

Chapter 2

Review of selected reports

2.1 All 2016–17 annual reports tabled in the Parliament prior to 30 April 2018 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:

- Digital Transformation Agency
- Australian Political Exchange Council
- Torres Strait Regional Authority
- Anindilyakwa Land Council

Digital Transformation Agency

2.2 The Digital Transformation Agency (DTA) annual report 2016–17 was tabled in the Senate out of session on 20 December 2017 and in the House of Representatives on 5 February 2018.¹ The committee notes that the requirement to submit annual reports to the Minister by 15 October 2017 was not met.

2.3 The DTA was established on 27 October 2016, and absorbed the role and functions of the former Digital Transformation Office (DTO).² The committee notes that this is the DTA's first annual report and that the DTA was established partway through the reporting period.

2.4 The annual report stated that 'the DTA's mission is to enable the transformation of government services to better meet user needs'.³

2.5 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. No corporate plan was available for the complete reporting period 2016–17, however the Corporate Plan 2017–20 was released in March 2017.⁴

Chief Executive Officer's review

2.6 In the Chief Executive Officer's (CEO) review, Mr Gavin Slater highlighted some of the changes for the 2016–17 financial year, including:

1 *Journals of the Senate*, No. 80, 5 February 2018, p. 2541.

2 Digital Transformation Agency, *Annual Report 2016–17*, p. 12.

3 Digital Transformation Agency, *Annual Report 2016–17*, p. 12.

4 Digital Transformation Agency, *Annual Report 2016–17*, p. 85. The Corporate Plan 2017–20 (covering the period 2017–18 to 2020–21) is available at: <https://www.dta.gov.au/who-we-are/corporate/plan-2017-20/> (accessed 3 September 2018).

- establishment of the Digital Investment Management Office to provide oversight and advice on ICT and digital project portfolios;
- increased responsibility for whole-of-government ICT policy and strategy functions;
- increased responsibilities for ICT procurement; and
- expansion of the Digital Marketplace platform.⁵

Annual Performance Statements

2.7 The Annual Performance Statements provide performance results for both the DTA and the DTO. The 2016–17 Portfolio Budget Statements included a single outcome for the DTO:

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.⁶

2.8 The Portfolio Additional Estimates Statements 2016–17 noted that there were no changes to the outcome and program structures for the newly established DTA from those reporting in the 2016–17 Portfolio Budget Statements for the DTO.⁷

2.9 The annual report stated that the performance statement for DTA is prepared 'according to the single outcome in the Portfolio Budget Statements 2016–17 and the Portfolio Additional Estimate Statements 2016–17'.⁸ However, under the hearing 'Performance results – DTA', the annual report appears to only measure progress against five key priorities in the DTA's Corporate Plan 2017–20 and not against the performance criteria in the PBS or PAES for the relevant reporting period.⁹

2.10 The committee notes that the corporate plan against which performance is measured was released in March 2017, nearly three quarters of the way through the reporting period. Of the five key priorities in the corporate plan that DTA reported against, two were achieved, namely Criterion 2 'Support government transformation through policy, product delivery, program management and capability' and Criterion 3 'Improve ICT and digital investment governance'. The remaining criteria were: Criterion 1 'Set ICT and digital vision and drive its achievement'; Criterion 4 'Build

5 Digital Transformation Agency, *Annual Report 2016–17*, pp. 2–6; 17–18; Administrative Arrangements Order, Amendment made 27 October 2016, part 15, available at: <https://www.pmc.gov.au/sites/default/files/publications/aao-amendment-27-oct-2016.pdf> (accessed 24 July 2018).

6 Budget 2016–17, *Portfolio Budget Statements 2016–17 Budget Related Paper No. 1.14: Prime Minister and Cabinet Portfolio*, p. 133.

7 Budget 2016–17, *Portfolio Additional Estimates Statements 2016–17: Prime Minister and Cabinet Portfolio*, pp. 51–52.

8 Digital Transformation Agency, *Annual Report 2016–17*, p. 85.

9 Digital Transformation Agency, *Annual Report 2016–17*, p. 85.

productive relationships between the Australian Government, state and local governments, overseas governments and industry'; and Criterion 5 'Develop an effective, well-managed, and capable DTA', and these were listed as 'partial achievement'.¹⁰ The committee particularly notes that in evaluating performance there is little quantitative data to assist evaluating the progression against the targets.

2.11 Under the heading 'Performance results – DTO', performance is measured against the criteria in the PBS. The committee notes that for one criterion, 'Simpler and clearer government services and information for users and consolidation of the government's web estate', the program for delivering a public beta of GOV.AU was ceased.¹¹ The committee also notes that for another criterion, 'Easier approach for users to prove their identity online when using government services', delivery of two programs are referred to: the Digital Identity Framework and Identity alpha. The results section stated 'not delivered by the DTO', but does not refer to any ongoing work by the DTA on these programs.¹²

2.12 Overall, the committee found the format of the section reporting on performance results difficult to read and, as a consequence, made it difficult to assess the agency's performance. In particular, the committee does not believe that reporting against the criteria in the corporate plan 2017–20, which was only in place for a short period in the reporting time frame, is necessarily a good indication of how the DTA is performing. The committee expects that difficulties in reporting performance against criteria within the PBS and providing an aligned corporate plan will not occur in the next reporting period given the DTA will not be in transition.

Financial performance

2.13 For the 2016–17 financial year, the DTA reported an operating surplus of \$6.4 million, higher than the \$1.9 million surplus achieved in the previous financial year. The surplus excluded the under-spend of the Trusted Digital Identity program.¹³

2.14 As a result of expanded responsibility for whole-of-government ICT and ICT Procurement Policy, an ICT Procurement Special Account was established to facilitate the transfer of assets and liabilities from the Department of Finance.¹⁴ The transfer of services did not impact the DTA's equity balance.¹⁵

2.15 The committee also notes the significant decrease in impairment costs for the 2016–17 financial year. In the event that an impairment exists, the asset's recoverable amount is estimated and an impairment adjustment is made if the asset's recoverable amount is less than its carrying amount.¹⁶ Within the 2016–17 financial year a write

10 Digital Transformation Agency, *Annual Report 2016–17*, pp. 85, 91 and 92.

11 Digital Transformation Agency, *Annual Report 2016–17*, p. 92.

12 Digital Transformation Agency, *Annual Report 2016–17*, p. 95.

13 Digital Transformation Agency, *Annual Report 2016–17*, p. 42.

14 Digital Transformation Agency, *Annual Report 2016–17*, p. 42; 75.

15 Digital Transformation Agency, *Annual Report 2016–17*, p. 54.

16 Digital Transformation Agency, *Annual Report 2016–17*, p. 65.

down of \$3 000 was provided for plant and equipment assets, this compared to a write down of \$957 000 in the previous reporting period.¹⁷ The write down during the 2016 period was due to the termination of a lease.¹⁸

General Comments

2.16 The committee notes the DTA's employee turnover rate of 37 per cent and is unable to further assess this percentage as the annual report does not provide an explanation for that level of staff turnover.¹⁹ The committee considers retaining an effective workforce to be pivotal in achieving an organisation's strategic goals. The committee does note that the development of the DTA workforce plan should assist in maintaining a highly capable workforce to reduce these costs.²⁰

Australian Political Exchange Council

2.17 The Australian Political Exchange Council (the Council) annual report 2013–16 was tabled in the Senate and the House of Representatives on 27 March 2018.²¹ This is the third triennial report for the Council which covers the years 2013–14, 2014–15 and 2015–16. The previous Council report was presented to the Parliament on 1 December 2015.

2.18 The Council's purpose is to provide opportunities for young Australians involved in politics to study the political systems of other countries.²²

Annual Performance Reporting

2.19 The Council is a non-statutory body of the Finance Portfolio operating under the guidance of terms of reference and as such there is no requirement for the Council to submit annual reports by a specified timeframe. However, the terms of reference refer to 'arrange for regular reporting on the Council's activities to Parliament, the Principals and sponsors'.²³ The 2013–16 annual report was provided to the Finance Minister in March 2018, two years after the end of the reporting period of 1 December 2016. Given the terms of reference refer to regular reporting periods it would be of assistance to the committee if reports were forwarded to the Minister in a more timely manner after the end of the reporting period.

2.20 The committee notes that the delay in reporting means that the information in the report is dated, for instance, the report lists members of the Council as at

17 Digital Transformation Agency, *Annual Report 2016–17*, p. 65.

18 Digital Transformation Office, *Annual Report 2015–16*, p. 60.

19 Digital Transformation Agency, *Annual Report 2016–17*, p. 33.

20 Digital Transformation Agency, *Annual Report 2016–17*, p. 33.

21 *Journals of the Senate*, No. 93, 27 March 2018, p. 2935.

22 Australian Political Exchange Council, *Annual Report 2013–16*, p. 3.

23 Australian Political Exchange Council, *Annual Report 2013–16*, p. 3.

30 June 2016. However, there has been a significant turnover of Council Members between the end of the reporting period and the tabling of the report.²⁴

2.21 Within the annual report the Chairman's message provided an overview of the activity within the Council. The Chairman, the Hon Alan Ferguson, provided a summary for the reporting period 2013–16 that included 15 Australian delegations, 16 visiting delegations and 16 individual study tours.²⁵ The report provides a further assessment of these delegations in yearly blocks. The layout of the sections was well presented and included appropriate use of hearings, coloured margins and photos.

Financial Performance

2.22 Funding of the Council is primarily provided through an annual appropriation by the Department of Finance, however the Council can receive donations from organisations and individuals. The financial affairs of the Council are examined by the Australian National Audit Office as part of its audit of the financial statements for the Department of Finance.²⁶

2.23 The annual report lists a financial summary for the reporting period for Commonwealth appropriation and expenditure. The expenditure of the Council was below the appropriated amount for the three years the report covered.

Torres Strait Regional Authority

2.24 The Torres Strait Regional Authority (TSRA) annual report 2016–17 was tabled in Senate on 14 November 2017 and in the House of Representatives on 4 December 2017.²⁷

2.25 The purpose of the TSRA is to progress towards closing the gap for Torres Strait Islander and Aboriginal people living in the Torres Strait area through development planning, coordination, sustainable resource management, and preservation and promotion of indigenous culture.²⁸

2.26 The TSRA Corporate Plan 2016–17 was available on the entity's website for review.²⁹

24 See Australian Political Exchange Council, *Annual Report 2013–16*, pp. 4–5 and Australian Political Exchange Council website, *Organisation of the Council*, available at: <https://www.polexchange.org.au/organisation-council> (accessed 3 September 2018). Between the end of the reporting period and tabling of the report all members of the Council, with the exception of the Chair, had changed.

25 Australian Political Exchange Council, *Annual Report 2013–16*, p. 1.

26 Australian Political Exchange Council, *Annual Report 2013–16*, p. 119.

27 *Journals of the Senate*, No. 69, 14 November 2017, p. 2201.

28 Torres Strait Regional Authority, *Annual Report 2015–16*, p. 15.

29 Torres Strait Regional Authority, *Corporate Plan 2016–17*, available at: http://www.tsra.gov.au/data/assets/pdf_file/0005/8735/TSRA-2016-2017-Corporate-Plan-Final.PDF (accessed 24 July 2018).

2.27 The TSRA is established under the *Aboriginal and Torres Strait Islander Act 2005* (ATSI Act), and has additional reporting requirements under section 144ZB of the Act. The annual report included a compliance index of the requirements under the Act. The TSRA also performs separate functions under the *Native Title Act 1993* (Native Title Act) as the Native Title Representative Body for the Torres Strait region.³⁰

Chair person's Review and Chief Executive Officer's message

2.28 Reports within the annual report were submitted by the Chairman, Mr Napau Pedro Stephen and the Chief Executive Officer of the TSRA Mr Wayne See Kee. These reports provided an overview of the current achievements of the TSRA, including:

- celebration of the 25th anniversary of the Mabo decision and 50th anniversary of the 1967 Referendum;
- board elections and appointment of members who will serve until 2020;
- formation of the TSRA Regional Governance Committee to establish a governance model for the Torres Strait and Northern Peninsula region; and
- development of the Torres Strait Development Plan 2019–2022.³¹

Annual Performance Statements

2.29 The TSRA reported performance to a single outcome (purpose) which was evaluated against the Key Performance Indicators (KPIs) listed within the PBS 2016–17. The report provides results under each KPI along with further commentary and tables with comparable data over the previous three years. The report includes an additional two KPIs that have been newly added in the PBS for the 2016–17 year.

2.30 Performance was also evaluated to the eight component programs of the Torres Strait Development Plan 2014–18 (the Development Plan). The Development Plan is required by section 142D of the ATSI Act. This plan aims to coordinate the effective delivery of government services to local communities while ensuring service gaps are minimised.³² The Development Plan also aligns with the commonwealth's Indigenous Advancement Strategy.

2.31 Within the annual report each program of the Development Plan listed: goals; outcomes; expenditure and case studies with results presented with a colour legend. The committee commends this approach as it assists in navigating the report and uses various methods to engage the reader. Performance was also reported within the Corporate Plan 2016–17 which listed the goals within the Development Plan and linked to the KPIs within the PBS. Similar to the annual report, the corporate plan was comprehensive in detailing the requirements under each program and accurately linking performance to current and future goals.

30 Torres Strait Regional Authority, *Annual Report 2015–16*, p. 76.

31 Torres Strait Regional Authority, *Annual Report 2015–16*, p. 2–9.

32 Torres Strait Regional Authority, *Annual Report 2015–16*, p. 12.

2.32 Although not forming part of the annual performance statements, the committee commends the TSRA for providing information at the beginning of the report regarding the highlights and achievements and the opportunities and challenges. This assisted the committee in determining the overall strategic goals of the entity. Additionally the TSRA provided further information of compliance under the Native Title Act within the annual report and corporate plan rather than simply stating that it complied.

Financial performance

2.33 The annual report recorded financial performance of the Development Plan across eight program areas. For the 2016–17 financial years the appropriated amount of all programs amounted to \$36 965 000, while the total expenditure for the period amounted to \$21 996 000.³³ Both the appropriated funding and the expenditure were below that budgeted for the financial year.

2.34 The committee notes the funding in relation to capital works projects. Within the 2016–17 PBS, capital expenditure was forecast to be \$5.3 million.³⁴ During the financial year the TSRA received additional funding of \$14.5 million by the Department of the Prime Minister and Cabinet to undertake capital works projects including: the Major Infrastructure Programme No. 6 (\$1.5 million); the Torres Strait Fisheries Investment Project (\$1 million); purchase of commercial Tropical Rock Lobster fishing licences (\$6 million) and construction of Prince of Wales Island jetty infrastructure (\$6 million). Funding of \$0.34 million was also received from the Department of Agriculture and Water Resources for underwater drone testing.³⁵

General Comments

2.35 The committee commends the TSRA for providing a comprehensive annual report that was well presented and adhered to the requirements for a corporate Commonwealth entity under the performance framework. The committee particularly notes the performance reporting section within the report as it was well designed and allowed the reader to link between the entity's purpose and goals.

Anindilyakwa Land Council

2.36 The Anindilyakwa Land Council (ALC) annual report 2016–17 was tabled in the Senate on 27 November 2017 and in the House of Representatives on 4 December 2017.³⁶

2.37 The purpose of the ALC is to exercise the powers and functions of a Land Council, as outlined in sections 23 and 27 of the *Aboriginal Land Rights (Northern*

33 Torres Strait Regional Authority, *Annual Report 2015–16*, p. 14.

34 Portfolio Budget Statements 2016–17, *Prime Minister and Cabinet Portfolio*, p. 283.

35 Torres Strait Regional Authority, *Annual Report 2015–16*, p. 143.

36 *Journals of the Senate*, No. 72, 27 November 2017, p. 2270.

Territory) Act 1976 (ALRA), in respect of the Groote Archipelago region of the Northern Territory.³⁷

2.38 Some of the functions of the ALC, as defined in the ALRA, include:

- representing and protecting the interests of Aboriginals in relation to heritage;
- consultation and negotiation with local and interested Aboriginals in relation to the management and purchase of land in the Groote Archipelago;
- assisting Aboriginals in pursuing land claims in the area, carrying out commercial activities, and protecting sacred sites.

2.39 In addition to the PGPA Act and PGPA Rule annual reporting requirements, the ALC is subject to the requirements of section 37 of the ALRA, including the reporting of fees, determinations, delegations, committees and consultants in the reporting period.

2.40 The ALC Corporate Plan 2016–17 to 2019–20 and the strategic plan 2015–27 were available for review on the ALC website.³⁸ A Portfolio Budget Statement is not required for ALC.³⁹

Chairman's and CEO's messages

2.41 Messages were provided by both the Chairman of the ALC, Mr Tony Wurramarra AO, and the Chief Executive Officer (CEO), Mr Mark Hewitt, in the annual report. The CEO's message commented on 'an acceleration of impacts on the ground' following the implementation of major reforms over previous years. The CEO highlighted major achievements including:

- the ALC's Royalty Development Unit (RDU) providing advice to the ALC Board on the distribution of its funds, and the provision of accounting services and administration support to several entities in the Groote Archipelago;
- the assistance of the independent Anindilyakwa Mining Trust, through funding an additional \$51 million to support critical infrastructure in the communities of the archipelago;
- the commitment of the board members and employees of the ALC, including the finance and administration staff in setting up the 'Royalty Shoppa'; and
- the continuing collaboration with the Federal and Territory governments in constructing cultural centres, a police station, and upgrades to the sewerage infrastructure in the region.

37 Anindilyakwa Land Council, *Annual Report 2016-17*, pp. 21–22.

38 Anindilyakwa Land Council, *Publications*, available at: <https://www.anindilyakwa.com.au/media/newsletters> (accessed 31 August 2018).

39 Budget 2016–17, *Portfolio Budget Statements 2016–17 Budget Related Paper No. 1.14: Prime Minister and Cabinet Portfolio*, p. 8.

2.42 The CEO noted that school attendance is an ongoing challenge and indicated that the ALC will develop plans to address the issue in the next financial year.⁴⁰

Performance Measures

2.43 The ALC included in its annual report performance statements for the 2016–17 financial year in accordance with paragraph 39(1)(b) of the PGPA Act 2013.⁴¹ The performance statements reflected the performance measures outlined in the ALC Corporate Plan 2016–17 to 2019–20, excluding a performance measure, sourced from previous corporate plans, relating to seeking funding from the Department of the Prime Minister and Cabinet to facilitate school attendance, employment and training in the archipelago.

2.44 The committee notes that in Objective 13.3 'Economic Development and Commercial Activities', the council expanded economic development in non-mining-related projects, and facilitated the additional funding of infrastructure projects supplied by independent trusts and corporations.

2.45 The committee notes with concern, however, the under-reporting of the management of strategies to improve school attendance, increase opportunities for training in the community and improve the likelihood of long-term employment.⁴² The committee looks forward to reading progress in the area of education and employment in the archipelago.

2.46 With respect to Objective 14 'Advocacy Services', the committee notes the use of the RDU (Royalty Development Unit) to fund infrastructure projects that maximised the use of royalties provided to the community, such as constructing a warehouse for whitegoods and groceries that can be accessed by members of the community to purchase these items at wholesale prices. The committee commends the RDU for this innovative approach to lowering the cost of living to members of the Groote Archipelago community.

Financial Performance

2.47 The ALC have included financial statements, and the Auditor-General's report on the statements, in the annual report as required by subsection 43(4) of the PGPA Act.

2.48 Some statements that were of particular interest include:

- total revenue from the government increasing from \$6.3 million in 2015–16 to \$9.3 million in the reporting period, which assisted the surplus on continuing operations to increase from \$875 403 in 2015–16 to over \$3.9 million in 2016–17; and
- assets of cash and cash-equivalents of \$6.4 million, which represents a substantial increase from the previous year (\$1.9 million).

40 Anindilyakwa Land Council, *Annual Report 2016-17*, p 17.

41 Anindilyakwa Land Council, *Annual Report 2016-17*, pp 58-68.

42 Anindilyakwa Land Council, *Annual Report 2016-17*, p 63.

General Comments

2.49 The annual report was presented well, and meets the requirements of subsection 17BD(2) of the PGPA Rule 2014. However, some typographical mistakes and inconsistencies in page numbering may cause confusion to a reader. Examples of such mistakes include incorrect page numbers in the compliance index and a restarted numbering system in the annual financial statements table of contents.⁴³

Senator James Paterson
Chair

43 Anindilyakwa Land Council, *Annual Report 2016-17*, p 53, 71.