

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 each portfolio as follows:

- Department of the Environment and Energy;
- Bureau of Meteorology;
- Clean Energy Regulator;
- Department of Communications and the Arts;
- Australia Post; and
- National Portrait Gallery of Australia.

Environment and Energy portfolio

Department of the Environment and Energy

2.2 The Department of the Environment and Energy Annual Report 2015–16 was presented to the President of the Senate on 31 October 2016 and tabled in the Senate on 7 November 2016.

2.3 The Secretary's Review provided a summary of significant achievements in the department's work over 2015–16. Some of the highlights included:

- commencement of the implementation of the Reef 2050 Long-term Sustainability Plan;
- the release of the Threatened Species Strategy in July 2015;
- establishment of the Office of Climate Change and Renewables Innovation within the department;
- the launch of the *Australian Heritage Strategy* in December 2015; and
- the use of the Royal Australian Air Force's C-17A Globemaster to fly heavy lift cargo to Antarctica in support of the Australia's Antarctic program.¹

Performance reporting

2.4 The annual performance statement is clearly presented and explains how the purposes and activities contained in the Corporate Plan align with the programs and outcomes from the Portfolio Budget Statements. Each criterion is presented with a

1 Department of the Environment and Energy, *Annual Report 2015–16*, pp. 2–6

concise summary of the results and is marked achieved, partially achieved or data/information is unavailable or incomplete. An explanation was provided for the criteria that were marked as data/information is unavailable or incomplete. For example, the criterion related to the amount of carbon that has been sequestered through project investments was marked as data/information not available or incomplete. The annual report provided the following explanation:

So far, 87 projects have signalled that they may register with the Emissions Reduction Fund, but only three have participated. As at 30 June 2016, the Kimberley Land Council Aboriginal Corporation and Biome5 Pty Ltd have been issued with Australian carbon credit units.²

2.5 The department has also included detailed analysis of its performance against each purpose contained in the Corporate Plan. This is particularly useful as it provided context of the department's results.

2.6 The committee notes that the department achieved a majority of its criteria in 2015–16.

Financial performance

2.7 The annual report provides a comprehensive summary of departmental and administered finances. The committee notes that the department recorded an operating deficit of \$82.89 million.³

Bureau of Meteorology

2.8 The Bureau of Meteorology (BOM) Annual Report 2015–16 was presented to the President of the Senate on 24 October 2016 and tabled in the Senate on 7 November 2016.

2.9 The Review by the Acting Director of Meteorology, Ms Vicki Middleton, provides a comprehensive summary of the BOM's achievements for 2015–16. Ms Middleton also acknowledged the contribution of the former Director of Meteorology, Dr Rob Vertessy, who retired on 29 April 2016.⁴

2.10 Other achievements outlined in the Review by the Acting Director of Meteorology included:

- the commissioning of the new supercomputer 'Australis' in June 2016;
- the receipt of advanced satellite imagery from the Japanese Himawari-8 platform;

2 Department of the Environment and Energy, *Annual Report 2015–16*, p. 32.

3 Department of the Environment and Energy, *Annual Report 2015–16*, p. 9.

4 Bureau of Meteorology, *Annual Report 2015–16*, p. 5.

-
- growth in the business areas of aviation services and new radar services for the Western Australian government; and
 - the Bureau participated in the World Meteorological Organisation Executive Council in June with Dr Sue Barrell designated as Australia's permanent representative on the Council.⁵

Performance reporting

2.11 The BOM has provided an informative annual performance statement and outlines its results against key performance indicators, measures, objectives and deliverables. Each key performance indicator is presented in an easy to read table format with results against each measure. The flow of information gives the reader a broad understanding of the work conducted in each program while still providing specific performance information. Also included alongside each key performance indicator are the corresponding page numbers from the corporate plan, which was particularly helpful.

2.12 The BOM also used graphs and charts to aid in the presentation of various performance data. The inclusion of trend information for topics such as weather forecasting services, information systems and services was useful for comparative purposes.

Financial performance

2.13 The committee notes that the BOM increased its own-source income, primarily related to the sale of goods and rendering of services, by 5.8 per cent on the previous financial year to \$82.583 million.⁶

Clean Energy Regulator

2.14 The Clean Energy Regulator (CER) Annual Report 2015–16 was tabled in the House of Representatives on 17 October 2016 and tabled in the Senate on 7 November 2016.

2.15 The Review by the Chair and Chief Executive Officer, Ms Chloe Munro, provided an overview of the CER's activities in 2015–16. Of particular note were:

- the publication of the Renewable Energy Target annual statement in May 2016;
- the completion of the second and third Emissions Reduction Fund auctions that were held in November 2015 and April 2016; and
- the launch of an interactive map of the Emissions Reduction Fund projects on CER website.⁷

5 Bureau of Meteorology, *Annual Report 2015–16*, pp. 2–4.

6 Bureau of Meteorology, *Annual Report 2015–16*, p. 6.

Performance reporting

2.16 The annual performance statement is comprehensive and clearly presents the CER's performance against its eight functions and activities to measure, manage, reduce or offset Australia's carbon emissions. The accompanying discussion on each function clearly identified whether the performance indicator had been achieved or not. This is a particularly useful feature of the annual report and assisted with the committee's review of the CER's performance during the reporting period.

2.17 The CER also included relevant case studies. Previously, the committee has been critical of the overuse of case studies in annual reports. However, the case studies provided by the CER highlighted particular initiatives currently being undertaken and some completed during the reporting period. The case studies were informative and succinct.

2.18 The CER's inclusion of trend data as well as the use of graphs, diagrams and charts enhanced its performance reporting.

Financial performance

2.19 The committee notes that the CER reported an operating surplus of \$0.825 million (before depreciation and amortisation) in 2015–16. The CER further stated:

The surplus can be attributed to lower supplier expenses following the successful implementation of the Emissions Reduction Fund in 2014–15 and an associated decrease in the use of short-term contract resources. This was partially offset by an increase in employee provisions as a result of the change in the bond rate from 3.0 per cent to 2.0 per cent during the year.⁸

Communications and the Arts portfolio

Department of Communications and the Arts

2.20 The Department of Communications and the Arts Annual Report 2015–16 was presented to the President of the Senate on 13 October 2016 and tabled in the Senate on 7 November 2016.

2.21 This is the first annual report presented by the new Secretary, Dr Heather Smith. Dr Smith, in the Secretary's Review, provided a comprehensive summary of the department's achievements for 2015–16, which included:

- the Regional Telecommunications Review;
- the commencement of the build phase for round one of the Mobile Black Spot Program;

7 Clean Energy Regulator, *Annual Report 2015–16*, pp. 4–6.

8 Clean Energy Regulator, *Annual Report 2015–16*, p. 116.

- preparing amendments to provisions in the *Broadcasting Services Act 1992* to repeal the 75 per cent audience reach rule and the two out of three cross-media control rule; and
- funding provided through the Australian Arts and Culture Fund, Catalyst, to small to medium-sized arts organisations.⁹

Performance reporting

2.22 The department's annual performance statement is comprehensive. The corporate plan priorities are presented in a table format alongside the related Portfolio Budget Statement measures. The table is easy to read and includes references to the relevant page number, which assists the reader in accessing the detailed performance information of each priority. The targets, measurements and results are discussed for each priority

2.23 There are eight case studies throughout the annual report. One case study provided information on the National Relay Service App. The app provides mobile access for any user of the National Relay Service, regardless of their disability. The report stated that the 'National Relay Service App's support functions include the ability to use saved text to speed up the call set-up process' and 'provides a range of quick phases for use while the call is in progress'. This app is 'a world-leading initiative' as the 'functions are not available to use of relay services anywhere else in the world'.¹⁰

2.24 The committee notes that the department achieved a majority of its priorities in 2015–16.

Financial performance

2.25 The committee notes the department reported an operating deficit of \$4.9 million for 2015–16.¹¹

Australia Post

2.26 The Australia Post Annual Report 2015–16 was tabled in the House of Representatives on 13 October 2016 and tabled in the Senate on 7 November 2016.

2.27 Mr Ahmed Fahour, in his Managing Director and Group Chief Executive Officer's message, provided a summary of Australia Post's significant achievements in 2015–16. Some of the highlights included:

9 Department of Communications and the Arts, *Annual Report 2015–16*, pp. 2–4.

10 Department of Communications and the Arts, *Annual Report 2015–16*, p. 40.

11 Department of Communications and the Arts, *Annual Report 2015–16*, p. 72.

- reforming the letters service by introducing a two-speed letters services and increasing the basic postage rate;
- establishing the new business unit Trusted eCommerce Solutions; and
- introducing new service capabilities to the MyPost platform.¹²

2.28 The committee notes that Australia Post, together with Western Australia Police, received the Most Effective Government Solution Award for its digital identity solution for National Police Certificates at the WA Information Technology and Telecommunications Alliance Incite Award ceremony.¹³

2.29 The committee is pleased to note that, following comments in its *Annual reports (No. 1 of 2016)*, Australia Post's annual report format complies with the Printing Standards for Documents Presented to Parliament.¹⁴

Performance reporting

2.30 Australia Post stated that its annual performance statement is based on a rolling four-year corporate plan that is updated annually and provided to shareholder ministers. The 2015–16 Corporate Plan and associated Statement of Corporate Intent were submitted to the shareholder ministers in July 2015 and outline Australia Post's strategic direction under its Part of Tomorrow Strategy.

2.31 Mr John Stanhope AM, in the Chairman's message, outlined the principles of the Part of Tomorrow Strategy which comprises of:

- creating safe and easy online shopping experiences for consumers;
- helping small business to go online and grow;
- powering e-commerce for all businesses; and
- helping corporations and government to digitise to improve their customer service.¹⁵

2.32 The key performance indicators contained in Australia Post's annual performance statement are concise and include: on-time letter delivery; profit before tax; shareholder return on equity; and the ordinary dividend declared for 2015–16.¹⁶

12 Australia Post, *Annual Report 2015–16*, p. 7.

13 Australia Post, *Annual Report 2015–16*, p. 34.

14 See Senate Environment and Communications Legislation Committee, *Annual Reports (No.1 of 2016)*, p. 13.

15 Australia Post, *Annual Report 2015–16*, p. 6.

16 Australia Post, *Annual Report 2015–16*, p. 67.

2.33 Australia Post has included further performance information on its 'six integrated reporting capitals', which appear in the report before the annual performance statement. The six integrated reporting capitals are:

- business performance (financial capital);
- customer and communities (social capital);
- customer network (physical capital);
- innovation and expertise (intellectual capital);
- people (human capital); and
- environmental (natural capital).¹⁷

2.34 Despite the inclusion of six integrated reporting capitals, compared with previous annual reports, the Annual Report 2015–16 appears to provide less performance information. This has been an ongoing trend and the following discussion highlights some areas where the committee considers less information has been provided.

2.35 The level of performance information contained in the Australia Post 2014–15 Annual Report relating to the Retail Customer Experience Program¹⁸ was less than that contained in the 2013–14 Annual Report.¹⁹ However, it appears that Australia Post has omitted reporting on its performance on its Retail Customer Experience Program in its 2015–16 Annual Report. No explanation has been provided as to why information for this program has not been provided, or indeed, if the program still exists.

2.36 It also appears that the performance information on the Net Promoter Score (NPS)²⁰ contained in the Australia Post Annual Report 2015–16 has diminished when compared to annual reports for 2013–14 and 2014–15. Previously, a comprehensive assessment of the results of the Net Promoter Score was provided.²¹

2.37 While the Annual Report 2015–16 provides the NPS achieved, little additional information is provided other than that the 2015–16 result 'has seen minimal impact given the major reform to our letters service'.²² In addition, the committee notes that the methodology for NPS is currently under review. However,

17 Australia Post, *Annual Report 2015–16*, p. 2.

18 The Retail Customer Experience Program provides bi-monthly feedback to Australia Post from customers about their in-store experience.

19 See Senate Environment and Communications Legislation Committee, *Annual reports (No. 1 of 2016)*, p. 13.

20 The NPS tracks the experience of Australia Post's customers by measuring customer advocacy.

21 See for example, Australia Post, *Annual Report 2014–15*, p. 38.

22 Australia Post, *Annual Report 2015–16*, p. 17.

this information is contained in a footnote. It would have been useful if Australia Post explained why the methodology is under review in the main text of the report.

2.38 Another area where there is a lack of information is in relation to complaints by customers other than one reference in relation to the Postal Industry Ombudsman. The committee finds this to be a significant omission given the continued comments on social media and in the media generally about concerns with Australia Post services.

2.39 A further matter noted by the committee is inconsistency in information provided in the Annual Report 2015–16 and other Australia Post sources in relation to the MyPost platform. In the Managing Director and Group Chief Executive Officer's message it was stated that there were 4.1 million registered users of the MyPost platform while the 2016 performance highlights stated that there were 3.8 million MyPost registrations.²³ The discrepancy between the two figures may be a result of the use of different parameters. If so, it would be useful to provide this information in a footnote.

2.40 The committee also notes that in 2014–15, Australia Post reported that it had exceeded its target of two million registered customers across the MyPost platform—the combination of MyPost Concession, Deliveries and Digital Mailbox services.²⁴ However, it is unclear what target Australia Post set for the number of registered users of the MyPost platform in 2015–16.

2.41 The committee expresses its concern that it is unable to accurately review the performance of Australia Post's MyPost platform or make comparisons with previous years. The committee recommends that Australia Post include more detailed performance information particularly on customer experience and the MyPost platform.

2.42 A further matter noted by the committee relates to the provision of the total mail volume. After this information being provided in Australia Posts annual reports for many decades, it was omitted from the 2013–14 and 2014–15 annual reports. In those reports, only the reserved services letter volumes were provided. The committee notes that in the 2015–16 Annual Report, total mail volumes have again been provided including those for the previous two years. However, the reserved services letter volumes have not been provided. While the committee welcomes the re-inclusion of total mail volumes, it is concerned that no public explanation has been provided as to why they were unavailable in 2013–14 and 2014–15. In addition, given the continued decline in reserved services letter volumes, the committee considers that the disclosure of the volume of letters is as important as the percentage decline.

23 Australia Post, *Annual Report 2015–16*, pp. 3, 7.

24 Australia Post, *Annual Report 2014–15*, p. 30.

2.43 The committee notes that in 2015–16 Australia Post achieved all of its community service obligations, as set out in section 27 of the *Australian Postal Corporation Act 1989*.

Financial performance

2.44 The annual report stated that in 2015–16 Australia Post achieved a surplus of \$36.4 million after tax.²⁵

National Portrait Gallery of Australia

2.45 The National Portrait Gallery of Australia (NPGA) Annual Report 2015–16 was presented to the President of the Senate on 31 October 2016 and tabled in the Senate on 7 November 2016.

2.46 The Chairman's Report provides a summary of the key achievements of the NPGA for 2015–16. In particular, Dr Helen Nugent AO, highlighted the National Portrait Gallery of Australia Foundation, which in its first full year raised \$418,000 and received a further \$240,050 from donated works of art. The funds raised have been used to support the NPGA's commissioning program.²⁶

2.47 The committee notes that, following comments in its *Annual reports (No. 1 of 2016)*, the NPGA has not included photographs of its 2015–16 acquisitions and the layout of the report has improved its readability.

Performance reporting

2.1 The NPGA reported its performance against the five strategic priorities and key performance indicators set out in its 2015–19 Corporate Plan and the *Attorney-General's Portfolio Budget Statement 2015–16*. The annual performance statement provides a comprehensive assessment of the NPGA's results and achievements under each strategic priority. The flow of information gives the reader a broad understanding of the work conducted by the NPGA while still providing specific performance information.

25 Australia Post, *Annual Report 2015–16*, p. 10.

26 National Portrait Gallery of Australia, *Annual Report 2015–16*, p. 3.

Financial performance

2.48 The annual report stated that the National Portrait Gallery of Australia achieved an operating surplus before depreciation. Dr Nugent further explained that:

Despite the undoubted impact of budgetary challenges, we made a small operating surplus of \$16,000 before the impact of depreciation is taken into account. On a consolidated basis, after recognising the NPGA Foundation (which is separately managed), we generated a surplus of \$396,000.²⁷

Senator Linda Reynolds CSC
Chair

27 National Portrait Gallery of Australia, *Annual Report 2015–16*, p. 4.