

Chapter 2

Annual reports of Commonwealth Departments

2.1 For the financial year 2014–15, the annual reports of the following departments were referred to the committee for examination and report:

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

Department of Health

Tabling of the report

2.2 The 2014–15 annual report was tabled on 13 October 2015, in time for examination at the Supplementary Estimates 2014–15 hearing.¹

Secretary's review

2.3 Mr Martin Bowles PSM, who commenced as secretary in October 2014, noted numerous significant achievements including:

- the establishment of 31 Primary Health Networks on 1 July 2015, replacing Medicare Locals, to improve and better coordinate care for patients, particularly for those with poor health outcomes, across the local health care system;
- the commencement of a review of the services that are eligible for Medicare subsidies by the Medicare Benefits Scheme Review Taskforce; ;
- the establishment of the Indigenous Australians Health Programme, in July 2014, to consolidate funding streams to ensure high quality essential services align with need and to draw focus on tangible outcomes; and
- the implementation of the new Health Star Rating food labelling system to make it easier for shoppers to choose healthier food items. In the first year of implementation 1000 products have adopted the rating system.²

Chief Medical Officer's Report

2.4 The Chief Medical Officer, Professor Chris Baggoley AO, addressed a number of issues in his report including:

- Australia's response to the Ebola crisis which has included enhanced border measures;

1 *Journals of the Senate*, No. 120—13 October 2015, p. 3213.

2 Department of Health, *Annual Report 2014–2015*, pp 4–6.

- the outbreak of hepatitis A from imported frozen berries and DOH's role in coordinating the national public health response and interagency communications;
- the release of the Australian Government's First National Antimicrobial Resistance Strategy to address the major global health priority largely caused by the misuse of antibiotics; and
- the expansion of the National Immunisation Program to provide Aboriginal and Torres Strait Islander children aged six months to five years with free seasonal influenza vaccines.³

Ministerial responsibilities

2.5 As at 30 June 2015, the minister and assistant minister responsible for the portfolio and its agencies were:

- the Hon Sussan Ley MP, Minister for Health and Minister for Sport; and
- Senator the Hon Fiona Nash, Assistant Minister for Health.⁴

Performance reporting

2.6 The annual report addresses Key Performance Indicators (KPIs) as listed in the *Portfolio Budget Statements 2014–15*. The committee acknowledges that most of DOH's deliverable targets were met or substantially met. KPIs that were not met can be found in Outcome 4: Acute Care and Outcome 5: Primary Health Care.⁵

2.7 Major achievements during the reporting period include:

- implementation of the Hearing Services Online portal, resulting in a reduction of wait times for new clients from an average of four weeks to three days and an estimated saving to businesses of \$19.1 million annually;⁶
- development of the Implementation Plan for the *National Aboriginal and Torres Strait Islander Health Plan 2013–23* in partnership with the National Health Leadership Forum. The Implementation Plan informs the development of the core services model, future workforce requirements and investment in capacity building requirements;⁷ and
- implementation of a range of sports integrity measures and revision of anti-doping legislation consistent with the global implementation of the 2015 World Anti-Doping Code. DOH delivered an 'Integrity in Sport' Roadshow targeting sub-elite athletes and worked closely with key stakeholders to

3 Department of Health, *Annual Report 2014–2015*, pp 8–11.

4 Department of Health, *Annual Report 2014–2015*, p. 25.

5 Department of Health, *Annual Report 2014–2015*, pp 31–142.

6 Department of Health, *Annual Report 2014–2015*, p. 58.

7 Department of Health, *Annual Report 2014–2015*, p. 76, 82.

protect the integrity of the 2015 International Cricket Council World Cup and the 2015 Asian Football Confederation Asian Cup.⁸

2.8 The committee notes that a number of challenges still remain for DOH including closing the gap on Indigenous and Torres Strait Islander life expectancy and child mortality.⁹ Further work is also needed to achieve a more equitable distribution of the health workforce to rural and remote Australia.¹⁰

2.9 The Australian National Audit Office (ANAO) concluded four reports into the operations of DOH throughout the financial year, making a total of 11 recommendations that related to DOH. The reports investigated the administration of the Medical Specialist Training Program, administration of the Fifth Community Pharmacy Agreement, diagnostic imaging reforms, and DOH's implementation of previous ANAO recommendations.

2.10 The Commonwealth Ombudsman released the report *Department of Health: Avoiding, acknowledging and fixing mistakes*. The annual report does not provide information on this report but does provide a link to the Ombudsman's report online. The committee considers that the annual report could have been enhanced had a brief description of the report and recommendations been included.

Financial performance

2.11 DOH administered \$43.3 billion in expenses on behalf of the Commonwealth in 2014–15 and recorded a combined operating deficit of \$32.7 million under the net cash appropriation model. Own source revenue increased by 6 per cent to \$167.6 million primarily through an increase in cost recovery activities by the Therapeutic Goods Administration. Meanwhile operating expenses decreased by 12 per cent to \$684.7 million primarily as a result of the changes to the Administrative Arrangement Orders (AAO) of September 2013.¹¹

Department of Social Services

Tabling of the report

2.12 The 2014–15 annual report was tabled on 15 October 2015, in time for examination at the Supplementary Estimates 2014–15 hearing.¹²

Secretary's review

2.13 The secretary, Mr Finn Pratt, noted several significant achievements during 2013–14:

- The release of the McClure Review into Australia's welfare system and the commencement of implementing the recommendations including steps that

8 Department of Health, *Annual Report 2014–2015*, pp 136–140.

9 Department of Health, *Annual Report 2014–2015*, p. 76.

10 Department of Health, *Annual Report 2014–2015*, p. 120.

11 Department of Health, *Annual Report 2014–2015*, p. 197.

12 House of Representatives, *Votes and Proceedings*, No. 150—15 October 2015, p. 1654.

will make Australia's welfare system more effective, coherent and sustainable. This includes an 'investment approach' to target people most at risk of long-term dependency and disadvantage and investing in them early.

- Continuing the roll out of the National Disability Insurance Scheme, with seven pilot sites helping 17,000 people access support and services. The Scheme will be fully transitioned in 2016.
- A number of reforms to aged care to give older people more say about the services they choose and improve their access to services. These include the introduction of the consumer-driven care approach, the enhancement of My Aged Care and the commencement of the Commonwealth Home Support Programme.
- To address domestic violence, DSS developed the free DAISY app, which connects women with services and support in their local area.¹³

Changes in administrative arrangements

2.14 Early childhood and child care programs were transferred from the Department of Education to DSS under the AAO of 23 December 2014.¹⁴

Ministerial responsibilities

2.15 As at 30 June 2015, the ministers and parliamentary secretaries responsible for the portfolio and its agencies were:

- The Hon Scott Morrison MP, Minister for Social Services;
- Senator the Hon Mitch Fifield, Assistant Minister for Social Services; and
- Senator the Hon Concetta Fierravanti-Wells, Parliamentary Secretary to the Minister for Social Services.¹⁵

Performance reporting

2.16 The annual report highlights a number of performance achievements including:

- strengthened disability support pension assessments through the introduction of a Disability Medical Assessment by a Government contracted doctor;
- providing an increase in support to families through child care fee assistance with \$6.6 billion in payments;
- implementing a Red Tape Reduction Action Plan for the aged care industry to reduce its administrative burden;

13 Department of Social Services, *Annual Report 2014–2015*, p. 2.

14 Department of Prime Minister and Cabinet, *Administrative Arrangements Order made on 23 December 2014*, <https://www.dpmc.gov.au/pmc/publication/administrative-arrangements-order-made-23-december-2014> (accessed 10 December 2015).

15 Department of Social Services, *Annual Report 2014–2015*, p. 21.

- constructing 5,383 additional dwellings under the National Rental Affordability Scheme to provide rent at 20 per cent below market value to assist individuals and families; and
- assisting 235,349 people with disability to increase their capacity to work through the Disability Employment Services.¹⁶

2.17 The committee notes that the KPIs and deliverables of DSS are extensive and varied and overall are well presented. However, it would aid the committee in its examination of the performance of DSS if, where possible, DSS stated whether the KPI and/or deliverable is considered to be met, substantially met, exceeded or not met.

2.18 It is a requirement for annual reports that for those KPIs that have not been met, a brief explanation is to be included. This report appears to have included an explanation in most instances; however it would assist the committee if future annual reports fully met this requirement.

Financial performance

2.19 DSS managed a budget of \$128.9 billion, almost one-third of the Commonwealth budget. DSS achieved a small surplus of \$0.8 million from its operating expenditure of \$0.7 billion.¹⁷

Department of Human Services

Tabling of the report

2.20 The 2014–15 annual report was received out of session by the President of the Senate on 28 October 2015.¹⁸ This meant the report was unavailable for examination at the Supplementary Estimates 2014–15 hearing.

Secretary's review

2.21 The secretary, Ms Kathryn Campbell, noted several achievements during the year including:

- transitioning 21,000 participants and 1000 staff under CRS Australia, which ceased operation in February 2015, to new providers and redeployment within DHS respectively;
- assisting communities hit by natural disasters including the South Australian bushfires, Tropical Cyclone Marcia in Queensland, Tropical Cyclone Lam in the Northern Territory, and storms and flooding in NSW; and
- further development and expansion of the MyGov digital service and shopfronts, which has seen a growth of active accounts to over seven million as at 30 June 2015.

16 Department of Social Services, *Annual Report 2014–2015*, pp 31–103.

17 Department of Social Services, *Annual Report 2014–2015*, p. 143.

18 *Journals of the Senate*, No. 128—9 November 2015, p. 3289.

Ministerial Responsibilities

2.22 As at 30 June 2015, the Minister responsible for the Human Services Portfolio was Senator the Hon Marise Payne. On 21 September 2015 the Hon Stuart Robert MP was appointed Minister for Human Services.¹⁹

Performance reporting

2.23 The annual report addresses the KPIs as listed in the *Portfolio Budget Statements 2014–15*. The committee acknowledges that DHS met 27 of its 32 KPIs.²⁰

2.24 DHS continued to focus on early interventions to manage identified payment risks. In 2014–15 \$61.4 million in overpayments were prevented through early intervention measures such as sending letters and SMS messages. Data matching exercises were also undertaken to identify customers at risk of incorrect payment. Four data-matching cycles resulted in 24,178 reviews and returned \$134.6 million in net benefits to government.²¹

2.25 As part of the Income Management Budget measures, DHS has continued to help people to pay for their priority items with the BasicsCard – a reusable, personal identification number-protected card that can be used via EFTPOS at approved stores and businesses. As at 30 June 2015, the BasicsCard was accepted at 14,258 stores and businesses, up from 13, 683 the previous year. The number of Centrelink customers using the BasicsCard increased from 91 per cent in 2013–14 to 97 per cent in 2014–15.²²

2.26 The ANAO published five reports into the operations of DHS throughout the financial year, making a total of nine recommendations that related to DHS. The reports investigated limited tender procurement arrangements, administration of the Australian Childhood Immunisation Registrar, management of Smart Centres' Centrelink Telephone Services, administration of the Assistance for Isolated Children Scheme and the administration of the Fifth Community Pharmacy Agreement.²³

2.27 The department has provided useful information on the employment of people with disability. However, the report does not appear to contain an 'explicit and transparent reference to other disability reporting mechanisms' as required under Attachment D of the PM&C Requirements. This information should be included in future annual reports.

Financial performance

2.28 DHS administered \$165.8 billion in expenses on behalf of the Commonwealth in 2014–15. In 2014–15, DHS reported an operating surplus of \$65.8 million after

19 Department of Human Services, *Annual Report 2014–2015*, p. 8.

20 Department of Human Services, *Annual Report 2014–2015*, pp 12–13.

21 Department of Human Services, *Annual Report 2014–2015*, p. 100.

22 Department of Human Services, *Annual Report 2014–2015*, pp 71–72.

23 Department of Human Services, *Annual Report 2014–2015*, pp 264–266.

adjustment, unfunded depreciation and revaluation adjustments. This compares to a surplus of \$132.6 million in 2013–14.²⁴

24 Department of Human Services, *Annual Report 2014–2015*, p. 174.

