

Chapter 2

Annual reports of agencies

2.1 The committee selected the annual reports of the following bodies for closer examination:

Agriculture and Water Resources portfolio

- Department of Agriculture and Water Resources; and
- Australian Fisheries Management Authority.

Infrastructure and Regional Development portfolio

- Department of Infrastructure and Regional Development; and
- Australian Maritime Safety Authority.

Agriculture and Water Resources portfolio

Department of Agriculture and Water Resources – Annual Report 2016–17

2.2 The Department of Agriculture and Water Resources (DAWR) annual report details the operations and performance of the department for 2016–17.

Secretary's review and departmental activities

2.3 The Secretary's review outlines key achievements of the department over the course of the year. These achievements include:

- implementation of 25 out of 31 measures outlined in the *Agricultural Competitiveness White Paper*;
- release of a Gender Equality Statement and Reconciliation Action Plan;
- collection and disbursement of \$790 million in levies, charges and Commonwealth matching payments to eighteen levy bodies;
- delivery of almost \$115 million as part of the Rural Research and Development for Profit program; and
- issuance of more than 347,000 export certificates and management of the export of more than 2.7 million animals.¹

2.4 The annual performance statements in the report detailed a number of activities undertaken by DAWR in 2016–17. These included:

- delivering the Managing Farm Risk Programme, which provides rebates to farmers to help them apply for insurance to assist with the management of drought and other risks;
- ongoing work to extend paperless certification for the exportation of meat. In 2016–17, DAWR conducted trials with Indonesia, Malaysia,

1 Department of Agriculture and Water Resources, *Annual Report 2016–17*, pp. 2-5.

New Zealand, Thailand and the European Union to provide guidance on the technology requirements and to align certificate data and information;

- assessing the performance of each jurisdiction against the milestones in the National Partnership Agreement on Implementing Water Reform in the Murray-Darling Basin; and
- leading an international emergency animal disease simulation to test arrangements for the rapid deployment of personnel to respond to emergency animal disease events worldwide. DAWR collaborated with veterinary authorities from Australia, Canada, Ireland, New Zealand, the United Kingdom and the United States.²

Staffing information

2.5 In 2016–17, DAWR employed 4,606 full-time equivalent staff.

2.6 A new Enterprise Agreement was agreed to in a ballot in June 2017.

2.7 The total ongoing separation rate for DAWR ongoing employees increased from 6.5 per cent in 2015–16 to 7.5 per cent in 2016–17, however this still remains below the APS average.

2.8 DAWR continued to see a higher than APS average personal leave rate, however it decreased from 14.9 days per full-time equivalent in 2015–16 to 14.5 days in 2016–17.

2.9 DAWR participated in the Australian Public Service Commission's APS Employee Census, in which 79 per cent of respondents agreed that DAWR is committed to creating a diverse workforce. This is an 11 per cent increase from the previous year.³

Freedom of Information requests

2.10 In 2016–17, DAWR received 85 requests for access under the *Freedom of Information Act 1982*, in addition to three requests for internal review. DAWR processed all requests within statutory timeframes.⁴

Financial information

2.11 In 2016–17, DAWR had a surplus of \$12.7 million after allowable losses. Revenue was \$798.3 million, an increase of \$49 million from the previous year. This was due to additional revenue from government partially as a result of the measures in the *Agricultural Competitiveness White Paper*. Departmental expenses totaled \$802.3 million, compared to the budgeted amount of \$800.8 million.

2 Department of Agriculture and Water Resources, *Annual Report 2016-17*, pp. 14-105.

3 Department of Agriculture and Water Resources, *Annual Report 2016–17*, pp. 88-99.

4 Department of Agriculture and Water Resources, *Annual Report 2016–17*, pp. 117-118.

2.12 DAWR administered assets of \$2,010.4 million, including \$696.5 million in loans, and investments in seven portfolio entities of \$369.5 million. The report notes that some of the main administered programs included the Drought Concessional Loans Scheme and the Rural Financial Counselling Service.⁵

Committee comments

2.13 The committee commends DAWR on a thorough report and considers the report to be compliant with reporting requirements.

Australian Fisheries Management Authority – Annual Report 2016–17

2.14 The Australian Fisheries Management Authority (AFMA) annual report 2016–17 outlines the performance of the agency and provides key information about its operations.

Chairman and CEO review

2.15 The Chairman and CEO review discussed the key activities of the agency for 2016–17. These activities included:

- implementation of the National Compliance and Enforcement Program 2016–17;
- progression of work on more than 50 initiatives to cut red tape for Commonwealth fishers; and
- development of an updated Bycatch Handling and Treatment Guide to assist fishers to meet their obligations when dealing with bycatch.

2.16 The review also mentioned that the Australian Bureau of Agricultural and Resource Economics and Sciences found that no stocks solely managed by AFMA were subject to overfishing, for the fourth consecutive year.⁶

Performance against targets

2.17 AFMA's corporate plan contains targets, categorised into three main agency purposes. These are:

- purpose one: ensure the ecological sustainability of Commonwealth fisheries for the benefit of present and future generations of Australians;
- purpose two: improve the net economic returns from Commonwealth fisheries to the Australian community; and
- purpose three: deliver effective, cost efficient and transparent management and regulator arrangements.

2.18 In relation to purpose one, the targets that were met were:

- the number of fish stocks managed solely by AFMA subject to overfishing; and

5 Department of Agriculture and Water Resources, *Annual Report 2016–17*, pp. 93-97.

6 Australian Fisheries Management Authority, *Annual Report 2016–17*, pp. 7-12.

- the number of stocks assessed as overfished, and which, if effectively managed, may lead to the stock being sustainable.

2.19 The targets in purpose one that were partly met were:

- the number of key commercial stocks with harvest strategy targets based on maximum economic yield or the best available proxy; the number of these stocks assessed as being on target; for those not on target, the numbers that are heading towards their target reference point; and
- the number of species assessed as remaining at high risk after mitigation.

2.20 In relation to purpose two, the target that was met was the percentage disposal rate of apprehended foreign illegal unreported and unregulated vessels and suspected irregular entry vessels. The target that was partly met was the percentage of treatment targets met for all priority domestic compliance risks.

2.21 In relation to purpose three, the target that was met was related to the Cost Recovery charges. The target that was partly met was the number of red tape reduction initiatives completed.⁷

Staffing information

2.22 AFMA participated in the Australia Public Service Commission's APS Employee Census in 2016–17. In response to survey results that indicated areas for development, AFMA established five improvement groups in the areas of performance management, health and wellbeing, professional development, recruitment, and bullying and harassment. Each of these improvement groups developed a number of recommendations that were included in an action item plan for the agency. A number of training programs have been implemented in accordance with the plan, and the plan will continue to be executed in 2017–18.⁸

Financial information

2.23 AFMA recorded a deficit of \$1.4 million in 2016–17. This was within an approved operating loss of \$2.1 million. AFMA's total departmental expenditure was \$39 million, lower than budgeted expenditure of \$40.3 million.⁹

Committee comments

2.24 The committee considers AFMA's annual report to be compliant with relevant legislation.

Infrastructure and Regional Development portfolio

Department of Infrastructure and Regional Development – Annual Report 2016–17

2.25 The Department of Infrastructure and Regional Development (DIRD) annual report for 2016–17 details the performance of the department.

7 Australian Fisheries Management Authority, *Annual Report 2016–17*, p. 25.

8 Australian Fisheries Management Authority, *Annual Report 2016–17*, p. 121.

9 Australian Fisheries Management Authority, *Annual Report 2016–17*, p. 132.

Secretary's review

2.26 The Secretary's review highlighted some of the major achievements for the department over the financial year, including:

- progressing projects under the Infrastructure Investment program, including the Western Sydney Infrastructure Plan, WestConnex and the Toowoomba Second Range Crossing;
- completion of 3,420 projects under the Roads to Recovery, Black Spot, Heavy Vehicle Safety and Productivity, and Bridges Renewal programs;
- release of the *Coastal Shipping Reforms* discussion paper; and
- provision of \$3.5 billion of Local Government Financial Assistance Grants to support local governing bodies to deliver services and infrastructure in local communities.¹⁰

Performance against targets

2.27 DIRD reported on its progress against the targets outlined in the 2016–17 Corporate Plan. The annual report notes that a revised Corporate Plan was issued in early 2017. Under the updated plan, greater focus was given to reporting on achievements rather than activities. These changes were made to be more consistent with the requirements of the PGPA Act.

2.28 Across DIRD's four stated purposes, 17 targets were met, seven targets were substantially met, three targets were in progress and two were not met. The two targets that were not met were both related to the number of deaths on Australian roads. The target was to reduce road deaths by at least 30 per cent on 2008–10 figures by 2020. This same target was included in the Corporate Plan twice, in both purpose one and purpose two. In light of this target not being met, the report notes that the Australian Government will ask an independent reference group to conduct an inquiry into the National Road Safety Strategy 2011–2020 and provide advice to government on how to reduce road deaths.

2.29 The targets outlined in the Corporate Plan were spread across four purposes. The purposes, targets and results are outlined below:

- Purpose one aims to promote, plan, evaluate and invest in infrastructure and regional development. The targets in this purpose centered around the efficiency of transport networks, deaths on roads, jobs supported by infrastructure investment, and the benefit cost ratio of major road projects. Under purpose one, one target was met, one target was substantially met, one target was in progress and one was not met.
- Purpose two aims to foster an efficient, sustainable, competitive, safe and secure transport system. The targets included under this purpose relate to safety in the maritime, rail, road and aviation industries, levels of aviation services, and jobs supported by the Western Sydney Airport

10 Department of Infrastructure and Regional Development, *Annual Report 2016–17*, pp. 4-7.

project. Under this purpose, 13 targets were met, three substantially met, two in progress and one not met.

- Purpose three aims to strengthen the sustainability, capacity and diversity of regional economies and support local communities. The targets in this purpose relate to employment and disposable household income outside of capital cities. Under this purpose, three targets were met and one was substantially met.
- Purpose four aims to provide good governance in Australian territories. The targets in this purpose relate to the rights, protections and services afforded to citizens of external territories and the Jervis Bay Territory. Both targets under this purpose were substantially met.¹¹

Changes to departmental structure and purposes

2.30 In 2016–17, DIRD made a change to one of the department's purposes. In the 2016–17 Portfolio Budget Statements, the stated purpose was to "facilitate local partnerships between all levels of government and local communities." This was subsequently changed to "strengthen the sustainability, capacity and diversity of regional economies and support local communities."

2.31 An Inland Rail Unit was established in the Department in June 2017.¹²

Financial information

2.32 DIRD reported a deficit on continuing operations of \$4.4 million. In terms of departmental finances, DIRD's total income was \$253.9 million and total expenses were \$258.3 million. Revenue from the Australian Government decreased in 2016–17, with funding being withheld due to the deferral and reclassification of expenses for the Western Sydney Airport project. Total expenses decreased by \$9.7 million due to a reduction in employee expenses (because of a lower average staffing level) and a reduction in depreciation and amortisation expenses.

2.33 Total administered expenditure in 2016–17 was \$11.4 billion, of which \$6.1 billion was appropriated directly to DIRD for grants, subsidies and other administered expenses. The report notes that major expense items included the Local Government Financial Assistance Grants and the Infrastructure Growth Package.¹³

Committee comments

2.34 The committee commends DIRD on a thorough report, which highlights many of the department's activities. The committee considers DIRD's annual report to be compliant with reporting requirements.

11 Department of Infrastructure and Regional Development, *Annual Report 2016–17*, pp. 73-76.

12 Department of Infrastructure and Regional Development, *Annual Report 2016–17*, pp. 15-16.

13 Department of Infrastructure and Regional Development, *Annual Report 2016–17*, pp. 8-11.

Australian Maritime Safety Authority – Annual Report 2016–17

2.35 The Australian Maritime Safety Authority's (AMSA) 2016–17 annual report provides an overview of the operations of the authority over the financial year.

Chairman's review

2.36 The Chairman's review outlines some of the key activities and changes for AMSA in 2016–17. One of the main changes highlighted was the delay in AMSA assuming responsibility for delivering regulatory services for the National System for Domestic Commercial Vessel Safety. In November 2016, the Australian Government made a decision to defer the commencement of full service delivery until 1 July 2018. The Chairman explained that AMSA used this delay as an opportunity to modernise its online services.

2.37 Other activities reported on over the year included:

- more than 9,500 ship inspections conducted by AMSA surveyors;
- transition to a new search and rescue aircraft, the Bombardier Challenger 604 jet; and
- implementation of the Medium-altitude Earth Orbit Search and Rescue capability.¹⁴

Departmental changes

2.38 In 2016–17, AMSA conducted a workforce planning exercise in order to prepare the agency to deliver the National System for Domestic Commercial Vessel Safety as of July 2018. As a result, the agency underwent a restructure and now consists of three operational divisions: Standards, Operations and Response, supported by Corporate Services. The changes were made to "functionally align its workforce, adopt a more collaborative approach, reduce duplication of effort and take a whole of organisation approach to managing stakeholder relationships."¹⁵

Financial information

2.39 AMSA reported an operating surplus of \$11.6 million in 2016–17, compared to a \$2.3 million loss in 2015–16. This change in financial position is a result of increased revenue of \$2.8 million and a decrease in expenditure of \$11.1 million. Revenue was largely augmented as a result of increased levies, due to annual activity growth. Reduced expenditure was partially due to delays in several service contracts and projects.

2.40 AMSA's revenue comprised: 58 per cent levies, 32 per cent government funding, and the remainder from the provision of services (and other sources).

14 Australian Maritime Safety Authority, *Annual Report 2016–17*, pp. 3-4.

15 Australian Maritime Safety Authority, *Annual Report 2016–17*, p. 71.

2.41 AMSA's expenses included 62 per cent to suppliers, 30 per cent to employee benefits, with the remainder a result of depreciation and amortisation and other expenses.¹⁶

Committee comments

2.42 The committee considers that AMSA's annual report complies with reporting requirements.

Senator Barry O'Sullivan

Chair