presented in the Senate out-of-session.

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Climate Change Authority—Report for 2018-19	10/10/2019	16/10/2019	21/10/2019	11/11/2019 (18/10/2019)**
Department of the Environment and Energy—Report for 2018-19	2/10/2019	14/10/2019	21/10/2019	11/11/2019 (18/10/2019)**
Director of National Parks—Annual Report for 2018-19	3/10/2019	15/10/2019	21/10/2019	11/11/2019 (18/10/2019)**
Great Barrier Reef Marine Park Authority—Report for 2018-19	23/08/2019	27/09/2019	17/10/2019	11/11/2019
Independent Scientific Committee on Wind Turbines—Report for 2018	2/08/2019	3/10/2019	17/10/2019	11/11/2019
National Environment Protection Council—Report for 2017-18	22/06/2019	22/06/2019	16/09/2019	16/09/2019
Office of the National Wind Farm Commissioner—31 December 2018	30/05/2019	6/06/2019	4/07/2019	02/07/2019 (20/06/2019)**
Snowy Hydro Limited—Report for 2018-19	14/10/2019	15/10/2019	21/10/2019	11/11/2019 (18/10/2019)**
Sydney Harbour Federation Trust—Report for 2018-19	27/09/2019	1/10/2019	17/10/2019	11/11/2019

* Report tabled after the commencement of the committee's 2019-20 Supplementary Estimates hearings.

** Denotes the date the report was presented in the Senate out-of-session.

Appendix 2

Dates relating to the presentation of documents referred to the committee between 1 May 2019 and 31 October 2019

Report	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Australian National Maritime Museum Corporate plan 2019–23	24/06/2019	24/06/2019	9/09/2019	9/09/2019 (5/08/2019)*
Clean Energy Regulator—Renewable Energy Target – The Acceleration in Renewables Investment in 2018	20/06/2019	21/06/2019	24/07/2019	24/07/2019
Climate Change Authority—Review of the National Greenhouse and Energy Reporting legislation – Final report, dated December 2018	22/07/2019	1/08/2019	9/09/2019	9/09/2019 (2/08/2019)*
Climate Change Authority—Review of the National Greenhouse and Energy Reporting legislation— Government response, dated August 2019	4/07/2019	1/08/2019	9/09/2019	9/09/2019 (2/08/2019)*
Final budget outcome 2018-19—Report by the Treasurer (Mr Frydenberg) and the Minister for Finance (Senator Cormann), dated September 2019	16/09/2019	16/09/2019	19/09/2019	19/09/2019

Report	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
<i>Great Barrier Reef Marine Park Act 1975—Great Barrier Reef outlook report for 2019</i>	23/08/2019	26/08/2019	9/09/2019	9/09/2019 (30/08/2019)*
<i>Greenhouse and Energy Minimum Standards Act 2012—Independent review of the Act—Final report, dated June 2019</i>	28/06/2019	28/06/2019	12/09/2019	16/09/2019

* An asterisk denotes the date the document was presented in the Senate out-of-session.