

The Senate

---

Environment and Communications  
Legislation Committee

---

Annual reports (No. 1 of 2016)

March 2016

© Commonwealth of Australia 2016  
ISBN 978-1-76010-351-4

**Committee address**

PO Box 6100

Parliament House

Canberra ACT 2600

*Tel:* 02 6277 3526

*Fax:* 02 6277 5818

*Email:* [ec.sen@aph.gov.au](mailto:ec.sen@aph.gov.au)

*Internet:* [http://www.aph.gov.au/senate\\_ec](http://www.aph.gov.au/senate_ec)

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:  
<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>.

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

## *Committee members*

Senator Linda Reynolds CSC, Chair	LP, Western Australia
Senator Anne Urquhart, Deputy Chair	ALP, Tasmania
Senator Chris Back	LP, Western Australia
Senator the Hon Eric Abetz (from 4 February 2016)	LP, Tasmania
Senator the Hon Lisa Singh	ALP, Tasmania
Senator Larissa Waters	AG, Queensland

## *Former member*

Senator the Hon Michael Ronaldson (to 4 February 2016)	LP, Victoria
--	--------------

## **Secretariat**

Ms Christine McDonald, Secretary  
Ms Kirsty Cattnach, Research Officer



# Table of Contents

<b>Committee Membership .....</b>	<b>iii</b>
<b>Chapter 1: Introduction .....</b>	<b>1</b>
Terms of reference.....	1
Allocated portfolios .....	2
Annual reporting requirements .....	2
Reports examined .....	7
Reports not examined .....	8
Timeliness.....	9
Senate debate .....	10
Apparently satisfactory.....	10
<b>Chapter 2: Review of departments and selected agencies .....</b>	<b>11</b>
Communications and the Arts portfolio .....	11
Environment portfolio .....	17
<b>Appendix 1: Dates relating to the presentation of reports between. 1 May to 31 October 2015.....</b>	<b>23</b>



# Chapter 1

## Introduction

1.1 This is the first report on annual reports for 2016 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 2015 and 31 October 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 report 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 to any significant matters relating to the operations and performance of the bodies furnishing the annual reports.

---

1 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. 3.

- (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.

### **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 and the Arts.<sup>2</sup>

### **Annual reporting requirements**

1.5 This is the first time departments and agencies are reporting under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which commenced on 1 July 2014. The PGPA Act consolidates the governance, performance and accountability requirements that were contained in the *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act). It also establishes a performance reporting framework for all Commonwealth entities and companies.

1.6 Section 46 of the PGPA Act sets out the annual reporting requirements in relation to Commonwealth entities, including that annual reports must comply with any requirements prescribed by rules. Section 97 sets out the annual reporting requirements for Commonwealth companies.

1.7 However, as with 2013–14 annual reports, 2014–15 annual reports were prepared under the arrangements existing at 30 June 2014 as follows:

- for non-corporate Commonwealth entities (departments, executive agencies and statutory agencies): the *Public Service Act 1999*, sections 63(2) and 70(2), and the *Parliamentary Service Act 1999*, section 65; other relevant enabling legislation for statutory bodies; and the *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities* (Requirements for Annual Reports);
- for corporate Commonwealth entities: the Commonwealth Authorities (Annual Reporting) Orders 2011 prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014–15 annual reports under the PGPA (Consequential and Transitional Provisions) Rule;
- for Commonwealth companies: the Commonwealth Companies (Annual Reporting) Orders 2011 prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014–15 annual

reports under the PGPA (Consequential and Transitional Provisions) Rule; and

- for non-statutory bodies: the guidelines are contained in the government response to the Senate Standing Committee on Finance and Public Administration report on non-statutory bodies.<sup>3</sup>

1.8 In its report on the development of the Commonwealth performance framework, the Joint Committee of Public Accounts and Audit (JCPAA) foreshadowed that in future years the annual report requirements 'will be replaced through the consolidation of all mandatory requirements into a rule made for the purposes of section 46 of the PGPA Act'.<sup>4</sup>

### ***Requirements for Annual Report for 2014–15 reports***

1.9 The Requirements for Annual Reports were issued by the Department of the Prime Minister and Cabinet on 25 June 2015 and approved by the JCPAA. Two significant changes were made to the Requirements for Annual Reports issued on 25 June 2015 in relation to:

- small business procurement—three requirements have been added to reflect the Government's commitment to improve small business access to Commonwealth contracts; and
- Indigenous employment—reporting on Indigenous employment has been added to the existing requirement to report on the management of human resources.<sup>5</sup>

1.10 While the Requirements for Annual Reports issued on 25 June 2015 apply to annual reports for 2014–15, it was noted that:

Significant revisions to the Requirements are anticipated for the 2015–16 financial year with the commencement of the performance reporting model under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).<sup>6</sup>

---

3 *Senate Hansard*, 8 December 1987, pp 2632–45.

4 Joint Committee of Public Accounts and Audit, *Report 453 Development of the Commonwealth Performance Framework*, December 2015, p. 12.

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

6 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

### *Financial statements*

1.11 The PGPA Act provides for the financial reporting of Commonwealth entities and requires the preparation of annual financial statements for an entity for inclusion in the entity's financial report. Subsection 42(2) of the PGPA Act requires that annual financial statements must 'comply with the accounting standards and any other requirements prescribed by the rules'.

1.12 On 4 February 2015, the Minister for Finance made the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR). The FRR applies to all Commonwealth entities that need to prepare financial statements for reporting periods commencing on or after 1 July 2014. The explanatory statement to the FRR states that:

The FRR sets out the financial reporting requirements for the preparation of financial statements and provides consistent financial reporting across the Commonwealth to facilitate comparison between entities' financial statements. This allows for the consolidation of Commonwealth reporting entity financial statements to prepare the Australian Government consolidated financial statements.<sup>7</sup>

1.13 Financial statements are not required to be prepared under the FRR for a company for the purposes of the *Corporations Act 2001* (Corporations Act) or the subsidiary of a Commonwealth entity as these are not Commonwealth entities. Financial statements for these bodies are prepared under the Corporations Act or other relevant legislation.<sup>8</sup>

1.14 A number of major changes have been incorporated in the FRR compared to the previous 2013–14 Finance Minister's Orders for Financial Reporting. This included 'streamlining the director/senior management personnel (executive) remuneration disclosure to generally match up with AASB 124: *Related Party Disclosure* that is applicable to the private sector'.<sup>9</sup>

1.15 Previously, the requirements for financial statements for FMA Act and CAC Act entities were set out in Finance Minister's Orders. The final Finance Minister's Orders were made on 8 March 2012 and included the requirements for the reporting of the remuneration of directors, senior executives and other highly paid

---

7 Explanatory statement to Public Governance, Performance and Accountability (Financial Reporting) Rule 2015, p. 1.

8 Explanatory statement to Public Governance, Performance and Accountability (Financial Reporting) Rule 2015, p. 2.

9 Explanatory statement to Public Governance, Performance and Accountability (Financial Reporting) Rule 2015, p. 2.

---

employees.<sup>10</sup> For each senior executive and highly paid employee, the following components of reportable remuneration were required:

- reportable salary (including reportable fringe benefits and reportable employer superannuation contributions);
- contributed superannuation;
- reportable allowances, and
- bonus paid.<sup>11</sup>

1.16 The committee notes that the Orders made on 16 March 2011 under the FMA Act and CAC Act made changes to the requirements for director/executive remuneration in financial statements relating to the disclosure of average performance bonus paid. The explanatory statement commented that 'these changes increase accountability and transparency in relation to the remuneration of senior executives and other highly paid employees'.<sup>12</sup>

1.17 The approach to the reporting of director and senior executive remuneration under the FRR in financial statements is significantly different to that under the previous Orders: no longer will Commonwealth entities have to report on the remuneration of other highly paid employees; and, the remuneration of directors and senior executives is provided as a single total figure for each of the following categories as required by AASB 124:

- short-term employee benefits;
- post-employment benefits;
- other long-term benefits; and
- termination benefits.<sup>13</sup>

1.18 The explanatory statement to the FRR commented on the new requirements as follows:

The purpose of this section is to set out minimum requirements for reporting entities financial reporting disclosures for senior management personnel remuneration. The intention is to report the cost to the Commonwealth of employing senior management personnel for the

---

10 Finance Minister's Orders (Financial Statements for reporting periods ending on or after 1 July 2011).

11 Finance Minister's Orders (Financial Statements for reporting periods ending on or after 1 July 2011), Schedule 1, item 23.

12 Explanatory Statement, Financial Management and Accountability Orders (Financial Statements for reporting periods ending on or after 1 July 2010) and Commonwealth Authorities and Companies Orders (Financial Statements for reporting periods ending on or after 1 July 2010), p. 3.

13 Australian Accounting Standard Board, *AASB 124: Related Party Disclosures*, paragraph 17.

reporting period, but not reporting the individual benefits received by those persons.<sup>14</sup>

1.19 The effect of the FRR is seen in the 2014–15 financial statements of Commonwealth entities. Only a single total amount for directors/senior executives is provided in each of the categories required by AASB 124.<sup>15</sup> In addition, remuneration information is no longer provided for 'other highly paid employees'.

*Committee comment*

1.20 The committee notes that the explanatory statement to the FRR comments that the streamlining of director/senior management personnel (executive) remuneration will now 'generally match up with AASB 124: *Related Party Disclosures* that is applicable to the private sector'. While welcoming moves to streamline information provided to the Parliament, the committee questions whether it is appropriate for the disclosure of remuneration information in the public sector to be aligned with that of the private sector. In particular, the basis of accountability and scrutiny in the public sector is very different to that of the private sector.

1.21 In addition, while the FRR sets out a 'minimum' requirement, no entities within the committee's portfolio areas provided any additional information on director/senior executive remuneration in financial statements. However, the committee notes that the NBN Co Annual Report 2014–15 provided full disclosure of senior executive remuneration. As a Commonwealth company, it is not required to provide this level of information on remuneration. The committee acknowledges NBN Co's commitment to transparency.

1.22 As a consequence of the FRR, it is more difficult, and for some entities not possible, to establish senior executive remuneration except for the total remuneration paid across the categories set out in AASB 124. The committee considers that full, disaggregated remuneration information for each director and senior executive should be available to the Parliament: the disclosure of remuneration of senior executives is part of the accountability process and aids transparency; and, the remuneration of senior executives amounts to many millions of dollars and may include performance payments which will no longer be disclosed separately in financial statements.

1.23 The committee considers this matter raises significant transparency and accountability issues and should be pursued further. In the first instance, the committee will write to the Minister for Finance seeking further information on the basis for the changes made to the disclosure of director and senior executive remuneration in financial statements. Secondly, the committee will draw this matter to

---

14 Explanatory statement to Public Governance, Performance and Accountability (Financial Reporting) Rule, p. 7.

15 See for example, Australia Post, *Annual Report 2014–15*, p. 86; Department of the Environment, *Annual Report 2014–15*, p. 305; Department of Communications and the Arts, *Annual Report 2014–15*, p. 125.

---

the attention of the JCPAA. The JCPAA is currently examining the proposed annual reporting guidelines under the PGPA Act for Commonwealth entities. The committee believes that the JCPAA should give strong consideration to ensuring that the full disclosure of directors and senior executive remuneration, as previously required under Finance Minister's Orders, is a mandatory requirement for the annual reports of Commonwealth entities.

## **Reports examined**

1.24 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 2015 and 31 October 2015:

### *Departments of state*

- Department of Communications—Annual Report 2014–15; and
- Department of the Environment—Annual Report 2014–15, including reports on the operation 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*.

### *Non-corporate Commonwealth entities*

- Australian Communications and Media Authority—Annual Report 2014–15;
- Clean Energy Regulator—Annual Report 2014–15;
- Climate Change Authority—Annual Report 2014–15; and
- Great Barrier Reef Marine Park Authority—Annual Report 2014–15.

### *Executive Agencies*

- Bureau of Meteorology—Annual Report 2014–15; and
- Old Parliament House (Museum of Australian Democracy)—Annual Report 2014–15.

***Corporate Commonwealth entities***

- Australian Broadcasting Corporation—Annual Report 2014–15;
- Australia Council—Annual Report 2014–15;
- Australian Film, Television and Radio School—Annual Report 2014–15;
- Australian National Maritime Museum—Annual Report 2014–15;
- Australian Postal Corporation (Australia Post)—Annual Report 2014–15;
- Australian Renewable Energy Agency—Annual Report 2014–15;
- Clean Energy Finance Corporation—Annual Report 2014–15;
- Director of National Parks—Annual Report 2014–15;
- National Film and Sound Archive—Annual Report 2014–15;
- National Gallery of Australia—Annual Report 2014–15;
- National Library of Australia—Annual Report 2014–15;
- National Museum of Australia—Annual Report 2014–15;
- National Portrait Gallery of Australia—Annual Report 2014–15;
- Screen Australia—Annual Report 2014–15;
- Special Broadcasting Service—Annual Report 2014–15; and
- Sydney Harbour Federation Trust—Annual Report 2014–15.

***Commonwealth companies***

- Australia Business Arts Foundation Ltd (Creative Partnerships Australia)—Annual Report 2014–15;
- Bundanon Trust—Annual Report 2014–15;
- NBN Co Limited—Annual Report 2014–15.

**Reports not examined**

1.25 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 and 31 October 2015 but are not examined in this report:

- Australian Competition and Consumer Commission—Telstra's Structural Separation Undertaking Report 2014–15;
- Australian Postal Corporation (Australia Post)—Diversity and Inclusion Report 2014–15;
- Regional Telecommunications Independent Review—Regional Telecommunications Review Unlocking the Potential in Regional Australia 2015;

- 
- *Broadcasting Services Act 1992*—Review of Local Content and Local Presence Requirements on Regional Commercial Radio Broadcasters;
  - *Interactive Gambling Act 2001*—Report on the Operation of the Prohibition of Interactive Gambling Services Advertisements;
  - Port of Gladstone Independent Review—Report on Findings;
  - Port of Gladstone Independent Review—Supplementary Report;
  - Port of Gladstone Independent Review—Bund Wall at the Port of Gladstone Report on Findings;
  - Port of Gladstone Independent Review—Government Response to the Port of Gladstone and the Bund Wall at the Port of Gladstone Reports on Findings;
  - *Renewable Energy (Electricity) Act 2000*—Report for 2014 on the Operation of the Act; and
  - *Water Efficiency Labelling and Standards Act 2005*—Independent Review of the Water Efficiency Labelling and Standards Scheme Second and Final Report.

## Timeliness

1.26 Section 46 of the PGPA Act requires the provision of an annual report of a Commonwealth entity to the responsible minister by the 15<sup>th</sup> day of the fourth month after the end of the reporting period for the entity. The Requirements for Annual Reports, which relate to departments, executive agencies and other non-corporate Commonwealth entities, reflects the PGPA Act and states that 'the responsible minister must, in turn, present the report to each House of the Parliament on or before 31 October in the year in which the report is given'.<sup>16</sup> Where a body is unable to meet this deadline, an extension of time to report can be sought under the provisions of subsections 34C(4)–(7) of the *Acts Interpretation Act 1901*.<sup>17</sup>

1.27 Section 97 of the PGPA Act sets out the requirements for the provision of annual reports of Commonwealth companies to the responsible minister.

### *Reports received after 31 October 2015*

1.28 The committee is disappointed to note that three agencies within the Environment Portfolio presented their annual reports after 31 October 2015. The Australian Renewable Energy Agency, the Supervising Scientist and the Sydney Harbour Federation Trust presented their respective annual reports to the President of

---

16 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. 2.

17 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. 2.

the Senate on 2 November 2015. The annual reports were tabled in the Senate on 9 November 2015. Those annual reports received after the 31 October deadline will be examined and considered in the committee's *Annual Reports (No. 2 of 2016)*.

### **Senate debate**

1.29 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**

1.30 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.

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

## 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 two agencies within the portfolios as follows:

- Department of Communications;
- Australia Post;
- National Portrait Gallery;
- Department of the Environment;
- Bureau of Meteorology; and
- Director of National Parks.

#### Communications and the Arts portfolio

##### *Department of Communications*

2.2 The Department of Communications Annual Report 2014–15 was received on 22 October 2015 and tabled in the Senate on 9 November 2015.

2.3 The Secretary's Review provided a summary of significant achievements in the department's work over 2014–15. Some of the highlights included:

- establishment of the Digital Transformation Office within the portfolio;
- assisting with the establishment of the Children's e-Safety Commissioner;
- managing the transition of the functions of the Telecommunications Universal Service Management Agency into the department;
- establishment of the Bureau of Communications Research; and
- working with the Australian Communications and Media Authority to complete the Spectrum Review.<sup>1</sup>

##### *Performance reporting*

2.4 It is noted in the annual report that the department's performance information changed in the 2014–15 Budget. The department previously delivered its outcome through three programs, which have now been consolidated into one program.<sup>2</sup> A comparison of the old and new programs is presented in Table 2.1.

---

1 Department of Communications, *Annual Report 2014–15*, pp 2–3.

2 Department of Communications, *Annual Report 2014–15*, pp 5–6.

*Table 2.1: Changes to the Department of Communications program structure*

<i>2013–14 program structure</i>	<i>2014–15 program structure</i>
Program 1.1: Broadband and Communications Infrastructure	Program 1.1: Digital Technologies and Communications Services
Program 1.2: Digital Economy and Postal Services	
Program 1.3: Broadcasting and Digital Television	

*Source: Department of Communications, Annual Report 2014–15, pp 5–6.*

2.5 The annual report stated that the department's strategy to deliver its outcome is to provide strategic advice on, and administer projects and initiatives to:

- enhance digital productivity—advising the Government on the opportunities arising from the innovative adoption and use of digital technologies, and supporting government, business and the community to maximise these opportunities;
- expand digital infrastructure—advising the Government on the necessary market settings to deliver competitive and efficient digital infrastructure to drive growth in the broader economy; and
- promote efficient communications markets—advising the Government on the necessary market settings to promote competition, while ensuring access to basic services, making available socially valuable content, and safeguarding consumers from inappropriate content and unfair dealing.<sup>3</sup>

2.6 The performance reporting section is clearly presented and provides a detailed assessment of how the department has progressed in meeting its key performance indicators (KPIs) and deliverables. The flow of information gives the reader a broad understanding of the work conducted by the department while still providing specific performance information.

2.7 The committee notes that all deliverables across Program 1.1: Digital Technologies and Communications Services were met.

### *Financial performance*

2.8 The Secretary, Mr Drew Clarke, noted an operating surplus of \$0.6 million (excluding depreciation) in 2014–15, which declined from \$1.0 million (excluding depreciation) in 2013–14.<sup>4</sup>

3 Department of Communications, *Annual Report 2014–15*, p. 18.

4 Department of Communications, *Annual Report 2014–15*, p. 4.

---

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

2.9 The Australia Post Annual Report 2014–15 was received on 15 October 2015 and tabled in the Senate on 9 November 2015.

***Annual report size and format***

2.10 Australia Post has provided its annual report for 2014–15 in A4 size with bi-fold pages. The committee notes that this format does not comply with the Printing Standards for Documents Presented to Parliament.

2.11 In addition, the layout of the Australia Post Annual Report 2014–15 includes a number of photographs on each page, a wide margin at the top of the page and the use of a large font size for headings. While photographs can be a useful tool to aid in the presentation of significant information, entities must always be mindful that the aim of the annual report is to provide information on which the Parliament can analyse and judge performance. In this instance, the committee considers that the photographs and diagrams used by Australia Post has limited value of enhancing the performance information provided.

***Performance reporting***

2.12 Australia Post has previously included in its annual reports an overview of its highlights, challenges and outlook for each of its performance areas. However, the committee is disappointed to note that this has been omitted from Australia Post Annual Report 2014–15. The committee finds the performance summary to be a useful tool and encourages Australia Post to reconsider including it in future annual reports.

2.13 The committee also notes that there appears to be a reduction in the amount of performance information provided in the Australia Post Annual Report 2014–15. For example, in its Annual Report 2014–15, Australia Post reported the result of its Retail Customer Experience Program as follows:

Our Retail Customer Experience Program (Retail CX) provides valuable bi-monthly feedback that helps us continually improve the services we provide.

Run across 3,164 corporate and licensed post offices, Retail CX is a simple and effective way for customers to provide feedback on their in-store experience. This year, overall customer satisfaction was 9.28 out of 10 (up from 9.14 last year and 9.06 in 2013).<sup>5</sup>

2.14 However, in its Annual Report 2013–14 Australia Post provided a more extensive analysis of the Retail Customer Experience Program with information

---

5 Australia Post, *Annual Report 2014–15*, p. 28.

provided across five performance measures and examples of improvements implemented as a result of customer feedback included.<sup>6</sup>

2.15 A further example is reporting on community service obligations (CSOs). CSOs are a significant aspect for Australia Post's business. While information on the CSOs is provided in the notes of Australia Post's financial statements, the 2014–15 Annual Report contains very little other discussion of the CSOs, even to the extent that the CSOs are not listed in the index.

2.16 The reporting on the Retail Customer Experience Program and the CSOs are only two of a range of matters where the level of reported information has changed between the 2013–14 Annual Report and the 2014–15 Annual Report. In addition, the committee notes that the index to the report is less than comprehensive. The committee suggests that Australia Post provide a more comprehensive index to ensure that all relevant performance information is easily accessible.

### *Financial information*

2.17 The annual report stated that Australia Post incurred a loss after tax of \$221.7 million.<sup>7</sup> The committee notes the effect of material items during the reporting period:

- letters restructuring costs of \$200.1 million, which mainly comprises of \$190 million of voluntary redundancy costs associated with its Reform Program;
- asset write-offs and impairments of \$214.1 million following a comprehensive review of the carrying value of assets of Australia Post; and
- the remeasurement of the defined benefit superannuation net asset of \$565.1 million following an independent actuarial reassessment at balance date.<sup>8</sup>

2.18 The Australia Post financial statements provide director and senior executive remuneration only to the extent required under AASB 124. That is, a total of \$13.5 million was received directly or indirectly by nine senior executives and eight directors.<sup>9</sup> The committee has already commented on the provision of information on director and senior executive remuneration in Chapter 1.

---

6 Australia Post, *Annual Report 2013–14*, p. 21.

7 Australia Post, *Annual Report 2014–15*, p. 14.

8 Australia Post, *Annual Report 2014–15*, p. 70.

9 Australia Post, *Annual Report 2014–15*, p. 86.

---

### *National Portrait Gallery of Australia*

2.19 The National Portrait Gallery of Australia (NPGA) Annual Report 2014–15 was received on 28 October 2015 and tabled in the Senate on 9 November 2015.

2.20 The committee notes that this is the first time it has had the opportunity to review the NPGA's annual report since the Administrative Arrangements Orders were amended on 21 September 2015. Previously, Arts agencies were a part of the Attorney-General's portfolio and its annual reports were reviewed by the Senate Legal and Constitutional Affairs Legislation Committee.

2.21 The Director, Mr Angus Trumble, provided a comprehensive overview of the NPGA's activities. Of particular note were:

- the acquisitions for the Gallery's collection;
- the nine exhibitions displayed in addition to the NPGA's routine collection;
- the redesign of the NPGA's website; and
- the launch of the National Portrait Gallery Foundation.<sup>10</sup>

### *Design and format*

2.22 The layout and design of the NPGA Annual Report 2014–15 results in minimal information being provided per page. The layout features very wide top margins and on some pages only one column of text has been used, which leaves a considerable amount of blank space. Additionally, the NPGA 2014–15 Annual Report featured a number of photographs including its acquisitions, which added 117 pages to the report.

2.23 The committee notes that the issue of unnecessary material in annual reports was noted by the recent Independent Review of Whole-of-Government Internal Regulation conducted by Ms Barbara Belcher. For example, it recommended that 'Finance re-focus the annual report which is tabled in Parliament around the entity's performance in achieving its purposes, and remove unnecessary detail that obscures this primary purpose'.<sup>11</sup> In addition, in 2013 the Senate Finance and Public Administration Legislation Committee, in its examination of annual reports, noted that annual reports frequently included significant amounts of information, for example photographs and staff profiles, which was of only slight use to the Parliament or the public when assessing performance.<sup>12</sup>

---

10 National Portrait Gallery of Australia, *Annual Report 2014–15*, pp 6–13.

11 Belcher B, Independent Review of Whole-of-Government Internal Review, *Report to the Secretaries Committee on Transformation, Volume 1 Recommendations*, August 2015, p. 35.

12 Senate Finance and Public Administration Legislation Committee, *Annual Reports (No. 1 of 2013)*, p. 9.

2.24 Similarly, the committee considers that the inclusion of peripheral information such as photographs and case studies in annual reports should only be used to directly enhance performance reporting. The inclusion of an additional 117 pages of photographs of recent acquisitions in the NPGA Annual Report does not enhance performance reporting and the committee suggests that this should be avoided in future annual reports.

#### *Performance reporting*

2.25 The NPGA reported its performance against the strategic priorities and deliverables set out in its 2014–17 Corporate Plan and the *Attorney-General's Portfolio Budget Statement for 2014–15*. However, the committee is disappointed to note that the 2014–17 Corporate Plan is no longer available from the NPGA's website and has been replaced by the 2015–19 Corporate Plan.

2.26 There is comprehensive discussion of NPGA's achievements under each goal. However, no explanation has been provided for its performance against key performance indicators. Similarly, the table containing the NPGA's performance against its key performance indications appears to be incomplete. For example, the actual number of on-site visitors to the NPGA for 2014–15 was not provided despite the actual number of visitors being reported as 528 752 in an earlier chapter of the annual report.<sup>13</sup>

2.27 Moreover, the committee noted a number of inconsistencies in the key performance indicators table. A number of figures supplied as actual results in 2013–14 for expenditure on collection development; expenditure on other (i.e. non-collection development) labour costs; expenditure on other capital items; and other expenses do not match that reported in the Annual Report 2013–14.<sup>14</sup> Similarly, the 2014–15 budget targets provided for these items of expenditure in the NPGA's Annual Report 2014–15 did not match the figures contained in the *Attorney-General's 2014–15 Portfolio Budget Statement*.<sup>15</sup>

2.28 The committee expresses its concern that without an explanation or notes to the key performance indicators table it is unable to accurately review the NPGA's performance or make comparisons with previous years. The committee recommends that the NPGA, for its future annual reports, present its performance information with supporting notes or discussion, particularly where information reported in one year has changed in the next.

---

13 National Portrait Gallery of Australia, *Annual Report 2014–15*, p. 31.

14 National Portrait Gallery of Australia, *Annual Report 2013–14*, p. 25.

15 National Portrait Gallery of Australia, *Annual Report 2014–15*, p. 61; and *Attorney-General's Portfolio Budget Statement 2014–15*, pp 461–462.

---

### *Compliance index*

2.29 A compliance index is a useful feature of reports and assists the committee considerably in its assessment of the reports. The committee notes that the NPGA has complied with the Commonwealth Authorities Annual Reporting Orders 2011 and selectively complied with the Requirements for Annual Reports. The NPGA, as a Commonwealth corporate entity, is not required to comply with the Requirements for Annual Reports. It would assist the committee if page numbers were also included for those requirements that the NPGA had decided to selectively report on.

### *Financial performance*

2.30 The committee notes that the NPGA reported a surplus of \$0.4 million excluding depreciation and amortisation expenses. The NPGA further stated:

After adjusting for the \$2.2 million non-appropriated depreciation and amortisation expense, the Gallery achieved a surplus of \$2.6 million. This \$2.6 million surplus is attributable to generous cash and artwork donations of \$1.6 million, \$0.9 million received for the rectification of defects and a surplus from operations of \$0.1 million.<sup>16</sup>

## **Environment portfolio**

### *Department of the Environment*

2.31 The Department of the Environment Annual Report 2014–15 was received on 30 October 2015 and tabled in the Senate on 9 November 2015.

2.32 The Secretary's Review commented on the department's achievements for the 2014–15 period, which included:

- the appointment of an Indigenous Development Coordinator to support the development and implementation of a new Indigenous Employment and Capability Strategy;
- supporting the Minister for the Environment to protect the Great Barrier Reef, and maintain its health and resilience through a range of approaches;
- delivering three rounds of the Green Army Programme with 329 projects commenced or completed by 30 June 2015;
- responding to the World Heritage Committee requests for information on the Tasmanian Wilderness, Wet Tropics of Queensland, and the Greater Blue Mountains Area;
- establishing a national approach to recovering threatened species with the appointment of a Threatened Species Commissioner; and

---

16 National Portrait Gallery of Australia, *Annual Report 2014–15*, p. 79.

- developing a Threatened Species Strategy to protect and recover plants and animals most at risk of extinction.<sup>17</sup>

### *Performance reporting*

2.33 The performance reporting section is clearly presented and provides an informative assessment of how the department has progressed in meeting its key performance indicators, deliverables and objectives. The flow of information gives the reader a broad understanding of the work conducted in each program while still providing specific performance information.

2.34 For each program KPIs, deliverables and results are listed alongside the 2014–15 budget targets. Where the 2014–15 budget targets have not been met, an explanation of the reason has been provided. For example, the deliverable to review and revise the National Carbon Offset Standard by 30 June 2015, in Program 2.1: Reducing Australia's Greenhouse Gas Emissions, was 'largely achieved'. The annual report stated that the 'review outcomes will be considered in the second half of 2015'.<sup>18</sup>

2.35 The annual report also includes report on the following seven Acts:

- *Environment Protection and Biodiversity Conservation Act 1999*;
- *National 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*.

### *Financial performance*

2.36 The annual report provides a comprehensive summary of departmental and administered finances. The committee notes that the department recorded an operating deficit of \$79.46 million.<sup>19</sup>

---

17 Department of the Environment, *Annual Report 2014–15*, pp 2–6.

18 Department of the Environment, *Annual Report 2014–15*, p. 91.

19 Department of the Environment, *Annual Report 2014–15*, pp 8–9.

---

## *Bureau of Meteorology*

2.37 The Bureau of Meteorology (BOM) Annual Report 2014–15 was presented to the President of the Senate on 30 October 2015 and tabled in the Senate on 9 November 2015.

2.38 The Director's review provides a comprehensive summary of the key achievements of the BOM for 2014–15. In particular, the Director, Dr Rob Vertessy, drew attention to 2014 being recognised as Australia's fourth warmest year and the world's warmest year since records began.<sup>20</sup>

2.39 Other achievements outlined in the Director's review included:

- completion of the final steps in the national delivery of the Next Generation Forecast and Warning System and MetEye services;
- agreement by the Council of Australian Governments' Law, Crime and Community Safety Council that BOM should adopt a consistent approach to the provision of hazard services to all states and territories;
- diversification of the BOM's revenue sources to grow externally-generated revenue from \$77 million in 2013–14 to over \$78.1 million in 2014–15;
- introduction of a number of new products regarding water information; and
- the appointment of Dr Sue Barrell in November 2014 as Deputy Director, Observations and Infrastructure.<sup>21</sup>

### *Performance reporting*

2.40 The BOM has again provided a performance overview table which summarises deliverables, KPIs and results. 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. The committee notes that the BOM achieved all 14 of its deliverables in its outcome.

### *Financial performance*

2.41 The committee notes that the BOM reported an operating deficit of \$52.463 million for the financial year 2014–15, compared to an operating deficit in 2013–14 of \$73.799 million.<sup>22</sup>

---

20 Bureau of Meteorology, *Annual Report 2014–15*, p. 2.

21 Bureau of Meteorology, *Annual Report 2014–15*, pp 2–3.

22 Bureau of Meteorology, *Annual Report 2014–15*, p. 4.

*Management and accountability*

2.42 The committee notes that the BOM is participating in a pilot of sustainability reporting that uses the Global Reporting Initiative framework as a base for reporting.<sup>23</sup>

2.43 The committee also notes that the BOM has not included information regarding the number of ongoing or non-going employees who identify themselves as Indigenous. This is a mandatory requirement, which was added to the latest version of the Requirements for Annual Reports (see paragraph 1.9). The committee suggests that the BOM closely review the Requirements for Annual Reports to ensure it reports on all mandatory matters.

*Director of National Parks*

2.44 The Director of National Parks Annual Report 2014–15 was received on 30 October 2015 and tabled in the Senate on 9 November 2015.

2.45 The Director of National Parks is the statutory agency responsible for the Australian Government's terrestrial and marine protected area estates. The Director is assisted by Parks Australia, a division of the Department of the Environment, in managing terrestrial and marine reserves. The Department of the Environment's Australian Antarctic Division is responsible for the management of the Heard Island and McDonald Islands Marine Reserve.<sup>24</sup>

2.46 In the Director's review, Ms Sally Barnes, discussed the efforts of Parks Australia on its four overarching goals:

- (i) resilient places and ecosystems;
- (ii) multiple benefits for traditional owners;
- (iii) amazing destinations; and
- (iv) ecologically sustainable use.<sup>25</sup>

2.47 The Director's review notes a number of activities completed during 2014–15 including:

- extensive rat and cat controls on Norfolk Island, which has significantly increased the breeding pairs of the threatened green parrot;
- finalising a plan to guide the management of tropical fire ants and their impact on Ashmore Reef Commonwealth Marine Reserve;
- the opening of a new visitor discovery centre on Norfolk Island;

---

23 Bureau of Meteorology, *Annual Report 2014–15*, pp 231–233.

24 Director of National Parks, *Annual Report 2014–15*, p. ii.

25 Director of National Parks, *Annual Report 2014–15*, pp 2–8.

- 
- the release of the 25 year masterplan for the Australian National Botanic Gardens; and
  - co-hosting, in partnership with the International Union for the Conservation of Nature and the NSW Government, the World Parks Congress in Sydney in November 2014.<sup>26</sup>

2.48 The report also foreshadowed the priorities of the Director of National Parks for 2015–16, which include:

- finalising an updated Kakadu Tourism Plan; and
- working with cruise, dive and fishing industries to encourage new tourism experiences within Commonwealth Marine Reserves.<sup>27</sup>

#### *Performance reporting*

2.49 The performance information for 2014–15 is reported against the program objectives, KPIs and deliverables contained in the *Environment Portfolio Budget Statements 2014–15*. The discussion of the four program objectives is comprehensive and provides a useful overview of the 2014–15 results. The committee suggests that the Director of National Parks include a table at the beginning of its performance section, which summarises the performance of each deliverable and KPI.

#### *Financial performance*

2.50 The committee notes that the Director of National Parks recorded an operating deficit of \$0.816 million for the financial year 2014–15.<sup>28</sup>

**Senator Linda Reynolds CSC**  
**Chair**

---

26 Director of National Parks, *Annual Report 2014–15*, pp 2–10.

27 Director of National Parks, *Annual Report 2014–15*, p. 7.

28 Director of National Parks, *Annual Report 2014–15*, p. 16.



## Appendix 1

### Dates relating to the presentation of reports between 1 May to 31 October 2015

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
<b>COMMUNICATIONS AND THE ARTS PORTFOLIO</b>				
Department of Communications— Report for 2014–15	01/10/2015	02/10/2015	22/10/2015	09/11/2015 (received 22/10/2015*)
Australia Council for the Arts (Australia Council)—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Australian Broadcasting Corporation—Report for 2014–15	23/10/2015	23/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Australian Business Arts Foundation Ltd (Creative Partnerships Australia)— Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Australian Competition and Consumer Commission—Telstra's structural separation undertaking—Report for 2013–14	26/02/2015	26/02/2015	12/05/2015	12/05/2015
Australian Communications and Media Authority— Report for 2014–15	01/10/2015	02/10/2015	09/11/2015	09/11/2015 (received 28/10/2015*)
Australian Film, Television and Radio School—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 29/10/2015*)

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the House of Representatives</b>	<b>Tabled in the Senate</b>
Australian National Maritime Museum—Report for 2014–15	14/10/2015	14/10/2015	22/10/2015	09/11/2015 (received 22/10/2015*)
Australian Postal Corporation (Australia Post)—Report for 2014–15	07/10/2015	12/10/2015	15/10/2015	09/11/2015 (received 15/10/2015*)
Australian Postal Corporation (Australia Post)—Diversity and Inclusion Report for 2014–15	07/10/2015	12/10/2015	15/10/2015	09/11/2015 (received 15/10/2015*)
Bundanon Trust Limited—Report for 2014–15	15/10/2015	15/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Classification Board and Classification Review Board—Report for 2014–15	21/10/2015	21/10/2015	09/10/2015	09/11/2015 (received 30/10/2015*)
National Film and Sound Archive of Australia—Report for 2014–15	14/10/2015	14/10/2015	22/10/2015	09/11/2015 (received 22/10/2015*)
National Gallery of Australia—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 23/10/2015*)
National Library of Australia—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 28/10/2015*)
National Museum of Australia—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the House of Representatives</b>	<b>Tabled in the Senate</b>
National Portrait Gallery of Australia—Report for 2014–15	15/10/2015	15/10/2015	09/11/2015	09/11/2015 (received 28/10/2015*)
NBN Co Limited—Report for 2014–15	14/08/2015	18/08/2015	07/09/2015	07/09/2015 (received 24/08/2015*)
Old Parliament House (Museum of Australian Democracy)—Report for 2014–15	14/10/2015	14/10/2015	22/10/2015	09/11/2015 (received 22/10/2015*)
Public Lending Right Committee—Report for 2014–15	19/10/2015	20/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Regional Telecommunications Independent Review Committee—Regional telecommunications review 2015—Unlocking the potential in regional Australia	29/09/2015	29/09/2015	22/10/2015	09/11/2015 (received 22/10/2015*)
Screen Australia—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 29/10/2015*)
Special Broadcasting Service—Report for 2014–15	13/10/2015	13/10/2015	09/11/2015	09/11/2015 (received 23/10/2015*)
Telecommunications Universal Service Management Agency—Report for 2014–15	01/10/2015	02/10/2015	09/11/2015	09/11/2015 (received 28/10/2015*)

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the House of Representatives</b>	<b>Tabled in the Senate</b>
<i>Broadcasting Services Act 1992</i> —Review of local content and local presence requirements on regional commercial radio broadcasters	18/03/2015	18/03/2015	12/05/2015	12/05/2015
<i>Interactive Gambling Act 2001</i> —Report for 2014 on the operation of the prohibition of interactive gambling services advertisements	11/08/2015	18/08/2015	14/09/2015	14/09/2015

\*An asterisk denotes a report presented to the President out of session.

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the House of Representatives</b>	<b>Tabled in the Senate</b>
<b>ENVIRONMENT PORTFOLIO</b>				
Department of the Environment—Report for 2014–15	02/10/2015	02/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Australian Renewable Energy Agency—Report for 2014–15	01/10/2015	01/10/2015	09/11/2015	09/11/2015 (received *02/11/2015)
Bureau of Meteorology—Report for 2014–15	15/10/2015	15/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Clean Energy Finance Corporation—Report for 2014–15	15/10/2015	15/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Clean Energy Regulator—Report for 2014–15	14/10/2015	14/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Climate Change Authority—Report for 2014–15	15/10/2015	15/10/2015	22/10/2015	09/11/2015 (received 22/10/2015*)
Director of National Parks—Report for 2014–15	15/10/2015	15/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Great Barrier Reef Marine Park Authority—Report for 2014–15	30/09/2015	01/10/2015	09/11/2015	09/11/2015 (received 30/10/2015*)
Land Sector Carbon and Biodiversity Board—Explanatory statement, in place of an annual report for 2013–14 and all subsequent years	29/06/2015	29/05/2015	19/08/2015	19/08/2015

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the House of Representatives</b>	<b>Tabled in the Senate</b>
National Environment Protection Council— Report for 2013–14	14/08/2015	14/08/2015	07/09/2015	07/09/2015 (received 01/09/2015*)
National Water Commission—Report for 2014–15	09/09/2015	09/09/2015	12/10/2015	12/10/2015 (received 18/09/2015*)
Port of Gladstone Independent Review— Bund Wall at the Port of Gladstone—Report on findings, dated April 2014	08/05/2014	08/05/2014	19/08/2015	19/08/2015
Port of Gladstone Independent Review— Government response to the Port of Gladstone and the Bund Wall at the Port of Gladstone reports on findings	13/08/2014	13/08/2014	19/08/2015	19/08/2015
Port of Gladstone Independent Review— Report on findings, dated July 2013	05/11/2013	05/11/2013	19/08/2015	19/08/2015
Port of Gladstone Independent Review— Supplementary report, dated October 2013	05/11/2013	05/11/2013	19/08/2015	19/08/2015
Supervising Scientist— Report for 2014–15	16/10/2015	16/10/2015	09/11/2015	09/11/2015 (received 02/11/2015*)
Sydney Harbour Federation Trust— Report for 2014–15	06/10/2015	06/10/2015	09/11/2015	09/11/2015 (received 02/11/2015*)

<b>Reporting Body</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the House of Representatives</b>	<b>Tabled in the Senate</b>
<i>Renewable Energy (Electricity) Act 2000</i> — Report for 2014 on the operation of the Act	22/04/2015	22/04/2015	12/05/2015	11/05/2015
<i>Water Efficiency Labelling and Standards Act 2005</i> —Independent review of the Water Efficiency Labelling and Standards Scheme— Second and final report	24/06/2015	24/06/2015	19/08/2015	19/08/2015

\*An asterisk denotes a report presented to the President out of session.