

## Chapter 2

### Review of departments and selected agencies

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

- Department of Communications;
- Department of Environment;
- Telecommunications Universal Service Management Agency;
- Special Broadcasting Service;
- Australian Postal Corporation;
- Bureau of Meteorology; and
- Great Barrier Reef Marine Park Authority.

#### Communications portfolio

##### *Department of Communications*

2.2 The Department of Communications Annual Report 2013–14 was received on 17 October 2014 and tabled in the Senate on 27 October 2014.

2.3 The report outlines the consolidation in 2014–15 of the department's three existing programmes into one programme titled 'Digital Technologies and Communication Services'.<sup>1</sup>

2.4 The committee notes that, as a result of changes to the administrative arrangements orders following the Federal election in 2013, the following changes were made to the Department of Communications' functions and structure:

- ministerial responsibility for the Indigenous Communications Programme and Indigenous Broadcasting Programme was transferred to the Department of Prime Minister and Cabinet by a legislative instrument under section 32 of the *Financial Management and Accountability Act 1997*; and
- the Office of Spatial Policy was transferred to the Department of Communication from the Department of Industry from 24 April 2014. The office no longer exists and the functions are now delivered by the Data Policy Branch.<sup>2</sup>

---

1 Department of Communications, *Annual Report 2013–14*, p. 7.

2 Department of Communications, *Annual Report 2013–14*, p. 8.

2.5 The annual report also outlines the transfer of the Telecommunications Universal Service Management Agency's functions to the department, which was announced in the 2014–15 Budget.<sup>3</sup>

2.6 The Secretary noted in his review that the department's Corporate Plan 2014–17 had been launched in February 2014. The corporate plan outlines four strategic priorities driving the direction and work of the department over the next three years. The Secretary went on to state that the department had an 'ambitious work agenda and a goal to position ourselves as the Australian Government's pre-eminent advisor on communications'.<sup>4</sup>

2.7 In order to align departmental staff and resources with the new strategic priorities, a large scale change process was commenced in 2013–14. At the same time, all jobs in the department were redesigned, the capability of all staff was assessed and staff were placed in the new structure. The total staff reduction was between 20 and 25 per cent. The Secretary acknowledged that it had been 'a difficult year in many ways for the Department' but remained 'firmly committed to the change process upon which we have embarked and the significant investment we will continue to make in developing the capability of our people'.<sup>5</sup>

#### *Performance reporting*

2.8 In relation to programme 1.1, the report canvassed matters related to the National Broadband Network including the provision of advice to the Minister for Communications on policy, regulatory and rollout issues and supporting the Government to implement its NBN policy objectives. The discussion in programme 1.2 highlighted the department's involvement in the promotion of the benefits and opportunities for telework. This included support for the Australian Public Service Telework Trial. The telework trial was conducted in 2013–14 with over 150 participants from seven departments. The outcome of the trial will inform the department's 'Working from Anywhere' initiative.<sup>6</sup> Other measures discussed in programme 1.2 included the implementation of programs designed to drive digital economy activity.<sup>7</sup>

2.9 Programme 1.3 covered the switchover from analog to digital television, which was successfully completed on 10 December 2013. The switchover has created space on the broadcasting spectrum for emerging services, such as mobile broadband and wireless technology.<sup>8</sup>

2.10 The performance reporting section is clearly presented and provides adequate assessment of how the department has progressed in meeting its key performance

---

3 Department of Communications, *Annual Report 2013–14*, p. 8.

4 Department of Communications, *Annual Report 2013–14*, p. 2.

5 Department of Communications, *Annual Report 2013–14*, p. 3.

6 Department of Communications, *Annual Report 2013–14*, pp 20–21.

7 Department of Communications, *Annual Report 2013–14*, p. 26.

8 Department of Communications, *Annual Report 2013–14*, p. 40.

indicators (KPIs), objectives, and deliverables. The flow of information gives the reader a broad understanding of the work conducted in each programme while still providing specific performance information, which is comparable to the Portfolio Budget Statement (PBS).

### *Financial reporting*

2.11 In the Secretary's review it was noted that:

...the Department reported an operating surplus of \$1.0 million (excluding depreciation) in 2013–14, down from \$1.5 million (excluding depreciation) in 2012–13.<sup>9</sup>

2.12 The committee notes that there was an operating deficit of \$5.4 million.<sup>10</sup>

### ***Telecommunications Universal Service Management Agency***

2.13 The Telecommunications Universal Service Management Agency (TUSMA) Annual Report 2013–14 was tabled in the Senate on 29 October 2014.

2.14 The committee notes that this will be the final report for the TUSMA, as the agency's functions will be transferred to the Department of Communications as a part of the Government's broader reforms to reduce the number of small government agencies. The Department of Communications will deliver these functions from July 2015.<sup>11</sup>

2.15 The TUSMA Annual Report provides a detailed record of its activities which included:

- providing recommendations for future universal service reforms with the aim of reducing the level of regulation on the Standard Telephone Service and payphones;
- the implementation of its safety net programme, as customers with voice-only services transfer to the National Broadband Network; and
- providing input into the Government's Omnibus Repeal Day (Autumn 2014) Bill 2014 to remove unnecessary regulations from carriers and retail service providers.<sup>12</sup>

2.16 The committee notes, in relation to the National Relay Service, that three new services were released in 2013–14: the video relay service, Short Message Service (SMS) relay service and the captioned relay services. The annual report stated that approximately one in five connections came from one of these three new service access options in the first year of operation.<sup>13</sup>

---

9 Department of Communications, *Annual Report 2013–14*, p. 4.

10 Department of Communications, *Annual Report 2013–14*, p. 69.

11 Telecommunications Universal Service Management Agency, *Annual Report 2013–14*, p. 2.

12 Telecommunications Universal Service Management Agency, *Annual Report 2013–14*, pp 2–3, 14.

13 Telecommunications Universal Service Management Agency, *Annual Report 2013–14*, p. 24.

*Performance reporting*

2.17 Performance reporting on the agency's outcome is clearly presented and provides an adequate assessment of how the agency has progressed in meeting their KPIs and deliverables. The committee commends TUSMA for its use of tables and graphs to report their performance and trend information.

*Financial reporting*

2.18 The committee notes that TUSMA reported an operating surplus of \$500 000 dollars for the 2013–14 financial year.<sup>14</sup>

*Special Broadcasting Service*

2.19 The Special Broadcasting Service (SBS) Annual Report 2013–14 was received on 31 October 2014 and tabled in the Senate on 17 November 2014.

2.20 The SBS Annual Report provides a detailed record of SBS's activities which included:

- delivering multi-platform coverage across television, radio and online of the 2014 Federation Internationale de Football Association (FIFA) World Cup;
- the implementation of the first radio schedule in 18 years based on audience insight and research to ensure programs delivered more relevant content; and
- delivering Australian audiences content on new media platforms.<sup>15</sup>

2.21 SBS also reported that the program *The Feed* had received recognition at the 2014 Walkley Awards for its contribution to the news and current affairs with one of its producers winning the Young Australian Journalist of the Year Award.

2.22 The committee notes that SBS Chairman, Mr Joseph Skrzynski AO, stepped down from his position in March 2014 after having served five years on the SBS Board of Directors. Mr Michael Ebeid, Managing Director, remarked that Mr Skryznski's:

...commitment to delivering on SBS's role of contributing to successful multiculturalism, coupled with his passion for the media and astute business mind, have guided the reshaping of our strategic direction when SBS was at a crossroads. His push to include an explicit statement on our role in aiding social cohesion in Australia and the exploitation of new technologies to do this, are now reflected in the organisation's mission and drive its focus on programming priorities.<sup>16</sup>

---

14 Telecommunications Universal Service Management Authority, *Annual Report 2013–14*, p. 47.

15 Special Broadcasting Service, *Annual Report 2013–14*, pp 4–5.

16 Special Broadcasting Service, *Annual Report 2013–14*, p. 56.

### *Performance reporting*

2.23 The annual report provides a performance overview table which summarises SBS's objectives, deliverables, KPIs and results.<sup>17</sup> The table is clear and easy to read and includes page references to assist the reader in accessing more detailed information.

2.24 The committee notes SBS's achievement of providing 95 per cent of radio broadcasts in languages other than English, which surpassed the target of 86 per cent.<sup>18</sup>

### *Financial reporting*

2.25 The annual report provides a comprehensive financial summary including expenditure and major investing and financing activities. The committee notes that SBS recorded an operating surplus of \$430 000 dollars for the 2013–14 financial year.<sup>19</sup>

### ***Australian Postal Corporation (Australia Post)***

2.26 The Australia Post Annual Report 2013–14 was tabled in the Senate on 27 October 2014.

### *Financial reporting*

2.27 The committee notes that for the 2013–14 financial year Australia Post recorded a \$116.2 million profit after tax.<sup>20</sup> The report acknowledges that this result represented a decrease in profit of 34.5 per cent despite revenue increasing 8.3 per cent to \$6.4 billion.<sup>21</sup>

2.28 The discussion of the financial performance of Australia Post includes an overview of the challenges facing the mail service business. In this section, Australia Post also provides a five-year trend table of indicators including revenue, return on equity and dividends declared. The overview also includes graphs of profit before and after tax and shareholder return on equity from 2010 to 2014. The committee notes that changes to the Australian Accounting Standard AASB 119 *Employee benefits* took effect on 1 July 2013. Both graphs restate profit information for 2013 as if the change of accounting standard had not come into effect. This provides a very helpful like-for-like comparison of profit levels during that period, as well as clearly showing the effect of the change of accounting standard on Australia Post's profits. A similar restating is provided in the graph on shareholders return on equity.<sup>22</sup>

---

17 Special Broadcasting Service, *Annual Report 2013–2014*, pp 68–69.

18 Special Broadcasting Service, *Annual Report 2013–2014*, pp 68, 135, 146–149.

19 Special Broadcasting Service, *Annual Report 2013–2014*, p. 70.

20 Australian Postal Corporation, *Annual Report 2013–14*, p. 5.

21 Australian Postal Corporation, *Annual Report 2013–14*, p. 5.

22 Australian Postal Corporation, *Annual Report 2013–14*, pp 12–13.

2.29 The profit/loss from reserved services for 2013 is also restated to a loss of \$198.0 million in the five-year trend table. However, as the pre-change loss figure for 2013 has not been provided, readers are unable to ascertain the impact of the accounting change on this indicator. The committee notes that the loss for the reserved services reported in the 2012–13 annual report was \$147.4 million.<sup>23</sup>

2.30 A further change to the trend table provided in this annual report is the omission of operating profit/loss from regulated services and non-regulated services data. This information was available in the previous two annual reports. The loss on regulated services includes the profit/loss from inbound letters and packets under the Universal Postal Union (UPU) arrangements. In 2013–14, the UPU arrangements generated a loss of \$77 million, with the total loss of \$44.4 million for all inbound letters and parcels in the financial year.<sup>24</sup> This level of information is not available in the annual report.

2.31 The committee notes that, unlike previous annual reports, the five-year trend for reserved services letter volumes have been provided rather than total mail volumes. While it is helpful to provide the reserved service volume trend, the committee considers that information on total mail volumes should have been included for completeness and transparency. In addition, the committee notes that this data series is available from at least 2006 in previous annual reports.<sup>25</sup>

2.32 The committee considers that, given the challenges facing Australia Post in relation to its letters business, as much information as possible on this area of its performance should be provided in the annual report.

### *Performance reporting*

2.33 The discussion on Australia Post performance covers five areas: postal services; parcel services; workforce; social contribution; and, driving environmental change. Each section commences with summary information on highlights, challenges and outlook. This provides a clear and concise introduction to the detailed discussion which follows.

### *External scrutiny*

2.34 Section 17(b) of the Commonwealth Authorities (Annual Reporting) Orders 2011 states that the Annual Report of Operations must include:

...particulars of reports about the authority made by the Auditor-General, a Parliamentary committee, the Commonwealth Ombudsman or the Office of the Australian Information Commissioner.<sup>26</sup>

---

23 Australia Post, *Annual Report 2012–13*, p. 11.

24 Senate Environment and Communications Legislation Committee, Supplementary Budget Estimates, November 2014, *Answer to question on notice No. 390*.

25 Australia Post, *Annual Report 2009–10*, p. 11.

26 Commonwealth Authorities (Annual Reporting) Orders 2011, p. 6.

2.35 However, Australia Post indicated in its statutory reporting requirements that the requirement to report on reports made by outside bodies during 2013–14 was 'not applicable'.<sup>27</sup> The committee notes that on 14 November 2013, the Senate referred to this committee the matter of the performance, importance and role of Australia Post in Australian communities and its operations in relation to licensed post offices. During 2013–14, the committee held a number of public hearings including two at which Australia Post appeared to give evidence (6 December 2013 and 17 March 2014). While the final report was released on 24 September 2014, which is outside of the reporting period, the committee released a substantive interim report on 11 December 2013.

2.36 The committee is disappointed that Australia Post chose to omit details of the committee's inquiry and any reference to the interim report.

## **Environment portfolio**

### ***Department of Environment***

2.37 The Department of Environment Annual Report 2013–14 was received on 30 October 2014 and tabled in the Senate on 17 November 2014.

2.38 Following the 2013 Federal election, the department was affected by the machinery of government changes. The department acquired responsibility for advising the Government on domestic climate change policy and functions relating to Indigenous policy were transferred to the Department of the Prime Minister and Cabinet.<sup>28</sup>

2.39 The Secretary's Review provides a detailed overview of the department's seven outcomes and includes comments on the following matters:

- supporting the delivery of the Government's priority to repeal the carbon tax legislation;
- establishing the Green Army Programme;
- participating in the United Nations working group meetings to progress negotiations on marine biodiversity;
- commencing negotiations with the states and territories to create a single streamlined administrative process for environmental approvals;
- managing the reform and delivery of the National Landcare Programme;
- conducting consultation and research regarding the implementation of the Emissions Reduction Fund and other elements of the Government's Direct Action Plan on Climate Change; and

---

27 Australian Postal Corporation, *Annual Report 2013–14*, p. 133.

28 Department of the Environment, *Annual Report 2013–2014*, p. 5.

- continuing to support the work to maintain the health and resilience of the Great Barrier Reef.<sup>29</sup>

2.40 The committee notes that, in November 2013, the Department's Executive Board commissioned a strategic review of the organisation. The review considered the department's operations and structure in addition to the Government's priorities and the broader fiscal environment. Consequently, departmental activities were reprioritised and the department moved to a three group structure.<sup>30</sup>

### *Performance reporting*

2.41 The committee notes that the department's outcomes were consolidated from seven to four in the 2014–15 Budget and will be reflected in their next annual report.<sup>31</sup>

2.42 In the detailed discussion of each outcome the key achievements are provided as well as strategies that underpin those achievements. The report also provides an evaluation and conclusion for each outcome. For each programme, KPIs, deliverables and results are also listed alongside the 2013–14 budget targets. Where the 2013–14 budget target has not been met, an explanation of the reason is included. For example, in Programme 3.1 the number of flights between Hobart and Casey was less than the budget target. The committee notes that this was due to 'the Wilkins runway being affected by warmer temperatures and resultant melt'.<sup>32</sup>

2.43 The annual report also includes reports on following seven Acts:

- *Environment Protection and Biodiversity Conservation Act 1999*;
- *Natural Heritage Trust of Australia Act 1997*;
- *Product Stewardship Act 2011*;
- *Product Stewardship (Oil) Act 2000*;
- *Fuel Quality Standards Act 2000*;
- *Hazardous Waste (Regulation of Exports and Imports) Act 1989*;
- *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*;
- *Water Efficiency Labelling and Standards Act 2005*; and
- *Water Act 2007*.

### *Management and accountability*

2.44 The department has a comprehensive and informative corporate governance section, which details corporate and operational planning, risk management, external scrutiny, environmental sustainability, and human resource management.<sup>33</sup>

---

29 Department of the Environment, *Annual Report 2013–2014*, pp 4–6.

30 Department of the Environment, *Annual Report 2013–2014*, p. 5.

31 Department of the Environment, *Annual Report 2013–2014*, p. 12.

32 Department of the Environment, *Annual Report 2013–2014*, p. 48.

33 Department of the Environment, *Annual Report 2013–14*, pp 144–184.



2.45 In relation to external scrutiny, the committee notes that during 2013–14 the Australian National Audit Office (ANAO) released two performance audits specific to the department: Audit Report No. 17, *Administration of the Strengthening Basin Communities Program*; and Audit Report No. 43, *Managing Compliance with Environment Protection and Biodiversity Conservation Act 1999 Conditions of Approval*.<sup>34</sup> The committee notes that Audit Report No. 43 contained a range of findings and recommendations including that:

The increasing workload on compliance monitoring staff over time has resulted in Environment adopting a generally passive approach to monitoring proponents' compliance with most approval conditions.<sup>35</sup>

2.46 The annual report contains a detailed background to each of the audits, however, limited information is provided regarding the recommendations, which were agreed to by the department. The committee notes that the department has not included information on what work has been done to implement these recommendations. The committee encourages the department to include this type of information in future annual reports.

#### *Financial reporting*

2.47 The committee notes that the department reported for the 2013–14 financial year a deficit of \$96.64 million. The annual report stated that the shortfall was due to 'non-cash provisions for restoration obligations for the Australian Antarctic Region'.<sup>36</sup>

#### *Bureau of Meteorology*

2.48 The Bureau of Meteorology (BOM) Annual Report 2013–14 was tabled in the Senate on 28 October 2014.

2.49 The Director's review provides a comprehensive summary of the key achievements and challenges of the BOM for 2013–14. In particular, the Director, Dr Rob Vertessy, drew attention to 2013 as being recorded as Australia's warmest year in history. The year was marked by several heatwaves as well as cyclones, floods and severe storms. The Director commended the BOM on the timely manner in which they were able to provide accurate forecasts and warnings.<sup>37</sup>

2.50 Other activities outlined in the Director's review included:

- the implementation of the Next Generation Forecast and Warning System;
- the pilot of the national heatwave alert service during the summer of 2013–14;

---

34 Department of the Environment, *Annual Report 2013–14*, p. 156.

35 Australian National Audit Office, *Managing Compliance with Environment Protection and Biodiversity Conservation Act 1999 Conditions of Approval*, Performance Audit Report No. 43 2013–14, p. 16.

36 Department of the Environment, *Annual Report 2013–14*, p. 18.

37 Bureau of Meteorology, *Annual Report 2013–14*, p. 3.

- the publication of the third biennial *State of the Climate report* in conjunction with the Commonwealth Scientific and Industrial Research Organisation;
- the realignment of BOM's organisational structure;
- the launch of BOM's mobile website;
- the development of a BOM weather application ('app'); and
- the launch of the Marine Water Quality Dashboard for the Great Barrier Reef.<sup>38</sup>

### *Performance reporting*

2.51 The annual report provides a performance overview table which summarises deliverables, KPIs and results.<sup>39</sup> The table is clear and easy to read and includes page references to assist the reader in accessing more detailed information. A discussion summarising the performance of each deliverable is also included.

### *Financial performance*

2.52 The report provides an informative discussion of BOM's financial performance for 2013–14. The Bureau reported an operating deficit of \$73.7 million compared to a deficit of \$69.4 million in 2012–13. The Bureau states that the main financial drivers were an increase in employee costs and consumable goods.<sup>40</sup>

### ***Great Barrier Reef Marine Park Authority***

2.53 The Great Barrier Reef Marine Park Authority (GBRMPA) Annual Report 2013–14 was received out-of-session on 30 October 2014 and tabled in the Senate on 17 November 2014.

2.54 The Chairman's Review detailed a number of key activities that were undertaken during the reporting period across its three objectives, which included:

- managing an outbreak of coral eating Crown-of-Thorns starfish;
- conducting vessel and land-based patrols in high risk fishing areas;
- expanding the Reef Guardians Programme to include 308 schools, 15 councils, 12 fisheries and 25 famers and graziers; and
- changes to GBRMPA's organisational structure.<sup>41</sup>

2.55 The committee notes that, in November 2013, GBRMPA released the draft Great Barrier Reef Region strategic assessment report and program report. The draft program report proposed a 25-year management plan to strengthen the reef's management practices. After the publication of the draft reports, the authority conducted three months of community consultation, which included targeted meetings, community forums and an online survey where approximately

---

38 Bureau of Meteorology, *Annual Report 2013–14*, pp 3–7.

39 Bureau of Meteorology, *Annual Report 2013–14*, pp 16–17.

40 Bureau of Meteorology, *Annual Report 2013–14*, pp 7 and 134.

41 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, pp 3–8.

6600 submissions were received from individuals who have an interest in the Great Barrier Reef and its future.<sup>42</sup> The committee notes that the submissions have not been published on the department's website. In an answer to a question on notice received in May 2014, that department stated that it is 'writing to all submitters seeking permission to publicly release their submissions'.<sup>43</sup>

2.56 During 2013–14, the authority published the second Great Barrier Reef Outlook Report. The report is prepared every five years and provides a summary of the reef's health, management and future. At the request of the World Heritage Committee, the Great Barrier Reef Outlook Report now contains assessment of heritage values including Indigenous heritage and historic heritage.<sup>44</sup>

### *Report on performance*

2.57 GBRMPA's performance reporting on its objectives, deliverables and KPIs is clearly presented and allows for easy comparison with the 2013–14 PBS. The flow of information provides a narrative overview of the agency's performance and gives the reader a broad understanding of the work GBRMPA undertakes in each of their three objectives.

### *Management and accountability*

2.58 The GBRMPA has provided an informative and detailed management and accountability section. The section contained information on GBRMPA's strategic and operational plans, ethical standards, the management of human resources and external scrutiny.

2.59 The GBRMPA in its external scrutiny section has provided detailed information of the reports by outside bodies, which includes ANAO and parliamentary committee reports.<sup>45</sup> The committee commends the GBRMPA for including a summary of the Senate Environment and Communications References Committee inquiry into the management of the Great Barrier Reef.<sup>46</sup>

2.60 The GBRMPA provides a transparent and detailed explanation of the inquiry ordered by the Minister of the Environment in October 2013 into allegations of potential conflicts of interest involving two board members. The key findings from the report by Mr Robert Cornall AO found 'that allegations...were unfounded' and provided advice that the GBMPA 'take no further action in this matter'.<sup>47</sup>

---

42 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, p. 4.

43 Department of the Environment, Additional Estimates, 2013–14, *Answer to question on notice No. 53*.

44 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, p. 4.

45 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, pp 134–135.

46 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, p. 134.

47 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, p. 134.

*Financial performance*

2.61 In 2013–14, the GBRMPA received supplementary funding of approximately \$473 000 to assist with the payment of voluntary redundancies, which were taken up by seventeen employees.<sup>48</sup>

2.62 The committee notes that the agency reported an operating deficit of \$1.99 million for the 2013–14 financial year, which included the unfunded depreciation expense.<sup>49</sup>

**Senator Anne Ruston**  
**Chair**

---

48 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, p. 14.

49 Great Barrier Reef Marine Park Authority, *Annual Report 2013–14*, pp. 14–15.