

Chapter 1

Introduction

1.1 The Community Affairs Legislation Committee (committee) is responsible for examining the annual reports of departments and agencies of the Health Portfolio and the Social Services Portfolio (including the Department of Human Services).¹

1.2 This report on annual reports (No. 1 of 2019) provides an overview of the committee's examination of annual reports presented to the Parliament between 1 May 2018 and 31 October 2018.

Terms of reference

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

- (a) examine each annual report referred to it and report to the Senate whether the report is apparently satisfactory;
- (b) consider in more detail, and report to the Senate on, each annual report which is not apparently satisfactory, and on the other reports which it selects for more detailed consideration;
- (c) investigate and report to the Senate on any lateness in the presentation of annual reports;
- (d) in considering an annual report, take into account any relevant remarks about the report made in debate in the Senate;
- (e) if the committee so determines, consider annual reports of departments and budget-related agencies in conjunction with examination of estimates;
- (f) report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year;
- (g) draw to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports; and
- (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.²

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

2 The Senate, *Standing Orders and other orders of the Senate*, August 2018, SO 25(20).

Annual report requirements and purpose

1.4 Annual reports are key documents under the Australian Government's performance framework for Commonwealth entities (corporate and non-corporate) and Commonwealth companies.³ Commonwealth entities and companies are obligated to report on their operations to the Parliament and, through the Parliament, to the Australian public.⁴

Requirements

1.5 Annual reporting requirements of Commonwealth entities and companies are specified in the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).⁵ Requirements for annual reporting are also made in other documents and the committee has previously reported on these requirements.⁶ In summary, annual reports of Commonwealth entities and companies should:

- meet the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the PGPA Rule;
- be in accordance with the reporting requirements of primary legislation; and
- be compliant with guidelines relevant to the production of annual reports.

1.6 Guidelines for the production of annual reports are produced by the Department of Finance (DoF) and provide detailed information on the reporting obligations for the different types of Commonwealth entities: non-corporate Commonwealth entities;⁷ corporate Commonwealth entities;⁸ and Commonwealth companies.⁹

1.7 The Senate refers annual reports to the committee for examination and report with respect to an 'apparently satisfactory' standard.¹⁰ The committee generally

3 Note, the enhanced Commonwealth performance framework is established in accordance with paragraph 5(b) of the *Public Governance, Performance and Accountability Act 2013*.

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

5 There have been two updates to the PGPA Rule since the committee tabled its previous report on annual reports, see, Public Governance, Performance and Accountability Amendment (2018 Measures No. 1) Rules 2018, and Public Governance, Performance and Accountability Amendment (2019 Measures No. 1) Rules 2019.

6 See, for example, Senate Community Affairs Legislation Committee (Committee), *Annual reports (No. 1 of 2017)*, March 2017, pp. 2–7; Committee, *Annual reports (No. 1 of 2018)*, March 2018, pp. 2–4.

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

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

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

10 The Senate, *Standing Orders and other orders of the Senate*, August 2018, SO 25(20)(a).

considers an annual report to be apparently satisfactory when the report is presented in accordance with relevant legislation and Australian Government guidelines, and presents information in a logical way that allows for a clear read between the entity's portfolio budget statement, corporate plan and its annual report.

Purpose

1.8 Information on the performance of Commonwealth entities provided in annual reports supports the accountability of Australia's executive government and the transparency of the allocation of public resources. The publication of annual reports is a principal opportunity for Commonwealth entities, companies, and executive governments to present information to Parliament and the broader public.

1.9 Senate committees have systematically examined annual reports since 1989, following a report by the Senate Standing Committee on Finance and Public Administration.¹¹ The committee considers its examination of annual reports is important to ensure that annual reports include the relevant information for public accountability.

Timeliness

1.10 Commonwealth entities and companies are required to present annual reports to the relevant minister, in accordance with the timeframes provided in applicable legislation. The minister is then required to table the annual report in Parliament.¹² The committee considers that it is best practice for ministers to table annual reports in Parliament no later than 31 October each year, in accordance with DoF annual reporting guidelines.¹³

1.11 The 2017–18 annual report of the Australian Sports Anti-Doping Authority (ASADA) was first presented to Parliament (out of sitting) on 8 November 2018.¹⁴

1.12 A document was tabled in the Senate on 12 November 2018, pursuant to subsection 34C(7) of the *Acts Interpretation Act 1901*, explaining that there had been a delay in providing the report to the Minister.¹⁵ ASADA stated:

For the first time in eight years, ASADA reviewed processes and sought efficiencies in relation to our survey service provider. We consequently engaged a new firm to conduct the 2018 survey which necessitated extended setup time and led to an unavoidable delay in disseminating the survey for completion and subsequent analysis of the results. This delay

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

12 Committee, *Annual reports (No. 1 of 2017)*, pp. 4–5.

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

14 *Journals of the Senate*, No. 126, 12 November 2018, p. 4023.

15 *Journals of the Senate*, No. 126, 12 November 2018, p. 4028.

impacted timeframes around finalisation of content for the production of the report.¹⁶

1.13 ASADA noted that while the change in survey provider had delayed the report, the survey provided the agency with a significant increase in the number of responses to inform its performance statement.¹⁷

1.14 The committee recognises that the delay in presenting the report was minimal, just over one week from the due date of 31 October 2018, and that the correct process was followed for informing the Minister and, in turn, the Parliament of the delay.

Allocated portfolios and functions

1.15 The committee is allocated portfolio oversight of the Health Portfolio, Social Services Portfolio and Human Services Portfolio.¹⁸ The lead departments within those portfolios are the Department of Health, Department of Social Services (DSS) and the Department of Human Services.¹⁹ Information on the range of Commonwealth entities and companies within the committee's portfolio allocation is available on the DoF website.²⁰

Reports examined

1.16 This report considers four annual reports of Commonwealth entities and companies within the committee's portfolio oversight that were presented to Parliament between 1 May 2018 to 31 October 2018.

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

1.18 The committee notes that 2017–18 is the last full annual reporting period for the Aged Care Complaints Commissioner and the Australian Aged Care Quality Agency. The functions of these entities were incorporated into the Aged Care Quality and Safety Commission (ACQSC), which was established on 1 January 2019.²¹

16 ASADA, *Subsection 34C(7)—Statement relating to the delay in presentation of a periodic report—Australian Sports Anti-Doping Authority—Report for 2017–18*, November 2018, (tabled 12 November 2018), p. 1.

17 ASADA, *Subsection 34C(7)—Statement relating to the delay in presentation of a periodic report—Australian Sports Anti-Doping Authority—Report for 2017–18*, November 2018, (tabled 12 November 2018), p. 1.

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

19 Note, the Administrative Arrangements Order details the policy functions of those departments and is available online at <https://www.legislation.gov.au/Details/C2018Q00021> (accessed 26 March 2019).

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

21 Department of Health, *Annual report 2017–18*, p. 176.

Comments made in the Senate

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

- comments made by Senator Rachel Siewert on the 2017–18 annual report of the Aged Care Complaints Commissioner regarding the increase in complaints made in relation to residential aged care, Home Care Packages and the Commonwealth Home Support Program;²²
- comments made by Senator Jenny McAllister on the DSS annual report regarding the operation of the National Rental Affordability Scheme;²³ and
- a question asked by Senator Siewert regarding whether annual reports of the ACQSC will include information regarding the number of calls relating to My Aged Care, and assessments completed by the Regional Assessment Service and the Aged Care Assessment Team.²⁴

Report structure

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

- Chapter 1—introduction to the examination of annual reports;
- Chapter 2—examination of annual reports of lead portfolio departments; and
- Chapter 3—examination of annual reports of certain Commonwealth entities.

22 *Senate Hansard*, 15 October 2018, pp. 7124–7125.

23 *Senate Hansard*, 15 November 2018, p. 8234.

24 *Senate Hansard*, 26 November 2018, pp. 8499–8500.