

The Senate

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Environment and Communications  
Legislation Committee

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Annual reports (No. 1 of 2015)

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# Committee Membership

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## Former member

Senator Matthew Canavan (until 3 March)	NATS, Queensland
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Ms Christine McDonald, Secretary  
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# Chapter 1

## Introduction

1.1 This is the first report on annual reports for 2015 of the Senate Environment and Communications Legislation Committee (the committee). It provides an overview of annual reports of agencies within the allocated portfolios tabled in the Senate between 1 May 2014 and 31 October 2014.

1.2 Annual reports inform the Parliament, stakeholders and other interested parties of the operations and performance of public sector departments, agencies and companies. They are a primary accountability mechanism. Additionally, annual reports are important reference documents and form part of the historical record.<sup>1</sup>

### Terms of reference

1.3 Under Standing Order 25(20), the annual reports of certain departments and agencies are referred to the committee for examination and assessment. The 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 annual 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 the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports.
- (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.

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1 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 29 May 2014, p. 4.

## Allocated portfolios

1.4 In accordance with the resolution of the Senate on 12 November 2013, the committee has oversight of the following portfolios:

- Environment; and
- Communications.<sup>2</sup>

## Annual reporting requirements

1.5 In 2012–13, Commonwealth departments, agencies, authorities and companies operating under either the *Financial Management and Accountability Act 1997* (the FMA Act) or the *Commonwealth Authorities and Companies Act 1997* (the CAC Act) were required to provide an annual report on their activities, performance and finances. The *Public Governance, Performance and Accountability Act 2013* replaced both the FMA Act and the CAC Act on 1 July 2014. However, the annual reports covered by this report were assessed against the requirements under the former Acts.

1.6 Annual reports must also comply with the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* (the PM&C Requirements) issued by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit. These requirements are updated annually. The latest version of the requirements was issued on 29 May 2014 and applies to annual reports for 2013–14.

1.7 Two significant changes were made to the most recent PM&C Requirements, which relate to the reporting of social inclusion indicators and spatial reporting. These two provisions are no longer necessary.<sup>3</sup> The requirements state that the reporting of social inclusion indicators is no longer required due to the disbandment of the Social Inclusion Unit in the Department of Prime Minister and Cabinet.<sup>4</sup> Additionally, the requirement to include spatial reporting has been removed in recognition of the problems that were encountered with the data.<sup>5</sup>

## Reports examined

1.8 This report examines the following reports, tabled in the Senate or presented out of session to the President of the Senate and referred to the committee between 1 May 2014 and 31 October 2014:

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2 *Journals of the Senate*, No. 1, 12 November 2013, p. 16.

3 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 29 May 2014, p. i.

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 29 May 2014, p. i.

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 29 May 2014, p. i.



### ***Departments of state***

- Department of Communications—Annual Report 2013–14; and
- Department of Environment—Annual Report 2013–14, including reports on the operations of the:
  - *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*.

### ***Statutory agencies/authorities***

- Australian Broadcasting Corporation—Annual Report 2014;
- Bureau of Meteorology—Annual Report 2013–14;
- Clean Energy Regulator—Annual Report 2013–14;
- Climate Change Authority—Annual Report 2013–14;
- Great Barrier Marine Park Authority—Annual Report 2013–14;
- National Water Commission—Annual Report 2013–14.
- Special Broadcasting Service—Annual Report 2013–14; and
- Supervising Scientist—Annual Report 2013–14.

### ***Commonwealth companies/government business enterprises***

- Australian Postal Corporation (Australia Post)—Annual Report 2013–14;
- NBN Co Limited—Annual Report 2013–14; and
- Sydney Harbour Federation Trust—Annual Report 2013–14.

### **Reports not examined**

1.9 The committee is not obliged to report on Acts, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. The following were referred to the committee between 1 May 2014 and 31 October 2014 but are not examined in this report:

- Australian Competition and Consumer Commission—Telstra's Structural Separation Undertaking Report 2012–13;
- Australian Postal Corporation (Australia Post)—Diversity and Inclusion Report 2013–14;

- Australian Postal Corporation (Australia Post)—Statement of Corporate Intent 2014–15 to 2017–18;
- *Broadcasting Services Act 1992*—Report on Digital Television Transmission and Reception 11 December 2013 to 31 March 2014;
- *Broadcasting Services Act 1992*—Report on Digital Television Transmission Reception 1 April 2014 to 13 June 2014;
- Department of Communications—Independent Cost-Benefit Analysis of Broadband and Review of Regulation, Volumes I and II;
- Great Barrier Reef Marine Park Authority—Outlook Report 2014;
- *Interactive Gambling Act 2001*—Report on the Operation of Prohibition of Advertisements of Interactive Gambling Services;
- NBN Co Limited—Corporate Governance Review;
- NBN Co Limited—Public Policy Processes Independent Audit for the Period of April 2008 to May 2010; and
- *Renewable Energy (Electricity) Act 2000*—Renewable Energy Target Scheme Report of the Expert Panel.

## Timeliness

1.10 The PM&C Requirements state that an annual report 'is to be presented to each House of the Parliament on or before 31 October in the year in which the report is given'.<sup>6</sup> Organisations reporting under the former *Commonwealth Authorities and Companies Act 1997* (the CAC Act) are required to present an annual report to the responsible minister on the fifteenth day of the fourth month after the end of the financial year—that is, by 15 October.

1.11 The committee notes that the annual report of the Murray-Darling Basin Authority (MDBA) did not meet its reporting deadlines. The MDBA Chief Executive, under subsection 214(1) of the *Water Act 2007*, must as soon as practicable prepare and give to the Minister a report on the authority's operations during that year.<sup>7</sup> The MDBA during the reporting period was a Financial Management Act (FMA) body and the PM&C Requirements also apply. The PM&C Requirements state that, notwithstanding the time frame provided in an agency's own legislation, it is government policy that all annual reports should be tabled by 31 October.<sup>8</sup>

1.12 The letter of transmittal in the report is dated 24 November 2014 and the report was submitted to, and received by the Minister on 25 November 2014. The

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6 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 29 May 2014, p. 3.

7 *Water Act 2007*.

8 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 29 May 2014, p. 4.

annual report was presented out-of-session on 16 December 2014 and tabled in the Senate on 9 February 2015.

1.13 The committee is disappointed to note that despite comments in previous annual report reports<sup>9</sup>, the MDBA has not provided its annual report in a timelier manner. The MDBA Annual Report 2013–14 will be examined and reported on in the committee's *Annual Reports (No. 2 of 2015)*.

### Senate debate

1.14 Under standing order 25(20)(d), the committee is obliged to note any remarks made in the Senate about annual reports. The committee notes that the following reports referred to this committee for examination and report were the subject of comment in the Senate:

- Climate Change Authority—Report for 2012–13;<sup>10</sup>
- Director of National Parks—Report for 2012–13;<sup>11</sup>
- Great Barrier Reef Marine Park Authority—Report for 2012–13;<sup>12</sup> and
- Wet Tropics Management Authority—Report for 2012–13 and the State of the Wet Tropics Report.<sup>13</sup>

### Australian National Audit Office reports

1.15 The Australian National Audit Office (ANAO) conducted audits of the financial statements of Australian Government entities and presented its findings in the report entitled *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2014*. There were no new significant or moderate audit issues identified within the Communications and Environment portfolios.<sup>14</sup>

1.16 The ANAO report identified an 'emphasis of matter' in the Low Carbon Australia Limited 2013–14 financial statements. The emphasis of matter related to Low Carbon Australia's preparation of their financial statements, which was not

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9 See paragraphs 1.11, 1.12 and 1.13 Senate Environment and Communications Legislation Committee, *Annual reports (No.2 of 2014)*, p. 4. Also see paragraphs 1.17 and 1.21 Senate Environment and Communications Legislation Committee, *Annual reports (No.2 of 2013)*, p. 4.

10 Senator the Hon Ursula Stephens and Senator Anne Urquhart, *Senate Hansard*, 19 June 2014, p. 3499.

11 Senator Sean Edwards, *Senate Hansard*, 19 June 2014, p. 3499.

12 Senator the Hon Ursula Stephens and Senator Anne Urquhart, *Senate Hansard*, 19 June 2014, p. 3499.

13 Senator the Hon Ian Macdonald, *Senate Hansard*, 28 August 2014, p. 5952.

14 Australian National Audit Office, Audit Report No. 16 2014–15, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2014*, pp 105-116, 162-168.

prepared on a 'going concern basis'.<sup>15</sup> Low Carbon Australia is ceasing trading in 2014–15 and its operations are being integrated into the Clean Energy Finance Corporation.<sup>16</sup>

1.17 The ANAO also provided an update regarding the audit issues identified in relation to Australian Postal Corporation Ltd (Australia Post) and NBN Co Ltd in the previous report *Audit Report No. 16 2012–13 Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2013*.

1.18 Australia Post's audit issues related to privileged user access to the financial management information system as well as the user access management system and monitoring controls. The committee notes that these issues have been resolved and will be subject to ongoing monitoring by Australia Post.<sup>17</sup>

1.19 The ANAO identified NBN Co's IT access controls as a moderate audit issue due to the monitoring of users' access and the approval of new users, which had not been documented appropriately. The ANAO stated that this could have the potential to impact on NBN Co's financial statements. The committee is pleased to note that these issues have been resolved and will be subject to ongoing monitoring by NBN Co.<sup>18</sup>

### **Apparently satisfactory**

1.20 Standing order 25(20)(a) requires that the committee report to the Senate on whether the annual reports of departments and agencies in its portfolios are 'apparently satisfactory'. In making this assessment, the committee considers such aspects as timeliness of presentation and compliance with relevant reporting requirements.

1.21 The committee has examined all annual reports referred during the reporting period and considers that they are apparently satisfactory.

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15 Australian National Audit Office, Audit Report No. 16 2014–15, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2014*, p. 168.

16 Low Carbon Australia Limited, Final Annual Report 2013–14, p. 4.

17 Australian National Audit Office, Audit Report No. 16 2014–15, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2014*, p. 112.

18 Australian National Audit Office, Audit Report No. 16 2014–15, *Audits of the Financial Statements of Australian Government Entities for the Period Ended 30 June 2014*, p. 114.

## 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>

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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

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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>

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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>

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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>

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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>

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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

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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>

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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;

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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

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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>

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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**

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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.



# Appendix 1

## Dates relating to the presentation of reports between 1 May 2014 to 31 October 2014

Reporting Body	Submitted to Minister	Received by Minister	Tabled in House of Representatives	Tabled in Senate
<b>COMMUNICATIONS PORTFOLIO</b>				
Department of Communications—Annual Report 2013–14	26/09/2014	30/09/2014	20/10/2014	27/10/2014 (received 17/10/2014*)
Department of Communications—Independent Cost-Benefit Analysis of Broadband and Review of Regulation, Volumes I and II	11/08/2014	11/08/2014	—	27/10/2014
Australian Broadcasting Corporation—Annual Report 2013–14	30/10/2014	30/10/2014	24/11/2014	17/11/2014 (received 31 October 2014*)
Australian Competition and Consumer Commission—Telstra's Structural Separation Undertaking Report 2012–13	02/05/2014	05/05/2014	26/05/2014	17/06/2014 (received 26/05/2014*)
Australian Communications and Media Authority—Annual Report 2013–14	16/09/2014	16/09/2014	20/10/2014	27/10/2014 (received 16/10/2014*)
Australian Postal Corporation Limited (Australia Post)—Annual Report 2013–14	25/09/2014	25/09/2014	20/10/2014	27/10/2014
Australian Postal Corporation Limited (Australia Post)—Diversity and Inclusion Report 2013–14	25/09/2014	25/09/2014	20/10/2014	27/10/2014
Australian Postal Corporation Limited (Australia Post)—Statement of Corporate Intent 2014–15 to 2017–18	29/09/2014	01/10/2014	20/10/2014	27/10/2014
NBN Co Limited—Annual Report 2013–14	29/07/2014	29/07/2014	28/08/2014	02/09/2014
NBN Co Limited—Corporate Governance Review	13/08/2014	13/08/2014	26/08/2014	26/08/2014 (received 13/08/2014*)
NBN Co Limited—Public Policy Processes Independent Audit for the period April 2008 to May 2010	04/08/2014	04/08/2014	26/08/2014	04/08/2014
Special Broadcasting Service (SBS) Corporation—Annual Report 2013–14	30/10/2014	30/10/2014	24/11/2014	17/11/2014 (received 31/10/2014*)

Telecommunications Universal Service Management Agency— Annual Report 2013–14	07/10/2014	07/10/2014	29/10/2014	29/10/2014
<i>Broadcasting Services Act 1992</i> —Report on Digital Television Transmission and Reception 11 December 2013 to 31 March 2014	23/04/2014	23/04/2014	13/05/2014	13/05/2014
<i>Broadcasting Services Act 1992</i> —Report on Digital Television Transmission and Reception 1 April to 13 June 2014	27/06/2014	27/06/2014	09/07/2014	14/07/2014
<i>Competition and Consumer Act 2010</i> —Section 152EOA Independent Cost-Benefit Analysis of Broadband and Review of Regulation	10/07/2014	14/07/2014	16/07/2014	16/07/2014
<i>Interactive Gambling Act 2001</i> —The Operation of Prohibition of Advertisements of Interactive Gambling Services 2013	09/07/2014	14/07/2014	25/09/2014	30/09/2014

\* An asterisk denotes reports presented to the President out-of-session.

Reporting Body	Submitted to Minister	Received by Minister	Tabled in House of Representatives	Tabled in Senate
<b>ENVIRONMENT PORTFOLIO</b>				
Department of the Environment—Annual Report 2013–14	08/10/2014	08/10/2014	30/10/2014	17/11/2014 (received 30/10/2014*)
Bureau of Meteorology—Annual Report 2013–14	15/10/2014	15/10/2014	28/10/2014	28/10/2014
Clean Energy Regulator—Annual Report 2013–14	02/10/2014	02/10/2014	30/10/2014	17/11/2014 (received 30/10/2014*)
Climate Change Authority—Annual Report 2013–14	24/10/2014	24/10/2014	24/11/2014	17/11/2014 (received 14/11/2014*)
Director of National Parks—Annual Report 2013–14	21/10/2014	21/10/2014	24/11/2014	17/11/2014 (received 05/11/2014*)
Great Barrier Reef Marine Park Authority—Annual Report 2013–14	07/10/2014	07/10/2014	30/10/2014	17/11/2014 (received 30/10/2014*)
Great Barrier Reef Marine Park Authority—Outlook Report 2014	30/06/2014	30/06/2014	26/08/2014	26/08/2014 (received 12/08/2014*)
Low Carbon Australia—Final Report 2013–14	21/10/2014	21/10/2014	29/10/2014	29/10/2014
Murray-Darling Basin Authority—Annual Report 2013–14	25/11/2014	25/11/2014	09/02/2015	09/02/2015 (received 16/12/2014*)
National Water Commission—Annual Report 2013–14	11/09/2014	11/09/2014	20/10/2014	27/10/2014 (received 07/10/2014*)
Supervising Scientist—Annual Report 2013–14	07/10/2014	07/10/2014	30/10/2014	17/11/2014 (received 30/10/2014*)
Sydney Harbour Federation Trust—Annual Report 2013–14	16/10/2014	16/10/2014	24/11/2014	17/11/2014 (received 04/11/2014*)
<i>Renewable Energy (Electricity) Act 2000</i> —Renewable Energy Target Scheme Report of the Expert Panel	15/08/2014	18/08/2014	01/09/2014	28/08/2014

\* An asterisk denotes reports presented to the President out-of-session.

