

The Senate

Environment and Communications
Legislation Committee

Annual reports (No. 1 of 2018)

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Chapter 1

Introduction

1.1 This is the first report on annual reports for 2018 of the Senate Environment and Communications Legislation Committee (the committee). It provides an overview of selected annual reports of agencies within the allocated portfolios tabled in the Senate between 1 May 2017 and 31 October 2017.

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 of the Commonwealth.

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.
- (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 31 August 2016, the committee has oversight of the following portfolios:

- Environment and Energy; and
- Communications and the Arts.¹

Reports examined

1.5 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 2017 and 31 October 2017:

Non-corporate Commonwealth entities

- Department of Communications and the Arts—Annual Report for 2016–17;
- Department of the Environment and Energy—Annual Report for 2016–17;
- Australian Communications and Media Authority and the Office of the eSafety Commissioner—Annual Report for 2016–17;
- Bureau of Meteorology—Annual Report for 2016–17;
- Clean Energy Regulator—Annual Report for 2016–17;
- Climate Change Authority—Annual Report for 2016–17; and
- Great Barrier Reef Marine Park Authority—Annual Report for 2016–17.

Corporate Commonwealth entities

- Australia Council for the Arts—Annual Report for 2016–17;
- Australian Broadcasting Corporation—Annual Report for 2016–17;
- Australian Film, Television and Radio School—Annual Report for 2016–17;
- Australian National Maritime Museum—Annual Report for 2016–17;
- Australian Postal Corporation—Annual Report for 2016–17;
- Australian Renewable Energy Agency—Annual Report for 2016–17;
- Clean Energy Finance Corporation—Annual Report for 2016–17;
- National Film and Sound Archive—Annual Report for 2016–17;
- National Gallery of Australia—Annual Report for 2016–17;
- National Library of Australia—Annual Report for 2016–17;
- National Museum of Australia—Annual Report for 2016–17;
- National Portrait Gallery of Australia—Annual Report for 2016–17;

1 *Journals of the Senate*, No. 2, 31 August 2016, pp. 75–76.

- Old Parliament House (Museum of Australian Democracy)—Annual Report for 2016–17;
- Screen Australia—Annual Report for 2016–17;
- Special Broadcasting Service Corporation—Annual Report for 2016–17; and
- Sydney Harbour Federation Trust—Annual Report for 2016–17.

Commonwealth companies

- Australia Business Arts Foundation Limited (Creative Partnerships Australia)—Annual Report for 2016–17;
- Bundanon Trust—Annual Report for 2016–17; and
- NBN Co Limited—Annual Report for 2016–17.

Reports not examined

1.6 The committee is not obliged to report on Acts, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. The following documents were referred to the committee between 1 May 2017 and 31 October 2017 but are not examined in this report:

- Australian Communications and Media Authority—Review of the captioning obligations in the *Broadcasting Services Act 1992*—Report, dated April 2017;
- Australian Energy Market Commission (AEMC) and Climate Change Authority—Towards the next generation: delivering affordable, secure and lower emissions power—Report, dated June 2017;
- Australian National Maritime Museum—Corporate Plan 2017–21;
- Australian Postal Corporation (Australia Post)—Diversity and inclusion—Report for 2016–17;
- Clean Energy Regulator—Renewable Energy Target—Tracking Towards 2020: Encouraging renewable energy in Australia—2016;
- Climate Change Authority's special review: emissions reduction targets, emissions trading and post-Paris action—Australian Government Response, dated May 2017;
- *Environment Protection and Biodiversity Conservation Amendment Act 2013*—Independent Review of the Water Trigger Legislation—Report by Mr Stephen Hunter, dated April 2017;
- Final budget outcome 2016–17—Report by the Treasurer (Mr Morrison) and the Minister for Finance (Senator Cormann), dated September 2017;
- Independent Scientific Committee on Wind Turbines—Report for 2016; and
- Snowy Hydro Limited—Financial report for the period 3 July 2016 to 1 July 2017.

Annual reporting requirements

1.7 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) established a performance reporting framework for all Commonwealth entities and companies. The performance framework is based on section 38 of the PGPA Act which requires all Commonwealth entities to measure and assess their performance.

1.8 The performance framework established under the PGPA Act includes the requirement for Commonwealth entities to prepare a corporate plan and annual performance statements. The Public Governance, Performance and Accountability Rule 2014 (PGPA Rule 2014) contain the minimum requirements to be included.

1.9 Section 39 of the PGPA Act requires all Commonwealth entities to prepare an annual performance statement and include those statements in their annual reports. Entities use the annual performance statements to report on the results achieved against the targets, goals and measures established at the beginning of a reporting year in corporate plans and Portfolio Budget Statements.

1.10 Below is a summary of the legislative authority and requirements for the different types of bodies under which annual reports are prepared:

- Non-corporate Commonwealth entities: PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(A); for portfolio departments and executive agencies, and for statutory bodies, relevant enabling legislation.
- Corporate Commonwealth entities: PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(B); and for statutory bodies, relevant enabling legislation.
- Commonwealth companies: PGPA Act, section 97, which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule, Part 3-3; and for statutory bodies, relevant enabling legislation.
- Non-statutory bodies: the annual reporting requirements are contained in the government response to the Senate Standing Committee on Finance and Public Administration's Report on Non-Statutory bodies.²

Disclosure of executive remuneration

1.11 In its previous reports on annual reports, the committee commented on the decrease in the level of information provided in relation to senior executive remuneration in the annual reports of entities that fall within the committee's portfolio areas.³ The committee notes that the Government has progressed the reinstatement of the previous practice of requiring all Commonwealth entities to disclose senior executive remuneration. First, the Minister for Finance wrote to the Chairs of Government Business Enterprises (GBEs) and the Future Fund Management Agency

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

3 See Senate Environment and Communications Legislation Committee, *Annual reports (No. 1 of 2016)*, pp. 6–7; and *Annual reports (No. 1 of 2017)*, pp. 3–4.

in February 2017 requesting that senior executive remuneration be disclosed in a manner consistent with listed companies.⁴ The committee notes that Australia Post now includes a comprehensive remuneration statement in its annual report.

1.12 Secondly, entities have been requested, through Secretary correspondence and guidance, to reinstate the previous practice and to publish remuneration information on entities' websites.⁵

1.13 The Joint Committee of Public Accounts and Audit (JCPAA), in its report on Commonwealth financial statements, commented on the publication of senior executive remuneration information by entities. The JCPAA stated that publication is only optional by request rather than a formal requirement, which had been the previous practice. In addition, this information is not required to be included in annual reports.⁶

1.14 In relation to the committee's portfolio areas, entities have published remuneration reports on their websites. However, the committee found it difficult to locate some remuneration statements. For example, the senior executive remuneration report for the Department of Communications and the Arts requires the use of the search function to find the relevant document. In addition, over time, websites are modified and documents archived so it may not be possible to review changes to senior executive remuneration over the longer term or to make comparisons between agencies. The committee therefore considers that reporting on senior executive remuneration on an entity's website is insufficient to ensure transparency and accountability, and that this information should once again be included in annual reports.

1.15 The committee notes that the JCPAA recommended further changes to the disclosure of senior executive remuneration in its report on Commonwealth financial statements in order to improve financial reporting and disclosure. The JCPAA recommended that the Department of Finance, consistent with previous practice:

- re-establish a formal requirement for disclosure of senior executive remuneration by Commonwealth entities (including, without limitation, Government Business Enterprises), with this requirement to be duly reflected in the relevant legislation and guidance

4 Senator the Hon Mathias Cormann, Minister for Finance, *Media Release*, 'Transparency and accountability in executive remuneration for government businesses', 18 February 2017. <https://www.financeminister.gov.au/media-release/2017/02/18/transparency-and-accountability-executive-remuneration-government>

5 Joint Committee of Public Accounts and Audit, *Report 463: Commonwealth Financial Statements*, August 2017, p. 10.

6 Joint Committee of Public Accounts and Audit, *Report 463: Commonwealth Financial Statements*, August 2017, p. 10.

- ensure that the relevant disclosure is published in entity annual reports.⁷

1.16 The committee fully supports the JCPAA's recommendation and awaits the response from the Department of Finance to the JCPAA on this matter.

Timeliness

1.17 As part of its review of annual reports, the committee is required to investigate and report on any lateness in the presentation of annual reports.⁸ In assessing the timeliness of the presentation of annual reports, the committee assesses the presentation against the requirements of different categories of bodies, the PGPA Rule 2014 and other legislative requirements.

Commonwealth entities

1.18 Section 46 of the PGPA Act requires the provision of an annual report of a Commonwealth entity to the responsible minister by the 15th day of the fourth month after the end of the reporting period for the entity. This section of the Act does not, however, provide for a timeframe for the minister to present the report to the Parliament.

Commonwealth companies

1.19 Section 97 of the PGPA Act sets out the requirements for the provision of annual reports of Commonwealth companies to the responsible minister. Under subsection 97(2) of the PGPA Act a company is to provide a report:

- (a) if the company is required by the *Corporations Act 2001* to hold an annual general meeting—the earlier of the following:
 - (i) 21 days before the next annual general meeting after the end of the reporting period for the company;
 - (ii) 4 months after the end of the reporting period for the company;
 and
- (b) in any other case—4 months after the end of the reporting period for the company; or the end of such further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.

1.20 Subsection 97(5) of the PGPA Act states that:

- (5) If the Commonwealth company is a wholly-owned Commonwealth company, or is not required to hold an annual general meeting, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after receiving them. In all other cases, the responsible Minister must table the documents in each House of the

7 Joint Committee of Public Accounts and Audit, *Report 463: Commonwealth Financial Statements*, August 2017, p.11.

8 Standing Order 25(20)(c).

Parliament as soon as practicable after the annual general meeting of the company.

PGPA Rule 2014

1.21 The PGPA Rule 2014 states that annual reports for corporate Commonwealth entities, non-corporate Commonwealth entities and Commonwealth companies must comply with the *Guidelines for the Presentation of Documents to the Parliament*, which is prepared by the Department of the Prime Minister and Cabinet.⁹

1.22 The guidelines advise that for all entities:

As per past practice, it is expected that the responsible Minister will present the report to each House of Parliament on or before 31 October. If Senate Supplementary Budget Estimates hearings are scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to those hearings. This ensures that annual reports are available for scrutiny by the relevant Senate standing committee.¹⁰

1.23 Entities reporting in accordance with their own legislation are often required to prepare for the relevant minister their annual report 'as soon as is practicable' after the end of the particular period to which the report relates. The committee draws attention to subsections 34C(2) and 34C(3) of the *Acts Interpretation Act 1901*, which stipulate that where no date for providing a report to a minister is specified, the report should be presented no more than six months after the reporting period, and the minister must provide the report to the Parliament within 15 days after the minister receives it.

Timeliness of reports examined

1.24 The committee notes that the 2015–16 annual reports of the Copyright Agency Limited within the Communications and the Arts portfolio, and the National Environment Protection Council (NEPC) within the Environment and Energy portfolio, were presented to the responsible ministers on 22 March 2017 and 28 July 2017 respectively. While both annual reports were tabled in accordance with their respective legislative requirements, they were provided to the responsible ministers more than six months after the reporting period covered. The committee reminds agencies to provide their annual reports to the responsible minister within a reasonable timeframe.

1.25 Appendix 1 lists the annual reports tabled (or presented) in the Senate and the House of Representatives between 1 May 2017 and 31 October 2017 and referred to the committee, with relevant tabling dates.

9 See PGPA Rule 2014, sections 17AB, 17BC and 28C.

10 Department of the Prime Minister and Cabinet, *Guidelines for the Presentation of Documents to the Parliament (including Government Documents, Government Responses to Committee Reports, Ministerial Statements, Annual Reports and other Instruments)*, August 2016, pp. 4–5.

1.26 Appendix 2 lists the reports relating to the operation of acts and programs tabled (or presented) in the Senate and House of Representatives between 1 May 2017 and 31 October 2017 and referred to the committee, with relevant tabling dates.

Reports received after 31 October 2017

1.27 Where a deadline for presenting an annual report cannot be met, a Commonwealth entity or company can seek an extension of time to report under the provisions of subsections 34C(4)–(7) of the *Acts Interpretation Act 1901*, by advising the responsible minister of the reasons why the entity cannot comply with the deadline. The responsible minister is required to table this application and a statement specifying the extension granted and the reasons for the extension in both houses of the Parliament.¹¹

1.28 The committee notes the tabling, on 19 October 2017, of an extension application dated 12 October 2017, and approval from the Minister for the Environment and Energy, the Hon. Josh Frydenberg MP, for the late tabling of the Director of National Parks Annual Report 2016–17.¹² The Director of National Parks annual report was subsequently presented to the President of the Senate on 20 December 2017 and tabled in the Senate on 5 February 2018.

1.29 Those annual reports received after the 31 October deadline will be examined and considered in the committee's *Annual reports (No. 2 of 2018)*.

Senate debate

1.30 In accordance with Standing Order 25(20)(d), the committee is required to take into account any relevant remarks about annual reports made in debate in the Senate. The committee notes that on 13 November 2017, Senator Andrew Bartlett and Senator Janet Rice commented on the annual report of the Great Barrier Reef Marine Park Authority. Senator Andrew Bartlett also provided comments on the annual report of the Australian Renewable Energy Agency.¹³

Non-reporting bodies

1.31 Standing Order 25(20)(h) requires that the committee inquire into and report on any bodies which do not present annual reports to the Senate but should present such reports. The committee makes no recommendations for any bodies not presenting an annual report to do so.

11 *Acts Interpretation Act 1901*, ss. 34C(6).

12 *Journals of the Senate*, No. 67, 19 October 2017, p. 2135.

13 Senator Andrew Bartlett, *Senate Hansard*, 13 November 2017, pp. 8217–8220; Senator Janet Rice, *Senate Hansard*, 13 November 2017, pp. 8218–8219.

Apparently satisfactory

1.32 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.

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

Chapter 2

Review of selected reports

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;
- Great Barrier Reef Marine Park Authority;
- Department of Communications and the Arts;
- Australia Post; and
- National Gallery of Australia.

Environment and Energy portfolio

Department of the Environment and Energy

2.2 The Department of the Environment and Energy Annual Report 2016–17 was presented to the President of the Senate on 30 October 2017 and tabled in the Senate on 13 November 2017. This is the first annual report presented by the new Secretary, Mr Finn Pratt AO PSM.

2.3 The Secretary's message provides an overview of the department's activities and achievements for the 2016–17 reporting period. In the Secretary's message, Mr Pratt acknowledged the contribution of Dr Gordon de Brouwer PSM, who retired as Secretary in September 2017.¹⁴ Some of the other reported highlights included:

- working with state and territory governments to implement the National Energy Productivity Plan;
- delivering the *Australia State of the Environment 2016* report;
- supporting the *Independent Review into the future Security of the National Electricity Market* (Finkel Review); and
- the expansion of cultural capability programs under the department's Reconciliation Action Plan 2016–19.¹⁵

14 Department of the Environment and Energy, *Annual Report 2016–17*, p. 2.

15 Department of the Environment and Energy, *Annual Report 2016–17*, pp. 2–3.

Performance reporting

2.4 The department's annual performance statements are clearly presented and provide a comprehensive account of how the purposes and activities contained in the Corporate Plan align with the programs and outcomes in the Portfolio Budget Statements (PBS). Each of the department's performance criteria is presented with a succinct summary of the results against the targets, and is marked 'achieved', 'in progress', 'partially achieved', 'not achieved' or 'data/information is unavailable or incomplete'. The department has again included detailed analysis of its performance against each purpose contained in the Corporate Plan. This is particularly useful as it provided context for the department's results.

2.5 As required by paragraph 17AH(1)(e) of the PGPA Rule, the department reported three corrections to material errors in its annual report for 2015–16.¹⁶ These corrections do not appear to alter the department's results against its key performance indicators for the 2015–16 reporting period.

2.6 The annual report also includes reports on the operation of the following Acts:

- *Environment Protection and Biodiversity Conservation Act 1999*;
- *Environment Protection (Alligator Rivers Region) Act 1978*;
- *Fuel Quality Standards Act 2000*;
- *Greenhouse and Energy Minimum Standards Act 2012*;
- *Hazardous Waste (Regulation of Exports and Imports) Act 1989*;
- *Natural Heritage Trust of Australia Act 1997*;
- *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*;
- *Product Stewardship Act 2011*;
- *Product Stewardship (Oil) Act 2000*; and
- *Water Act 2007*.¹⁷

2.7 The committee notes that the department achieved a majority of its performance criteria in 2016–17 and considers its annual report to be 'apparently satisfactory'.

Financial reporting

2.8 The annual report provides a detailed summary of departmental and administered finances. The committee notes that the department recorded an operating deficit of \$45.21 million.¹⁸ The department noted that:

16 Department of the Environment and Energy, *Annual Report 2016–17*, p. 345.

17 Department of the Environment and Energy, *Annual Report 2016–17*, pp. 287–340.

18 Department of the Environment and Energy, *Annual Report 2016–17*, p. 12.

The total comprehensive loss (deficit net asset revaluation) was \$18.25 million. This is an approved operating loss and includes non-cash expenses such as depreciation, amortisation and provision for restoration obligations in the Australian Antarctic regions.¹⁹

Bureau of Meteorology

2.9 The Bureau of Meteorology (BOM) Annual Report 2016–17 was tabled in the House of Representatives on 24 October 2017 and tabled in the Senate on 13 November 2017.

2.10 The review by the Chief Executive Officer and Director of Meteorology, Dr Andrew Johnson, provided a concise overview of some of the BOM's activities and achievements in 2016–17, including:

- the provision of timely and accurate forecasts and guidance to mitigate the effects of severe weather events;
- the ongoing success of the BOM Weather app;
- the successful installation and operation of the BOM's new supercomputer 'Australis';
- new information and communications technology (ICT) arrangements to improve the security and resilience of the agency's systems; and
- the release of a new Reconciliation Action Plan (2016–2019).²⁰

2.11 Dr Johnson also highlighted some of the BOM's responses to significant weather events during the reporting period, including severe tropical cyclone *Debbie* and the unprecedented thunderstorm asthma event that resulted in nine deaths and affected thousands of people across the Melbourne area in November 2016.²¹

Performance reporting

2.12 The annual performance statements are clearly presented and provide a comprehensive assessment of how the BOM has progressed in meeting its outcome as measured by the key performance indicators (KPIs) and deliverables as outlined in the 2016–17 Corporate Plan. The flow of information gives the reader a broad understanding of the results achieved under each of its KPIs and is comparable to the PBS.

2.13 The BOM have provided additional supporting notes and discussion alongside its performance information. For example, the BOM have included a helpful summary of the steps taken by the organisation to mitigate cyber security threats to its ICT

19 Department of the Environment and Energy, *Annual Report 2016–17*, p. 12.

20 Bureau of Meteorology, *Annual Report 2016–17*, pp. 2–4.

21 Bureau of Meteorology, *Annual Report 2016–17*, pp. 2–3.

infrastructure. In particular, the agency's Supercomputer Hardening and Resilience Programme (SHARP) and the development of a 'whole-of-Bureau approach' to secure critical business functions through its Robust Program.²²

2.14 The annual report also includes useful trend information in relation to topics such as weather forecasts and warnings, as well as the use of the agency's website services. This information is presented in a variety of formats, including graphs and tables, and was useful for comparative purposes. The report also included an informative summary of national weather events that occurred during the reporting period.²³

2.15 The committee notes that while the BOM have included statistics in relation to the number of ongoing and non-ongoing Indigenous employees as required by paragraph 17AG(4)(b) of the PGPA Rule 2014, this information could not be located at the page reference given in the list of requirements.²⁴ The committee recommends that future annual reports include correct page references in the list of requirements to ensure that relevant performance information can be readily located.

2.16 The committee considers that the BOM has met its reporting obligations and considers its annual report to be 'apparently satisfactory'.

Financial reporting

2.17 The BOM recorded an operating deficit of \$72.227 million for the 2016–17 financial year.²⁵ The annual report states:

The Bureau expects to show operating deficits in the current and future periods as its depreciation and amortisation expenditure is shown in its operating statements, while its departmental capital budget for asset replacement is treated as an equity contribution and is shown in its balance sheet.²⁶

Great Barrier Reef Marine Park Authority

2.18 The Great Barrier Reef Marine Park Authority (GBRMPA) Annual Report 2016–17 was presented to the President of the Senate on 27 October 2017 and tabled in the Senate on 13 November 2017.

2.19 In the Chairman's review, Dr Russell Reichelt outlined some of the key activities that were undertaken by GBRMPA in 2016–17, including:

22 Bureau of Meteorology, *Annual Report 2016–17*, p. 61.

23 Bureau of Meteorology, *Annual Report 2016–17*, pp. x–xii.

24 Bureau of Meteorology, *Annual Report 2016–17*, p. 152.

25 Bureau of Meteorology, *Annual Report 2016–17*, p. 105.

26 Bureau of Meteorology, *Annual Report 2016–17*, p. 105.

- hosting the two day *Great Barrier Reef Summit—Managing for Resilience* in May 2017;
- the commencement of planning to remediate the damage caused to Douglas Shoal following the grounding of the Shen Neng 1;
- use of a second culling vessel as part of the crown-of-thorns starfish control program; and
- improving the permission system for the granting of permits to commercial operators using the Great Barrier Reef Marine Park.²⁷

2.20 In addition, Dr Reichelt detailed some of the challenges facing the Great Barrier Reef during the reporting period, including the impacts of coral bleaching and climate change. Dr Reichelt also noted that:

The cumulative impact of multiple disturbances affected most of the Great Barrier Reef Marine Park and redefined our operating environment. It has highlighted the urgent need to look at what measures — in addition to the suite of actions already underway — can be undertaken to further build the Reef's resilience in the face of pressures coming largely from outside the Marine Park.²⁸

Performance reporting

2.21 GBRMPA's annual performance statements provide an informative assessment of the agency's results against its performance outcomes, measures and targets for the three main program areas that support its four objectives as detailed in the 2016–17 Corporate Plan. The report provides a detailed summary of GBRMPA's activities conducted under each of the programs and includes relevant page references to assist the reader to locate more detailed information in both the PBS and Corporate Plan.

2.22 The committee is pleased to note, following comments in its *Annual reports (No. 2 of 2017)*, that GBRMPA's performance statement provides a 'clear read' between the results achieved against its planned performance criteria as set out in both its Corporate Plan and PBS for the 2016–17 reporting period. The committee welcomes the improved clarity in the reporting of this information.

2.23 The committee considers that GBRMPA has met its reporting obligations as a non-corporate Commonwealth entity under the PGPA Rule and its annual report is 'apparently satisfactory'.

27 Great Barrier Reef Marine Park Authority, *Annual Report 2016–17*, pp. 3–9.

28 Great Barrier Reef Marine Park Authority, *Annual Report 2016–17*, p. 3.

Financial reporting

2.24 The annual report states that GBRMPA recorded a surplus of \$2.6 million for the reporting period. This compares to the operating deficit of \$2.562 million that was recorded in 2015–16.²⁹ GBRMPA stated that the result was:

...due to grants received from Government where suppliers were not able to be contracted during 2016–17, higher than expected special appropriation and discounting of the Douglas Shoal provision in accordance with accounting standards.³⁰

Communications and the Arts portfolio

Department of Communications and the Arts

2.25 The Department of Communications and the Arts Annual Report 2016–17 was tabled in the House of Representatives on 19 October 2017 and tabled in the Senate on 13 November 2017.

2.26 The committee notes that this is the first annual report presented by the new Secretary, Mr Mike Mrdak AO, who replaced Dr Heather Smith PSM as Secretary on 18 September 2017. In the Secretary's review, Mr Mrdak acknowledged Dr Smith's previous leadership and contribution to the department.³¹

2.27 The Secretary's review also provided a summary of some the department's activities and achievements in 2016–17, including:

- the announcement of the Government's media, broadcasting and content reforms in May 2017;
- progress on reforms to modernise and simplify Australia's spectrum management framework;
- the passage of the Copyright Amendment (Disability Access and Other Measures) Bill 2017;
- the continued implementation of the Mobile Black Spot Program; and
- the return of sixteen Australian Indigenous ancestral remains from overseas collecting institutions.³²

Performance reporting

2.28 The department's performance statements are concise and well-presented and measure the department's performance against the five strategic priorities outlined in

29 Great Barrier Reef Marine Park Authority, *Annual Report 2015–16*, p. 12.

30 Great Barrier Reef Marine Park Authority, *Annual Report 2016–17*, pp. 15–16.

31 Department of Communications and the Arts, *Annual Report 2016–17*, p. 2.

32 Department of Communications and the Arts, *Annual Report 2016–17*, pp. 2–5.

the Corporate Plan. The department's performance outcomes are presented in a table format alongside the relevant performance criteria. The table is easy to read and includes references to the relevant page numbers, which assists the reader to easily access and compare the detailed performance information under each priority. The criteria, targets and results are also discussed for each priority.

2.29 The annual report also provides detailed analysis of the various programs and initiatives undertaken by the department as part of the portfolio. For example, the report provided more detailed information in relation to the department's Netflix classification pilot. This involved the department collaborating with Netflix to develop and monitor a new classification tool to streamline the process of classifying content on Netflix, as well as to make it easier for programmes to become available to Australian audiences. The annual report notes that Australia is the first in the world to test such a tool, and as of 30 June 2017, it had generated 1014 classification decisions.³³

2.30 The committee notes that the department achieved a majority of its priorities in 2016–17 and considers its annual report to be 'apparently satisfactory'.

Financial reporting

2.31 The committee notes that the department reported an operating deficit of \$0.3 million in 2016–17.³⁴

Australian Postal Corporation

2.32 The Australian Postal Corporation (Australia Post) Annual Report 2016–17 was tabled in House of Representatives on 19 October 2017 and tabled in the Senate on 13 November 2017.

2.33 In his message as retiring Managing Director & Group Chief Executive Officer (CEO), Mr Ahmed Fahour provided a summary of Australia Post's achievements in 2016–17. Some of the key highlights included:

- recording a before tax profit of \$126.1 million;
- investing in the Dubai-based logistics company Aramex and the creation of Aramex Global Solutions Joint Venture;
- completion of the new enterprise agreement covering around 30,000 Australia Post employees; and
- the continued growth of MyPost as an online platform.³⁵

33 Department of Communications and the Arts, *Annual Report 2016–17*, p. 37.

34 Department of Communications and the Arts, *Annual Report 2016–17*, p. 75.

35 Australia Post, *Annual Report 2016–17*, p. 9.

2.34 This is the first time that Australia Post has included its Remuneration Report as part of its annual report. The Remuneration Report discloses Australia Post's remuneration strategy, as well as the key components of remuneration and bonuses paid to its Managing Director and CEO, senior executives and Board members.³⁶ The committee welcomes the addition of this information and looks forward to its continued incorporation in future annual reports.

2.35 Mr John Stanhope AM, in the message from the Chairman, outlined two important changes to Australia Post's remuneration practices and policies following recent community discussion regarding executive remuneration at Australia Post. This included a request from the Australian Government for the Commonwealth Remuneration Tribunal to determine the appropriate level of pay for Australia Post's next Managing Director and Group CEO, and the decision of the Australia Post Board to no longer offer senior executives a Long Term Incentive (LTI) as part of their remuneration package.³⁷

2.36 Mr Stanhope further noted in relation to the Board's decision that:

The decision not to continue with an LTI scheme is an acknowledgment of the community's concern and expectation about future total executive remuneration.³⁸

Performance reporting

2.37 Australia Post has provided a succinct summary of its results against the community service and commercial objectives as set out under the *Australian Postal Corporation Act 1989*. The key performance indicators are presented in a clear table format and provide Australia Post's results achieved against the targets set for each indicator. The committee notes that in 2016–17, Australia Post met or exceeded all of its community service obligations.

2.38 The committee has previously commented on the level of performance information contained in Australia Post's annual reports. In particular, the committee noted the reduced performance information in the 2015–16 annual report on the Net Promoter Score (NPS) and the omission of information in relation to Australia Post's Retail Customer Experience Program (Retail CX).³⁹

2.39 The 2016–17 annual report provides more detailed information regarding the NPS and indicates a 1.4 point increase in its NPS in 2017 (the highest result in five years), although the annual report notes that this records the movement in the NPS rather than the actual NPS result for 2016–17. The annual report also explains that

36 Australia Post, *Annual Report 2016–17*, pp. 67–79.

37 Australia Post, *Annual Report 2016–17*, p. 67.

38 Australia Post, *Annual Report 2016–17*, p. 67.

39 See Senate Environment and Communications Legislation Committee, *Annual reports (No. 1 of 2017)*, pp.15–16.

Australia Post no longer reports Retail CX data and that 'retail customer feedback is now collected via the strategic NPS process'.⁴⁰ While it is pleasing that an improved result in the NPS has been recorded for 2016–17, the committee considers that the value of this information would have been enhanced if a baseline or scale for the NPS had been provided.

2.40 The committee is pleased to note that Australia Post has taken on board comments made in the committee's review of the 2015–2016 annual report and has included further information on customer complaints, customer experience and the MyPost platform. The annual report indicates that its Customer Contact Centre (CCC) dealt with 1.1 million complaints during 2016–17, representing an increase of 15.8 per cent on the previous reporting period.⁴¹ However, the committee notes that significantly more information regarding customer complaints, including a breakdown of complaints between the letter service and parcel service, was provided as part of the Budget Estimates 2017–18.⁴² This information was particularly useful in analysing Australia Post's performance and its inclusion in the annual report would have enhanced the discussion of Australia Post's efforts to improve customer services and its complaints processes.⁴³

2.41 In addition, the committee notes that more detailed information on how Australia Post is improving the way its customers can provide feedback was provided by Australia Post in response to written questions taken on notice as part of the committee's examination of Supplementary Budget Estimates.⁴⁴

Financial reporting

2.42 The annual report stated that in 2016–17 Australia Post recorded an after tax profit of \$95.4 million.⁴⁵ Australia Post stated that:

The profit was built on continued strong performance in our parcels business, boosted by 5.6 per cent domestic volume growth and a 41.2 per cent surge in international inbound volumes.⁴⁶

40 Australia Post, *Annual Report 2016–17*, p. 25.

41 Australia Post, *Annual Report 2016–17*, p. 23.

42 Budget Estimates 2017–18, Additional Information, Correspondence to the committee concerning evidence provided by Australia Post and response to questions on notice from Australia Post.

43 Australia Post, *Annual Report 2016–17*, p. 23.

44 Supplementary Budget Estimates 2017–18, Australia Post, Answer to question on notice No. 73.

45 Australia Post, *Annual Report 2016–17*, p. 12.

46 Australia Post, *Annual Report 2016–17*, p. 11.

National Gallery of Australia

2.43 The National Gallery of Australia (NGA) Annual Report 2016–17 was submitted and received by the minister on 27 September 2017, and tabled in the Senate on 17 October 2017.

2.44 The NGA is a corporate Commonwealth entity established by the *National Gallery Act 1975* as an Australian Government statutory authority. The function of the NGA is to develop and maintain a national collection of works of art. It exhibits, or makes available for exhibition by others, works of art from the national collection or works of art that are in its possession.⁴⁷

2.45 The NGA's principal outcome is to increase 'understanding, knowledge and enjoyment of the visual arts by providing access to, and information about, works of art locally, nationally and internationally'.⁴⁸ The achievement of this outcome is broadly measured under three performance criteria:

- develop and maintain an outstanding national collection;
- educate and inspire audiences through exceptional experiences; and
- provide sound corporate and strategic support.⁴⁹

2.46 The Director's report provided a detailed overview of the activities and achievements of the NGA in 2016–17, including:

- the finalisation of a strategic review of the NGA's structure and operations to identify efficiencies;
- presenting 14 exhibitions throughout the reporting period including *Versailles: Treasures from the Palace* and the third National Indigenous Art Triennial;
- continuing to review works in the Asian collection following the independent report by the Hon Susan Crennan AC QC into work undertaken by the Asian Art Provenance Project; and
- the lending of important works from the collection to international exhibitions at the Royal Academy and National Gallery in London in September 2016 and Berlin in November 2017.⁵⁰

47 *National Gallery Act 1975*, ss. 6(1).

48 Commonwealth of Australia, *Communications and the Arts Portfolio Budget Statements 2016–17*, p. 190.

49 National Gallery of Australia, *Annual Report 2016–17*, p. 8.

50 National Gallery of Australia, *Annual Report 2016–17*, pp. 14–23.

Performance reporting

2.47 The NGA has provided a comprehensive analysis of the results achieved against the performance targets detailed in its 2016–17 PBS. This includes a helpful table detailing whether targets were met or not met during the reporting period. This format assisted with the committee's review of the NGA's performance and allowed for easy comparison with the PBS and Corporate Plan. The committee notes that the NGA achieved nine of its 22 targets as outlined under its three performance criteria.

2.48 The annual report included a number of useful diagrams and charts, including a helpful breakdown of the number of art works that were loaned or included in exhibitions to state, territory and international institutions.⁵¹ The annual report also featured a number of informative case studies that complemented the NGA's discussion of its performance over the reporting period.

2.49 The NGA notes in the annual report that it conducted a strategic review of its structure and operations during 2016–17. The purpose of the review was to identify ongoing efficiencies and assist the NGA to meet its fiscal obligations. The annual report states that:

As a result of extensive consultation across the organisation, key work areas were restructured to maximise the efficiency of NGA operations, realise savings and improve business processes and commercial opportunities. As a result of the review, the staff establishment was reduced by 26.5 positions, achieving required savings of \$2.2 million.⁵²

2.50 The committee considers that the NGA has met its reporting obligations as a corporate Commonwealth entity under the PGPA Rule and its annual report is 'apparently satisfactory'.

Financial reporting

2.51 The NGA reported a consolidated deficit on continuing operations of \$18.657 million for the year ending 30 June 2017.⁵³

Senator Jonathon Duniam Chair

51 National Gallery of Australia, *Annual Report 2016–17*, p. 25.

52 National Gallery of Australia, *Annual Report 2016–17*, p. 68.

53 National Gallery of Australia, *Annual Report 2016–17*, p. 119.

Appendix 1

Dates relating to the presentation of annual reports between 1 May 2017 and 31 October 2017

Communications and the Arts Portfolio				
Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Australia Business Arts Foundation Limited (Creative Partnerships Australia)—Annual Report 2016–17	4/10/2017	4/10/2017	4/12/2017	13/11/2017* (presented out of session 31/10/2017)
Australia Council for the Arts—Annual Report 2016–17	12/09/2017	12/09/2017	23/10/2017	13/11/2017
Australian Broadcasting Corporation—Annual Reports 2016–17	18/10/2017	18/10/2017	26/10/2017	13/11/2017
Australian Postal Corporation—Annual Report 2016–17	6/10/2017	6/10/2017	19/10/2017	13/11/2017
Australian Communications and Media Authority and the Office of the eSafety Commissioner—Annual Reports 2016–17	21/09/2017	21/09/2017	17/10/2017	17/10/2017
Australian Film, Television and Radio School—Annual Report 2016–17	5/10/2017	5/10/2017	26/10/2017	13/11/2017
Australian National Maritime Museum—Annual Report 2016–17	13/10/2017	13/10/2017	4/12/2017	13/11/2017* (presented out of session 31/10/2017)

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Bundanon Trust—Annual Report 2016–17	4/10/2017	4/10/2017	23/10/2017	13/11/2017
Classification Board and Classification Review Board—Annual Reports 2016–17	18/09/2017	18/09/2017	16/10/2017	16/10/2017
Copyright Agency Limited—Report for 2015–16	22/03/2017	22/03/2017	31/05/2017	13/06/2017
Department of Communications and the Arts—Annual Report 2016–17	26/09/2017	26/10/2017	19/10/2017	13/11/2017
National Film and Sound Archive—Annual Report 2016–17	5/10/2017	5/10/2017	24/10/2017	13/11/2017
National Gallery of Australia—Annual Report 2016–17	27/09/2017	27/09/2017	17/10/2017	17/10/2017
National Library of Australia—Annual Report 2016–17	28/09/2017	28/09/2017	4/12/2017	13/11/2017* (presented out of session 27/10/2017)
National Museum of Australia—Annual Report 2016–17	28/09/2017	28/09/2017	25/10/2017	13/11/2017
National Portrait Gallery of Australia—Annual Report 2016–17	4/10/2017	4/10/2017	23/10/2017	13/11/2017
NBN Co Limited—Annual Report 2016–17	4/09/2017	4/09/2017	16/10/2017	16/10/2017* (presented out of session 22/09/2017)
Old Parliament House—Annual Report 2016–17	5/10/2017	5/10/2017	24/10/2017	13/11/2017

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Public Lending Right Committee—Annual Report 2016–17	12/09/2017	12/09/2017	26/10/2017	13/11/2017
Screen Australia—Annual Report 2016–17	4/10/2017	4/10/2017	4/12/2017	13/11/2017* (presented out of session 27/10/2017)
Special Broadcasting Service Corporation—Annual Report 2016–17	18/10/2017	18/10/2017	26/10/2017	13/11/2017
Environment and Energy Portfolio				
Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Australian Renewable Energy Agency—Annual Report 2016–17	19/09/2017	29/09/2017	26/10/2017	13/11/2017
Bureau of Meteorology—Annual Report 2016–17	3/10/2017	10/10/2017	24/10/2017	13/11/2017
Clean Energy Finance Corporation—Annual Report 2016–17	19/10/2017	20/10/2017	4/12/2017	13/11/2017* (presented out of session 31/10/2017)
Clean Energy Regulator—Annual Report 2016–17	27/09/2017	3/10/2017	25/10/2017	13/11/2017
Climate Change Authority—Annual Report 2016–17	13/10/2017	13/10/2017	4/12/2017	13/11/2017* (presented out of session 30/10/2017)

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Department of the Environment and Energy—Annual Report 2016–17	10/10/2017	10/10/2017	4/12/2017	13/11/2017* (presented out of session 30/10/2017)
Great Barrier Reef Marine Park Authority—Report for 2016-17	21/09/2017	3/10/2017	4/12/2017	13/11/2017* (presented out of session 27/10/2017)
National Environment Protection Council (NEPC)—Report for 2015-16	28/07/2017	10/08/2017	15/08/2017	15/08/2017
Sydney Harbour Federation Trust—Report for 2016-17	5/10/2017	5/10/2017	4/12/2017	13/11/2017* presented out of session 30/10/2017)

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

Appendix 2

Dates relating to the presentation of reports on the operation of acts and programs between 1 May 2017 and 31 October 2017

Communications and the Arts Portfolio				
Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Australian Communications and Media Authority—Review of the captioning obligations in the <i>Broadcasting Services Act 1992</i> —Report, dated April 2017	28/04/2017	28/04/2017	20/06/2017	19/06/2017
Australian National Maritime Museum—Corporate Plan 2017–21	9/08/2017	9/08/2017	16/10/2017	16/10/2017* (presented out of session 27/09/2017)
Australian Postal Corporation (Australia Post)—Diversity and inclusion—Report for 2016–17	6/10/2017	6/10/2017	19/10/2017	13/11/2017
Environment and Energy Portfolio				
Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
AEMC and Climate Change Authority—Towards the next generation: delivering affordable, secure and lower emissions power—Report, dated June 2017	1/06/2017	1/06/2017	19/06/2017	19/06/2017

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the House of Representatives	Tabled in the Senate
Clean Energy Regulator – Renewable Energy Target – Tracking Towards 2020: Encouraging renewable energy in Australia - 2016	9/03/2017	9/03/2017	9/05/2017	9/05/2017* (presented out of session 3/05/2017)
Climate Change Authority's special review: emissions reduction targets, emissions trading and post-Paris action— Australian Government Response, dated May 2017	22/05/2017	22/05/2017	8/08/2017	8/08/2017* (presented out of session 29/06/2017)
<i>Environment Protection and Biodiversity Conservation Amendment Act 2013—Independent Review of the Water Trigger Legislation— Report by Mr Stephen Hunter, dated April 2017.</i>	26/04/2017	26/04/2017	19/06/2017	19/06/2017
Independent Scientific Committee on Wind Turbines— Report for 2016	7/06/2017	7/06/2017	8/08/2017	8/08/2017
Snowy Hydro Limited—Report for 2016-17	26/10/2017	27/10/2017	4/12/2017	13/11/2017* (presented out of session 31/10/2017)

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