

The Senate

Finance and Public Administration
Legislation Committee

Annual reports (No. 2 of 2018)

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Membership of the Committee

Members

Senator James Paterson (Chair)	LP, VIC
Senator Jenny McAllister (Deputy Chair)	ALP, NSW
Senator Kimberley Kitching	ALP, VIC
Senator Rachel Siewert (from 16.08.2018)	AG, WA
Senator Dean Smith	LP, WA
Senator Amanda Stoker (from 22.03.2018)	LP, QLD

Previous members since the last Report on Annual Reports

Senator David Fawcett (to 22.03.2018)	LP, SA
Senator Lee Rhiannon (to 16.08.2018)	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 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 2018 and provides an overview of selected annual reports for the 2016–17 financial year presented to the Parliament between 1 November 2017 and 30 April 2018. 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:

- Parliamentary departments;
- 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 planning, measurement and reporting by an entity through performance information presented in an entity's corporate plan and aligned to the Portfolio Budget Statements (PBS), and then reported in the annual performance statement within the annual report.

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. Within the Commonwealth performance framework, annual reports are 'the primary document

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, <http://www.finance.gov.au/sites/default/files/RMG-001%20-%20CRM%20Framework%20Companion.pdf> (accessed 16 April 2018); 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 (accessed 16 April 2018).

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) and section 9(3) of the *Parliamentary Service Act 1999*;
- 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 sets out 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, <https://www.finance.gov.au/resource-management/performance/> (accessed 16 April 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 November 2017 and 30 April 2018. Eleven annual reports of Commonwealth entities and 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 Agency—Report for 2016–17

Corporate Commonwealth entities

- Anindilyakwa Land Council—Report for 2016–17
- Tiwi Land Council—Report for 2016–17
- Torres Strait Regional Authority (TSRA)—Report for 2016–17
- Wreck Bay Aboriginal Community Council—Report for 2016–17
- Commonwealth Superannuation Corporation (CSC)—Report for 2016–17
- Defence Housing Australia—Report for 2016–17

Commonwealth companies

- Outback Stores Pty Ltd—Report for 2016–17

Statutory office holders/ offices

- Independent National Security Legislation Monitor—Report 2016–17
- Aboriginal Land Commissioner—Report for 2016–17
- Australian Political Exchange Council—Report for 2013–2016

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.

10 Department of Finance, *Managing performance*, <http://www.finance.gov.au/resource-management/performance/> (accessed 18 April 2018).

Accordingly, the following documents were also referred to the committee but not examined in this report:

- Australian Public Service Commission—State of the Service—Report for 2016–17
- Commonwealth Ombudsman's reports—Report no. 1 of 2018
- Commonwealth Ombudsman's reports—Report no. 1 of 2018—Government response, dated 5 February 2018
- Commonwealth Ombudsman's reports—Report no. 2 of 2018
- Commonwealth Ombudsman's reports—Report no. 2 of 2018—Government response, dated 5 February 2018
- Closing the Gap
 - Ministerial statement by the Prime Minister (Mr Turnbull), dated 12 February 2018
 - Prime Minister's report 2018
- Indigenous Land Council—National Indigenous Land Strategy 2018–2022
- Auditor-General—Audit report no. 25 of 2017–18—Performance Audit—Australian Electoral Commission's Procurement of Services for the Conduct of the 2016 Federal Election: Australian Electoral Commission
- Department of Finance—Consolidated financial statements in respect of the year ended 30 June 2017
- Australian Electoral Commission—Electoral Funding and Disclosure Report—Federal Election 2016
- *Commonwealth Electoral Act 1918*—Redistribution into electoral divisions—Tasmania—Report, together with composite map and compact disc of supporting information, dated November 2017
- Department of Finance—Campaign Advertising by Australian Government Departments and Agencies—Annual Report 2016–17
- Department of the Treasury—Tax Expenditures Statement—2017
- Mid-year economic and fiscal outlook—2017–18—Statement by the Treasurer (Hon Scott Morrison MP) and the Minister for Finance (Senator the Hon Mathias Cormann).
- Report on Ministerial Consultants Engaged under the *Members of Parliament (Staff) Act 1984*—Report for 2016–17

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:

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)*, s. 46.

12 Department of Finance, Resource Management Guide No. 135, *Annual reports for non-corporate Commonwealth entities*, July 2016, p. 8, <http://www.finance.gov.au/sites/default/files/RMG-001%20-%20CRM%20Framework%20Companion.pdf> (accessed 16 April 2018); Department of Finance, Resource Management Guide No. 136, *Annual reports for corporate Commonwealth entities*, July 2016, p. 7, http://www.finance.gov.au/sites/default/files/RMG-136_Annual_reports_for_corporates.pdf (accessed 16 April 2018).

13 *Public Governance, Performance and Accountability Rule*, s. 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 the 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 November 2017 and 30 April 2018, 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, however one entity, the Digital Transformation Agency, did not meet this timeframe. 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.

1.25 In relation to statutory bodies, reporting requirements are prescribed within legislation. For example, the Aboriginal Land Commissioner is 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 section 46 of the *Independent National Security Legislation Monitor Act 2010 (Cth)*.

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.

1.26 In assessing the received reports of statutory bodies to determine the tabling requirements of Ministers presenting the report to Parliament within 15 sitting days of receipt, all statutory office holders meet this timeline.

1.27 The committee notes that all entities should table annual reports by 31 October or where legislated for statutory bodies, within 15 sitting days.¹⁵ The committee encourages entities and Ministers to meet these dates.

Senate Debate

1.28 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 subject to debate in the Senate.

Non-reporting bodies

1.29 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.

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

Assessment of reports

1.31 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'.

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)*, February 2017, pp.4–5 (accessed 19 April 2018).

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.

Appendix 1

Dates relating to the presentation of reports between 1 November 2017 to 30 April 2018

PRIME MINISTER AND CABINET PORTFOLIO				
Report	Submitted to Minister	Received by Minister	Tabled in the Senate or presented out of sitting (*)	Tabled in the House of Representatives
Australian Public Service Commission—State of the service—Report for 2016–17	1/11/17	1/11/17	27/11/17	4/12/17
Independent National Security Legislation Monitor—Report 2016–17	16/10/17	16/10/17	4/12/17	4/12/17
Digital Transformation Agency—Report for 2016–17	11/12/17	11/12/17	*20/12/17	5/02/18
Commonwealth Ombudsman's reports—Report no. 1 of 2018	21/11/17	2/01/18	7/02/18	7/02/18
Commonwealth Ombudsman's reports—Report no. 1 of 2018—Government response, dated 5 February 2018	21/11/17	2/01/18	7/02/18	7/02/18
Commonwealth Ombudsman's reports—Report no. 2 of 2018	27/11/17	11/01/18	7/02/18	7/02/18
Commonwealth Ombudsman's reports—Report no. 2 of 2018—Government response, dated 5 February 2018	27/11/17	11/01/18	7/02/18	7/02/18
Aboriginal Land Commissioner—Report for 2016–17	3/11/17	14/11/17	*30/01/18	5/02/18
Anindilyakwa Land Council—Report for 2016–17	9/10/17	16/10/17	27/11/17	4/12/17
Outback Stores Pty Ltd—Report for 2016–17	9/10/17	16/10/17	*9/11/17	4/12/17
Tiwi Land Council—Report for 2016–17	13/10/17	20/10/17	*9/11/17	4/12/17
Torres Strait Regional Authority (TSRA)—Report for 2016–17	11/10/17	19/10/17	14/11/17	4/12/17
Wreck Bay Aboriginal Community Council—Report for 2016–17	13/10/17	20/10/17	*24/01/2018	5/02/18
Closing the Gap <ul style="list-style-type: none"> ▪ Ministerial statement by the Prime Minister (Mr Turnbull), dated 12 February 2018 ▪ Prime Minister's report 2018 	–	–	12/02/18	12/02/18
Indigenous Land Council—National Indigenous Land Strategy 2018–2022	18/12/17	23/01/18	19/3/18	15/02/18

FINANCE PORTFOLIO				
Australian Political Exchange Council—Report for 2013–2016	15/03/18	15/03/18	27/03/18	27/03/18
Commonwealth Superannuation Corporation (CSC)—Report for 2016–17	13/10/17	17/10/17	27/11/17	4/12/17
Defence Housing Australia—Report for 2016–17 <i>Also referred to the Foreign Affairs, Defence and Trade Legislation Committee</i>	11/10/17	12/10/17	*17/11/17	4/12/17
Auditor-General—Audit report no. 25 of 2017–18—Performance Audit—Australian Electoral Commission's Procurement of Services for the Conduct of the 2016 Federal Election: Australian Electoral Commission	–	–	*22/01/2018	5/02/18
Department of Finance—Consolidated financial statements in respect of the year ended 30 June 2017	15/11/17	15/11/17	*15/12/17	5/02/18
Australian Electoral Commission—Electoral Funding and Disclosure Report—Federal Election 2016	11/10/17	11/10/17	*2/11/17	4/12/17
<i>Commonwealth Electoral Act 1918</i> —Redistribution into electoral divisions—Tasmania—Report, together with composite map and compact disc of supporting information, dated November 2017	16/11/17	16/11/17	27/11/17	4/12/17
Department of Finance—Campaign Advertising by Australian Government Departments and Agencies—Report 2016–17	20/11/17	20/11/17	5/12/17	5/12/17
Department of the Treasury—Tax Expenditures Statement—2017	23/01/18	23/01/18	*30/01/18	5/02/18
Mid-year economic and fiscal outlook—2017–18—Statement by the Treasurer (Hon Scott Morrison MP) and the Minister for Finance (Senator the Hon Mathias Cormann)	18/12/17	18/12/17	7/02/18	7/02/18
Report on Ministerial Consultants Engaged under the <i>Members of Parliament (Staff) Act 1984</i> —Report for 2016–17	14/03/18	15/03/18	28/03/18	28/03/18