

The Senate

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Environment and Communications  
Legislation Committee

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Annual reports (No. 2 of 2015)

September 2015

© Commonwealth of Australia 2015  
ISBN 978-1-76010-280-7

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This document was produced by the Senate Standing Committee on Environment and Communications and printed by the Senate Printing Unit, Parliament House, Canberra.

# Committee Membership

## Members

Senator Anne Ruston, Chair	LP, South Australia
Senator Anne Urquhart, Deputy Chair	ALP, Tasmania
Senator the Hon Arthur Sinodinos	LP, New South Wales
Senator James McGrath	LP, Queensland
Senator the Hon Lisa Singh	ALP, Tasmania
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## Secretariat

Ms Christine McDonald, Secretary  
Ms Kirstyanne Cattnach, Research Officer



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# Chapter 1

## Introduction

1.1 This is the second 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 November 2014 and 30 April 2015.

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 to 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 2013–14, 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 of agencies operating under the FMA Act must also comply with the *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (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 requirements that apply to annual reports for 2013–14 were released on 29 May 2014.

### **Reports examined**

1.7 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 November 2014 and 30 April 2015:

#### *Statutory authorities*

- Climate Change Authority—*Annual Report 2013–14*;
- Director of National Parks—*Annual Report 2013–14*; and
- Murray-Darling Basin Authority—*Annual Report 2013–14*.

### **Reports not examined**

1.8 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 November 2014 and 30 April 2015 but are not examined in this report:

- Australian Competition and Consumer Commission, *Telecommunications competitive safeguards for 2013–14*;

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



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- Australian Competition and Consumer Commission, *Changes in prices paid to telecommunications services in Australia 2013–14*;
  - Australian Competition and Consumer Commission, *Telstra Compliance Report*, October 2014;
  - Australian Communications and Media Authority, *Communications Report 2013–14*;
  - Department of Communications, *Funding of Consumer Representation Grants Program to Telecommunications Annual Report 2013–14*;
  - Climate Change Authority, *Carbon Farming Initiative Review Report*, December 2014;
  - Climate Change Authority, *Renewable Energy Target Review Report*, December 2014;
  - Department of Environment, *Land Sector Carbon and Biodiversity Board Annual Report 2012–13*;
  - Department of the Environment, *Report of the Expert Panel on a Declared Commercial Fishing Activity: Final (Small Pelagic Fishery) Declaration No. 2 2013*, March 2015; and
  - Wet Tropics Management Authority, *Annual Report and State of the Tropics Report 2013–14*.

## Timeliness

1.9 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>3</sup> Organisations reporting under the former 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.

1.10 The committee notes that the annual report of the Murray-Darling Basin Authority (MDBA) did not meet its reporting deadlines. Under subsection 214(1) of the *Water Act 2007*, the MDBA Chief Executive must as soon as practicable after the financial year prepare the MDBA's operations during that year.<sup>4</sup> During the reporting period, the MDBA operated under the FMA Act and, therefore, 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>5</sup>

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

4 *Water Act 2007*.

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

1.11 The letter of transmittal in the MDBA's report is dated 24 November 2014 and the report was submitted to, and received by the Minister on 25 November 2014. The annual report was presented out-of-session on 16 December 2014 and tabled in the Senate on 9 February 2015.

1.12 The committee has previously commented on the lateness of the MDBA's annual reports.<sup>6</sup> It is noted that the MDBA has not provided its annual report for 2013–14 in a timelier manner.

1.13 The committee also notes that the Climate Change Authority and the Director of National Parks did not meet the requirement under the former CAC Act to present an annual report to the responsible Minister by 15 October.<sup>7</sup> Provision is made under subsection 34C(4)–(7) of the *Acts Interpretation Act 1901* for agencies to apply for an extension of time to report. However, the Climate Change Authority and the Director of National Parks did not apply for an extension of time to report.

### **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. None of the annual reports examined in this report were the subject of Senate debate.

### **Apparently satisfactory**

1.15 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.

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

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

7 See appendix 1 for the list of annual reports tabled (or presented) in Parliament between 1 November 2014 and 30 April 2015.

## Chapter 2

### Review of departments and selected agencies

2.1 The committee provides the following comments on the annual reports of the Director of National Parks, Climate Change Authority, and the Murray-Darling Basin Authority.

#### Director of National Parks

2.2 This is the first annual report presented by the new Director of National Parks, Ms Sally Barnes. Ms Barnes acknowledged the contribution of the former Director of National Parks, Mr Peter Cochrane, who retired in December 2013 after 14 years in the position.<sup>1</sup>

2.3 The Director's review highlighted the achievements for 2013–14 which included:

- delivery of the first network wide management plan for the South-east Marine Reserves Network;
- management of the worldwide media coverage of the visit by Their Royal Highnesses The Duke and Duchess of Cambridge to Uluru-Kata Tjuta National Park; and
- the opening of the Red Centre Garden at the Australian National Botanic Gardens.<sup>2</sup>

2.4 The Director's review also highlights upcoming events, including the World Parks Congress in Sydney and the 30th anniversary of the lease arrangements in the Uluru-Kata Tjuta National Park in October 2015.

2.5 The Director of National Parks, Ms Sally Barnes, welcomed the appointment of the Threatened Species Commissioner and indicated that they will work closely together to implement strategies to increase the populations of threatened species across Commonwealth reserves and conservations zones.<sup>3</sup>

2.6 Clause 9 of the *Commonwealth Authorities (Annual Reporting) Orders 2011* requires that acronyms and technical terms be defined such as through a glossary.<sup>4</sup> The committee notes that a glossary or list of acronyms was not included in the annual report and encourages the Director of National Parks to address this in future reports.

#### *Performance report*

2.7 The Director of National Parks is a statutory agency assisted by Parks Australia, a division of the Department of the Environment. The Director has

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1 Director of National Parks, *Annual Report 2013–14*, p. 2.

2 Director of National Parks, *Annual Report 2013–14*, p. 2.

3 Director of National Parks, *Annual Report 2013–14*, p. 2.

4 Commonwealth Authorities (Annual Reporting) Orders 2011, p. 2.

responsibility for managing seven Commonwealth terrestrial reserves (comprising six national parks and the Australian National Botanic Gardens) as well as 59 Commonwealth marine reserves.<sup>5</sup>

2.8 Performance information is measured against key result areas, outcomes, and indicators identified in the Parks Australia Divisional Plan 2010–14. The Director of National Parks also contributes to the Department of the Environment's Outcome 1 Programme 1.1: Sustainable Management of Natural Resources and the Environment. The performance reporting section is comprehensive with both qualitative and quantitative information provided for each objective contained in the Parks Australia Divisional Plan 2010–14. This information is interspersed with Portfolio Budget Statement results.

2.9 The committee notes that the performance reporting section is clearly laid out and provides an insightful overview of 2013–14 results.

#### *Financial reporting*

2.10 The annual report noted an operating loss for the 2013–14 financial year:

The Director recorded a \$14.96 million operating loss for 2013–14 against an approved operating loss from the Department of Finance of \$12.44 million. The major difference was a \$3.25 million increase due to the transfer of pastoral leases for Calperum and Taylorville stations.<sup>6</sup>

2.11 The committee notes that the Auditor-General issued an unqualified audit report for the 2013–14 financial statements of the Director of National Parks.

#### **Climate Change Authority**

2.12 The Chair and Chief Executive Officer both commented on the uncertain year that the Authority encountered. Mr Bernie Fraser, Chair, stated that:

The past year has been rather difficult for the Authority, given the oft-repeated declarations of the Government's policy to abolish the Authority. At this time Parliament is still considering the Authority's fate but the organisation has already suffered serious damage; four of the nine members have resigned and the very talented secretariat assembled in its early days has declined by around two-thirds, to a dozen people in total.<sup>7</sup>

2.13 The Chief Executive Officer's review also commented on the reduction of staff numbers as a result of the uncertainty the Authority encountered during 2013–14. The report indicates that, at 30 June 2014, the Authority had 18 staff members compared to 32 recorded in the *2012–13 Annual Report*.<sup>8</sup> Despite the reduction in

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5 Director of National Parks, *Annual Report 2013–14*, p. v.

6 Director of National Parks, *Annual Report 2013–14*, p. 8.

7 Climate Change Authority, *Annual Report 2013–14*, p. 4.

8 Climate Change Authority, *Annual Report 2013–14*, p. 27; and Climate Change Authority, *Annual Report 2012–13*, p. 22.

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staff numbers, the authority released four additional research papers under section 11 of the *Climate Change Authority Act 2011*. The four research papers were:

- *Coverage, Additionality and Baselines—Lessons from the Carbon Farming Initiative and Other Schemes*;
- *Light Vehicle Emission Standards for Australia*;
- *International Climate Action—Priorities for the Next Agreement*; and
- *Using International Units to Help Meet Australia's Emissions Reduction Targets*.

2.14 The Authority reported its key achievement as the completion of the *Reducing Australia's Greenhouse Gas Emissions—Targets and Progress Review*. The review recommended that Australia should target a 15 per cent reduction in emissions by 2020 rather than the stated policy of five per cent reduction of emissions below 2000 levels by 2020.

#### *Performance report*

2.15 The annual report stated that the Climate Change Authority's statutory responsibilities shaped its work program for 2013–14. The committee notes that the Authority also met its legislative requirements under the *Clean Energy Act 2011*.

2.16 The Authority's performance against its program objective to review climate change mitigation policies was concise and corresponds to the information presented in the Portfolio Budget Statements for 2013–14.

2.17 The committee reiterates comments in previous reports that the Authority could have strengthened the performance reporting sections of its annual report by including more quantitative data against key performance indicators.<sup>9</sup> For instance, in response to the key performance indicator relating to transparency and accessibility of the public consultation processes, the annual report stated that the Authority conducted 'extensive public consultation' for the Targets and Progress Review. The annual report goes on to provide a description of the activities, however further information regarding where the consultations took place and who attended would have enhanced the report.<sup>10</sup>

2.18 By including information on, and assessment of, the consultation process and analysis carried out for the Targets and Progress Review, the Authority would have provided an assessment of its performance, rather than providing a description of its activities. The committee encourages the Climate Change Authority to address this issue in future reports.

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9 See Environment and Communications Legislation Committee, *Annual reports (No. 2 of 2013)*, p. 8.

10 Climate Change Authority, *Annual Report 2013–14*, p. 19.

*Financial reporting*

2.19 The financial statements in the annual report are comprehensive and accessible. The clear layout of the statements not only greatly assists the reader but integrates them into the body of the report. This clarity also extends to the notes to the financial statements.

2.20 The annual report noted that 'the Authority met all of its financial obligations in 2013–14'.<sup>11</sup>

**Murray-Darling Basin Authority**

2.21 The Chief Executive's Review outlined the items of significance for the Murray-Darling Basin Authority (MDBA) during 2013–14, which included:

- the establishment of the Basin Plan Implementation Committee and working groups;
- publishing the first Basin Environmental Water Outlook;
- publishing the first Constraints Management Strategy;
- commencing the review for the Goulburn-Murray Sedimentary Plain; and
- completion of a new \$30 million buttress wall to strength the southern spillway training wall at Hume Dam.<sup>12</sup>

*Performance report*

2.22 The MDBA reported its performance against the deliverables and key performance indicators specified in the 2013–14 Portfolio Budget Statements. Results are provided in a clear and easy to read table for each program, which is a useful reference as it summarises the organisation's performance.<sup>13</sup>

2.23 The performance report makes use of graphs and diagrams to aid in the presentation of various performance data. The inclusion of trend information for some performance categories, such as salinity levels, state water allocations and annual inflows to the River Murray system, was useful for comparative purposes.

*Financial reporting*

2.24 The committee notes the statement that the MDBA is a not-for-profit entity and that its main responsibility is to manage the Basin's water resources in the national interest.<sup>14</sup>

2.25 The Chief Finance Officer's report provided a comprehensive overview of the MDBA's financial results and key challenges. One of the key financial challenges

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11 Climate Change Authority, *Annual Report 2013–14*, p. 26.

12 Murray-Darling Basin Authority, *Annual Report 2013–14*, pp 12–13.

13 Murray-Darling Basin Authority, *Annual Report 2013–14*, pp 23, 41, 63 and 75.

14 Murray-Darling Basin Authority, *Annual Report 2013–14*, p. 147.

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identified by the Chief Finance Officer is a reduction in contributions from Basin states. The report noted that:

The reduction in state contributions for delivering the joint programs continued in 2013–14, falling from \$100.2 million in 2012–13 to \$84.3 million. We continued to work with the Basin states to develop solutions to establish a more secure long-term funding position. This included providing input and support to the Ministerial Council review, and review of the cost sharing arrangements which underpin the contributions from the Basin states for the joint programs. We are also participating in a second review on the efficiency of the River Murray operations, which is due to report in 2015.<sup>15</sup>

2.26 The committee notes that the Auditor-General issued an unqualified audit report for the 2013–14 financial statements.

#### *Management and accountability*

2.27 The MDBA has provided an informative and detailed management accountability section. The committee notes that the MDBA participated in the Australian Association of Graduate Employers and was voted 35th in the top graduate employers awards for 2014. It also ranked in the top five of Australian Public Service agencies.<sup>16</sup>

### **General comments**

2.28 The committee finds that the annual reports referred to it have provided an appropriately comprehensive description of the activities of the reporting bodies and were of a high standard of presentation. They appear to have met the requirements of the various guidelines that apply to them.

2.29 The committee reiterates its comments regarding the need to present annual reports within the stipulated timeframes. Nevertheless, the committee reports its finding that the annual reports referred to it for examination were apparently satisfactory.

### **Senator Anne Ruston Chair**

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15 Murray-Darling Basin Authority, *Annual Report 2013–14*, p. 15.

16 Murray-Darling Basin Authority, *Annual Report 2013–14*, p. 107.





# Appendix 1

## Dates relating to the presentation of reports between 1 November 2014 to 30 April 2015

Reporting Body	Submitted to Minister	Received by Minister	Tabled in House of Representatives	Tabled in Senate
<b>COMMUNICATIONS PORTFOLIO</b>				
Department of Communications— Funding of Consumer Representation Grants Program to Telecommunications, Annual Report 2013–14	05/12/2014	05/12/2014	09/02/2015	09/02/2015
Australian Competition and Consumer Commission — Telecommunications competitive safeguards for 2013–14	14/01/2015	15/01/2015	05/03/2015	16/03/2015
Australian Competition and Consumer Commission— Changes in prices paid to telecommunications services in Australia 2013–14	14/01/2015	15/01/2015	05/03/2015	16/03/2015
Australian Competition and Consumer Commission — Telstra Compliance Report – compliance with retail price control arrangements	17/11/2014	17/11/2014	09/02/2015	09/02/2015
Australian Communication and Media Authority (ACMA)—Communications Report 2013–14	27/12/2014	27/12/2014	03/12/2014	03/12/2014

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

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in House of Representatives</b>	<b>Tabled in Senate</b>
<b>ENVIRONMENT PORTFOLIO</b>				
Department of the Environment—Land Sector Carbon and Biodiversity Board – Annual Report 2012-13	23/12/2014	23/12/2014	16/03/2015	16/03/2015  (received 10/03/2015)
Department of the Environment—Report of the Expert Panel on a Declared Commercial Fishing Activity: Final (Small Pelagic Fishery) Declaration No. 2 2013	17/11/2014	17/11/2014	03/12/2014	03/12/2014
Climate Change Authority—Annual Report 2013–14	24/10/2014	24/10/2014	24/11/2014	17/11/2014  (received 14/11/2014*)
Climate Change Authority—Renewable Energy Target Review – Report December 2014	27/01/2015	27/01/2015	16/03/2015	16/03/2015  (received 10/03/2015)
Climate Change Authority—Carbon Farming Initiative Review – Report December 2014	11/02/2015	11/02/2015	16/03/2015	16/03/2015  (received 10/03/2015)
Director of National Parks—Annual Report 2013–14	21/10/2014	21/10/2014	24/11/2014	17/11/2014  (received 05/11/2014*)
Murray-Darling Basin Authority—Annual Report 2013–14	25/11/2014	25/11/2014	09/02/2015	09/02/2015  (received 16/12/2014*)
Wet Tropics Management Authority—Annual Report and State of the Wet Tropics Report 2013–14	12/01/2015	12/01/2015	09/02/2015	09/02/2015

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