

The Senate

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Finance and Public Administration  
Legislation Committee

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# Membership of the Committee

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# 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 2017 and provides an overview of selected annual reports for the 2015–16 financial year presented to the Parliament between 1 November 2016 and 30 April 2017. 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

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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.

- (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 the 45<sup>th</sup> Parliament, the Senate allocated departments and agencies to committees on 31 August 2016.<sup>2</sup> In accordance with that resolution, the committee had responsibility for the oversight of the following:

- Parliament;
- Prime Minister and Cabinet Portfolio; and
- Finance Portfolio.

### **Role of annual reports**

1.5 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. Annual reports assist the Parliament in the examination of the performance of entities, and the administration of government programs.

### **Reports examined**

1.6 During the period 1 November 2016 and 30 April 2017, 12 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:

#### ***Non-corporate Commonwealth entities***

- Digital Transformation Office—Report for 2015–16

#### ***Corporate Commonwealth entities***

- Anindilyakwa Land Council—Report for 2015–16
- Commonwealth Superannuation Corporation (CSC)—Report for 2015–16
- Defence Housing Australia (DHA)—Report for 2015–16
- Northern Land Council—Report for 2015–16
- Torres Strait Regional Authority—Report for 2015–16
- Wreck Bay Aboriginal Community Council—Report for 2015–16

#### ***Commonwealth companies***

- Aboriginal Hostels Limited—Report for 2015–16
- Outback Stores Pty Ltd—Report for 2015–16

#### ***Statutory office holders***

- Aboriginal Land Commissioner—Report for 2015–16



- Executive Director of Township Leasing —Report for 2015–16
- Independent National Security Legislation Monitor—Report for 2015–16

### **Reports not examined**

1.7 The committee is not obliged to examine reports on the operation of Acts, reports of Royal Commissions, statements of corporate intent, surveys, policy papers, budget documents, corporate plans or errata. Where a report is referred to two standing committees, the committee has deferred examination of those reports to the committee which has primary oversight of the portfolio where that agency sits. Accordingly, the following documents were also referred to the committee but not examined in this report:

- Aboriginal Land Commissioner—Report no.73—Frances Well Land Claim no.64
- Independent National Security Legislation Monitor—Certain questioning and detention powers in relation to terrorism—Report, dated October 2016
- Indigenous Australians—Closing the gap
  - Ministerial statement by the Prime Minister (Mr Turnbull), dated 14 February 2017
  - Prime Minister's report 2017
- Campaign advertising by Australian government departments and agencies—Report for 2015–16
- *Members of Parliament (Staff) Act 1984*—Report for 2015–16
- Department of Finance—Consolidated financial statements for the year ended 30 June 2016
- Mid-year economic and fiscal outlook—2016–17—Statement by the Treasurer (Mr Morrison) and the Minister for Finance (Senator Cormann)
- *Commonwealth Electoral Act 1918*—Redistribution into electoral divisions—Northern Territory—Report, together with composite map and compact disc of supporting information, dated February 2017
- Finance—Advance to the Finance Minister—Report on advances provided under the annual Appropriation Acts for 2015–16.

### **Method of assessment and current annual reporting requirements**

1.8 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.

#### ***Annual Reporting Framework***

1.9 The Commonwealth performance framework addresses performance planning, measurement and reporting through the planned performance information presented by entities in their Portfolio Budget Statements, corporate plans and annual

performance statements. These documents are an essential part of the accountability system that provides the government with detailed information about the actual financial and non-financial performance of entities and forecasts future needs and expectations against the outcomes actually achieved.<sup>3</sup>

*Public Governance, Performance and Accountability Act 2013*

1.10 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) provides the legislative basis for annual reporting of non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies. A description of these bodies is set out on the Resource Management section of the Department of Finance website:

- Non-corporate Commonwealth entity—an entity that is legally and financially part of the Commonwealth, and includes departments of state, parliamentary departments, statutory authorities, and listed entities (a body, person, group of persons or organisation that is prescribed by rules made under the PGPA Act).
- Corporate Commonwealth entity—a body corporate, that is, it has a separate legal personality from the Commonwealth, and includes statutory authorities. It can act in its own right exercising certain legal rights such as entering into contracts and owning property.
- Commonwealth company—a company established by the Commonwealth under the *Corporations Act 2001* that is wholly controlled by the Commonwealth.<sup>4</sup>

1.11 Commonwealth entities are required to prepare an annual report under section 46 of the PGPA Act; and Commonwealth companies are required to prepare an annual report under section 97 (which also refers to requirements under the *Corporations Act 2001*).

1.12 The accompanying rule, the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule), sets out the detailed mandatory annual reporting requirements for Commonwealth entities and Commonwealth companies.<sup>5</sup>

*Statutory office holders and statutory bodies*

1.13 Statutory office holders are engaged or employed under an Act, which may prescribe annual reporting requirements pursuant to the office. It should also be noted

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3 Department of Finance, Enhanced Commonwealth Performance Framework, Discussion Paper, August 2014, p.5; Department of Finance, Resource Management Guide No. 135, *Annual reports for non-corporate Commonwealth entities*, July 2016, p.5, <http://commonwealthresourcemanagementframeworkcompanion.pdf> (accessed 4 August 2017); Department of Finance, Resource Management Guide No. 136, *Annual reports for corporate Commonwealth entities*, July 2016, p.4, [http://www.finance.gov.au/sites/default/files/RMG-136 Annual reports for corporates.pdf](http://www.finance.gov.au/sites/default/files/RMG-136%20Annual%20reports%20for%20corporates.pdf) (accessed 4 August 2017).

4 See <https://www.finance.gov.au/resource-management/governance/overview/> (accessed 4 August 2017).

5 See <https://www.finance.gov.au/resource-management/governance/overview/> (accessed 4 August 2017).

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that there may be reporting requirements in the enabling legislation for statutory bodies (which may also be a Commonwealth entity).<sup>6</sup>

### *Non-statutory bodies*

1.14 Non-statutory bodies (NSBs) are established by a minister and not pursuant to a statute. Guidelines for the preparation of annual reports of non-statutory bodies are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on Non-Statutory bodies.<sup>7</sup>

### *Summary of reporting requirements*

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

#### Non-corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule, Division 3A(A);
- for portfolio departments and executive agencies, the *Public Service Act 1999*, sections 63(2) and 70(2);
- for parliamentary departments, the *Parliamentary Service Act 1999* section 65;
- for statutory bodies, relevant enabling legislation; and
- other relevant legislative requirements.

#### Corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule, Division 3A(B);
- for statutory bodies, relevant enabling legislation; and
- other relevant legislative requirements.

#### Commonwealth companies

- PGPA Act, section 97, which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule, Part 3–3; and
- any other relevant legislative requirements.

#### Statutory office holders

- Any requirements in the enabling legislation.

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6 For example, some Acts that establish statutory bodies have separate reporting requirements under those Acts. For example, section 17 of the *Commonwealth Electoral Act 1918* prescribes specific reporting requirements for the Australian Electoral Commission.

7 Senate Hansard—8 December 1987, pp 2632–45.

### Non-statutory bodies

- Annual reporting requirements are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on NSBs.<sup>8</sup>
- The terms of establishment of the NSB may also require it to report in certain ways or to report on certain topics.

### **Timeliness**

1.16 Standing Order 25(20)(c) requires the committee to investigate and report to the Senate on any lateness in the presentation of annual reports. In assessing the timeliness of the presentation of annual reports, the committee assesses the presentation time against the requirements for different categories of bodies.

### ***Commonwealth entities***

1.17 Section 46 of the PGPA Act requires the accountable authority of a Commonwealth entity to prepare an annual report and provide it to the responsible Minister by the 15<sup>th</sup> day of the fourth month after the end of the reporting period for the entity. This section of the Act does not provide for a timeframe for the Minister to present the report to the Parliament.

1.18 The former guidelines on annual reporting issued by the Department of the Prime Minister and Cabinet (PM&C) applying to non-corporate Commonwealth entities, provided for the responsible Minister to table annual reports before 31 October in the year it was given, and as best practice, before the Senate Supplementary Budget Estimates hearings if they are held before this date.<sup>9</sup>

1.19 The former PM&C Requirements for Annual Reports were replaced by the PGPA Rule which does not specify the date that a Minister is required to present an annual report to Parliament.

1.20 The PGPA Rule 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 PM&C (the guidelines).<sup>10</sup>

1.21 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

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8 Senate Hansard—8 December 1987, pp 2632–45

9 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities*, 25 June 2015, p. 2, [https://www.pmc.gov.au/sites/default/files/publications/Annual\\_Report\\_Requirements\\_Final\\_1.pdf](https://www.pmc.gov.au/sites/default/files/publications/Annual_Report_Requirements_Final_1.pdf) (accessed 4 August 2017).

10 PGPA Rule, sections 17AB, 17BC and 28C.

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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.<sup>11</sup>

1.22 The guidelines also refer the reader to the Department of Finance (Finance) website for guidance material detailing the minimum mandatory content requirements for Commonwealth entities' and companies' annual reports under the new Commonwealth performance framework and in accordance with the PGPA Act and PGPA Rule.<sup>12</sup> The material available from this website includes the following:

- *Resource Management Guide No. 135—Annual reports for non-corporate Commonwealth entities*; and
- *Resource Management Guide No. 136—Annual reports for corporate Commonwealth entities*.

1.23 These resource management guides include advice in relation to the timetable for tabling annual reports. For non-corporate Commonwealth entities and corporate Commonwealth entities, the guides advise that:

It has been practice for the responsible Minister to present the report to each house of the Parliament on or before 31 October. If Senate Supplementary Budget Estimates hearings are scheduled to occur before 31 October, Ministers have sought to table annual reports prior to those hearings.<sup>13</sup>

### ***Commonwealth companies***

1.24 Under section 97 of the PGPA Act, Commonwealth companies are required to prepare an annual report and provide it to the responsible Minister:

- (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

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11 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, <https://www.pmc.gov.au/sites/default/files/publications/tabling-guidelines-august-2016.pdf> (accessed 4 August 2017).

12 See <http://www.finance.gov.au/resource-management/performance/> (accessed 22 November 2016).

13 Department of Finance, *Resource Management Guide No. 135—Annual reports for non-corporate Commonwealth entities*, July 2016, p. 8; and *Resource Management Guide No. 136—Annual reports for corporate Commonwealth entities*, p. 7, <http://www.finance.gov.au/sites/default/files/rmg-135-annual-reports-for-non-corporate-commonwealth-entities.pdf> (accessed 4 August 2017).

(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*.

1.25 In relation to the tabling of the annual report in the Parliament, subsection 97(5) of the PGPA Act states that:

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

1.26 The advice contained in *Resource Management Guide No. 137—Annual reports for Commonwealth companies*, in regard to the timeframe for the presentation of reports of Commonwealth companies, closely aligns with the requirements under section 97(5) of the PGPA Act set out above.<sup>14</sup>

1.27 However, section 28C of the PGPA Rule requires reports of Commonwealth companies to comply with the PM&C Guidelines for the Presentation of Documents to the Parliament, which advise that '[a]s per past practice, it is expected that the responsible Minister will present the report to each House of Parliament on or before 31 October.'<sup>15</sup> The committee notes the inconsistent instruction on the presentation date for the presentation of annual reports of Commonwealth companies between the PGPA Act and Finance guidance material.

### ***Committee view on the current arrangements for the timeframe for annual reporting***

1.28 In its report 'Annual Reports (No.1 of 2017)' the committee has previously expressed concern about the lack of clarity regarding timeframes for the presentation of annual reports to both Ministers and to the Parliament. The committee maintains this concern, noting that while the PGPA Act provides legislated timelines in which entities need to provide an annual report to the responsible Minister, there remains only non-legislated 'guidelines' under the PGPA Rule for the presentation of annual reports to the Parliament by the Minister.

1.29 The committee recommends that entities familiarise themselves with required reporting obligations and meet best practice 'guidelines' in submitting annual reports to the Parliament.

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14 Department of Finance, *Resource Management Guide No. 137 – Annual reports for Commonwealth companies*, July 2016, p. 5.

15 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, <https://www.pmc.gov.au/sites/default/files/publications/tabling-guidelines-august-2016.pdf> (accessed 4 August 2017).

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### *Timeliness of reports examined*

1.30 The committee considers the timely presentation of annual reports to be an important element in accountability to the Parliament and continues to encourage bodies and statutory officers to endeavour to meet relevant timeframes.

1.31 Appendix 1 lists the annual reports tabled (or presented) in Parliament between 1 November 2016 and 30 April 2017, with relevant tabling dates. This table includes the date the reports were tabled in the Senate and House of Representatives, and for the purposes of this discussion on timeliness, the earlier date of tabling in either chamber is taken to be the date of presentation to the Parliament. The table also provides the dates the reports were submitted to, and received by, the Prime Minister or relevant Minister.

1.32 As noted above, the presentation of annual reports to the Parliament has two elements with regard to timeliness: the submission of the report to the Minister and the presentation of the report to the Parliament.

1.33 In relation to the first element, most of the Commonwealth entities met their prescribed reporting timeframe under section 46 of the PGPA Act by submitting their reports to the Minister by 15 October 2016. Those who did not meet this timeframe included Aboriginal Hostels Limited, Wreck Bay Community Council and the Commonwealth Superannuation Corporation. However in respect of the second element, all entities failed to meet the guidelines of best practice that require an entity to present the report to each House of Parliament on or before the 31 October.<sup>16</sup>

1.34 As noted earlier, some statutory bodies have reporting requirements prescribed in legislation that is additional to the PGPA Act. For example, the Executive Director of Township Leasing and the Aboriginal Land Commissioner are required under the *Aboriginal Land Rights (Northern Territory) Act 1976* to prepare and give to the Minister an annual report on operations as soon as practicable after 30 June each year. Under this Act, the Minister is required to present the report to the Parliament within 15 sitting days of receipt. The same reporting obligations apply to the Independent National Security Legislation Monitor under the *Independent National Security Legislation Monitor Act 2010 (Cth)*.<sup>17</sup>

1.35 While reports from statutory bodies were considered to have been submitted in a timely manner some reports were not tabled within 15 sitting days of receipt from the Minister.<sup>18</sup> Of the 2015-16 annual reports, the Independent National Security

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16 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, <https://www.pmc.gov.au/sites/default/files/publications/tabling-guidelines-august-2016.pdf> (accessed 4 August 2017)..

17 *Independent National Security Legislation Monitor Act 2010 (Cth)*, s46.

18 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Documents, Executive Agencies and Other Non-Corporate Commonwealth Entities*, 25 June 2015, p2, [https://www.pmc.gov.au/sites/default/files/publications/Annual\\_Report\\_Requirements\\_Final\\_1.pdf](https://www.pmc.gov.au/sites/default/files/publications/Annual_Report_Requirements_Final_1.pdf) (accessed 4 August 2017).

Legislation Monitor and the Executive Director of Township Leasing both had reports that were presented by the Minister to Parliament within 15 sitting days of receipt. However, the Aboriginal Land Commissioner report was not tabled within the guidelines for presentation to the Parliament. Comparatively in the 2014-15 year all entities met the recommended timeline for tabling within 15 sitting days.

1.36 The committee recommends all entities note that it is government policy that all annual reports should be tabled by 31 October or where legislated for statutory bodies, within 15 sitting days.<sup>19</sup> The committee encourages agencies and Ministers to meet this date.

### **Approach to assessing the 2015–16 annual reports**

1.37 Annual reports of corporate and non-corporate Commonwealth entities are required under section 39 of the PGPA Act to include annual performance statements. It is noted that Commonwealth companies are not required to prepare annual performance statements; however, paragraph 27A(2)(b) of the PGPA Rule requires Commonwealth companies to report in their annual reports on the actual performance results achieved against the performance criteria published in their corporate plans.

1.38 An entity's annual performance statement provides an assessment of the entity fulfilling its purpose(s) by evaluating actual results against the planned performance criteria detailed in the corporate plan.<sup>20</sup>

1.39 In assessing the 2015–16 annual reports the committee examined the corporate plans of Commonwealth entities and their performance criteria in relation to the body achieving its purpose. As required in section 16E of the PGPA Rule, corporate plans are required to be published on agencies websites by the last day of the second month of the reporting period of which the plan is prepared. The committee notes that while most entities had corporate plans published on their websites for the 2016–17 period, the Digital Transformation Office, Torres Strait Regional Authority, Aboriginal Hostels Limited and the Commonwealth Superannuation Corporation did not publish corporate plans. The committee acknowledges that while corporate plans were not submitted by some entities the annual reports for the period provided annual performance statements against existing portfolio budget statements. The committee continues to encourage the publication of corporate plans as a guide to evaluate the performances of Commonwealth entities.

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19 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, <https://www.pmc.gov.au/sites/default/files/publications/tabling-guidelines-august-2016.pdf> (accessed 4 August 2017).

20 Department of Finance, Resource Management Guide No.134– Annual Performance Statements for Commonwealth Entities, July 2016, pp 4–5, [http://www.finance.gov.au/sites/default/files/rmg-134-annual-performance-statements-for-commonwealth-entities\\_0.pdf](http://www.finance.gov.au/sites/default/files/rmg-134-annual-performance-statements-for-commonwealth-entities_0.pdf) (accessed 4 August 2017).



**Senate debate**

1.40 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.

**Non-reporting bodies**

1.41 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.

1.42 The committee makes no comment in relation to any bodies not presenting an annual report.

**Assessment of reports**

1.43 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 the relevant requirements adhered to. Therefore the committee considers all the reports examined to be 'apparently satisfactory'.



## **Chapter 2**

### **Review of selected reports**

2.1 The committee has selected the 2015–16 annual reports of the following bodies for closer examination:

- Digital Transformation Office
- Wreck Bay Aboriginal Community Council
- Aboriginal Hostels Limited
- Commonwealth Superannuation Corporation
- Anindilyakwa Land Council
- Northern Land Council

2.2 All received reports were determined to be 'apparently satisfactory', however the committee has selected the above reports for more detailed consideration as provided for in Standing Order 25(20)(b).

#### **Digital Transformation Office**

2.3 The Digital Transformation Office (DTO) annual report 2015–16 was tabled in the House of Representatives and the Senate on 9 November 2016.<sup>1</sup>

2.4 The non-corporate Commonwealth entity has satisfactorily met the reporting requirements under section 46 of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) and Division 3A(A) of the Public Governance, Performance and Accountability Rule 2014.

2.5 The purpose of the DTO is to 'facilitate the digital transformation of Australian Government services through innovative and collaborative development of service delivery policies and standards, platforms and joined-up services'.<sup>2</sup> The committee notes that from July 2015, when the DTO was established as an executive agency, it was part of the Communications Portfolio. From 1 November 2016 the entity was renamed the Digital Transformation Agency (DTA) and was moved to the Prime Minister and Cabinet Portfolio.<sup>3</sup>

#### ***Chief Executive Officer's review***

2.6 In the Chief Executive Officer's (CEO) review, Mr Paul Shetler highlighted some of the DTO's achievements in the 2015–16 year:

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1 *Journals of the Senate*, No.14—9 November 2016, p. 425.

2 Digital Transformation Office, *Annual Report 2015-16*, p. 18.

3 Digital Transformation Office, *Annual Report 2015-16*, p. 2.

- Release of alpha versions for a single domain for government information and services (GOV.AU) and the 'Performance Dashboard' for government services;
- Deployment of a cloud hosting platform (cloud.gov.au);
- Provided research for a digital authentication and verification solution for the Digital Marketplace;
- Release of the alpha version of the Digital Service Standard (standard) which ensures that all digital teams across the Australian Public Service build government services that are simple, clear and fast for all users. The Standard is being tested outside the Commonwealth, with the South Australian Government and the City of Melbourne assessing how it can apply to current state agencies; and
- Use of a new 'in-flight' model of assessment based on the United Kingdom Government Digital Service which encourages the exchange of ideas and learning between organisations.<sup>4</sup>

2.7 The CEO notes that in the 2016–17 year the DTO will shift priorities from demonstrating the benefits of delivering simpler, clearer and faster public services, to 'helping deliver the infrastructure necessary to industrialise the transformation of services'.<sup>5</sup>

### ***Annual Performance Statements***

2.8 The annual performance statements for the DTO have been prepared in accordance with subsection 38(2) and paragraph 39(2)(b) of the PGPA Act and section 16F of the PGPA Rule. While the entity has met most of its legislative requirements the DTO did not present a corporate plan for the 2015–16 year.<sup>6</sup> As a result the committee was unable to analyse the 2015–16 annual report against the entity's performance measures.

2.9 The DTO has recorded its performance (in the areas of Digital Service Standards, Access to Government Services and Exemplars and Partnerships) through alignment of the entity's purpose to the portfolio outcome below.

Outcome 1: To improve the user experience for all Australians accessing government information and services by leading the design, development and continual enhancement of whole of government service delivery policies and standards, platforms and joined up services.<sup>7</sup>

2.10 In assessing the first performance measure, the Digital Service Standards were released in May 2016 to assist the DTO achieve its purpose to help deliver simpler,

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4 Digital Transformation Office, *Annual Report 2015-16*, p. 2–6.

5 Digital Transformation Office, *Annual Report 2015-16*, p. 3.

6 Digital Transformation Office, *Annual Report 2015-16*, p. 18.

7 Digital Transformation Office, *Annual Report 2015-16*, p. 18.

clearer and faster public services, making it easy to work with government.<sup>8</sup> While the report provided an overview of how entities are assessed against the standard, the committee looks forward to further quantitative data presented in the corporate plan to measure the DTO's performance.

2.11 In relation to the second performance measure, the DTO developed five platforms to provide individuals and businesses easier ways to access government services through the implementation of GOV.AU; Digital Marketplace; Cloud.gov.au; Performance Dashboard; Digital authentication and verification.<sup>9</sup> While most of these are currently in the 'alpha' stage the committee notes the collaboration with State and Federal departments in utilising the software as a platform to improve current processes.

2.12 Within the report the DTO also measured Key Performance Indicators (KPIs) from the Prime Minister and Cabinet Portfolio Budget statements in the 2015–16 periods to Portfolio Budget Statements for the 2016–17 year. Although the four evaluated KPIs provided information on the current actions the DTO has implemented, it fell short of providing any clear statement as to if the measures had been met for the period. The committee noted that specific reference to targets would assist in determining the performance of the DTO in future annual reports.

### ***Financial performance***

2.13 The DTO has structured the financial performance report in accordance with subsection 43(4) of the PGPA Act and section 17AF of the PGPA Rule and the committee determines the information to be 'satisfactory'.

2.14 For the 2015–16 financial year the DTO reported an operating surplus of \$1.92 million, higher than that forecast in the 2015–16 Portfolio Budget Statements. The commentary within the report attributes this surplus to be from additional revenue received from the government in additional estimates (\$1.370 million) and funding in the amount of \$0.514 million from the Department of Finance.<sup>10</sup> The increase of funding can be linked to the current increase in the alpha stage database to further assist government processes and performance.

2.15 The overall financial performance section is effectively designed and provides an analysis of the entity's financial performance over the period along with statistical data by use of summary tables that state the total resources for each outcome administered. The committee commends this approach that assists the audience in determining the required information under the PGPA Rule.

### ***General comments***

2.16 The 2015–16 annual report is well presented and adheres to the requirements for non-corporate Commonwealth entities under the PGPA Act and Rule, however the

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8 Digital Transformation Office, *Annual Report 2015-16*, p. 19.

9 Digital Transformation Office, *Annual Report 2015-16*, p. 19–21.

10 Digital Transformation Office, *Annual Report 2015-16*, p. 47.

committee notes that stronger evaluations to the annual performance statements may be achieved with the development of a corporate plan. The committee notes that a corporate plan for 2017–20 is currently accessible on the organisation website.

### **Wreck Bay Aboriginal Community Council**

2.17 The Wreck Bay Aboriginal Community Council (WBACC) annual report 2015–16 was tabled in the House of Representatives and the Senate on 7 February 2017.<sup>11</sup>

2.18 While the committee found that the WBACC as a corporate Commonwealth entity 'satisfactorily' met the reporting requirements under section 46 of the PGPA Act and Division 3A(B) of the PGPA Rule 2014, the committee noted that the timeliness requirement for the report to be presented to the Minister was not met nor was the 'guideline' for the report to be tabled within the Parliament before 31 October.<sup>12</sup>

2.19 The WBACC was established by the *Aboriginal Land Grant (Jervis Bay Territory) Act 1986 (Land Grant Act) (Cth)*, however, holds no reporting requirements under this legislation. Within the legislation the WBACC has a number of functions including:

- To hold title to Aboriginal land;
- Manage and maintain Aboriginal land;
- Provide services to community members; and
- To conduct business enterprises for the economic/ social benefit of the community.<sup>13</sup>

2.20 The WBACC corporate plan 2015–19 was available on the entity's website.

### ***Chairperson's report***

2.21 Both the Chair and the Chief Executive Officer (CEO) of Wreck Bay Council provided an overview of the activities during the 2015–16 year. Some of the major achievements included:

- Continuation of the funding arrangement with the Commonwealth until 30 June 2018 for policy development, corporate plans, Village Town Plan updates and operational plans;
- Continuation of projects to improve income generation relating to the housing at Wreck Bay until 2018. Initiatives have currently seen the board approving

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11 *Journals of the Senate*, No.14—7 February 2017, p. 800.

12 Parliament of the Commonwealth of Australia, Joint Committee on Public Accounts and Audit, *Report 457 Development of the Commonwealth Performance Framework—Second Report*, May 2016, p. 11.  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Public\\_Accounts\\_and\\_Audit/2016\\_CPF/Report\\_457](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/2016_CPF/Report_457) (accessed 8 August 2017).

13 Wreck Bay Aboriginal Community Council, *Corporate Plan 2015–19*, p. 7.

\$400 000 for repairs and maintenance for houses in the village. These projects were assisted by a further grant of \$440 000 from the Commonwealth;

- The development of a Housing Management Plan by the board to commence in 2017;
- Continuation of a three year funding arrangement with the Commonwealth until 2018 for the 'Indigenous Advancement Strategy'; and
- Continuation of the participation in the JumpStart program in partnership with Wollongong University which seeks to increase the time children are physically active.<sup>14</sup>

### *Annual performance statements*

2.22 The entities report on performance is compliant with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule.

2.23 The performance statements in the annual report are comprehensive with clear design that list the performance criteria, the criteria source as listed in the corporate plan, the measurable results and a concluding analysis of the performance. The committee found the layout to be well designed allowing the reader to link the progress of the entity to its fundamental purpose. It is interesting to note that nine performance criteria were ranked as either 'very high' or 'high' and the remaining four criteria as 'medium'.<sup>15</sup> This rating scale suggests to the committee that the Council have effectively planned the priorities for the coming years and have included commentary on how to achieve them. The committee commends WBACC on this approach.

2.24 Two performance statements that the committee found of particular interest were purpose 1, to 'provide more housing and improve living standards' and purpose 7, to 'provide services to community members'.

2.25 In relation to purpose 1, the committee acknowledges the current efforts of the Council in aiming to decrease the number of waiting applicants for housing from 60 to 30 and will continue to follow further improvements in the next reporting period.<sup>16</sup>

2.26 In relation to purpose 7, the committee notes the Council's education scholarship scheme for community members who complete full time post-secondary school qualifications, planning to secure future funding of the Gudjahgahmiamia centre and the development of projects for the cultural centre (to be completed in June 2018) and multi-purpose centre (to be completed in June 2019).<sup>17</sup>

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14 Wreck Bay Aboriginal Community Council, *Annual Report 2015-16*, p. 27–39.

15 Wreck Bay Aboriginal Community Council, *Corporate Plan 2015–19*, p. 7–12.

16 Wreck Bay Aboriginal Community Council, *Corporate Plan 2015–19*, p. 7

17 Wreck Bay Aboriginal Community Council, *Corporate Plan 2015–19*, p. 23–26; Wreck Bay Aboriginal Community Council, *Annual Report 2015–16*, p. 30–31.

2.27 Performance was further evaluated through the entities obligations under subsection 17AH(2) of the PGPA Rule in relation to governance reporting requirements including other legislated obligations for environmental sustainability, occupational health and safety and advertising, marketing and research. The committee commends the detailed approach to measuring performance which assisted the committee in evaluating the Council's performance to purpose.

### ***Financial performance***

2.28 The WBACC financial performance report has been structured in accordance with subsection 42(2) of the PGPA Act.

2.29 The financial report made use of graphs to draw on comparisons in the datasets between the 2016 and 2015 financial years. It was reported that the WBACC had an increase in total revenue of \$127 017 from 2015.<sup>18</sup> The report also provided guiding commentary on the legislative requirements and individual policies, however provided little scope for discussion on the performance findings. The corporate plan for the entity did provide further information on financial resources detailing that the Council is largely dependent on finance from funding grants from other departments (41 per cent) and contract services (36 per cent).<sup>19</sup> The entity did state that cash reserves would be assessable in assisting financing goals/ purposes if required. In 2016, the reserve revenue amounted to \$2 369 302.<sup>20</sup>

### ***General comments***

2.30 The report was well designed and informative which aligns with the reporting requirements for a Commonwealth corporate entity under the performance framework. The report clearly expressed the entity's vision and goals assisting the reader to link the entity's purpose and responsibilities.

### **Aboriginal Hostels Limited**

2.31 The Aboriginal Hostels Limited (AHL) annual report 2015–16 was tabled in the House of Representatives on 10 November 2016 and in the Senate on 21 November 2016.<sup>21</sup>

2.32 As a wholly owned Commonwealth company the entity has satisfactorily met the timely requirements under section 97 under the PGPA Act and part 3-3 of the PGPA Rule.

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18 Note: Total revenue difference between 2015 and 2015 financial data. Wreck Bay Aboriginal Community Council, *Annual Report 2015-16*, p. 74.

19 Wreck Bay Aboriginal Community Council, *Corporate Plan 2015–19*, p. 40.

20 Wreck Bay Aboriginal Community Council, *Corporate Plan 2015–19*, p. 40; Wreck Bay Aboriginal Community Council, *Annual Report 2015–16*, p. 74.

21 *Journals of the Senate*, No.16—21 November 2016, p. 484.



2.33 The purpose of AHL is to provide or facilitate safe, culturally appropriate and affordable accommodation for Aboriginal and Torres Strait Islander people who must live away from home to access services and economic opportunity.<sup>22</sup>

2.34 In accordance with section 27A of the PGPA Rule a Commonwealth company is required from the 2015–16 financial year to publish corporate plans on their website by 31 August each year.<sup>23</sup> The committee notes the AHL corporate plan for 2015–19 was available on the entity's website.

### ***Message from the Chief Executive Officer***

2.35 In the CEO's review, Ms Joy Savage noted some of the achievements in the 2015–16 financial year including:

- Increased annual bed occupancy from 65 percent in 2014–15 to 68 percent;
- Increase in room occupancy rates from 74 percent in 2014–15 to 76 percent;
- Positive educational segment results with 74 percent of secondary students remaining in school per term; and
- Increased financial surplus from \$0.326 million in the 2014–15 year to \$3.869 million in 2015–16.<sup>24</sup>

### ***Performance information***

2.36 The entity's report on performance meets the standards for the presentation of reports to the Parliament in accordance with the Department of Prime Minister and Cabinet guidelines<sup>25</sup> and section 28D of the PGPA Rule.

2.37 Within the annual report performance information is evaluated by comparing the AHL four strategic imperatives (relevance, ongoing efficiency, operating sustainably and transformational change) to goals.

2.38 Of the strategic goals listed the committee notes some of the achievements including those listed in goal 2 and goal 3. In analysing goal 2, the committee notes the formation of a partnership arrangement with the Aboriginal Centre for Performing Arts in Brisbane and the conversion of two hostels (Elley Bennett Hostel and

22 Aboriginal Hostels Limited, *Annual Report 2015–16*, p. 39.

23 Department of Finance, Resource Management Guide No. 134, *Annual performance statements for Commonwealth entities*, July 2016, p. 4. [http://www.finance.gov.au/sites/default/files/rmg-134-annual-performance-statements-for-commonwealth-entities\\_0.pdf](http://www.finance.gov.au/sites/default/files/rmg-134-annual-performance-statements-for-commonwealth-entities_0.pdf) (accessed 10 August 2017).

24 Aboriginal Hostels Limited, *Annual Report 2015–16*, p. 6-7, 39.

25 Department of 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)*, February 2017, p 4. <https://www.pmc.gov.au/sites/default/files/publications/pmc-tabling-guidelines.pdf> (accessed 10 August 2017).

Musgrave Park Hostel) into accommodation for students attending the centre.<sup>26</sup> The committee also notes the achievements in goal 3, which were also referred to in the in the message from the CEO, in relation to the increase of bed occupancy/ room occupancy in remote and very remote communities.<sup>27</sup>

2.39 Within the corporate plan the AHL also measured KPIs from the Prime Minister and Cabinet Portfolio Budget statements for 2015–16 against current and forward estimates periods. While the targets are beneficial in the report they would be better placed under the applicable goal and incorporated into the strategic imperative.

### ***Financial Performance***

2.40 The AHL has structured the financial performance report in accordance with Chapter 2M of the *Corporations Act 2001 (Cth)* and subsection 42(2) of the PGPA Act.

2.41 Within the financial reporting section the directors report provided an overview of the achievements for the 2015–16 year including:

- A surplus of \$3.869 million in the 2015–16 year from \$0.326 million in the 2014–15 financial year. The operating income for the period comprised of \$60.7 million, of that 62 per cent came from the Australian Government, 26.4 per cent was self-generated through the tariff collected from residents, with the remaining income funded from state and territory governments (7.7 per cent), investments and impairments (0.9 per cent) and proceeds from the sale of property (3 per cent);
- Net assets increased by \$3.869 million in 2015–16 and were valued at \$150.212 million at 30 June 2016;
- Equity accounts increased by \$3.869 million from \$146.343 million in 2014–15 to \$150.212 million in 2015–16; and
- Approval to spend \$6.1 million in capital New Policy Proposal funding to undertake hotel upgrades (two remain for the 2015–16 financial year).<sup>28</sup>

### ***General comments***

2.42 The committee commends the entity for a well presented and comprehensive report and particularly notes the financial reporting section which was detailed and informed about the entity's current projects for the 2015–16 year. Further the performance overview for each strategic imperative provided helpful information on factors that contributed to the identified goals. The committee notes that this section could be improved by incorporating measurable KPIs where appropriate.

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26 Aboriginal Hostels Limited, *Annual Report 2015–16*, p. 18–19.

27 Aboriginal Hostels Limited, *Annual Report 2015–16*, p. 6–7, 19.

28 Aboriginal Hostels Limited, *Annual Report 2015–16*, p. 25, 39–40, 78.

## Commonwealth Superannuation Corporation

2.43 The Commonwealth Superannuation Corporation (CSC) annual report 2015–16 was tabled in the House of Representatives out of session on 17 November 2016 and in the Senate on 21 November 2016.<sup>29</sup>

2.44 While the committee found that the CSC as a corporate Commonwealth entity 'satisfactorily' met the reporting requirements under section 46 of the PGPA Act and Division 3A(B) of the PGPA Rule 2014, the committee notes that the 'guideline' for the report to be tabled within the parliament before 31 October was not met.<sup>30</sup>

2.45 The CSC currently manages 11 superannuation schemes and provides superannuation services to Australian Government employees and members of the Australian Defence Force (ADF).<sup>31</sup> The primary function of the CSC is to administer superannuation schemes and manage and invest the funds in the best interests of all members and in accordance with the provisions of the various acts and deeds that govern the scheme.<sup>32</sup>

2.46 In accordance with subsection 35(1) of the PGPA Act a Commonwealth entity is required to prepare a corporate plan. Furthermore, section 16E of the PGPA Rule requires corporate plans to be published on their website by the last day of the second month of the reporting period in which the plan was prepared. While the 2015–16 CSC corporate plan was available on the entity's website for review it was difficult to locate. It is suggested that to assist visibility, reporting documents could be grouped together to enhance reader accessibility.

### *Chairperson's report*

2.47 The Chair, Ms Patricia Cross, provided an overview of the achievements in the 2015-16 year. Some of the major achievements for the CSC included:

- Over the three year period to 30 June 2016, CSC's default accumulation option achieved its annual real return target of 3.5 per cent per annum after fees and taxes;
- Net return of 6.5 per cent over the 2015-16 period. This was above its net return objective of Cost Price Index (CPI) plus 2 per cent per annum;
- CPI average real return of 3.1 per cent per annum, which was in excess of its real return objective over the last 3 years;

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29 *Journals of the Senate*, No.16—21 November 2016, p. 484.

30 Department of 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)*, February 2017, p 4. <https://www.pmc.gov.au/sites/default/files/publications/pmc-tabling-guidelines.pdf> (accessed 10 August 2017).

31 Commonwealth Superannuation Corporation, *Annual Report 2015–16*, p. 10.

32 Commonwealth Superannuation Corporation, *Annual Report 2015–16*, p. 10.

- Development of two new military schemes on 1 July 2016—ADF Super and ADF Cover; and
- Removal of constraints for members by announcing in May 2016 that members who leave the employment of the Commonwealth government can continue to contribute to Public Sector Superannuation accumulation plan (PSSap).<sup>33</sup>

### ***Performance information***

2.48 The CSC performance report is compliant with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule.

2.49 The committee considers that the report is well designed, and information is organised and accessible. The report meets the requirements of clause 9 of the *Commonwealth Authorities (Annual Reporting) Orders 2011* (Authorities Reporting Orders) which require plain English and clear design. Extensive use of tables and charts in the performance section greatly assists with the presentation of information, particularly in regard to the analysis of performance against purpose.

2.50 The CSC recorded its performance measures to the Portfolio Budget Statements under two programmes:

- 1.1 Superannuation Scheme Governance; and
- 2.1 Superannuation Administration Services.

2.51 Within the annual report each program was evaluated against performance criteria with commentary on the results for the current period. However in the corporate plan, performance was listed by the use of KPIs for current and future budget rounds.

2.52 In assessing the first performance measure, Program 1—Superannuation Scheme Governance, the committee notes the achievement in meeting performance targets of 3.5 per cent over the three year period to 30 June 2016 with all other targets being achieved.<sup>34</sup>

2.53 In relation to the second measure, Program 2—Superannuation Administration Services, the committee notes that all measured results (apart from pension payments into bank accounts on time) exceeded targets.<sup>35</sup>

2.54 While the annual report had comprehensive detail of performance the report could be improved by measuring or making reference to the KPIs achieved in individual schemes, although the current format is sufficient in evaluating the performance of the entity.

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33 Commonwealth Superannuation Corporation, *Annual Report 2015–16*, p. 14–17.

34 Commonwealth Superannuation Corporation, *Annual Report 2015–16*, p. 18.

35 Commonwealth Superannuation Corporation, *Annual Report 2015–16*, p. 19.

### **General comments**

2.55 Overall the report was well presented, in particular the superannuation scheme section was beneficial in listing the individual superannuation schemes including their membership, scheme administration and any legislation or deed changes. A similar layout was used to evaluate the financial performance for each scheme.

### **Anindilyakwa Land Council**

2.56 The Anindilyakwa Land Council (ALC) annual report 2015–16 was tabled in the House of Representatives out of session on 15 November 2016 and in the Senate on 21 November 2016.<sup>36</sup>

2.57 While the committee found that the corporate Commonwealth entity 'satisfactorily' met the reporting requirements under section 46 of the PGPA Act and Division 3A(B) of the PGPA Rule 2014, the committee notes that 'guideline' for the report to be tabled within the parliament before 31 October was not met.<sup>37</sup>

2.58 The ALC was created to carry out the functions specified in subsection 23(1) of the *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)* (ALRA) including:

- Management of land in consultation with the traditional Aboriginal owners (including proposals regarding lands and seas in the Groote Archipelago area);
- Protection of sacred sites;
- Supervision and administration of land trusts; and
- Protection and preservation of culture, including intellectual property, copyright and reproduction of cultural products to safeguard against illegal or improper use of research, digital images, designs, stories, bio-cultural information, artefacts and art.<sup>38</sup>

2.59 In addition to the above functions the Council has additional reporting requirements under section 37 of the ALRC including the reporting of fees, determinations, delegations, committees and consultants.

2.60 The ALC corporate plan 2015–19 and strategic plan 2015–2027 were available.

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36 *Journals of the Senate*, No.16—21 November 2016, p. 484.

37 Department of 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)*, February 2017, p 4. <https://www.pmc.gov.au/sites/default/files/publications/pmc-tabling-guidelines.pdf> (accessed 10 August 2017).

38 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 20–22; Anindilyakwa Land Council, *Corporate Plan 2015-19*, pp 6–8.

***CEO's message***

2.61 The CEO, Mr Mark Hewitt, referred to some achievements during the 2015–16 period including:

- Establishment of the Royalties Development unit to assist the Office of the Register of Indigenous Corporations in Archipelgo. Traditional owners team leaders will be managers for the project;
- Establishment of the Anindilyaka Royalties Aboriginal Corporation;
- Negotiation with Australian and Territory governments to co-fund a police station in Angurugu; and
- Development of a housing and recreation facilities master plan for the Archipelago communities.<sup>39</sup>

***Performance Reporting***

2.62 The performance reporting section of the annual report was found to be 'satisfactory' by the committee and in accordance with paragraph 39(1)(b) of the PGPA Act and subsection 16F of the PGPA Rule. While all reporting measures were included, the compliance index listed a number of page numbers incorrectly making it difficult to navigate the report.<sup>40</sup>

2.63 Within the annual report the annual performance statements for 2015-16 were evaluated as objectives and goals with the results under each. Of particular interest to the committee in the 2015–16 period was:

- Objective 13.3 'Economic Development and Commercial Services';
- Objective 14 'Advocacy Services'; and
- Objective 15 'Administration and Support services'.

2.64 The committee notes objective 13.3, which is ALC's provision of assistance with communications between the Traditional Owners and custodians in facilitating mining (Eastern leases and Southern leases) on indigenous land.<sup>41</sup> The committee looks forward to reading further progress in the future.

2.65 The committee notes that the Aminjarrinja Enterprises Aboriginal Corporation is being funded \$2 254 000 for a "4G Network"—the roll out of a 4G Microwave telecommunication network and the funding of \$28 000 for satellite WIFI for the community of Umbakumba (objective 14).<sup>42</sup>

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39 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 14–17.

40 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 50–51.

41 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 54–58; Anindilyakwa Land Council, *Corporate Plan 2015-19*, pp 16–17.

42 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 58–59; Anindilyakwa Land Council, *Corporate Plan 2015-19*, pp 17–18.

2.66 The committee notes the refurbishment of the Angurugu field office to better assist community engagement and the funding provided to the Aminjarrinja Enterprises Aboriginal Corporation for various projects for education and housing (objective 15).<sup>43</sup>

2.67 Within the corporate plan, performance was measured similarly via the ALC objectives but was inclusive of the budget expenditure of mining derived royalties under section 64 of the ALRA for the present and future rounds.

### ***Financial Performance***

2.68 The ALC has structured the financial performance report in accordance with subsection 42(2) of the PGPA Act.

2.69 Some of the notable statements in the financial report included:

- A decrease in surplus on continuing operations from \$875 403 in 2016 which was lower than that obtained in the 2015–16 year (\$2 936 134);
- Increase in total liabilities from \$8 705 631 in the 2015 year to \$10 703 243 in 2016; and
- Determinations to the value of \$27.1 million in 2015–16 from \$31 million in the 2014-15 period.<sup>44</sup>

### ***General Comments***

2.70 Overall the report was well presented and informative, meeting the requirements of Clause 9 of the *Commonwealth Authorities (Annual Reporting) Orders 2011*.

2.71 The additional legislative reporting requirements section, including those specific to the ALC was comprehensive and expanded on the Council's performance. The committee commends this approach in describing the entity's compliance activities in these legislative areas as opposed to simply stating that it has complied. Further, reference to reporting requirements of the ALRA in the performance measures and corporate plan assisted the committee in analysing how the entity's objectives seek to comply with those areas.

### **Northern Land Council**

2.72 The Northern Land Council (NLC) annual report 2015–16 was tabled in the House of Representatives out of session on 3 November 2016 and in the Senate on 7 November 2016.<sup>45</sup> While the committee found that the corporate Commonwealth entity 'satisfactorily' met the reporting requirements under section 46 of the PGPA Act and Division 3A(B) of the PGPA Rule 2014 in submitting the report to the Minister

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43 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 59–61; Anindilyakwa Land Council, *Corporate Plan 2015-19*, pp 19–23.

44 Anindilyakwa Land Council, *Annual Report 2015-16*, pp 62, 67–68.

45 *Journals of the Senate*, No.12—7 November 2016, p. 361.

before 15 October 2016, the committee notes that 'guideline' for the report to be tabled within the parliament before 31 October was not met.<sup>46</sup>

2.73 The NLC is a not for profit corporate Commonwealth entity and is established under the *Aboriginal Land Rights (Northern Territory) Act 1976 (Cth)* (ALRA). It is also a Native Title Representative Body under the *Native Title Act 1993 (Cth)*. Under these acts the entity holds responsibilities and additional reporting requirements.

2.74 The NLC aims to achieve enhanced social, political and economic participation and equity for the Aboriginal people through the promotion, protection and advancement of land rights and other interests.<sup>47</sup> However, the NLC also has a number of functions pursuant to other legislation.<sup>48</sup>

2.75 In accordance with subsection 35(1) of the PGPA Act a Commonwealth entity is required to prepare a corporate plan. The corporate plan for 2015–2019 was available for review in addition to the strategic plan for 2015–19. While the corporate plan was available it was difficult to locate and the committee suggests that reporting documents be made more accessible on the entity's website.

### ***Chairman's and Chief Executive Officer's report***

2.76 The Chairman's and CEO introductions included a summary of the agency's highlights for 2015–16, including:

- The 40<sup>th</sup> anniversary of the ARLA;<sup>49</sup>
- Final settlement of title deeds of Aboriginal land on Cox Peninsula (the Kenbi land claim). Proceedings first being lodged in 1979 and settled on 6 April 2016; and
- Continued consultations with native title holders over a proposal to build "Project Sea Dragon" (prawn farm) on League Station in the north west of the

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46 Department of 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)*, February 2017, p 4. <https://www.pmc.gov.au/sites/default/files/publications/pmc-tabling-guidelines.pdf> (accessed 10 August 2017).

47 Northern Land Council, *Annual Report 2015-16*, pp i.

48 The NLC has functions under the following legislation: the Aboriginal Land Act (NT); Cobourg Peninsular Aboriginal Land, Sanctuary and Marine Park Act 1996 (NT); Environmental Protection and Biodiversity Conservation Act 1999 (Cth); Mining Management Act 2015 (NT); Mineral Titles Act 2016 (NT); Petroleum Act 2016 (NT); Geothermal Act 2016 (NT); Environmental Assessment Act 2013 (NT); Environmental Protection and Biodiversity Conservation Act 1999 (Cth); Nitmiluk (Katherine Gorge) National Park Act 1989 (NT); Northern Territory Aboriginal Sacred Sites Act 1989 (NT); Pastoral Land Act 1992 (NT); Special Purpose Leases Act 1952 (NT); Territory Parks and Wildlife Conservation Act 2006 (NT). Anindilyakwa Land Council, *Corporate Plan 2015-19*, pp 3.

49 Two amendments to the act were passed by the Commonwealth parliament. The first amendment in relation to township leasing and second related to the functions of councils as decision maker. Northern Land Council, *Annual Report 2015-16*, pp 7–12.



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region and proposed extension of the Ord River irrigation scheme in the Northern Territory.<sup>50</sup>

### ***Performance Reporting***

2.77 The entity's report on performance is compliant with paragraph 39(1)(b) of the PGPA Act and section 16F of the PGPA Rule.

2.78 The performance plans within the annual report are measured by linking the functions of the NLC under the ALRA to performance criterion. While the annual report lists the criterion source as the corporate plan it provides some results against performance for the 2015–16 period.

2.79 Further analysis is listed in the corporate plan which presents seven of the entity's goals and objectives to the legislative responsibilities under the ALRA, the *Native Title Act 1993 (Cth)* Act and details how they will be measured over the future four year period. The NLC identifies that the focus of the plan during the four year period is to improve government support to the Council, support policy development, increase community engagement and deliver accessible and efficient services to Aboriginal people of the Territory.<sup>51</sup> The goals listed in the strategic plan for 2015–19 further emphasis the focus for the four year period.

2.80 Although not forming part of the annual performance statements the committee commends the NLC for the layout of 'the year in review' section. The section comprehensively lists the communities and major achievements within the period along with staff profiles and case studies. Additionally the NLC elaborated on other mandatory information as required under section 17AH of the PGPA Rule, ALRA Act and the *Native Title Act 1993 (Cth)* rather than stating that it simply complied.

### ***Financial Performance***

2.81 The NLC has structured the financial performance report in accordance with subsection 42(2) of the PGPA Act.

2.82 The NLC is primarily funded through the Aboriginals Benefit Account<sup>52</sup> and is not funded by direct appropriation. As a body under the *Native Title Act 1993 (Cth)* it receives funding on native title matters, however it may also receive funding through grants.<sup>53</sup>

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50 Northern Land Council, *Annual Report 2015-16*, pp 7–12.

51 Northern Land Council, *Annual Report 2015-16*, pp 42.

52 The Aboriginals Benefit Account is legislated under the Aboriginal Land Rights (Northern Territory) Act 1976 to receive and distribute royalty equivalent monies generated from mining on Aboriginal land in the Northern Territory. Department of the Prime Minister and Cabinet, Aboriginals Benefit Account section 64(4) Beneficial Grant Guidelines, December 2016, <https://www.pmc.gov.au/sites/default/files/files/ia/ABA/aba-grant-guidelines.pdf> (accessed 14 August 2017).

53 Northern Land Council, *Annual Report 2015-16*, pp 5, 200.

2.83 In the 2015–16 year the entity reported an operating deficit of \$49 000, compared to a surplus in the 2014–15 year. It is interesting to note that from 2011–2016 a surplus was only reported in 2014.<sup>54</sup> While the report does not provide an explanation for the deficits for this period the report states that "the NLC's operating surplus/ deficit is dependent on external factors such as grant cycles and capital investment in infrastructure".<sup>55</sup>

### ***General Comments***

2.84 The committee commends the NLC for a comprehensive report which is navigable and clear. Particularly the presentation of the report exceeds the standards for the presentation of reports to the parliament in accordance with clause 9 of the *Commonwealth Authorities (Annual Reporting) Orders 2011* and section 28D of the PGPA Rule.

**Senator James Paterson**

**Chair**

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54 Northern Land Council, *Annual Report 2015-16*, pp 6, 163, 234.

55 Northern Land Council, *Annual Report 2015-16*, pp 6.

## Additional Comments by Labor Senators

1.1 Annual reports not only serve to inform external parties about the performance of an entity – they also create a performance framework for entities to direct and then evaluate their own efforts. These dual purposes are recognised by the Department of Finance in its guidance on reporting:

Annual reports serve to inform the Parliament (through the responsible Minister), other stakeholders, educational and research institutions, the media and the general public about the performance of entities in relation to activities undertaken. Annual reports are also a key reference document and a document for internal management.<sup>1</sup>

1.2 Labor Senators are concerned that the performance reporting by the Digital Transformation Office (DTO) in its 2015–16 Annual Report achieved neither of these two purposes.

1.3 Although we appreciate that a new agency may require a period to establish clear performance metrics, there are serious concerns about whether the DTO satisfied the requirements of the enhanced Commonwealth performance framework.

1.4 First, it appears that the DTO operated for much of its first year without any performance targets. The DTO started operation in July 2015,<sup>2</sup> but its KPIs were only articulated in January 2016,<sup>3</sup> with its targets not determined until May 2016.<sup>4</sup>

1.5 Second, the targets that were established were often vague and unquantifiable. It is difficult to establish what measures the DTO used to assess its own performance. One KPI, for instance required 'Improved levels of public satisfaction with the government services as measured by a public digital dashboard'. The associated target was simply for 'Positive change in stakeholder feedback'.

1.6 Third, the reporting against these targets was incomplete. The KPI that 'Entities adhering to the Digital Service Standard (DSS) when designing new services or redesigning existing services' had a target of '80 per cent of agencies adhering to the Digital Service Standard for new services'. The annual report does not state what percentage of agencies did adhere to the DSS. The performance is reported as 'many' but said that it was 'too early' to tell if the target had been reached. Likewise, the KPI for increased use of common ICT platforms across governments is not quantified. It is not clear if the performance level of 'several agencies' is a good result or a bad result.

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1 Department of Finance, Resource Management Guide No. 135, *Annual reports for non-corporate Commonwealth entities*, July 2016, Part 1, para 2, <http://commonwealthresourcemanagementframeworkcompanion.pdf> (accessed 4 August 2017).

2 Digital Transformation Office, *Annual Report 2015–16*, p.2.

3 *Prime Minister and Cabinet Portfolio Additional Estimates Statements 2015–16*, p. 63.

4 *Prime Minister and Cabinet Portfolio Budget Statements 2016–17* p. 134.

1.7 The DTO suffered a number of well publicised setbacks during its operation. It is possible that some may have been avoidable if the DTO set itself clear expectations and then measured its outcomes against them.

1.8 Labor Senators appreciate the difficulty agencies have in establishing clear performance metrics when it is not clear what is being asked of them as a matter of government policy.

**Senator Jenny McAllister**  
**Deputy Chair**

**Senator Kimberley Kitching**

# Appendix 1

## Dates relating to the presentation of reports between 1 November 2016 and 30 April 2017

<b>PRIME MINISTER AND CABINET PORTFOLIO</b>				
<b>Report</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the Senate or presented out of sitting (*)</b>	<b>Tabled in the House of Representatives</b>
Northern Land Council—Report for 2015–16	07/10/16	12/10/16	*03/11/16	07/11/16
Digital Transformation Office—Report for 2015–16	05/10/16	05/10/16	09/11/16	09/11/16
Anindilyakwa Land Council—Report for 2015–16	12/10/16	18/10/16	*15/11/16	21/11/16
Outback Stores Pty Ltd—Report for 2015–16	27/09/16	29/09/16	*15/11/16	21/11/16
Torres Strait Regional Authority (TSRA)—Report for 2015–16	14/10/16	19/10/16	*15/11/16	21/11/16
Executive Director of Township Leasing—Report for 2015–16	04/10/16	06/10/16	21/11/16	10/11/16
Aboriginal Hostels Limited—Report for 2015–16	17/10/16	19/10/16	21/11/16	10/11/16
Independent National Security Legislation Monitor (INSLM)—Report for 2015–16	05/10/16	05/10/16	23/11/16	23/11/16
Aboriginal Land Commissioner—Report no.73—Frances Well Land Claim no.64.	16/06/16	23/06/16	07/02/17	01/12/16
Wreck Bay Aboriginal Community Council—Report for 2015–16	11/11/16	19/11/16	07/02/17	07/02/17
Independent National Security Legislation Monitor—Certain questioning and detention powers in relation to terrorism—Report, dated October 2016	19/01/17	19/01/17	08/02/17	08/02/17
Indigenous Australians—Closing the gap— <ul style="list-style-type: none"> <li>▪ Ministerial statement by the Prime Minister (Mr Turnbull), dated 14 February 2017</li> </ul> Prime Minister's report 2017	–	–	15/02/17	15/02/17
Aboriginal Land Commissioner—Report for 2015–16	12/12/16	20/12/16	27/03/17	27/03/17

<b>FINANCE PORTFOLIO</b>				
<b>Report</b>	<b>Submitted to Minister</b>	<b>Received by Minister</b>	<b>Tabled in the Senate or presented out of sitting (*)</b>	<b>Tabled in the House of Representatives</b>
Defence Housing Australia (DHA)—Report for 2015–16 <i>Also referred to the Foreign Affairs, Defence and Trade Committee</i>	13/10/16	13/10/16	*17/11/16	21/11/16
Commonwealth Superannuation Corporation (CSC)—Report for 2015–16, including financial statements for the Commonwealth Superannuation Scheme, Public Sector Superannuation Scheme, Military Superannuation and Benefits Fund and Public Sector Superannuation Accumulation Plan.	27/10/16	28/10/16	21/11/16	21/11/16
<i>Members of Parliament (Staff) Act 1984</i> —Report for 2015–16	13/10/16	13/10/16	23/11/16	23/11/16
Campaign advertising by Australian government departments and agencies—Report for 2015–16	18/11/16	18/11/16	*05/12/16	07/02/17
Department of Finance—Consolidated financial statements for the year ended 30 June 2016	18/11/16	18/11/16	*16/12/2016	07/02/17
Mid-year economic and fiscal outlook—2016–17—Statement by the Treasurer (Mr Morrison) and the Minister for Finance (Senator Cormann)	16/12/17	16/12/17	07/02/17	07/02/17
Commonwealth Electoral Act 1918—Redistribution into electoral divisions—Northern Territory—Report, together with composite map and compact disc of supporting information, dated February 2017	07/02/17	07/02/17	14/02/17	14/02/17
Finance—Advance to the Finance Minister—Report on advances provided under the annual Appropriation Acts for 2015–16	06/02/17	06/02/17	20/03/17	20/03/17