

The Senate

---

Finance and Public Administration  
Legislation Committee

---

Annual reports (No. 2 of 2014)

August 2014

© Commonwealth of Australia 2014  
ISBN 978-1-76010-059-9

Senate Finance and Public Administration Committee Secretariat:  
Ms Lyn Beverley (Secretary)  
Ms Margaret Cahill (Research Officer)  
Ms Sarah Brassler (Administrative Officer)

The Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Ph: 02 6277 3530  
Fax: 02 6277 5809  
E-mail: [fpa.sen@aph.gov.au](mailto:fpa.sen@aph.gov.au)  
Internet: [www.aph.gov.au/senate\\_fpa](http://www.aph.gov.au/senate_fpa)

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/>.

Printed by the Senate Printing Unit, Parliament House, Canberra.

# Membership of the Committee

## Members

Senator Cory Bernardi (Chair)	LP, SA
Senator the Hon Kate Lundy (Deputy Chair)	ALP, ACT
Senator the Hon John Faulkner	ALP, NSW
Senator Bridget McKenzie	NAT, VIC
Senator Janet Rice	AG, VIC
Senator Dean Smith	LP, WA



# Table of contents

<b>Membership of the Committee .....</b>	<b>iii</b>
<b>Chapter 1.....</b>	<b>1</b>
Introduction .....	1
Terms of reference.....	1
Allocated portfolios and changes to portfolios.....	2
Role of annual reports .....	2
Reports examined .....	3
Reports not examined .....	3
Method of assessment.....	4
Non-reporting bodies .....	5
Timeliness.....	5
Senate debate .....	7
Assessment of reports.....	7
<b>Chapter 2.....</b>	<b>9</b>
<b>Review of selected annual reports.....</b>	<b>9</b>
Parliamentary Budget Office .....	9
Torres Strait Regional Authority .....	10
Indigenous Land Corporation.....	13
Commonwealth Superannuation Corporation .....	15
Aboriginal Hostels Limited .....	17
ASC Pty Ltd .....	17
<b>Appendix 1 .....</b>	<b>19</b>
<b>Dates relating to the presentation of reports between</b>	
<b>1 November 2013 to 30 April 2014.....</b>	<b>19</b>



# Chapter 1

## Introduction

1.1 The Senate Finance and Public Administration Legislation Committee (the committee) is responsible for examining the annual reports of the parliamentary departments,<sup>1</sup> and the departments and agencies of the Prime Minister and Cabinet Portfolio and the Finance Portfolio.

1.2 This is the second report on annual reports for 2014 and provides an overview of selected annual reports presented to the Parliament between 1 November 2013 and 30 April 2014. Copies of this and other committee reports can be obtained from the Senate Table Office, the committee secretariat or [online](#) at the committee's web page.

## Terms of reference

1.3 Under Senate Standing Order 25(20) the annual reports of certain departments and agencies stand referred to committees for examination and assessment. Each committee is required to:

- (a) examine each annual report referred to it and report to the Senate whether the report is apparently satisfactory;
- (b) consider in more detail, and report to the Senate on each annual report which is not apparently satisfactory, and on the other annual reports which it selects for more detailed consideration;
- (c) investigate and report to the Senate on any lateness in the presentation of annual reports;
- (d) in considering an annual report take into account any relevant remarks about the report made in debate in the Senate;
- (e) if the committee so determines, consider annual reports of departments and budget-related agencies in conjunction with examination of estimates;
- (f) report on annual reports tabled by 31 October each year by the tenth sitting day of the following year, and on annual reports tabled by 30 April each year by the tenth sitting day after 30 June of that year;
- (g) draw to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports; and
- (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.

---

1 As a matter of comity between the Houses of Parliament, neither House inquires into the operations of the other House. For this reason, neither the annual report of, nor the proposed expenditure for, the Department of the House of Representatives is referred to a Senate committee for review.

## Allocated portfolios and changes to portfolios

1.4 The Senate allocated departments and agencies to committees on 13 November 2013.<sup>2</sup> In accordance with that resolution, the committee has responsibility for the oversight of the following:

- Parliament;
- Prime Minister and Cabinet Portfolio (PM&C Portfolio); and
- Finance Portfolio.

1.5 As noted by the committee in its first report for 2014, there were a number changes to the committee's allocated portfolios following amendments to the Administrative Arrangements Order (AAO) of 18 September and 3 October 2013, following the federal election.<sup>3</sup> The PM&C Portfolio gained responsibility for most Indigenous policies, programs and service delivery. Indigenous primary healthcare largely remains with the Department of Health and Native Title policy remains with the Attorney-General's Portfolio. The National Mental Health Commission transferred from the PM&C Portfolio to the Health Portfolio. The deregulation function of the Department of Finance was transferred to the Department of the Prime Minister and Cabinet.

1.6 Further amendments to the AAO were issued on 12 December 2013, where responsibility for the administration of the *Australian Institute of Aboriginal and Torres Strait Islander Studies Act 1989* was moved from the Prime Minister to the Minister for Education. As the institute was under the oversight of this committee when its annual report was presented to the Parliament and referred for examination, the committee has examined its report on this occasion. However, future reports of the institute will be examined by the Senate Education and Employment Legislation Committee which now has oversight of this agency.

1.7 The committee notes that the reports for the 2012–13 financial year relate to the period prior to the AAO changes noted above.

## Role of annual reports

1.8 Annual reports place a great deal of information about government departments and agencies on the public record in relation to the performance, activities, management and financial position of the reporting body. The *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* (PM&C Requirements), note that '[t]he primary purpose of annual reports of departments is accountability, particularly to the Parliament.'<sup>4</sup> Annual reports assist the Parliament in the effective examination of the performance of departments and agencies, and the administration of government programs.

---

2 *Journals of the Senate, No. 1*, 13 November 2013, pp 88-89.

3 Available from: [www.dpmc.gov.au/parliamentary/index.cfm](http://www.dpmc.gov.au/parliamentary/index.cfm) (accessed 14 February 2014)

4 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, 24 June 2013, p. 3.



## Reports examined

1.9 During the period of 1 November 2013 to 30 April 2014, 16 annual reports of bodies or statutory office holders were presented to the Parliament and referred to the committee. The reports examined are categorised as follows:

### *Parliamentary departments*

- Parliamentary Budget Office – Report for 2012–13

### *Commonwealth Authorities and Companies Act 1997 bodies*

#### Authorities

- Albury-Wodonga Development Corporation – Report for 2012–13
- Australian Institute of Aboriginal and Torres Strait Islander Studies – Report for 2012–13
- Torres Strait Regional Authority – Report 2012–13
- Anindilyakwa Land Council – Report for 2012–13
- Indigenous Business Australia – Report for 2012–13
- Indigenous Land Corporation – Report for 2012–13
- Central Land Council – Report for 2012–13
- Tiwi Land Council – Annual Report 2012–13
- Wreck Bay Aboriginal Community Council – Annual Report for 2012–13
- Commonwealth Superannuation Corporation – Report for 2012–13

#### Companies

- ASC Pty Ltd – Report for 2013
- Outback Stores Pty Ltd – Report for 2012–13
- Aboriginal Hostels Limited – Report for 2012–13

### *Statutory office holders*

- Aboriginal Land Commissioner – Report for 2012–13
- Executive Director of Township Leasing – Report for 2012–13

## Reports not examined

1.10 The committee is not obliged to examine reports on the operation of Acts, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. The following documents were also referred to the committee but not examined in this report:

- Australian Public Service Commission – State of the Service Report for 2012–13
- Indigenous Australians – Closing the Gap – Ministerial statement by the Prime Minister dated 12 February 2014, Prime Minister's report 2014 – Closing the Gap

- Indigenous Business Australia – Corporate Plan 2014 - 2016
- ASC Pty Ltd Statement of Corporate Intent 2013–2016
- Department of Finance – Consolidated financial statements for the year ended 30 June 2013
- Department of Finance – Certificate of compliance – Report for 2012–13
- Tax Expenditures Statement 2013
- Mid-Year Economic and Fiscal Outlook – 2013–14
- Advances provided under the annual Appropriation Acts – Report for 2012–13
- Campaign Advertising by Australian Government Departments - Full report 2012–13
- *Members of Parliament (Staff) Act 1984* – Annual Report 2012–13
- Final Budget Outcome 2012–13 Report by the Treasurer and the Minister for Finance
- Royal Commission into Institutional Responses to Child Sexual Abuse – Report of Case Study No. 1 – The response of institutions to the conduct of Steven Larkins, March 2014

### **Method of assessment**

1.11 Senate Standing Order 25(20) requires that the committee examine reports referred to it to determine whether they are timely and 'apparently satisfactory'. The committee must consider whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports in forming its assessment.

1.12 The requirements are set down in the following instruments:

- for portfolio departments and agencies, and the parliamentary departments: the *Public Service Act 1999*, sections 63(2) and 70(2), and the *Parliamentary Service Act 1999*, section 65; or other relevant enabling legislation for statutory bodies which are also prescribed agencies under the *Financial Management and Accountability Act 1997* (FMA Act); and the PM&C Requirements;
- for Commonwealth authorities and companies: the *Commonwealth Authorities and Companies Act 1997* (CAC Act), in particular, sections 9, 36 and 48; and the *Commonwealth Authorities (Annual Reporting) Orders 2011* and the *Commonwealth Companies (Annual Reporting) Orders 2011*; 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, *Senate Hansard*, 8 December 1987, pp 2632-45.

1.13 The PM&C Requirements are reviewed annually and, if required, are updated to take into account any changes to reporting requirements in legislation, arising from

new policy, or recommendations in Parliamentary, Australian National Audit Office (ANAO) or other reports. The PM&C Requirements were amended on 29 May 2014 and will apply to the annual reports for the 2013–14 financial year. The reports examined in this report are for the 2012–13 financial year and, if required, were prepared in accordance with the PM&C Requirements of 24 June 2013.

1.14 The committee notes the commencement of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) on 1 July 2014, which replaced the FMA Act and CAC Act. The next update to the PM&C Requirements will cover reports prepared for the 2014–15 financial year, where significant revisions are expected to accommodate changes under the PGPA Act.<sup>5</sup>

### ***Changes to PM&C Requirements for 2012–13 reports***

1.15 As noted in the committee's first report of 2014, the most significant amendment noted in the current version of the PM&C Requirements, dated 24 June 2013, relates to the new requirement for selected agencies to report on expenditure in relation to the Spatial Reporting Framework.<sup>6</sup> It was noted that the two portfolio departments under the committee's oversight were not required to include spatial reporting in the annual reports for the 2012–13 financial year.<sup>7</sup>

### **Non-reporting bodies**

1.16 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.

1.17 On this occasion, the committee makes no recommendation for any organisations not presenting an annual report to do so.

### **Timeliness**

1.18 Annual reports for departments and executive agencies and FMA Act bodies are required to be tabled in Parliament by 31 October each year unless another date is specified in an agency's legislation, charter and/or terms of reference. The PM&C Requirements state that 'it remains the Government's policy that all annual reports should be tabled by 31 October' and further notes that it is best practice for annual reports to be tabled prior to the Supplementary Budget Estimates hearings.<sup>8</sup> The committee considers the timely presentation of annual reports to be an important element in accountability and continues to encourage bodies to follow this policy.

---

5 PM&C Requirements, 29 May 2014, p. i.

6 PM&C Requirements, p. i. Spatial reporting is described as reporting actual expenditure, broken down by program between regional and non-regional Australia, for expenditure that is a grant or transfer, or expenditure that is not a grant or transfer payment but is relevant to what the Government is doing in regional Australia, see PM&C Requirements 24 June 2013, p. 27.

7 It is noted that the requirement for Spatial Reporting has been removed from the latest version of the PM&C Requirements, see PM&C Requirements, 29 May 2014, p. i.

8 PM&C Requirements 24 June 2013, p. 2.

1.19 Commonwealth authorities reporting under the CAC Act are required to provide an annual report to the responsible minister by the fifteenth day of the fourth month after the end of the financial year. For the standard financial year, this is 15 October. In accordance with section 34C(3) of the *Acts Interpretation Act 1901*, the Minister is required to present the report to the Parliament within 15 sitting days of that House after the day on which the report was received.

1.20 Commonwealth companies are required under section 36 of the CAC Act to provide a report to the Minister four months after the end of the financial year, which is usually 31 October.<sup>9</sup> The Minister is required to table the report in the Parliament as soon as practicable after receiving it, or in the case of a company required to hold an annual general meeting, as soon as practicable after the meeting.<sup>10</sup>

1.21 Appendix 1 lists the annual reports tabled (or presented) in Parliament between 1 November 2013 and 30 April 2014, and referred to the committee, with relevant tabling dates. Most reports referred to the committee during this period were presented to the Parliament within the relevant legislative timeframe for annual reporting.

1.22 The first annual report of the Parliamentary Budget Office was presented one day late on 1 November 2013.

1.23 The Central Land Council was late by two days in submitting its report to the Minister on 17 October 2014. However, the Minister tabled the report within 15 sitting days of receipt.

1.24 Both the Tiwi Land Council and the Wreck Bay Aboriginal Community Council sought, and were granted, extensions from the Minister for Indigenous Affairs for the provision of their 2012–13 annual reports. On 16 October 2013, the Tiwi Land Council wrote to the Minister seeking an extension until 15 January 2014 due to procedural and format delays of ANAO contractors completing financial notes. The Wreck Bay Aboriginal Community Council wrote to the Minister on 18 October 2013 and advised of a delay due to the Council not having received the formal final financial report from the ANAO and sought an extension until 31 January 2014.<sup>11</sup>

---

9 If a company is required by the *Corporations Act 2001* to hold an annual general meeting, the company must give the report to the Minister on whichever is the earlier date of the following:

- 21 days before the next annual general meeting after the end of the financial year; or
- four months after the end of the financial year. (see subsection 36(1A) of the CAC Act)

10 CAC Act, Section 36(4).

11 The referred correspondence notifying a delay in the presentation of the annual reports, together with the Minister's responses, were tabled in the Senate on 2 December 2013, in accordance with Section 34C of the *Acts Interpretation Act 1901*.

---

Both reports were subsequently provided to the Minister on or before the extended date, and tabled by the Minister within 15 sittings days of receipt.<sup>12</sup>

1.25 While most of the reports of CAC Act bodies examined met the relevant legislative tabling timeframe, the committee encourages the presentation of all reports to the Parliament before the Supplementary Budget Estimates hearings to assist in its examination of agencies at this time.

### **Senate debate**

1.26 In accordance with Standing Order 25(20)(d) the committee is required to take into account any relevant remarks about the reports made in debate in the Senate. The committee notes that none of the annual reports examined in this report have been the subject of comments or debate in the Senate.<sup>13</sup>

### **Assessment of reports**

1.27 Under Standing Order 25(20)(a), the committee is required to examine the annual reports of departments and agencies and report to the Senate on whether they are 'apparently satisfactory'. In its examination of the annual reports referred, the committee found them to be of a satisfactory standard and adhere to relevant guidelines. The committee considers the reports examined to be 'apparently satisfactory'.

---

12 The Northern Land Council also wrote to the Minister notifying a delay in the provision of its reports on 24 October 2013, 17 January 2014 and 11 March 2014 and was granted an extension to provide its report on each occasion. Its report was subsequently tabled on 17 June 2014 and will be examined in the committee's next report on annual reports.

13 Former Senator Boyce referred to the Torres Strait Regional Authority annual report for 2012–13 in a speech in the Senate on 14 May 2014 but did not make specific comment on the report, *Senate Hansard*, 14 May 2014, p. 2666.



## Chapter 2

### Review of selected annual reports

2.1 The committee has selected the annual reports of the following bodies for closer examination:

- Parliamentary Budget Office
- Torres Strait Regional Authority
- Indigenous Land Corporation
- Commonwealth Superannuation Corporation
- Aboriginal Hostels Limited
- ASC Pty Ltd

#### Parliamentary Budget Office

2.2 The 2012–13 annual report is the Parliamentary Budget Office's (PBO) first after commencing operations on 23 July 2012. The PBO is established under the *Parliamentary Services Act 1999* to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.<sup>1</sup> The Parliamentary Budget Officer's review of the year is succinct and provides an overview of the establishment of the office and work program for the first year of operation.<sup>2</sup>

#### *Performance information*

2.3 The Portfolio Budget Statements (PBS) 2012–13 for the PBO advised that performance information, including objectives, deliverables and key performance indicators (KPIs), to support the office's outcome were yet to be developed. This information was expected to be included the PBO's first work plan.<sup>3</sup> The 2012–13 work plan was released on 12 October 2012 included the following advice:

The PBO's performance will be judged by the quality, timeliness and relevance of its outputs as assessed by feedback from key Parliamentary stakeholders. The ongoing demand for the PBO's services will also be an important indicator of the PBO's ability to add value to the work of Senators and Members and the policy development process.<sup>4</sup>

2.4 The committee hopes to see, where possible, the development of quantitative KPIs that enable measurement when assessing the achievement of

---

1 *Parliamentary Budget Office Annual Report 2012–13*, p. 6.

2 *Parliamentary Budget Office Annual Report 2012–13*, pp 3-4.

3 *Parliamentary Budget Office, Portfolio Budget Statements 2012–13*, p. 9.

4 *Parliamentary Budget Office Work Plan 2012-13*, p. 7.

programs, and the inclusion of targets where appropriate.<sup>5</sup> The committee notes the ANAO advice on the importance of using quantitative KPIs, including the use of targets as a basis for assessing entity performance:

Targets express quantifiable performance levels or changes of level to be attained at a future date and, as such, allow entity managers and external stakeholders including the Parliament to determine the progress being made in meeting pre-determined program objectives.<sup>6</sup>

2.5 This section of the report did include useful statistics on response times for costing requests from parliamentarians and responses from Commonwealth bodies to requests from the PBO.<sup>7</sup>

2.6 It was reported that feedback from parliamentary stakeholders indicated satisfaction with the quality and relevance of outputs, particularly costings of proposals and support for policy development. However, it was also noted that key stakeholders expressed concern about some of the delays the PBO experienced in obtaining information from government bodies.<sup>8</sup>

#### *Compliance with the PM&C Requirements*

2.7 The report generally complies with the PM&C Requirements and includes the mandatory compliance index. It was noted that a number of items in the index were referenced as 'not applicable' which were clearly the case, for example 'spatial reporting'. However, others could not so readily be seen as 'not applicable' to the PBO, for example, items relating to 'policy and practices on the establishment and maintenance of appropriate ethical standards' and 'training and development undertaken and its impact' are both listed as 'not applicable'.<sup>9</sup> Agencies are reminded to make the distinction between a reference on the index of 'not applicable' and a 'nil' return for various items where appropriate.

### **Torres Strait Regional Authority**

2.8 The Chairperson's and Chief Executive Officer's messages provided a useful overview of activities and achievements of the Torres Strait Regional Authority (TSRA) during 2012–13. Of particular note was the move to independent elections of the 20 member board in 2012, the first time since the organisation's establishment in 1994. This was possible following amendments

---

5 The committee notes the subsequent PBSs for the PBO for the financial years 2013-14 and 2014-15 do not include KPIs with targets.

6 Australian National Audit Office, *Development and implementation of key performance indicators to support the outcomes and programs framework*, Performance Audit Report No. 5 2011-12, p. 21.

7 *Parliamentary Budget Office Annual Report 2012–13*, pp 20-23.

8 *Parliamentary Budget Office Annual Report 2012–13*, p. 24.

9 *Parliamentary Budget Office Annual Report 2012–13*, p. 74.



---

to the *Aboriginal and Torres Strait Islander Act 2005* (ASTI Act) where 20 electoral wards were established for the region.<sup>10</sup>

2.9 Also highlighted was the expansion of the scope of activities under the ranger program. It was reported that the program has grown from 33 to 38 land and sea rangers and that funding has been secured for the next five years.<sup>11</sup>

#### *Performance information*

2.10 The performance information provided in the annual report is comprehensive and generally corresponds to the information presented in the PBS for 2012–13. It was noted that two additional KPIs which were not listed in the PBS, were reported on in the annual report.<sup>12</sup>

2.11 While the KPIs listed in the PBS were quantitative in nature there are no targets included in the PBS. The annual report does, however, include a target in the presentation of the performance result for some KPIs. For example, the KPI of 'Number of CDEP participants who have moved into non-CDEP employment' does not have a target in the PBS. However, the annual report included a target of 50 people per annum for this KPI, with a result of 45 people for 2012–13.<sup>13</sup> While the committee commends the TSRA for presenting some results against a target in the annual report, the inclusion of a target measure in the PBS (as well as the result in the subsequent annual report) is a more robust and preferred approach. This would limit the opportunity for an agency to amend a target at the time of presenting the performance results in the annual report.

2.12 The performance section of the report also included comprehensive performance reporting against the objectives set out in the Torres Strait Development Plan 2009–2013<sup>14</sup> interspersed with the PBS KPI results, in addition to seven case studies for each of the TSRA's seven programs. This approach did not easily facilitate a 'clear read' between the KPIs in the PBS and the results in the annual report and the committee endorses the ANAO view in its recent performance audit of the TSRA service delivery, that:

Improvements could be made in the presentation of information in the TSRA's annual report so the PBS KPIs are grouped together

---

10 *Torres Strait Regional Authority Annual Report 2012–13*, pp 2 and 6.

11 *Torres Strait Regional Authority Annual Report 2012–13*, p. 6.

12 *Torres Strait Regional Authority Annual Report 2012–13*, p. 84.

13 *Torres Strait Regional Authority Annual Report 2012–13*, p. 29.

14 The Plan was developed under section 142D of the ATSI Act and outlines seven TSRA programs, listing desired outcomes and benefits to be delivered, see *Torres Strait Regional Authority Annual Report 2012–13*, p. 12.

within the report and in the same order as they are presented in the PBS.<sup>15</sup>

*Compliance with Commonwealth Authorities (Annual Reporting) Orders 2011*

2.13 The report closely adheres to the requirements of the *Commonwealth Authorities (Annual Reporting) Orders 2011* (Authorities Reporting Orders). It included a comprehensive index of the agency's compliance with various legislative reporting requirements, including its enabling legislation, the ATSI Act, the CAC Act, the *Environment Protection and Biodiversity Conservation Act 1999*, the *Work Health and Safety Act 2011* and the *Freedom of Information Act 1982*.<sup>16</sup> Additionally, the report includes an index to sections in the report where information on the reporting requirements of a Native Title Representative Body<sup>17</sup> can be found.<sup>18</sup>

2.14 Clause 9 of the Authorities Reporting Orders requires annual reports to be presented in plain English and with a clear design. The committee notes the small font for some of the notes to the financial statements<sup>19</sup> where the reader may have difficulty reading the document, and hopes this will be addressed in future reports.

2.15 Clause 15 of the Authorities Reporting Orders requires disclosure of decision making processes under the agency's board in relation to director-related entity transactions. The report includes, at notes to the financial statements 12A and 12B, a comprehensive list of both loans to directors and director-related entities, and grants made to director-related entities.<sup>20</sup> The TSRA is commended for its transparency with regard to related entity disclosures.<sup>21</sup> The committee notes the extensive number of disclosures for both loans and grants compared to other Commonwealth authorities whose reports were also examined.

---

15 Australian National Audit Office, *Torres Strait Regional Authority – Service Delivery, Performance Audit Report No. 10 2013-14*, p. 70.

16 *Torres Strait Regional Authority Annual Report 2012–13*, pp 200-207

17 Native Title Representative Bodies (NTRB) are organisations appointed under the *Native Title Act 1993* to assist Indigenous people with all aspects of their native title claims. NTRBs are appointed by the Department of the Prime Minister and Cabinet to cover a region in Australia.

18 *Torres Strait Regional Authority Annual Report 2012–13*, pp 208-210

19 See for examples, *Torres Strait Regional Authority Annual Report 2012–13*, pp 150-157, 162-163 and 172.

20 *Torres Strait Regional Authority Annual Report 2012–13*, pp 172-173.

21 See section 142F of the ATSI Act which provides the TSRA with powers to make grants and loans.

---

## Indigenous Land Corporation

### *Letter of transmittal*

2.16 The committee notes an error in the letter of transmittal to the Minister relating to the presentation of the annual report of the Indigenous Land Corporation (ILC) to the Parliament. The letter states:

Section 9(3) of the *Commonwealth Authorities and Companies Act 1997* requires that you table the report in each House of the Parliament as soon as practicable.<sup>22</sup>

2.17 Section 9(3) of the CAC Act was repealed in 2008. Sections 9(1) and 9(2) of the CAC Act deal with the preparation of the annual report and its provision to the Minister. Section 9(1) notes that 'section 34C (other than subsection 34C(2)) of the *Acts Interpretation Act 1901* applies to annual reports prepared under this section.' This requires the Minister to present the report to the Parliament within 15 sittings days of that House after the day on which the report is received (as outlined in chapter 1 of this report).

### *Chairperson's report*

2.18 The Chairperson's report notes a number of achievements throughout the year. These included a national consultation process on the National Indigenous Land Strategy, the development of an ILC Native Title Policy, the acquisition of Gowan Brae wilderness area in Tasmania, and the Fish River Fire Project in the Northern Territory.<sup>23</sup>

2.19 Also noted in the Chairperson's report was the write down of \$62.25m in the value of Ayers Rock Resort (ARR) as at 30 June 2013. The ARR was purchased in 2010 and is owned and managed by Voyages Indigenous Tourism Australia Pty Ltd, a wholly owned subsidiary of the ILC. The Chairperson noted in the annual report:

The 2012-13 financial year also presented significant challenges for the ILC's portfolio of tourism businesses. The tourism sector continued to face difficulties posed by the ongoing reduction in overseas visitor numbers because of the Global Financial Crisis, the high Australian dollar and reductions in the frequency of commercial flights to key destinations such as Ayers Rock Resort.

This combination of global and domestic factors led to the Voyages Directors determining that the fair value of ARR assets at 30 June 2013 are \$250m, resulting in a writedown of \$62.25m in the resort's value (See further note on page 26). In response, during 2012–13 the

---

22 *Indigenous Land Corporation Annual Report 2012–13*, p. i.

23 *Indigenous Land Corporation Annual Report 2012–13*, pp 4-8.

ILC Board instigated a comprehensive review of the ARR acquisition and potential strategies going forward.<sup>24</sup>

2.20 The purchase of the ARR has been examined at recent estimates hearings of this committee. Evidence received on this issue indicates that there were concerns about the governance processes around the decision to purchase the asset.<sup>25</sup>

2.21 The annual report does note that a comprehensive review of the ARR acquisition was to be undertaken. The McGrathNicol report was an independent end-to-end review of the ARR purchase and was publicly released in December 2013. While the timing of its release precluded the McGrathNicol report from being available to inform the ILC's 2012–13 annual report, the committee commends the ILC for including information on this challenge and would expect to see a more detailed explanation and discussion around this issue in next year's report. The committee reminds agencies that annual reports should not only highlight achievements for the year, but also provide a balanced account of any challenges facing an organisation and the strategies being implemented to address these.

#### *Performance reporting*

2.22 Performance results against KPIs and deliverables are presented in tabular form and include the 2012–13 target to assist in assessing performance. The report notes the removal of a KPI as set out in the 2012–13 PBS and cites a change in a priority outcome as the reason.<sup>26</sup>

2.23 This section of the report dealing with performance against deliverables includes 39 case studies, some of which run to multiple pages.<sup>27</sup> While the inclusion of these items can be informative and provide practical examples of activities that are undertaken by agencies, they may detract from the clear presentation of performance information and should be used in moderation to keep reports concise and focussed on the agency's performance and achievement of outcomes. The committee has previously cautioned agencies against excessive use of extraneous information in annual reports, such as case studies, reminding agencies that the primary purpose of such reports is accountability to the Parliament.<sup>28</sup>

---

24 *Indigenous Land Corporation Annual Report 2012–13*, p. 6. See also references to this issue at pp 26, 109 and 168-169.

25 See for example, Senate Finance and Public Administration Legislation Committee, Examination of Additional Estimates 2013-14, tabled document: correspondence from the ILC Chair to the Prime Minister, dated 14 November 2013.

26 *Indigenous Land Corporation Annual Report 2012–13*, p. 32.

27 *Indigenous Land Corporation Annual Report 2012–13*, pp 48-115.

28 See Finance and Public Administration Legislation Committee, *Report on Annual Reports: Report 1 of 2013*, p. 9.

---

### *Compliance with Authorities Reporting Orders*

2.24 The report complies with the Authorities Reporting Orders and provides a comprehensive listing of page references against requirements of the Orders as required under Clause 21. Some items in the orders with multiple parts are separately page referenced in the index, providing a helpful level of detail to easily access the required information. Conversely, the Item dealing with 'related entity transactions' is quite specific in the information required, however, the page reference in the compliance index to this item was the broad page range of 138 to 231.<sup>29</sup>

2.25 The committee notes that the report also includes a compliance index to the PM&C Requirements. Although not an FMA Act agency, the ILC is commended for providing this additional level of accountability in annual reporting.<sup>30</sup>

### **Commonwealth Superannuation Corporation**

2.26 Both the Chairman and Chief Executive Officer in their reports noted the strong investment returns the Commonwealth Superannuation Corporation (CSC) achieved for the 2012–13 financial year. It was noted that:

Each default investment fund for the CSS, PSS, MilitarySuper and PSSap, involving more than 90% of our members, posted double digit returns in 2012–13. These far exceeded our annual return objective of the CPI plus 3.5%.<sup>31</sup>

2.27 The report included a summary of the work program focus for 2012–13. This included planning for the introduction of the MySuper investment product which was launched on 1 July 2013; and the development and the implementation of the pension product, the CSCri, which provides CSS, PSS and PSSap members who want to invest their lump sum to receive regular payments with a retirement income account.<sup>32</sup>

### *Performance reporting*

2.28 In discussion on accountability, the report summarises the organisation's KPIs in meeting its key program objective of maximising members' superannuation account balances as:

- a long-term nominal investment performance target of a real return of 3.5% over a prospective three year horizon, achieved within Board approved risk parameters;
- compliance with relevant law;

---

29 *Indigenous Land Corporation Annual Report 2012–13*, p. 257.

30 *Indigenous Land Corporation Annual Report 2012–13*, pp 253-256.

31 *Commonwealth Superannuation Corporation Annual Report 2012–13*, p. 14.

32 *Commonwealth Superannuation Corporation Annual Report 2012–13*, pp 14 and 17.

- meet obligations as an RSE (Registrable Superannuation Entity) licence and AFSL (Australian Financial Services licence) holder; and
- administration quality as reflected in the satisfaction level of members, beneficiaries and employers with the service provided through ComSuper, as CSC's delegate, to standards set by CSC.<sup>33</sup>

2.29 It is noted that the KPIs above are the set as contained in the PBS for 2013–14 for the CSC, however, they are not an exact reflection of the KPIs as listed in the PBS for 2012–13. While the last three are similar, the first KPI differs to that listed in the 2012–13 PBS, which is:

CSC has a long term nominal investment performance target of at least CPI + 4.5% per annum average after tax and fees, and positive fund returns 24 years out of 30 years.

2.30 Where performance measures have changed, it is expected that a clear explanation and the reason for the change is noted with the new KPI.

2.31 The committee notes the useful table included in the previous year's annual report which clearly stated KPI results against targets for the 2011–12 financial year and was a useful reference which clearly summarised the organisation's performance,<sup>34</sup> but was omitted from this year's report.

#### *Compliance with Authorities Reporting Orders*

2.32 The report includes a compliance index and generally complies with the Authorities Reporting Orders. Some items required in the Orders are not listed in the index and it could be assumed are not applicable to the agency. However, as noted earlier, it is useful if agencies include all items required in the Orders in the index with a 'nil' or 'not applicable' reference where appropriate.

2.33 The report is well designed with information organised and accessible, generally meeting the requirements of Clause 9 of the Reporting Authorities Orders which require plain English and clear design. Extensive use of tables and charts is used to present information which greatly assists with presentation of information, particularly in regard to the details on the super schemes and fund investment. Particularly useful was the inclusion in this year's report of a section on '2012–13 highlights' at the front of the report which provided snapshot graphical representations for funds under management, default investment performance and scheme membership.<sup>35</sup>

---

33 *Commonwealth Superannuation Corporation Annual Report 2012–13*, p. 30

34 *Commonwealth Superannuation Corporation Annual Report 2011–12*, p. 23.

35 *Commonwealth Superannuation Corporation Annual Report 2012–13*, pp 12–13.

---

## Aboriginal Hostels Limited

2.34 Aboriginal Hostels Limited (AHL) is a wholly-owned Commonwealth company and prepares a report in accordance with the requirements of the *Commonwealth Companies (Annual Reporting) Orders 2011* (Companies Reporting Orders).

2.35 The report closely adheres to the requirements of the Companies Reporting Orders. The mandatory compliance index is included and contains a column for 'comments' which provides a brief explanation for some items when required as a quick reference rather than being directed to elsewhere in the report. The index is detailed and itemises clauses with multiple parts separately providing a page reference or comment for each.<sup>36</sup>

2.36 The Chairperson's and Chief Executive Officer's overview notes that the opening of the Tonky Logan Hostel in Townsville and the inaugural intake of students to the remote secondary education hostel in Wadeye as notable achievements during 2012–13. Also noted was a review of the condition of the company's property portfolio which led to a new budget measure of \$6.2 million over two years for the upgrade of facilities with the highest needs. It is expected the funding will allow for the renovation of nine hostels across Northern Australia.<sup>37</sup>

### *Performance information*

2.37 The AHL report is well presented and makes use of graphs and tables to aid in the presentation of various performance data. Performance information is aligned with the deliverables and KPIs as presented in the PBS for 2012–13. The committee noted the high satisfaction rating of 92 per cent in response to its client survey during 2012–13 for AHL-operated hostels. This compared to an 88 per cent satisfaction rating for hostels funded under the Community and Corporate Partnerships Program.<sup>38</sup>

2.38 The inclusion of trend information over four years for some performance categories, such as number of hostels, guest capacity and bed occupancy, was useful for comparative purposes.<sup>39</sup>

## ASC Pty Ltd

2.39 The annual report notes that ASC Pty Ltd (ASC) is a proprietary company limited by shares registered under the *Corporations Act 2001* (Corporations Act) and is subject to the CAC Act. All the shares issued in the

---

36 *Aboriginal Hostels Limited Annual Report 2012–13*, pp 138-141.

37 *Aboriginal Hostels Limited Annual Report 2012–13*, p. 2.

38 *Aboriginal Hostels Limited Annual Report 2012–13*, p. 22.

39 *Aboriginal Hostels Limited Annual Report 2012–13*, p. 20.

capital of the ASC are owned by the Minister for Finance. ASC was proclaimed a Government Business Enterprise under the CAC Act on 11 June 2004.<sup>40</sup>

2.40 The Chairman's letter of transmittal advises that the report was prepared in accordance with section 9 of the CAC Act.<sup>41</sup> As a Commonwealth company, the annual report of ASC should be prepared in accordance with section 36 of the CAC Act under Part 4 dealing with reporting and other obligations for Commonwealth companies. Section 9 of the CAC Act deals with reporting obligations of Commonwealth authorities.

#### *Compliance with the Companies Reporting Orders*

2.41 As a wholly-owned Commonwealth company, it is expected that ASC provide in its annual report the information required under the Companies Reporting Orders, in addition to that required by the Corporations Act. The report did not include an index to the reporting requirements, required under clause 18 of the orders. While the annual report generally included information required under the Companies Reporting Orders, specific reference to some items did not appear to be included, for example, a reference to an exemption to the directors from any requirement of the orders (clause 6). The inclusion of a compliance index assists the reader when a 'nil' return is recorded, clearly indicating that the item's absence from the report is not an omission.

#### *Overview and performance*

2.42 The Chairman's report advised that the company achieved annual revenue of \$920.6 million and profit after tax of \$9.9 million; this compares to the 2012 results of \$802.2 million and \$14.7 million respectively.<sup>42</sup>

2.43 The ASC also presents to the Parliament a statement of Corporate Intent which represents the understanding between ASC and the Minister for Finance on its expected level of performance for the following three years. This should be read in conjunction with the annual report.

2.44 The Managing Director's report notes that the new In Service Support Contract for the maintenance and support for the Collins Class Submarines is having a positive impact on the management of the maintenance program. Also noted was the significant progress on the Air Warfare Destroyer project with the consolidation of Ship 01 progressing rapidly.<sup>43</sup>

### **Senator Cory Bernardi** **Chair**

---

40 *ASC Pty Ltd Annual Report 2013*, p. 23.

41 *ASC Pty Ltd Annual Report 2013*, p. 3.

42 *ASC Pty Ltd Annual Report 2013*, p. 6.

43 *ASC Pty Ltd Annual Report 2013*, pp 8-9.



# Appendix 1

## Dates relating to the presentation of reports between

### 1 November 2013 to 30 April 2014

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the Senate or presented out of sitting (*)	Tabled in the House of Representatives
<b>PARLIAMENT</b>				
Parliamentary Budget Office – Report for 2012-13	-	-	01/11/13*	18/11/13
<b>PRIME MINISTER AND CABINET PORTFOLIO</b>				
Australian Institute of Aboriginal and Torres Strait Islander Studies – Report for 2012-13	10/10/13	16/10/13	1/11/13*	13/11/13
Torres Strait Regional Authority – Report 2012-13 <i>Corrigendum</i>	03/10/13	16/10/13	13/11/13 13/5/14	13/11/13
Aboriginal Hostels Limited – Report for 2012-13	09/10/13	16/10/13	03/12/13	18/11/13
Anindilyakwa Land Council – Report for 2012-13	30/09/13	16/10/13	03/12/13	21/11/13
Australian Public Service Commission – State of the Service Report for 2012-13	13/11/13	13/11/13	03/12/13	02/12/13
Outback Stores Pty Ltd – Report for 2012-13	02/10/13	16/10/13	03/12/13	19/11/13
Indigenous Business Australia – Report for 2012-13	02/10/13	16/10/13	03/12/13	19/11/13
Indigenous Land Corporation – Report for 2012-13	04/10/13	16/10/13	03/12/13	20/11/13
Central Land Council – Report for 2012-13	17/10/13	31/10/13	10/12/13	09/12/13
Aboriginal Land Commissioner – Report for 2012-13	10/10/13	31/10/13	24/01/14*	11/02/14
Executive Director of Township Leasing – Report for 2012-13	21/10/13	31/10/13	29/01/14*	11/02/14
Indigenous Australians – Closing the Gap Ministerial statement by the Prime Minister dated 12 February 2014 Prime Minister's report 2014 – Closing the Gap			12/02/14	12/02/14

Reporting Body	Submitted to Minister	Received by Minister	Tabled in the Senate or presented out of sitting (*)	Tabled in the House of Representatives
Tiwi Land Council – Annual Report 2012-13	19/12/13	17/01/14	04/03/14	24/02/14
Wreck Bay Aboriginal Community Council – Annual Report for 2012-13	31/01/14	12/02/14	18/03/14	18/03/14
Indigenous Business Australia – Corporate Plan 2014 - 2016	11/12/13	17/12/13	18/03/14	18/03/14
Royal Commission into Institutional Responses to Child Sexual Abuse – Report of Case Study No. 1 – The response of institutions to the conduct of Steven Larkins, March 2014	23/4/14	24/4/14	24/4/14*	13/5/14
<b>FINANCE AND DEREGULATION PORTFOLIO</b>				
Albury-Wodonga Development Corporation – Report for 2012-13	14/10/13	23/10/13	13/11/13	13/11/13
ASC Pty Ltd – Report for 2013 Statement of Corporate Intent 2013-2016 <i>(Also referred to the Foreign Affairs, Defence and Trade Legislation Committee)</i>	04/10/13 23/07/13	09/10/13 29/07/13	13/11/13	13/11/13
Final Budget Outcome 2012-13 Report by the Treasurer and the Minister for Finance	20/09/13	20/09/13	13/11/13	13/11/13
Commonwealth Superannuation Corporation – Report for 2012-13	11/10/13	14/10/13	03/12/13	14/11/13
Department of Finance – Consolidated financial statements for the year ended 30 June 2013	19/11/13	19/11/13	11/12/13	11/12/13
Department of Finance – Certificate of compliance – Report for 2012-13	18/12/13	18/12/13	31/01/14*	11/02/14
Tax Expenditures Statement 2013	20/01/14	20/01/14	30/01/14*	11/02/14
Mid-Year Economic and Fiscal Outlook – 2013-14	16/12/13	16/12/13	12/02/14	12/02/14
Advances provided under the annual Appropriation Acts – Report for 2012-13	09/02/14	09/02/14	13/02/14	24/02/14
Campaign Advertising by Australian Government Departments - 2012-13	19/02/14	19/02/14	21/02/14*	24/02/14
<i>Members of Parliament (Staff) Act 1984</i> – Annual Report 2012-13	29/11/13	29/11/13	21/02/14*	24/02/14