

The Senate

Finance and Public Administration
Legislation Committee

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Membership of the Committee

Members

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Senator Jenny McAllister (Deputy Chair)	ALP, NSW
Senator David Fawcett (from 5.02.18)	LP, SA
Senator Kimberley Kitching	ALP, VIC
Senator Bridget McKenzie (until 5.02.18)	NAT, VIC
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Senator Lee Rhiannon	AG, NSW

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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,¹ and the departments and agencies of the Prime Minister and Cabinet Portfolio and the Finance Portfolio.

1.2 This is the first report on annual reports for 2018 and provides an overview of selected annual reports for the 2016–17 financial year presented to the Parliament between 1 May 2017 and 31 October 2017. Copies of this and other committee reports can be obtained from the Senate Table Office 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

1.4 In the 45th Parliament, the Senate allocated departments and agencies to committees on 31 August 2016.² In accordance with that resolution, the committee has responsibility for the oversight of the following portfolios:

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

Performance Reporting Framework

1.5 The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) established a performance reporting framework for all Commonwealth entities and companies.

1.6 Section 38 of the PGPA Act requires all Commonwealth entities to measure and assess their performance.

1.7 The performance framework provides for performance planning, measurement and reporting by an entity through planned performance information presented in the Portfolio Budget Statements (PBS) and corporate plan, and then reported in the annual report, which includes an annual performance statement.

1.8 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.³

1.9 The Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) supports the implementation of the PGPA Act and outlines the requirements of annual reports for Commonwealth entities.

Requirements for Annual Reports

1.10 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 are a key document under the Commonwealth performance framework and are 'the

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

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, available at: <http://www.finance.gov.au/sites/default/files/RMG-001%20-%20CRM%20Framework%20Companion.pdf> (accessed 5 December 2017); Department of Finance, Resource Management Guide No.136, *Annual reports for corporate Commonwealth entities*, July 2016, p. 4, available at: http://www.finance.gov.au/sites/default/files/RMG-136_Annual_reports_for_corporates.pdf (accessed 5 December 2017).

primary document through which responsible Ministers report to the Parliament on the actual performance of entities'.⁴

1.11 Below is a summary of the legislative authority and requirements for the preparation of annual reports by different types of Commonwealth bodies:

- Non-corporate Commonwealth entity⁵—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);
- Corporate Commonwealth entity⁶—PGPA Act, section 46 and the PGPA Rule, Division 3A(B);
- Commonwealth company⁷—PGPA Act, section 97, which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule, Part 3–3;
- Statutory office holders and statutory bodies—statutory office holders are engaged or employed under an Act, which may prescribe annual reporting requirements pursuant to the office. It should be noted that there may be reporting requirements in the enabling legislation for statutory bodies (which may also be a Commonwealth entity);⁸ and
- Non-statutory bodies—non-statutory bodies (NSBs) are established by a Minister and are not pursuant to a statute. Guidelines for the preparation of annual reports for NSBs are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on Non-Statutory bodies.⁹

1.12 In addition to legislative requirements, the Department of Finance (Finance) provides guidance material for Commonwealth entities' and companies' which provide further detail on the content requirements for annual reports under the Commonwealth

4 Department of Finance, Resource Management Guide No. 130, *Overview of the enhanced Commonwealth performance framework*, July 2016, p. 7, available at: <https://www.finance.gov.au/resource-management/performance/> (accessed 8 March 2018).

5 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).

6 A body corporate, that 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.

7 A company established by the Commonwealth under the *Corporations Act 2001* that is wholly controlled by the Commonwealth.

8 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.

9 Senate Hansard, 8 December 1987, pp 2632–45.

performance framework in accordance with the PGPA Act and PGPA Rule.¹⁰ The material available from this website includes the following:

- *Resource Management Guide No. 135—Annual reports for non-corporate Commonwealth entities;*
- *Resource Management Guide No. 136—Annual reports for corporate Commonwealth entities; and*
- *Resource Management Guide No. 137—Annual reports for Commonwealth companies.*

Reports examined

1.13 In accordance with Standing Order 25(20)(f), this report examines annual reports tabled between 1 May 2017 to 31 October 2017. Twenty-six 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

Parliamentary departments

- Department of the Senate—Report for 2016–17
- Department of Parliamentary Services—Report for 2016–17
- Parliamentary Budget Office—Report for 2016–17

Departments of State

- Department of the Prime Minister and Cabinet—Report for 2016–17
- Department of Finance—Report for 2016–17

Agencies

- Australian National Audit Office—Report for 2016–17
- Office of the Commonwealth Ombudsman—Report for 2016–17
- Office of the Inspector-General of Intelligence and Security—Report for 2016–17
- Office of the Official Secretary to the Governor-General—Report for 2016–17
- Australian Electoral Commission—Report for 2016–17
- Future Fund Board of Guardians and Future Fund Management Agency—Report for 2016–17

Corporate Commonwealth entities

- Central Land Council—Report for 2016–17

10 See Department of Finance website, 'Managing performance', available at: <http://www.finance.gov.au/resource-management/performance/> (accessed 22 November 2017).

- Indigenous Business Australia—Report for 2016–17
- Indigenous Land Corporation—Report for 2016–17
- Northern Land Council—Report for 2016–17

Commonwealth companies

- National Australia Day Council—Report for 2016–17
- Aboriginal Hostels Limited—Report for 2016–17
- ASC Pty Ltd—Report for 2016–17
- Australian Naval Infrastructure Pty Ltd—Report for 2016–17

Statutory office holders/offices

- Parliamentary Service Commissioner—Report for 2016–17, including report of the Parliamentary Service Merit Protection Commissioner
- Remuneration Tribunal—Report for 2016–17
- Executive Director of Township Leasing—Report for 2016–17
- Australian Public Service Commissioner—Report for 2016–17, incorporating the annual report of the Merit Protection Commissioner
- Independent Parliamentary Expenses Authority—Report for 2016–17

Reports not examined

1.14 The committee is not obliged to examine reports on the operation of Acts, policy papers, budget documents or corporate plans. 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:

- Independent National Security Legislation Monitor—Report No. 1—September 2017—Review of Division 3A of Part 1AA of the *Crimes Act 1914*: Stop, Search and Seize Powers.
- Independent National Security Legislation Monitor—Report No. 2—September 2017—Sections 119.2 and 119.3 of the Criminal Code: Declared Areas
- Independent National Security Legislation Monitor—Report No. 3—September 2017—Review of Divisions 104 and 105 of the Criminal Code (including the Interoperability of Divisions 104 and 105A): Control Orders and Preventative Detection Orders
- Indigenous Business Australia—Corporate Plan 2017–18 to 2020–21
- Final Budget Outcome 2016–17—Report by the Treasurer and Minister for Finance
- Clean Energy Finance Corporation—Report for 2016–17 (*Also referred to the Environment and Communications Legislation Committee*)

- Moorebank Intermodal Company Limited—Report for 2016–17 (*Also referred to the Rural and Regional Affairs and Transport Committee*)

Timeliness

1.15 The PGPA Act requires Commonwealth entities (corporate and non-corporate) to prepare an annual report and provide it to the responsible Minister by the 15th day of the fourth month after the end of the reporting period for the entity.¹¹

1.16 This section of the Act, however, does not provide a timeframe for the Minister to present the report to the Parliament. The Finance Resource Management Guides, advise:

It has been practice for the responsible Minister to present the report to each house of the Parliament on or before 31 October.¹²

1.17 Under section 97(2) 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

(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*.

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

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

1.19 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).¹³

11 *Public Governance, Performance and Accountability Act 2013* (Cth), section 46.

12 Department of Finance, Resource Management Guide No. 135, *Annual reports for non-corporate Commonwealth entities*, July 2016, p. 8; Resource Management Guide No. 136, *Annual reports for corporate Commonwealth entities*, July 2016, p. 7.

13 See *Public Governance, Performance and Accountability Rule*, sections 17AB, 17BC and 28C.

1.20 The guidelines advise that for all entities:

As per past practice, it is expected that the responsible Minister will present the report to each House of Parliament on or before 31 October. If Senate Supplementary Budget Estimates hearings are scheduled to occur prior to 31 October, it is best practice for annual reports to be tabled prior to those hearings. This ensures that annual reports are available for scrutiny by the relevant Senate standing committee.¹⁴

Timeliness of reports examined

1.21 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 offices to endeavour to meet relevant timeframes.

1.22 Appendix 1 lists the annual reports tabled (or presented) in Parliament between 1 May 2017 and 31 October 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 the relevant Minister.

1.23 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.

1.24 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 2017. Two entities that did not meet this requirement included Moorebank Intermodal Company and Clean Energy Finance Corporation. All entities met the guidelines of best practice that require an entity to present the report to at least one House of Parliament on or before the 31 October.¹⁵

1.25 The committee continues to encourage Ministers and agencies to present annual reports in sufficient time for examination by Senators before Supplementary Budget Estimates hearings. The committee commends those who tabled annual reports before the commencement of Supplementary Budget Estimates 2017–18 on 23 October 2017.

14 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)*, February 2017, pp. 4–5.

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.

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.

Non-reporting bodies

1.27 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.

1.28 The committee makes no recommendation for any bodies not presenting an annual report to do so.

Assessment of reports

1.29 Under Standing Order 25(20)(a), the committee is required to examine the annual reports of departments and agencies referred to it and report to the Senate on whether they are timely and 'apparently satisfactory'. In order to make an assessment of the reports, the committee must consider whether the reports comply with the relevant legislation and guidelines. The committee considers all reports examined to be 'apparently satisfactory'.

Chapter 2

Review of selected reports

2.1 All 2016–17 annual reports tabled in the Parliament prior to 31 October 2017 were determined to be 'apparently satisfactory'. As provided for in Standing Order 25(20)(b) the committee has selected the following reports for more detailed consideration:

- Department of Parliamentary Services
- Department of the Prime Minister and Cabinet
- Office of the Official Secretary to the Governor-General
- Central Land Council
- Department of Finance
- ASC Pty Ltd

Department of Parliamentary Services

2.2 The Department of Parliamentary Services (DPS) Annual Report 2016–17 was tabled in the House of Representatives and the Senate on 16 October 2017.¹

2.3 The purpose of DPS is to support the functions of the Australian Parliament and the work of parliamentarians through the provision of professional services, advice and facilities, the ongoing maintenance of Australian Parliament House (APH); and to make the building, and the activity that takes place within it, accessible.²

2.4 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 that corporate plans be published on an entity's website by the last day of the second month of the reporting period in which the plan was prepared. The DPS Corporate Plan 2016–17 was available on the entity's website for review.³

Secretary's Review

2.5 The DPS Secretary, Mr Rob Stefanic, provided an overview of the achievements of the department based on the strategic themes and objectives as listed in the Corporate Plan 2016–17, including:

- establishment of in-house catering and event management on 1 January 2017;
- formation of the Design Integrity & Archives Unit in July 2016; and

1 *Journals of the Senate*, No. 64, 16 October 2017, p. 4.

2 Department of Parliamentary Services, *Annual Report 2016–17*, p. 12.

3 Department of Parliamentary Services, *Corporate Plan 2016–17*, available at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Department_of_Parliamentary_Services/Publications (accessed 20 December 2017).

- Parliamentary approval of Group 2 Physical Security Upgrade Works and the installation of temporary fencing for the works which will continue in 2017–18.⁴

2.6 In the section titled 'Changing Direction', the Secretary provided an update on the expedited finalisation of the Conservation Management Plan (CMP). The Secretary had previously indicated this intention within the Annual Report 2015–16. The Secretary, noting evidence provided to the committee in the Additional Estimates 2016–17 hearings, stated that:

the original brief was flawed...

When consultants developing the CMP declined to address these substantive issues, the projects were terminated by mutual consent in September 2016. This was not a decision taken lightly, given the amount of Commonwealth funding already expended on these projects.⁵

2.7 The committee notes that the expenditure of this project was not disclosed. While the committee acknowledges sensitivities around this action, the committee would expect that the report should include this detail.

Performance information

2.8 The annual performance statement within the DPS annual report are comprehensive and list performance criteria results against Key Performance Indicators (KPIs) as reflected within the Corporate Plan 2016–17 and the Portfolio Budget Statements (PBS) 2016–17.

2.9 In the 2016–17 period DPS stated that it met 13 of the 18 performance criteria, achieving an overall result of 72 per cent, an increase of 14 per cent from the previous year.⁶ There appears to be discrepancies in how KPIs and performance criteria are described and accounted. The committee notes that while DPS stated its results as meeting 13 of 18 performance criteria, this seems to be a statement of the overall number of KPIs met. Both the corporate plan and the annual report list 10 performance criteria, for which there are a total of 18 KPIs.

2.10 Further, there also appears to be an additional KPI listed in the PBS. The additional KPI appears to be 'per cent of Parliamentary satisfaction with Art Collection Services' appearing within performance criterion 3 (Building occupant satisfaction with timeliness and quality of DPS services).

2.11 The performance report was structured with a brief analysis of each criterion and contained comparative results listed over a three year period in tabular format.

2.12 Two performance criterion that the committee noted were performance criterion 5 (ICT service standards are achieved) and performance criterion 7 (Continuity of Design Integrity).

4 Department of Parliamentary Services, *Annual Report 2016–17*, pp. 2–8.

5 Department of Parliamentary Services, *Annual Report 2016–17*, p. 7.

6 Department of Parliamentary Services, *Annual Report 2016–17*, p. 26.

2.13 In relation to performance criterion 5, the committee noted that the target of 90 per cent of ICT Service Standards achieved was not met. In 2016–17, 88.33 per cent of ICT Service Standards were achieved which was a decrease from 91.66 per cent in 2015–16.⁷ However, the analysis within the annual report noted that 'a number of corrective actions have been implemented to continue to work towards achieving the performance criteria in the 2017–18 period'.⁸

2.14 In relation to performance criterion 7, the committee notes the review in the methodology for assessing performance against this criterion from the previous year, due to concerns about appropriateness of the previous methodology as a measure of design integrity.⁹ DPS had previously listed within the PBS that it did not anticipate to meet the criterion as a result of long lead times for capital projects.¹⁰ The committee acknowledges that DPS met the target of 90 per cent for this criterion, and commends DPS for not only meeting the target but doing so in light of the altered criterion.¹¹

Parliamentary Library Performance

2.15 Achievements within the Parliamentary Library are listed under performance criterion 4 (Parliamentary Library Service KPIs are achieved) and are also reflected within the Corporate Plan 2016–17. The committee notes that the Parliamentary Library met 90 per cent of its key deliverables and targets.¹²

2.16 Part 5 of the annual report provides further detailed performance reports for the Parliamentary Library. The committee particularly notes the section on Library collections and databases, which contains extensive use of tables and charts and a detailed analysis of the activities of the Parliamentary Library over an extensive period.

Financial Performance

2.17 DPS received an unqualified audit report from the ANAO on its financial statements.¹³

2.18 DPS recorded an operating loss of \$20.3 million in 2016–17. Which follows another deficit as reported in the 2015–16 year.¹⁴ The annual report commented that the loss was due to:

\$17.2 million in depreciation and amortisation which is not funded through revenue appropriations but rather through the department's capital budget.

7 Department of Parliamentary Services, *Annual Report 2016–17*, p. 42.

8 Department of Parliamentary Services, *Annual Report 2016–17*, p. 42.

9 Department of Parliamentary Services, *Annual Report 2016–17*, p. 52.

10 Portfolio Budget Statements 2017–18, *Department of Parliamentary Services*, p. 17.

11 Department of Parliamentary Services, *Annual Report 2016–17*, p. 52.

12 Department of Parliamentary Services, *Annual Report 2016–17*, p. 44.

13 Department of Parliamentary Services, *Annual Report 2016–17*, pp. 192–194.

14 Department of Parliamentary Services, *Annual Report 2016–17*, p. 16.

\$3.1 million of the remaining loss was due to higher than budgeted software licenses, unbudgeted separation and redundancies and the implementation costs in establishing in house catering at APH.¹⁵

2.19 Administered costs relating to security for the reporting year amounted to \$38.5 million. The committee notes that DPS has sought and been approved for \$75.7 million in additional funds relating to the security upgrades.¹⁶ The committee will continue to review the security measures relating to upgrades within the next reporting period.

2.20 The Parliamentary Librarian also provided a discussion on the financial performance of the Parliamentary Library in 2016–17. The Parliamentary Library had an operating budget of \$16.62 million and a capital budget of \$3.491 million.¹⁷ Actual expenditure was reported to be \$16.411 million in operational funding and \$3.326 million in capital funding. The Parliamentary Librarian advised that the end of year result was closely aligned to the available budget, albeit some internal variations to expenditure on employee and collection costs with the majority of funds re-directed to the information resources budget.¹⁸

General Comments

2.21 The committee notes that additional KPIs in relation to security and the Parliament House Works Program have been developed for inclusion in the 2017–18 PBS. The performance of the KPIs will be measured in the 2017–18 annual performance statement within the annual report.

2.22 The DPS annual report is a comprehensive document that the committee considers 'apparently satisfactorily'. The annual performance statement was informative and captured the performance of the entity against its purpose.

Department of the Prime Minister and Cabinet

2.23 The Department of the Prime Minister and Cabinet (DPMC) Annual Report 2016–17 was tabled in the Senate out of session on 29 September 2017 and in the House of Representatives on 16 October 2017.¹⁹

2.24 The role of the DPMC is to advise and support the Prime Minister, the Cabinet, portfolio ministers and the government to ensure decisions are implemented.²⁰

2.25 The DPMC Corporate Plan 2016–20 was available on the entity's website for review.²¹

15 Department of Parliamentary Services, *Annual Report 2016–17*, p. 16.

16 Department of Parliamentary Services, *Annual Report 2016–17*, p. 17.

17 Department of Parliamentary Services, *Annual Report 2016–17*, p. 109.

18 Department of Parliamentary Services, *Annual Report 2016–17*, p. 110.

19 *Journals of the Senate*, No. 64, 16 October 2017, p. 4.

20 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 5.

Secretary's Review

2.26 The Secretary of the DPMC, Dr Martin Parkinson AC PSM, provided an overview for the department's achievements over the reporting period including:

- launch of the Third Action Plan to Reduce Violence against Women and their Children;
- delivery of the ninth Closing the Gap report to Parliament; and
- acknowledgement of three milestone events for Indigenous Australians—50 years since the 1967 Referendum; 25 years since the Mabo Decision and 20 years since the Bringing them Home Report.²²

Performance information

2.27 The DPMC Annual Report 2016–17 maps the Strategic Priorities (Purposes) of the Corporate Plan 2016–20 to the Objectives (Outcomes and Programs) in the 2016–17 PBS.²³

2.28 The annual performance statement measured results against the activities, KPIs and measurements in the Corporate Plan 2016–20 and then separately against the performance criteria and KPIs in the 2016–17 PBS. While results were reported against measures in both the corporate plan and the PBS, the layout of the annual performance statement which intersperses the two different sets of results made the information difficult to follow.

2.29 The committee notes that the Corporate Plan 2016–20 was more detailed than the prior year, Corporate Plan 2015–19, and contains measurements for a four year forecasting period. However, the performance statements lacked quantitative measures in which to assess how results have been achieved and met, for example 'all events were delivered within agreed timeframes', however there is no information on the recommended performance target.²⁴ The committee found that while the addition of case studies provided some analysis, performance would be better analysed if linked to specific measures.

2.30 Overall the DPMC achieved sixteen out of seventeen of the performance criteria in its corporate plan and seven of nine KPIs in its 2016–17 PBS.²⁵ The performance criteria which was not met was Enhancing Capability under Purpose 3 (Improving the lives of indigenous Australians). The annual report stated that this performance criteria was not met 'primarily because Indigenous Affairs Group business processes, including responsibilities of staff in the regional network, were

21 Department of the Prime Minister and Cabinet, *Corporate Plan 2016–20*.
<https://www.pmc.gov.au/sites/default/files/publications/dpmc-corporate-plan-2016-20.pdf>
 (accessed 3 January 2017).

22 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, pp. 1–4.

23 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 9.

24 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 14.

25 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 52.

under review in 2016–17'.²⁶ In relation to the KPIs in the PBS, the annual report states:

Program 2.1 (Jobs, Land and Economy) is not on track to halve the gap in employment outcomes between Indigenous and non-Indigenous Australians by 2018. However, employment outcomes have increased over the period through Indigenous-specific programs. Program 2.2 (Children and Schooling) is not on track to meet COAG education targets. The targets for 2018 are to halve the gap in reading, writing and numeracy achievements for Indigenous students and to close the gap in Indigenous school attendance.²⁷

Financial Performance

2.31 The DMPC reported an operating deficit of \$20.6 million, however this recorded as an operating surplus of \$0.2 million after adjustments.²⁸ The incurred administrated expenses amounted to \$1663.9 million, which comprised primarily of grant payments (\$1347.4 million). A further breakdown of this expenditure included:

- \$1356.4 million for Indigenous Affairs programs;
- \$144.8 million for the Aboriginals Benefit Account (ABA);
- \$51.8 million for payments to the Aboriginal and Torres Strait Islander Land Account (ATSILA); and
- \$3.5 million for Office for Women programs.²⁹

2.32 Administered revenue for the DPMC amounted to \$108.2 million, seven per cent higher than in the period for 2015–16. Liabilities for the 2016–17 period totalled \$63.5 million, an increase of 10 per cent from the previous period in 2015–16.³⁰ The department's assets and liabilities are in line with the budgeted position for 2015–16.³¹

2.33 Appendices within the DPMC annual report also reported on the financial status of the ABA, ATSILA and the Office of Registrar of Indigenous Corporations Report (ORIC). The appendices provide a useful summary of the operations for the reporting period, including statistics on revenue and expenditure over two prior reporting periods and reporting compliance. As in the previous year the ORIC reported a deficit of \$0.049 million.³² The committee notes that no explanation was provided for the deficit.

26 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 52.

27 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 52.

28 Applied for unfunded depreciation, amortisation expenses, non-cash asset write downs and impairments, Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 67.

29 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 67.

30 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 67.

31 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 70.

32 Department of the Prime Minister and Cabinet, *Annual Report 2016–17*, p. 179.

General comments

2.34 The committee considers that the DPMC Annual Report 2016–17 is 'apparently satisfactory' and contains the requirements of a non-corporate Commonwealth entity within the PGPA Act and Rule. The committee notes that the annual report could be improved by linking KPI targets to measurable results where applicable in order to better assess performance.

Office of the Official Secretary to the Governor-General

2.35 The Office of the Official Secretary to the Governor-General (OOSGG) Annual Report 2016–17 was tabled in the Senate on 13 November 2017 and in the House of Representatives on 19 October 2017.³³

2.36 The role of the OOSGG is to support the Governor-General in the conduct of his official responsibilities, including constitutional, statutory, ceremonial and commander-in-chief.³⁴

2.37 The OOSGG Corporate Plan 2016–17 was available on the entity's website for review.³⁵

Official Secretary's Review

2.38 The review highlighted some of the Office's achievements for the reporting period including the development of capital works at Admiralty House to improve disability access and restore functionality to back-of-house service areas.³⁶ The review also highlighted the community engagements undertaken throughout Australia and also noted the events attended in rural, regional and remote locations.³⁷

2.39 The review also sets out an outlook for the 2017–18 reporting period and notes the priority to complete the capital works at Admiralty House, to commence works on replanting the Bravery Garden at Government House, a Fire Services System and HVAC replacement in the Chancery.³⁸ The outlook also noted that additional funding may be sought through the Budget Process in 2017–18 to better meet 'emerging challenges of the decade ahead'. However, the committee notes that no information was provided to explain the nature of these 'emerging challenges'.

33 *Journals of the Senate*, No. 68—13 November 2017, p. 9.

34 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 2.

35 Office of the Official Secretary to the Governor-General, *Corporate Plan 2016–17*, available at https://www.gg.gov.au/sites/default/files/files/administration/2016/2016-17%20OOSGG%20Corporate%20Plan_Final_26%20Aug%202016.pdf (accessed 3 January 2017).

36 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 4.

37 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 3.

38 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 4.

Performance information

2.40 The performance report provides a concise review of the Office's performance throughout 2016–17. Analysis of performance is discussed through a single program (Support for the Governor-General and Official Functions). The program comprises of two components, Component 1—Support for the Governor-General, and Component 2—Administration of the Australian honours and awards system.

2.41 The annual performance statement summarise in tabular format the results for 2016–17 against the deliverables and KPIs set out in the PBS 2016–17 and the Corporate Plan 2016–17.³⁹

2.42 For some deliverables the measure of performance is that the Governor-General, or other stakeholders, have indicated satisfaction with the performance of the deliverable. The committee notes that feedback is regularly sought from the Governor-General 'on the quality of the program and the support and services provided in its execution'.⁴⁰

2.43 The committee also notes that the Key Results section of the annual performance statement provides substantial information on the work of the OOGSS under Component 1, including, for example, the number of Commander-in-Chief events, ceremonial activities, investitures and other ceremonies for which the Office has provided support to the Governor-General. In relation to Component 2, information is provided about the numbers of nominations received for various awards, as well as detailed information on percentages of nominations processed and average processing times.⁴¹ The committee notes that the OOSGG are 'currently embarked on a major review of the nomination process to make it more user-friendly, accessible and responsive to the community at large'.⁴²

Financial performance

2.44 The ANAO issued an unmodified audit opinion on the OOSGG financial statements.⁴³

2.45 The financial performance section of the annual performance statement noted a significant change in 2016–17, stating that there has been an accounting change in the treatment of a long standing arrangement of an 'Allowance' program expense account to meet the costs of delivering the Governor-General's program and hospitality.⁴⁴ The annual report stated that advice was received on the allowance from the Australian Government Solicitor, which indicated that funds in the 'Allowance' program expense account continued to be 'relevant money' under the PGPA Act, and

39 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 10.

40 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 13.

41 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, pp. 38–40.

42 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 4.

43 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 14.

44 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 14.

spending such funds constituted an inadvertent breach under section 83 of the Constitution. The committee notes that OOSGG indicated that remedial action has been taken and the matter has been reported as a significant non-compliance with financial law and reported as such to the responsible Minister.⁴⁵

2.46 The OOSGG achieved an operating surplus for the 2016–17 reporting period with total appropriations amounting to \$19 213 000. This amount comprised of:

- \$14.421 million to Departmental outputs (including \$395 000 towards the Departmental Capital Budget);
- \$1.431 million for Administered expenses;
- \$2.936 million towards the Administered Capital Budget; and
- \$425 000 as a Special Appropriation for the Governor-General's salary.⁴⁶

2.47 In the 2016–17 period capital works projects were undertaken to the Government House and Admiralty House properties. Expenditure of the projects were budgeted at \$2.936 million with an actual expenditure of \$2 846 482 recorded.⁴⁷ The committee has inspected the works and received a briefing on the works at Admiralty House. A similar inspection and briefing for the works at Government House will take place shortly.

2.48 The committee notes that the annual report reported financial expenditure per component within the annual performance statement. This allowed the transparency of public funds against that budgeted and the variance for each component.

General comments

2.49 The OOSGG Annual Report 2016–17 is well presented and adheres to the requirements for a non-corporate Commonwealth entity under the PGPA Act and PGPA Rule. The report clearly expressed the entity's purpose and detailed the entity's responsibilities within the annual performance statement. The committee considers the OOSGG Annual Report 2016–17 to be 'apparently satisfactory'.

Central Land Council

2.50 The Central Land Council (CLC) Annual Report 2016–17 was tabled in the Senate on 13 November 2017 and in the House of Representatives on 26 October 2017.⁴⁸

2.51 The CLC represents and provides services to Aboriginal traditional owners and residents in Central Australia and supports them to manage their land and promote

45 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, pp. 44 and 80–81.

46 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 14.

47 Office of the Official Secretary to the Governor-General, *Annual Report 2016–17*, p. 14.

48 *Journals of the Senate*, No. 68–13 November 2017, p. 9.

their rights. However, the CLC also has a number of functions pursuant to other legislation.⁴⁹

2.52 The CLC 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.

2.53 In accordance with subsection 35(1) of the PGPA Act a Commonwealth entity is required to prepare a corporate plan. The Corporate Plan 2016–2020 was available for review on the entity's website.⁵⁰

Reports by the Chair and Director

2.54 The Chair's and Director's reports included a summary of the entity's highlights for 2016–17 including:

- settlement between residents and traditional owners of Mutitjulu regarding future responsibilities for community land use;⁵¹
- review of the Warlpiri Education and Training Trust which has created jobs for at least 40 Yapa Aboriginal people in four Tanami communities;⁵² and
- completion of consultation regarding proposed northern gas pipeline route agreements.⁵³

Performance reporting

2.55 The Corporate Plan 2016–2020 is comprehensive and sets out the CLC policy priorities and strategic direction for a four year period. The corporate plan includes medium-term financial forecasts until the financial year 2019–20.⁵⁴ The committee commends the CLC on producing a comprehensive corporate plan which not only informs the performance for the current financial year but tracks past performance and the future strategic and financial goals.

2.56 The annual performance statement within the report measures performance against targets set out in a performance statement in the Corporate Plan 2016–2020.⁵⁵

2.57 In addition to the annual performance statement, the annual report contains a comprehensive Performance Report, which sets out the CLC's performance against six

49 Central Land Council, *Annual Report 2016–17*, pp. 12–16.

50 Central Land Council, *Corporate Plan 2016–20*. <https://www.clc.org.au/files/pdf/CLC-Corporate-Plan-2016-2020.pdf> (accessed 3 January 2017).

51 Central Land Council, *Annual Report 2016–17*, p. 5.

52 Central Land Council, *Annual Report 2016–17*, p. 6.

53 Central Land Council, *Annual Report 2016–17*, p. 6.

54 Central Land Council, *Corporate Plan 2016–20*, pp. 75–76.

55 Central Land Council, *Annual Report 2016–17*, pp. 127–128. A Portfolio Budget Statement is not required for the CLC, see Portfolio Budget Statements 2016–17, *Prime Minister and Cabinet Portfolio*, p. 8.

outputs. The section is well designed, utilising use of graphs, charts and photographs in each output. The annual performance statement linked the strategic goals with the qualitative assessment of the achievement of the goals in the Performance Report.⁵⁶

2.58 Of the outputs listed, the committee particularly notes the signing of a sub-lease with the Executive Director of Township Leasing over the community of Mutitjulu, under Output 3.2 (Economic Development & Commercial Services).⁵⁷ The committee notes the sub-lease was achieved after more than 6 years of stakeholder consultation.

Financial performance

2.59 In the 2016–17 financial year the CLC reported a deficit of \$2.485 million. This compares to a deficit of \$60 000 in 2015–16 and \$570 000 in 2014–15.⁵⁸ The committee notes that the report provided no explanation for the increase of the deficit.

2.60 Net income consisted of \$2.485 million (6 percent) of operating expenditure.⁵⁹ Income derived from the Aboriginals Benefit Account comprised of \$18.027 million of total revenue of \$41.9 million.⁶⁰

2.61 Total operating expenses amounted to \$39.9 million.⁶¹ The largest output expenditure classified as natural resource management amounted to \$9.7 million (27 per cent), a greater level of expenditure than the previous year of \$9.2 million.⁶² The second largest output group was identified for economic development and commercial services, which amounted to \$8.6 million (24 per cent).⁶³ Advocacy and community development expenditure amounted to \$5.6 million (16 per cent) for 2016–17 which was similar to the previous year (2015–16) expenditure of \$5.5 million (14 percent).⁶⁴ The committee notes that the CLC has stated that there are budget constraints for the advocacy and community development expenditure due to an unmet demand for community development resources.⁶⁵

2.62 CLC noted that, in accordance with section 19 of the PGPA Act, it informed the Minister for Indigenous Affairs during the reporting period of a significant issue

56 Central Land Council, *Annual Report 2016–17*, p. 126.

57 Central Land Council, *Annual Report 2016–17*, p. 47.

58 Central Land Council, *Annual Report 2016–17*, p. 25; Central Land Council, *Annual Report 2015–16*, p. 23.

59 Central Land Council, *Annual Report 2016–17*, p. 26.

60 Central Land Council, *Annual Report 2016–17*, p. 7.

61 Central Land Council, *Annual Report 2016–17*, p. 7.

62 Central Land Council, *Annual Report 2016–17*, p. 25.

63 Central Land Council, *Annual Report 2016–17*, p. 25.

64 Central Land Council, *Annual Report 2016–17*, p. 25; Central Land Council, *Annual Report 2015–16*, p. 24.

65 Central Land Council, *Annual Report 2016–17*, p. 26; Central Land Council, *Annual Report 2015–16*, p. 24.

affecting the entity. Specifically, Comcover had declined to fully meet the repair costs of storm damage to the CLC's Stuart Highway building. The annual report noted:

The minister subsequently assisted with an estimates' variation and advice that the building subsidence issue would be dealt with on receipt of the engineer's recommendations as part of the 2017–18 estimates budget.⁶⁶

2.63 The annual report also provided an overview of revenue and expenditure in relation to the operational outputs over a five year period by incorporating a number of charts. The committee commends this approach as it allowed financial performance to be identified over the reporting period and how the current financial year compares.

General comments

2.64 The committee found the CLC Annual Report 2016–17 to be 'apparently satisfactory'. The committee particularly notes the CLC Corporate Plan 2016–2020 which was comprehensive and detailed forecast targets for both performance and financial sustainability for the next reporting period.

Department of Finance

2.65 The Department of Finance (Finance) Annual Report 2016–17 was tabled in the Senate (out of session) on 20 October 2017 and in the House of Representatives on 23 October 2017.⁶⁷

2.66 The role of the Finance is to assist the government shape and deliver its priorities to ensure that public expenditure programs are sustainable and reflect best value to government and the Australian community.⁶⁸

2.67 Finance's Corporate Plan 2016–17 was available on the entity's website for review.⁶⁹

Secretary's Review

2.68 The Secretary's review provided a summary of the key achievements of the department throughout the year including:

- delivery of the 2016–17 Mid-Year Economic and Fiscal Outlook and the 2017–18 Budget, supporting the government to deliver its fiscal policy objectives by providing advice on spending and saving proposals to the Expenditure Review Committee of Cabinet, including advice on policy reforms for investment in regional Australia and energy security;
- supporting the delivery of eight reviews of Commonwealth entities, as part of the Efficiency through Contestability Program, 'which is reviewing Commonwealth public sector activities to assess whether they align with key

66 Central Land Council, *Annual Report 2016–17*, p. 118.

67 *Journals of the Senate*, No. 68, 13 November 2017, p. 8.

68 Department of Finance, *Annual Report 2016–17*, p. 12.

69 Department of Finance, *Corporate Plan 2016–17*, available at: <https://www.finance.gov.au/publications/corporate-plan/2016-17/> (accessed 9 January 2018).

policies and priorities'.⁷⁰ Reviews are expected to achieve savings of around \$5 billion over the period 2014–15 to 2020–21, with a further \$14 billion over the period 2021–22 to 2026–27; and

- establishment of the Independent Parliamentary Expenses Authority as a Commonwealth Statutory Authority.⁷¹

Performance reporting

2.69 The section of the annual report on performance, presented the links between key purposes in the Corporate Plan 2016–17 and outcomes in the PBS 2016–17.⁷²

2.70 The annual performance statement reported on results achieved against the purposes and performance criterion published in the Corporate Plan 2016–17 and the PBS 2016–17 which are presented in tabular format. The committee notes that Finance either reported having achieved or substantially achieved all performance criteria.⁷³ The committee considers that the performance information is clear and demonstrated Finance's progress in meeting its purposes with the achievement of outcomes.

2.71 The performance section of the Annual Report also provided a summary of key activities and achievements of the department. The committee notes the significance of Finance's involvement in the following projects:

- advice on significant infrastructure and investments (\$5.3 billion to build Western Sydney Airport; \$8.4 billion to deliver the Melbourne to Brisbane inland rail project; and \$600 million over two years as part of the \$10 billion National Rail Program); and
- advice on the establishment of a Regional Growth Fund which will provide funding of \$472.2 million with the aim of creating jobs, driving economic growth and building stronger communities.⁷⁴

2.72 The committee notes that Finance collaborated with entities for the:

- separation and establishment of the Australian Naval Infrastructure as an independent entity; and
- sale of 92 properties under the government's surplus property divestment program which will return \$36 million in gross proceeds to consolidated revenue.⁷⁵

70 Department of Finance, *Annual Report 2016–17*, p. 6.

71 Department of Finance, *Annual Report 2016–17*, pp. 6–8.

72 Department of Finance, *Annual Report 2016–17*, p. 21.

73 Department of Finance, *Annual Report 2016–17*, pp. 36–57.

74 Department of Finance, *Annual Report 2016–17*, pp. 2 and 23.

75 Department of Finance, *Annual Report 2016–17*, pp. 28–29.

Financial performance

2.73 In 2016–17, Finance recorded an operating surplus of \$55.4 million.⁷⁶ This is stated to be \$51.0 million less than the revised surplus estimate of \$106.4 million as published in the 2015–16 PBS. This operating surplus was also reported to be less than that reported in the 2015–16 year of \$113.5 million.⁷⁷

2.74 Operating expenses amounted to \$674 534 in 2016–17 which was recorded to be \$51.2 million higher than that recorded in 2015–16. The increase was noted to be due to higher insurance claim expenses.

2.75 Finance also reported a decrease of \$23 million in own source revenue. This decrease was primarily due to decreased procurement revenue and licencing arrangements.⁷⁸

General comments

2.76 Finance's Annual Report 2016–17 is well designed and informative and adheres to the requirements for non-corporate Commonwealth entity under the performance framework. The report clearly expressed the entity's achievements assisting the reader to link the entity's purpose and responsibilities and in the committee's view is 'apparently satisfactory'.

ASC Pty Ltd

2.77 The ASC Pty Ltd (ASC) Annual Report 2016–17 was tabled in the Senate on 13 November 2017 and in the House of Representatives on 23 October 2017.⁷⁹

2.78 ASC is responsible for submarine sustainment and the construction of major steel-hulled warships for the Australian Defence Force and the Royal Australian Navy (RAN).⁸⁰

Board and Executive reports

2.79 Reports within the annual report were submitted by the Chairman, Mr Bruce Carter and the Interim Chief Executive Officer of ASC, Mr Stuart Whiley, and the Chief Executive Officer of ASC Shipbuilding, Mr Mark Lamarre. These reports provided an overview of the current achievements of the ASC, including:

- the 5 year extension of the In Service Support Contract (ISSC), commencing 1 July 2017 for the Collins Class fleet;⁸¹
- the launch of the second future destroyer, *Brisbane* (ship 2) in December 2016 and delivery of first-in-class future destroyer, *Hobart* (ship 1) in June 2017;⁸²

76 Department of Finance, *Annual Report 2016–17*, pp. 7 and 59.

77 Department of Finance, *Annual Report 2016–17*, p. 59.

78 Department of Finance, *Annual Report 2016–17*, p. 61.

79 *Journals of the Senate*, No. 68, 13 November 2017, p. 8.

80 ASC Pty Ltd, *Annual Report 2016–17*, p. 2.

81 ASC Pty Ltd, *Annual Report 2016–17*, p. 4.

- efficiency improvements of *Sydney* (ship 3) which is tracking at approximately 60 per cent less expensive than ship 1;⁸³ and
- implementation of structural separation of the Australian Naval Infrastructure (ANI) in March 2017.⁸⁴

Performance information

2.80 As a Government Business Enterprise (GBE), ASC is required to prepare a corporate plan in accordance with the requirements set out in section 16E of the PGPA Rule. However, if a corporate plan includes commercially confidential or sensitive information, a supplementary corporate plan may be prepared which excludes this information. In such instances the existing practice is for GBEs is to prepare and publish a statement of corporate intent in place of publishing a full corporate plan.⁸⁵

2.81 ASC published a 'Statement of Corporate Intent 2016–2021', which was available for review, however did not indicate if it was produced because of sensitivities that may have been recorded within the corporate plan. The committee notes that the reasons for publishing a statement of corporate intent in place of a corporate plan should be stated within the annual report in accordance with section 28F of the PGPA Rule.

2.82 Section 28E of the PGPA Rule also sets out the content requirements for an annual report, including a requirement for a compliance index.⁸⁶ The committee notes that the ASC did not fully meet this section as the annual report did not contain a compliance index. Inclusion of the index would have assisted the committee in navigating the report and obtaining an overall status of performance against the purpose of the entity. It is noted that ANI which was previously a subsidiary of ASC has included in its first report a compliance index.

2.83 The committee notes the performance statements within the annual report for the Collins Program and the AWD Project. In the assessment of the Collins Program, the committee commends the achievement of exceeding its maintenance target, which cut the time for full cycle docking from three to two years.⁸⁷ In the assessment of the AWD Project the committee notes that *Brisbane* (ship 2) reached efficiency gains of 40 per cent and a reduction in labour costs of over \$1.9 million.⁸⁸ Efficiency improvement was also achieved with *Sydney* (ship 3) tracking at 60 per cent less

82 ASC Pty Ltd, *Annual Report 2016–17*, p. 4.

83 ASC Pty Ltd, *Annual Report 2016–17*, p. 5.

84 ASC Pty Ltd, *Annual Report 2016–17*, pp. 6–7.

85 Subsection 16E(4) Public Governance, Performance and Accountability Rule 2014; Department of Finance, Resource Management Guide No. 133, *Corporate Plans for Commonwealth companies*, July 2016, available at: https://www.finance.gov.au/sites/default/files/rmg-133-corporate-plans-for-commonwealth-companies_0.pdf (accessed 12 January 2018).

86 Public Governance, Performance and Accountability Rule 2014, paragraph 28E(p).

87 Australian Naval Infrastructure Pty Ltd, *Annual Report 2016–17*, pp. 4 and 10–11.

88 Australian Naval Infrastructure Pty Ltd, *Annual Report 2016–17*, p. 12.

expensive than *Hobart* (ship 1). The committee also acknowledges the Continuous Performance Improvement (CPI) Program which has delivered savings of \$39 million from June 2016 for the AWD Project.⁸⁹

Financial performance

2.84 The Financial Report for ASC indicated that there has been a significant change in the current reporting period, namely, that on 26 March 2017, ASC owned critical infrastructure assets were transferred to ANI.⁹⁰ The separation of ANI from ASC was announced in October 2016. From 1 July 2017, ANI became an independent GBE and incorporated Commonwealth Company subject to the PGPA Act.⁹¹

2.85 The purpose of ANI is to support the government's continued shipbuilding program by being the owner, the developer and the asset manager of shipyard infrastructure in the Osborne precinct of South Australia and eventually also the Henderson precinct in Western Australia.⁹²

2.86 In finalising the separation of ANI from ASC, certain assets and liabilities were transferred to ANI. All assets deemed as critical infrastructure owned by ASC were transferred to ANI and all non-critical infrastructure assets owned by ANI were transferred to ASC.⁹³ As part of the structural separation, a distribution of \$55 million was agreed to be paid in staged injections from the Department of Finance over the next five years to strengthen the ASC balance sheet following the transfer of assets.⁹⁴ The total amount of assets transferred to ANI was reported to be \$282 million.⁹⁵

General comments

2.87 The committee found that the ASC Annual Report 2016–17 was 'apparently satisfactory'. However, in the committee's view, the report could have been improved by including a compliance index and reasons for the publication of a Statement of Corporate Intent in place of a corporate plan. The committee again directs ASC to

89 Australian Naval Infrastructure Pty Ltd, *Annual Report 2016–17*, p. 13.

90 Australian Naval Infrastructure Pty Ltd, *Annual Report 2016–17*, p. 50.

91 Mr David Knox, Chief Executive Officer, Australian Naval Infrastructure Pty Ltd, *Committee Hansard*, 24 October 2017, p. 18; Senator the Hon Mathias Cormann, Minister for Finance and Hon Christopher Pyne MP, Minister for Defence Industry, Joint Media Release, 'Australian Naval Infrastructure', dated 14 June 2017.

92 Mr David Knox, Chief Executive Officer, Australian Naval Infrastructure Pty Ltd, *Committee Hansard*, 24 October 2017, p. 18.

93 ASC Pty Ltd, *Annual Report 2016–17*, p. 50.

94 ASC Pty Ltd, *Annual Report 2016–17*, p. 5.

95 ASC Pty Ltd, *Annual Report 2016–17*, p. 50.

Department of Finance guidance material in order to meet the legislative requirements for implementation in the next reporting period.⁹⁶

Senator James Paterson

Chair

96 Department of Finance, Resource Management Guide No. 133, *Corporate Plans for Commonwealth companies*, July 2016, available at: https://www.finance.gov.au/sites/default/files/rmg-133-corporate-plans-for-commonwealth-companies_0.pdf (accessed 12 January 2018); and Department of Finance, Resource Management Guide No. 137, *Annual reports for Commonwealth companies*, July 2016, available at: <https://www.finance.gov.au/sites/default/files/RMG%20137%20Annual%20reports%20for%20Commonwealth%20companies.pdf> (accessed 12 January 2018).

Appendix 1

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

PARLIAMENT PORTFOLIO				
Report	Submitted to Minister	Received by Minister	Tabled in the Senate or presented out of sitting (*)	Tabled in the House of Representatives
Department of the Senate—Report for 2016–17	—	—	17/10/17	—
Department of Parliamentary Services—Report for 2016–17	—	—	16/10/17	16/10/17
Parliamentary Budget Office—Report for 2016–17	—	—	17/10/17	—
Parliamentary Service Commissioner—Report for 2016–17, including report of the Parliamentary Service Merit Protection Commissioner	—	—	18/10/17	—
PRIME MINISTER AND CABINET PORTFOLIO				
Department of Prime Minister and Cabinet—Report for 2016–2017	22/09/17	22/09/17	*29/09/2017	16/10/17
Australian National Audit Office—Report for 2016–17	24/08/17	28/08/17	4/09/17	4/09/17
Australian Public Service Commissioner—Report for 2016–17—incorporating the annual report of the Merit Protection Commissioner	4/10/17	5/10/17	17/10/17	17/10/17
Independent National Security Legislation Monitor (INSLM)—Report No.1—September 2017—Review of Division 3A of Part 1AA of the <i>Crimes Act 1914</i> : Stop, Search and Seize Powers	12/10/17	12/10/17	16/10/17	16/10/17
Independent National Security Legislation Monitor (INSLM)—Report No.2—September 2017—Sections 119.2 and 119.3 of the Criminal Code: Declared Areas	12/10/17	12/10/17	16/10/17	16/10/17
Independent National Security Legislation Monitor (INSLM)—Report No.3—September 2017—Review of Divisions 104 and 105 of the Criminal Code (including the Interoperability of Divisions 104 and 105A): Control Orders and Preventative Detection Orders	12/10/17	12/10/17	16/10/17	16/10/17
National Australia Day Council—Report for 2016–17	23/10/17	23/10/17	*31/10/17	4/12/17
Commonwealth Ombudsman—Report for 2016–17 <i>Also referred to the Legal and Constitutional Affairs Legislation Committee</i>	6/10/17	10/10/17	13/11/17	24/10/17

Inspector-General of Intelligence and Security— Report for 2016–2017	22/09/17	11/10/17	*23/10/17	24/10/17
Office of the Official Secretary to the Governor— General—Report for 2016–17	11/10/17	11/10/17	13/11/17	19/10/11
Remuneration Tribunal—Report for 2016–17	4/10/17	5/10/17	17/10/17	17/10/17
Aboriginal Hostels Limited—Report for 2016–17	28/9/17	3/10/17	*31/10/17	4/12/17
Central Land Council—Report for 2016–17	4/10/17	9/10/17	13/11/17	26/10/17
Indigenous Business Australia—Report for 2016–17	19/09/17	26/9/17	13/11/17	19/10/17
Indigenous Business Australia—Corporate Plan 2017– 18 to 2020–21	26/07/17	10/08/17	*29/08/17	4/09/17
Indigenous Land Corporation—Report for 2016–17	26/9/17	3/10/17	13/11/17	24/10/17
Northern Land Council—Report for 2016–17	21/9/17	29/9/17	*31/10/17	4/12/17
Executive Director of Township Leasing—Report for 2016–17	9/10/17	16/10/17	*31/10/17	4/12/17
FINANCE PORTFOLIO				
Department of Finance—Report for 2016–17	4/10/17	4/10/17	*20/10/17	23/10/17
ASC Pty Ltd—Report for 2016–17 <i>Also referred to the Foreign Affairs, Defence and Trade Legislation Committee</i>	26/09/17	29/09/17	13/11/17	23/10/17
Australian Naval Infrastructure—Report for 2016–17 <i>Also referred to the Foreign Affairs, Defence and Trade Legislation Committee</i>	13/10/17	13/10/17	13/11/17	23/10/17
Australian Electoral Commission—Report for 2016–17	3/10/17	3/10/17	18/10/17	18/10/17
Future Fund Board of Guardians and Future Fund Management Agency—Report for 2016–17	4/10/17	4/10/17	*20/10/17	23/10/17
Independent Parliamentary Expenses Authority— Report for 2016–17	13/10/17	24/10/17	*31/10/17	4/12/17
Final Budget Outcome 2016–17—Report by the Treasurer and the Minister for Finance	22/9/17	22/9/17	16/10/17	16/10/17
Moorebank Intermodal Company—Report for 2016– 2017 <i>Also referred to the Rural and Regional Affairs and Transport Committee</i>	23/10/17	23/10/17	*30/10/17	4/12/17
Clean Energy Finance Corporation—Report for 2016– 17 <i>Also referred to the Environment and Communications Legislation Committee</i>	19/10/17	20/10/17	*31/10/17	26/10/17