

## **Chapter 2**

### **Individual 2013–14 Annual Reports**

2.1 On this occasion, the committee has decided to examine in more detail the following annual reports tabled by 31 October 2014 and some after the date, but before the tabling of this Report on Annual Report:

2.2 For the Industry portfolio:

- Australian Institute of Marine Science (AIMS);
- Australian Nuclear Science and Technology Organisation (ANSTO);
- Australian Renewable Energy Agency (ARENA);
- Australian Skills Quality Authority (ASQA)<sup>1</sup>;
- Commonwealth Scientific and Industrial Research Organisation (CSIRO);

2.3 For the Treasury portfolio:

- Australian Bureau of Statistics (ABS);
- Australian Competition and Consumer Commission ACCC [incorporating the report of the Australian Energy Regulator (AER)];
- Australian Securities and Investments Commission (ASIC);<sup>2</sup>
- Commissioner of Taxation (Australian Taxation Office or ATO);
- Inspector-General of Taxation (IGT);
- Productivity Commission (PC);

#### **Reports under the Industry portfolio**

##### *Australian Institute of Marine Science*

###### *Operational matters*

2.4 The operations of the Australian Institute of Marine Science (AIMS) are supported by a mix of commonwealth government appropriation funding, non-appropriation funding from state and territory governments, competitive research

---

1 Following the machinery of government changes arising from the Administrative Arrangements Orders dated 23 December 2014, the Department of Industry was changed to the Department of Industry and Science, and the agency ASQA was transferred to the Education portfolio. Vocational education and training functions from the Industry portfolio was also transferred to the Education portfolio. Under the Industry portfolio ASQA is examined for the final time in this report.

2 Also stands referred to the Parliamentary Joint Committee on Corporations and Financial Services (PJC).

funds, environmental regulators and the private sector. AIMS' total revenue for 2013–14 was \$52.7 million, an increase of \$1 million on the previous financial year.<sup>3</sup>

2.5 In 2013–14, AIMS's external revenue generated from research projects was \$16.909 million, of which over 80 per cent came from major grants and project contracts from Australian government departments and agencies. This is a small drop from \$16.971 million recorded in 2012–13.<sup>4</sup>

2.6 In recognition of AIMS' important role in the growth and development of Australia's 'blue economy', the federal government allocated an extra \$30.9 million to its budget from 2014 to 2017 to support additional research and the operation of AIMS' new National Sea Simulator (SeaSim).<sup>5</sup>

2.7 In line with the minister's expectations, AIMS established three key outcomes to guide them over the next 10 years: a healthy and resilient Great Barrier Reef; sustainable coastal ecosystems and industries; and ecologically sustainable offshore oil and gas development.<sup>6</sup>

2.8 Some highlights for 2013–14 included:

- developing the Reef 2050 Plan—a long term sustainability plan for the Great Barrier Reef World Heritage Area;
- rethinking the 'neutral theory of biodiversity' and the role of common species in reef ecosystems; and
- helping industry determine the impact of the Montara oil spill.<sup>7</sup>

2.9 As previously reported, AIMS researchers continued their strong publication record within their fields of expertise—climate change, biodiversity, water quality and marine microbiology. For the 2013 calendar year, AIMS scientists produced 260 publications, including high profile articles in some of the world's most prestigious multidisciplinary journals.<sup>8</sup>

### *Reporting requirements*

2.10 The annual report of the Australian Institute of Marine Science is prepared in accordance with reporting obligations under the CAC Act, the Finance Minister's Commonwealth Authorities (Annual Reporting) Orders 2011, and requirements set out in the AIMS Act.<sup>9</sup>

---

3 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 52.

4 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 54.

5 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 3.

6 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 3.

7 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 23.

8 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 25.

9 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 167.

2.11 The committee commends AIMS for a well presented and accessible report. The reports is clear in design, easy to read, and is comprehensive. The inclusion of an assessment of its deliverables against key performance indicators (KPIs) is very useful. Likewise, the use of trend information, graphs and tables enhances information. The committee is pleased to note AIMS has included its expenditure on consultancies for 2013–14, which was previously omitted from its 2012–13 report.<sup>10</sup> The committee considers the annual report 'apparently satisfactory'.

### ***Australian Nuclear Science and Technology Organisation***

#### *Operational matters*

2.12 The Australian Nuclear Science and Technology Organisation (ANSTO) reported an excellent year for 2013–14. During the reporting period ANSTO achieved significant progress on key projects, including:

- The commissioning of two new accelerators—used to analyse materials, often using extremely small samples, to determine their elemental composition and age—that will form part of the \$25 million Centre for Accelerator Science (CAS). CAS's suite of four accelerators will be unique in the region and will provide access to a suite of advanced tools and sophisticated solutions in one location.<sup>11</sup>
- The commencement of the \$168 million of Australian Nuclear Medicine (ANM) Project building works which will position Australia as a global leader in the high-end manufacturing of nuclear medicines used in over 45 million medical procedures globally each year to diagnose cancers, heart disease, muscular and skeletal conditions.<sup>12</sup>
- An additional five instruments were under construction or in various stages of commissioning at ANSTO's Bragg Institute which uses OPAL's neutrons to solve complex research and industrial problems.<sup>13</sup>
- ANSTO experienced unprecedented demand for silicon irradiation services for the microelectronics industry from Asian and European companies, becoming the leading global supplier. ANSTO's silicon ingots are used in microelectronic switching devices in a range of applications such as power infrastructure, high-speed trains and to facilitate the development of energy from renewable sources such as wind.<sup>14</sup>

---

10 Australian Institute of Marine Science, *Annual Report 2013–14*, p. 70.

11 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, pp. 7 and 30.

12 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, pp. 7 and 11.

13 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, p. 12.

14 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, p. 14.

- ANSTO's work on the Defence Materials Technology Centre Armour Applications Program was recognised with the Eureka Prize for Outstanding Science in Safeguarding Australia.<sup>15</sup>
- ANSTO's commitment to a family friendly workplace was demonstrated through the KU ANSTO Children's Centre, which opened in September 2013 at its Lucas Heights campus. The centre supports employees with young families and supports women who aspire to have careers at ANSTO.<sup>16</sup>

#### *Reporting requirements*

2.13 The committee considers that ANSTO has met its reporting requirements under the Acts and its annual report is 'apparently satisfactory'.

2.14 The report is well presented and written in accessible language. The addition of relevant information in the appendices, such as the various legislative requirements governing ANSTO, is very useful. Likewise, the inclusion of a glossary and acronym page and ANSTO's assessment of actual performance against KPIs is helpful.<sup>17</sup> ANSTO received an unqualified audit report from the Auditor-General for its 2013–14 financial statements.<sup>18</sup>

#### ***Australian Renewable Energy Agency***

##### *Operational matters*

2.15 The Australian Renewable Energy Agency (ARENA) plays a complementary role to the Renewable Energy Target (RET) and Clean Energy Finance Corporation (CEFC). While the RET drives the uptake of the cheapest mature renewables, and the CEFC provides finance to help bring near-commercial and commercial projects to reality, ARENA helps progress promising technologies along the innovation chain. ARENA provides funding to earlier stage solutions than the CEFC and co-invests with the CEFC in later-stage projects that are not fully commercially competitive.<sup>19</sup>

2.16 As the bill to abolish ARENA and to consolidate its functions into the Department of Industry and return uncommitted funds to the budget had not passed the Senate, ARENA continued to operate under the Australian Renewable Energy Agency Act 2011 (ARENA Act).<sup>20</sup>

2.17 As at 30 June 2014, ARENA reported \$1.2 billion dollars of commitments for more than 200 projects, scholarships and fellowships, with a total value of around \$3.5 billion. This amounts to \$1.90 in additional financial support from industry and other

---

15 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, p. 9.

16 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, p. 10.

17 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, p. 48.

18 Australian Nuclear Science and Technology Organisation, *Annual Report 2013–14*, pp. 49–50.

19 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 7.

20 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 11.

parties for every dollar managed by ARENA.<sup>21</sup> A significant proportion (70 per cent) of these very diverse projects were located in regional and remote Australia.<sup>22</sup>

2.18 In 2013–14, ARENA continued to build on the strong foundations established in the previous year. Some examples included:

- The assessment of 384 applications for funding, mostly for programs launched in June 2013 and also for the Research and Development Program launched in January 2014, which resulted in 48 projects being approved for funding.<sup>23</sup>
- ARENA's workforce increased from 56 to a peak of 83, in order to meet stakeholder expectations and minimise project-related risks. The level of agency staff is anticipated to decrease to reflect future tight budgets.<sup>24</sup>
- The world's first solar-created supercritical steam was among some breakthrough achievements—reinforcing Australia's international reputation for renewable energy innovation and expertise.<sup>25</sup>

#### *Reporting requirements*

2.19 The committee considers that ARENA has met its reporting obligations under the Acts and its annual report to be 'apparently satisfactory'.

2.20 ARENA received an unqualified audit report on its financial statements for 2013–14.<sup>26</sup> Information contained in the annual report is clearly grouped into distinct sections with a clear layout and design, and includes a useful list of figures and tables, acronyms and a contents table for each section.

#### *Australian Skills Quality Authority*

##### *Operational matters*

2.21 As the national vocational education and training (VET) regulator, the Australian Skills Quality Authority (ASQA) undertook six reform projects to streamline its regulatory activities and make it easier for quality providers to meet the national standards.<sup>27</sup>

2.22 ASQA released its inaugural three Strategic Reviews that this year focused on aged and community care; entry-level construction industry training; and the marketing and advertising practices of training providers.<sup>28</sup>

---

21 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 3.

22 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 3.

23 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 3.

24 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 3.

25 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 3.

26 Australian Renewable Energy Agency, *Annual Report 2013–14*, p. 40.

27 Australian Skills Quality Authority, *Annual Report 2013-14*, p. 1.

28 Australian Skills Quality Authority, *Annual Report 2013-14*, p. 1.

2.23 ASQA reported an operating loss for 2013–14 of \$0.130 million (three per cent of departmental revenue). The operating loss was due primarily to the effect of unfunded depreciation and amortisation expenses (\$3.166 million). The approved operating loss for 2013–14 was \$2.494 million.<sup>29</sup>

2.24 During the reporting period, ASQA received 7,619 applications, and finalised 8,817 applications, of which 8,382 (close to 95 per cent) were approved.<sup>30</sup>

#### *Reporting requirements*

2.25 The committee considers that ASQA has met its reporting requirements under the Acts and its annual report is 'apparently satisfactory'.

2.26 The report would benefit from including more information about consultancies. The report included the number of new consultancy contracts and their total value, but does not contain any information on whether there were any ongoing consultancy contracts.

### ***Commonwealth Scientific and Industrial Research Organisation***

#### *Operational matters*

2.27 According to the Chairman and Chief Executive of the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the 2013–14 period has been a transformational period for the organisation. He noted that, as a result of its organisation-wide review, the CSIRO had implemented a new organisational structure with particular focus on its business lines—Impact Science, National Facilities, and Collections and CSIRO Services. This structure was implemented to better leverage the opportunities of CSIRO's large-scale multidisciplinary applied research and occurred in the context of a tight federal budget.<sup>31</sup>

2.28 For 2013–14, CSIRO reported a deficit from ongoing operations of \$25.7 million. CSIRO's total revenue of \$1,244.9 million included \$778.2 million in government appropriation and \$466.7 million in revenue generated from other sources.<sup>32</sup>

2.29 Some highlights for 2013–14 included:

- CSIRO's excellence reflected by its placement in the top two for citation rate amongst its global peers. This was 47 per cent better than the global average;<sup>33</sup>
- CSIRO's continued focus on health and safety yielded a 28 per cent reduction in staff injuries requiring time off;<sup>34</sup>

---

29 Australian Skills Quality Authority, *Annual Report 2013-14*, p. 66.

30 Australian Skills Quality Authority, *Annual Report 2013-14*, pp. 1 and 66.

31 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, pp. iv, 2–5 and 12.

32 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 17.

33 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

- CSIRO worked with 1200 Australian SMEs, 500 big Australian companies and 450 multinationals;<sup>35</sup>
- CSIRO's long-term partnerships increased by 20 per cent, and it has worked with 37 of the 39 Australian universities;<sup>36</sup>
- CSIRO shared its science with 366,305 school students via its Education Centres;<sup>37</sup>
- CSIRO achieved top 1% in 14 research fields globally;<sup>38</sup>
- 4,855 development days delivered through CSIRO's learning and development curriculum;<sup>39</sup> and
- 30 per cent of CSIRO's 644 patent families have been the result of collaborative activity, 64 per cent with industry partners.<sup>40</sup>

2.30 This annual report marks the Chief Executive's final report with the conclusion of Dr Megan Clark's six-year term. Dr Clark was awarded a Companion of the Order of Australia for her contribution to CSIRO and to the nation.<sup>41</sup>

#### *Reporting requirements*

2.31 The committee commends the CSIRO on its comprehensive annual report. The well presented report is easy to read and includes accessible information in the appendices, indexes containing acronyms, glossary, contacts and a compliance index. Information on performance measured against KPIs are helpful to readers and provides accountability and transparency. The committee considers the CSIRO has met its reporting obligations and the report is 'apparently satisfactory'.

### **Reports under the Treasury portfolio**

#### *Australian Bureau of Statistics*

##### *Operational matters*

2.32 The Australian Bureau of Statistics' (ABS) annual report contained a report of particular note. In May 2014, ABS employee was arrested by the Australian Federal Police for alleged insider trading. The ABS commissioned an independent review of the ABS's 'system of controls relating to the unauthorised disclosure of market

---

34 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

35 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

36 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

37 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

38 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

39 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

40 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 7.

41 Commonwealth Scientific and Industrial Research Organisation, *Annual Report 2013–14*, p. 3.

sensitive information'.<sup>42</sup> The ABS is in the process of implementing recommendations made in the report to strengthen its system of controls.<sup>43</sup>

2.33 The ABS has taken some key steps to move into the online and social media spheres. In 2013, the ABS created the popular and award-winning iOS app 'Run That Town'—a game that allows players to make planning decisions for their town based on real Census data from 2011.<sup>44</sup> The game has been downloaded more than 70,000 times.<sup>45</sup> In 2013–14, the ABS began the use of e-forms for surveys, which has achieved a take-up target of more than 85 per cent consistently by business.<sup>46</sup> This initiative has reduced environmental costs as well as added convenience for the providers.<sup>47</sup>

#### *Reporting requirements*

2.34 The committee considers the ABS has met its reporting requirements under the FMA Act.

2.35 Although the report on performance included a number of statements noting whether KPIs were historically met, this was not present for all KPIs.

2.36 Attention needs to be given to including all the requirements for advertising and market research legislation.<sup>48</sup>

#### *Australian Competition and Consumer Commission [incorporating the Australian Energy Regulator]*

2.37 In its annual report, the Australian Competition and Consumer Commission (ACCC) reported on a number of significant matters, which are outlined below.

#### *Operational matters*

2.38 During the reporting period, the ACCC undertook proceedings against cartel conduct by NSK Australia Pty Ltd and Koyo Australia Pty Ltd operating in the ball bearings market, which resulted in the Federal Court ordering each to pay \$3 million and \$2 million respectively.<sup>49</sup>

2.39 The ACCC saw a significant closing of the gap between revenue and expenditure from the previous two financial years to this year. The 2013–14 financial

---

42 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 2.

43 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 2.

44 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 4.

45 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 34.

46 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 3.

47 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 29.

48 Australian Bureau of Statistics, *Annual Report 2013–14*, p. 127.

49 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, pp. 2, 30 and 32.

year saw an operating loss of \$2.438 million, as compared to \$25.984 million operating loss in 2012–13.<sup>50</sup>

2.40 Staffing costs made up a significant portion (58 per cent) of the ACCC expenditure and the commission was required to reduce staff numbers in order to bring down operating costs.<sup>51</sup> Eighty-one staff left through the voluntary redundancy program, making the organisation more financially sustainable.<sup>52</sup>

#### *Australian Energy Regulator*

2.41 The Australian Energy Regulator (AER) is the national energy market regulator. Its roles cover the retail and wholesale electricity and gas markets and energy network infrastructure. The AER's common legislative objective is to promote efficient investment in, and efficient operation and use of, energy services for the long-term interests of end users.<sup>53</sup>

2.42 The AER operates under the *Competition and Consumer Act 2010* (Competition and Consumer Act) and its annual reporting requirements falls under both the FMA Act and section 44AAJ of the Competition and Consumer Act. In order to provide more detailed information on its performance, the AER started to publish its own separate annual report on 19 September 2013, which is available on its webpage.<sup>54</sup>

2.43 In 2013–14, the AER published five reports when the spot price for electricity exceeded \$5,000 per megawatt hour and when the ancillary service price exceeded \$5,000 per megawatt for a sustained period. These reports, which identified and described factors contributing to the high prices, included reports examining high spot prices on 15 January 2014 in South Australia and Victoria, high ancillary service prices on 1 October 2013 in South Australia, and significant gas price change on 25 June 2013 in Adelaide's short-term trading hub.<sup>55</sup>

#### *Reporting requirements*

2.44 The committee considers that the ACCC and AER have met their reporting requirements under the Acts and compliments them on a well-structured report. The

---

50 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 9.

51 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, pp.8–9 and 207.

52 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 207.

53 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 158.

54 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 158.

55 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 164.

inclusion of case studies to highlight the range of work activities and its relevance to the community is very useful.<sup>56</sup>

2.45 The annual report has included information on payments of more than \$12,400 (GST inclusive) for advertising and market research services as required by section 311A of the *Commonwealth Electoral Act 1918*.<sup>57</sup>

### ***Australian Securities and Investments Commission***

#### *Operational matters*

2.46 In its annual report, the Australian Securities and Investments Commission noted that its budget had been reduced by around \$120 million over four years. This reduction was in addition to the increased efficiency dividend of about \$47 million over four years, and other savings measures.<sup>58</sup>

2.47 Against this backdrop, ASIC's operating budget will be reduced by \$44 million or about 12 per cent in 2014–15 and its staffing levels will fall by 209. The Chair, Mr Medcraft, reported, that as a consequence, measures had been taken to adjust resource allocation to reflect available funding, and to fulfil the agency's statutory role. ASIC's proactive surveillance would be substantially reduced.<sup>59</sup>

2.48 In 2013–14, ASIC reported a decrease in appropriation revenue, down to \$347 million from \$350 million in the previous year. There was also a decrease from \$17 million in other revenue in 2012–13 to \$5 million in 2013–14. The decrease in appropriation was attributed to a decrease in revenue drawn down to fund investigations from the Enforcement Special Account, largely offset by a net increase in operational funding, as well as funding for specific initiatives. These initiatives included implementing ASIC's G20 commitments regarding over-the-counter derivatives, increasing service levels in the Customer Contact Centre, and additional operating funding for the Superannuation Complaints Tribunal.<sup>60</sup>

2.49 The decrease in other revenue related predominantly to the reduction in the recovery of costs from the Companies Unclaimed Monies Special Account, which was abolished in December 2012.<sup>61</sup>

2.50 During the same reporting period, ASIC raised \$763 million in revenue for the Commonwealth in fees and charges, which was an increase of 6 per cent from 2012–2013. The increase was driven by an increase in the corporate registry (new

---

56 See for example the case study on the Quad bike safety campaign on social media—*Would you risk it?*, Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 94.

57 Australian Competition and Consumer Commission and Australian Energy Regulator, *Annual Report 2013–14*, p. 316.

58 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 4

59 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 4

60 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 24.

61 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 24.

companies), an increase in Business Names revenue and fee indexation of 2.5 per cent.<sup>62</sup>

2.51 In 2013–14, ASIC prioritised most of its resource allocation to enforcement (35 per cent), registry (25 per cent) and surveillance (20 per cent). The remainder was made up of engagement with industry and stakeholders, education, policy advice and guidance.<sup>63</sup>

2.52 Some key outcomes delivered by ASIC in 2013–14 included the following:

- ASIC reviewed the financial reports of 425 listed and large unlisted entities, and 100 large proprietary companies, and made specific inquiries of 87 entities on 160 matters. Its risk-based surveillance led to material changes to 4 per cent of the financial reports it reviewed in previous reporting periods.<sup>64</sup>
- In July 2013, ASIC issued the final rules and regulatory guidance for over-the-counter (OTC) derivatives trade reporting obligations for financial institutions and the regulation of derivative trade repositories. The package of rules gave effect to the Australian Government's G20 commitments on OTC derivatives trade reporting and was intended to promote financial stability.<sup>65</sup>
- ASIC completed 54 civil and criminal litigation and administration actions, and 125 investigations to promote market integrity. It secured 15 criminal convictions and six imprisonments.<sup>66</sup>
- ASIC achieved eight insider-trading criminal outcomes, including seven criminal convictions.<sup>67</sup>
- ASIC's surveillance program targeted company directors with a history of failed companies to detect and combat illegal phoenix activity. During the reporting period, ASIC identified 1,400 companies and 2,500 individuals in the building and construction, labour hire transport, security and cleaning industries. As a result of its risk assessment, ASIC conducted 214 surveillances, with ongoing investigations<sup>68</sup>
- ASIC assisted the Corporate and Markets Advisory Committee (CAMAC) review of the establishment and operation of managed investment schemes. The report from this review proposed a range of recommendations, including

---

62 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 24.

63 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 7.

64 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 42.

65 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 43.

66 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 45.

67 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 45.

68 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 43.

a new regulatory structure to streamline the operation of schemes and reduce compliance costs.<sup>69</sup>

#### *Reporting requirements*

2.53 The committee considers ASIC to have met its reporting obligations and the annual report is 'apparently satisfactory'.

2.54 The annual report of ASIC is well-presented, with easy to reference information and good use of relevant graphs, tables and pictures to enhance the information contained.

#### ***Commissioner of Taxation (Australian Taxation Office)***

##### *Operational matters*

2.55 In his 2013–14 annual report, the Commissioner of Taxation (also referred to as Australian Taxation Office or the ATO) noted that the ATO had developed a four-year corporate plan. Key features of the plan included a number of improved performance measures as well as six strategic risks being identified: revenue collection; IT systems; financial management; relationships; people capability; and service expectations.<sup>70</sup>

2.56 The ATO reported an operating surplus of \$0.6 million and a reduction of about 1,400 staff with a further 2,000 expected to leave in 2014–15.<sup>71</sup>

2.57 According to the Commissioner, engagement with taxpayers is improving with complaints made to ATO down by 9.5 per cent to 23,900.<sup>72</sup> There had also been an uptake of the new mobile app with 196,000 downloads as well as the new *myTax*, for individuals with simple affairs to lodge their tax returns, which was used for 745,200 lodgements.<sup>73</sup>

##### *Reporting requirements*

2.58 The committee considers that the ATO has met its reporting requirements under the FMA Act and compliments it on a well-structured report. The report is considered 'apparently satisfactory'.

#### ***Inspector-General of Taxation***

##### *Operational matters*

2.59 The Inspector-General of Taxation's (IGT) key role is to review systemic tax administration issues and report to the government. In this reporting year, the IGT conducted a review into the ATO's management of transfer pricing as well as the

---

69 Australian Securities and Investments Commission, *Annual Report 2013–14*, p. 36.

70 Australian Taxation Office, *Annual Report 2013–14*, pp. 96-97.

71 The figure of about 1,400 staff is derived from a workforce of over 25,000 employees being reduced to around 23,600 employees. Australian Taxation Office, *Annual Report 2013–14*, p. 3

72 Australian Taxation Office, *Annual Report 2013–14*, pp. iii and 95.

73 Australian Taxation Office, *Annual Report 2013–14*, pp. iv, 3, and 42.

ATO's compliance risk assessment tools. It also conducted three reviews into key areas affecting individual taxpayers.<sup>74</sup>

### *Reporting requirements*

2.60 The committee considers that the IGT has broadly met its reporting requirements under the Acts.

2.61 The report contained a statement on the actual expenditure of consultancies, but omitted the number of contracts. It was also not clear whether the total actual expenditure included both new and ongoing consultancies.<sup>75</sup>

2.62 The report should note whether the IGT gives performance pay to its employees, and if so, the number of employees at each level who receive it, the aggregated amount at each level, and the average bonus payment at each level. It is not clear in the report whether the IGT provides its staff with performance pay.<sup>76</sup>

### *Productivity Commission*

#### *Operational matters*

2.63 During the reporting period, the Productivity Commission (PC) reported decreased revenue from both government (from \$37.4 million in 2012–13 to \$36.4 million in 2013–14) and other sources (from \$1.1 million in 2012–13 to \$0.9 million in 2013–14). Operating expenses decreased slightly by about \$100,000 from the previous period. The PC's major expenses related to employee expenses, supplier payments and asset depreciation, amortisation and related expenses.<sup>77</sup> After excluding depreciation and amortisation expenses, the Commission reported a surplus of \$1.1 million.<sup>78</sup>

2.64 The Chair reported an unusual year consisting of uneven periods of work intensity; the workload was intense between October and May, dropped off since May when the rate of new work referred to the PC decreased. This occurred in the context of reduced staff and decreased expenditure on a range of administrative costs and economic forums.<sup>79</sup> Some of the work commenced and completed included:

- inquiries into motor vehicles, Tasmanian shipping and freight, labour mobility, and SPC Ardmona's call for emergency tariff assistance;
- the Commission's first flagship research paper on an ageing Australia;
- continued inquiries in relation to access to justice and early education and child care; and

---

74 Inspector-General of Taxation, *Annual Report 2013–14*, p. 23.

75 Inspector-General of Taxation, *Annual Report 2013–14*, p. 34.

76 Inspector-General of Taxation, *Annual Report 2013–14*, pp. 31–32.

77 Productivity Commission, *Annual Report 2013–14*, p. 30.

78 Productivity Commission, *Annual Report 2013–14*, p. 30.

79 Productivity Commission, *Annual Report 2013–14*, p. vii.

- commenced work on national disaster funding arrangements.<sup>80</sup>

2.65 The Productivity Commission Act and the Australian Government's Competitive Neutrality Policy Statement<sup>81</sup> require the Productivity Commission to report annually on the number of complaints it receives about the practices of government businesses and business activities and the outcomes of its investigations into those complaints. For 2013–14, the Commission received one formal complaint in relation to PETNET Australia, a wholly owned subsidiary of the Australian Nuclear Science and Technology Organisation (ANSTO). The complaint was not formally investigated.<sup>82</sup>

#### *Reporting requirements*

2.66 Overall, the committee commends the Productivity Commission for a well presented and user friendly annual report containing comprehensive information on the range of work activities undertaken by the Commission. The committee notes the annual report has a compliance index.

2.67 The committee considers that the Productivity Commission has met its reporting requirements under the Acts and its annual report is 'apparently satisfactory'.

#### ***Superannuation Complaints Tribunal***

##### *Operational matters*

2.68 The annual report of the Superannuation Complaints Tribunal (the Tribunal) was tabled in the Senate on 27 October 2014 and in the House of Representatives on 22 October 2014. The Tribunal is an independent dispute resolution body which deals with a diverse range of superannuation-related complaints and offers a free user-friendly alternative to the court system. It is required to provide mechanisms that are 'fair, economical, informal and quick' for the purposes of inquiring into, conciliating and reviewing complaints.<sup>83</sup>

2.69 For 2013–14, the Tribunal reported 'a very good year'. This was mainly attributed to the Tribunal's process re-engineering project commenced in 2011–12 and to the dedication of its staff. Some measurable outcomes as a result of these factors included the following:

- an increase of 26.1 per cent in the total of written complaints (from 1,264 to 1,594) within the Tribunal's jurisdiction had been resolved or withdrawn compared to the previous year;<sup>84</sup>

---

80 Productivity Commission, *Annual Report 2013–14*, p. vii.

81 Competitive neutrality policy seeks to ensure that government businesses do not have advantages (or disadvantages) over private sector counterparts simply by virtue of their public ownership. See Productivity Commission, *Annual Report 2013–14*, p. 7.

82 Productivity Commission, *Annual Report 2013–14*, pp. 7 and 79–80.

83 Superannuation Complaints Tribunal, *Annual Report 2013–14*, pp. ii.

84 Superannuation Complaints Tribunal, *Annual Report 2013–14*, p. 2.

- a significant rise in the number of conciliation conferences were held, from 424 in 2012–13 to 748 for 2013–14, or a rise of 76.4 per cent;<sup>85</sup>
- the number of complaints resolved at review increased by about 103 per cent, with 270 complaints resolved compared to 133 in 2012–13;<sup>86</sup>
- the average cost per complaint resolved decreased by over 7 per cent, from \$2,650 in 2012–13 to \$2,445 in 2013–14;<sup>87</sup>; and
- the median length of time for complaints to be resolved at review have decreased by 135 days.<sup>88</sup>

2.70 The annual report included a status update on the recommendations contained in the Australian Securities and Investments Commission's operational audit of the Tribunal in 2013. These recommendations related to digitalisation and record-keeping and destruction, strengthening key performance indicators, and the co-location of the Tribunal with ASIC to achieve greater efficiencies. The Tribunal was relocated to ASIC's Melbourne offices shortly after the 2013–14 reporting year. Other recommendations have either been completed or are in the process of being implemented.<sup>89</sup>

#### *Reporting requirements*

2.71 The annual report for the Superannuation Complaints Tribunal is prepared in accordance with section 67 of the *Superannuation (Resolution of Complaints) Act 1993* (SRC Act) and the *Guidelines for the content, preparation and presentation of annual reports by statutory authorities* as set out in the Senate Hansard of 11 November 1982, p.2261. Although the report is also prepared in accordance with the *Requirements for Annual Reports*, the Tribunal is not bound to comply with the *Requirements for annual reports*, issued by the Department of Prime Minister and Cabinet (29 May 2014), but has had regard to them so far as they are relevant. The Tribunal is also not required to comply with either the *Commonwealth Authorities and Companies Orders for Report of Operations* (August 1998) or with the *Financial Management & Accountability Act 1997*.<sup>90</sup>

2.72 The annual report is well structured and easy to read, with relevant information clearly separated in sections and presented in tabulated format, graphs and charts. The committee considers the Tribunal's annual report to be 'apparently satisfactory'.

---

85 Superannuation Complaints Tribunal, *Annual Report 2013–14*, p. 2.

86 Superannuation Complaints Tribunal, *Annual Report 2013–14*, p. 2.

87 Superannuation Complaints Tribunal, *Annual Report 2013–14*, p. 2.

88 Superannuation Complaints Tribunal, *Annual Report 2013–14*, p. 2.

89 Superannuation Complaints Tribunal, *Annual Report 2013–14*, p. 4.

90 Superannuation Complaints Tribunal, *Annual Report 2013–14*, pp. ii and 83.

**Senator Sean Edwards**

**Chair**