

Chapter 2

Review of selected reports

2.1 Standing Order 25(20)(b) provides for the committee to consider selected reports in more detail. The 2017–18 annual reports of the following bodies were selected:

- National Australia Day Council
- Independent Parliamentary Expenses Authority
- Australian Naval Infrastructure Pty Ltd
- Workplace Gender Equality Agency

National Australia Day Council

2.2 The National Australia Day Council (NADC) is a Commonwealth company¹ incorporated under the *Corporations Act 2001*. As part of the Prime Minister and Cabinet portfolio, the NADC reported to Senator the Hon. James McGrath, Assistant Minister to the Prime Minister in the 2017–18 financial year.²

2.3 The NADC *Annual Report 2017–18* was tabled in the House of Representatives and the Senate on 16 October 2018.³ In accordance with section 95 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the NADC also publishes a corporate plan on its website. The corporate plan for the 2017–18 reporting period was the *National Australia Day Council Corporate Plan 2017 – 2020*.⁴

2.4 The core mission of the NADC, as described in the annual report, is to 'help build national pride and unity', achieving this mission through its coordination of Australia Day events and the Australian of the Year Awards.⁵

Compliance

2.5 As a Commonwealth-controlled company, the NADC should prepare its annual report consistent with the requirements of the *Corporations Act 2001*, the *Public Governance, Performance and Accountability Act 2013* (including the relevant

1 As described by ss. 89(1) of the *Public Governance, Performance and Accountability Act 2013*.

2 National Australia Day Council, *Annual Report 2017–18*, p. 13.

3 *House of Representatives Votes and Proceedings*, No. 142, 16 October 2018, p. 1886; *Journals of the Senate*, No. 123, 16 October 2018, p. 3913.

4 Although the most recent corporate plan was available on the NADC website, the *Corporate Plan 2017–2020* was not.

5 National Australia Day Council, *Annual Report 2017–18*, p. 5.

Rule), the *Work Health and Safety Act 2011* and the *Environment Protection and Biodiversity Conservation Act 1999*.⁶

2.6 The committee found that the NADC's *Annual Report 2017–18* was compliant in each of its reporting obligations under the PGPA Act, the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) and the *Corporations Act 2001*. The report also included a statement on risk management for the safety of employees of the NADC.⁷

Financial statements

2.7 The NADC annual report included financial statements as required by section 97 of the PGPA Act. The NADC received an unqualified report from the Australian National Audit Office (ANAO) on its financial statements.⁸

2.8 The main sources of revenue for the NADC are government grants from the Department of the Prime Minister and Cabinet and corporate sponsorship for its programs.⁹ In the 2017–18 financial year, the NADC reported an operating loss of \$346 356, with nearly half of expenses allocated to funding events and awards programs.¹⁰ There were no comments on how the NADC plan to reduce the operating loss.

General comments

Substance of material provided

2.9 In respect of the reporting requirements that were included in the NADC annual report, the committee is of a view that some topics were not thoroughly explained. For example, in addressing section 28E(1) of the PGPA Rule (significant activities and changes that affected operations or structure), reference was made to an 'independent, three-month review of its operations'.¹¹ Despite stating that this review has resulted in a 'significant restructure of the organisation', no further details of the nature or outcomes of the review was provided. Further examples are discussed below in paragraphs 2.11 to 2.13.

2.10 For future reports, it would be of assistance to the committee if the NADC provided more information on reporting elements such as the review mentioned in paragraph 2.9.

6 See chapter 2M of the *Corporations Act 2001*; s. 97 of the PGPA Act, chapter 3 of the Public Governance, Performance and Accountability Rule 2014; clause 4 of Part 4 of Schedule 2 of the *Work Health and Safety Act 2011*; s. 311A of the *Commonwealth Electoral Act 1918*; and s. 516A of the *Environment Protection and Biodiversity Conservation Act 1999*.

7 National Australia Day Council, *Annual Report 2017–18*, p. 11.

8 National Australia Day Council, *Annual Report 2017–18*, pp. 20–21.

9 National Australia Day Council, *Annual Report 2017–18*, p. 29.

10 National Australia Day Council, *Annual Report 2017–18*, p. 23.

11 National Australia Day Council, *Annual Report 2017–18*, p. 18.

Utilisation of the enhanced Commonwealth performance framework

2.11 As outlined in Chapter 1 of this report, Commonwealth agencies and companies report under the enhanced Commonwealth performance framework. Under this framework, the NADC is not obliged to prepare annual performance statements, however is required to publish a corporate plan, which is available online.¹² The committee does note, however, that no previous corporate plans for the NADC are available to view online.¹³ The committee highlights its preference that Commonwealth entities and companies maintain past corporate plans on their websites to assist in accounting for the long-term performance of a Commonwealth body.

2.12 In addition, the committee found no reference to the NADC's corporate plan in the annual report. Without the requirement to prepare and provide annual performance statements, it is in the discretion of Commonwealth companies to report on performance measured against key performance indicators as described in their corporate plan. The NADC's performance drivers in its 2017–2020 corporate plan included:

- maintain awareness of the Australian of the Year Awards at 51% of all Australians;
- achieve one million viewers for the broadcast of Australian of the Year Awards;
- secure \$5 million per annum in partnership and expand our reach internationally;
- increase nominations of the Australian of the Year by 10% year on year;
- increase to and maintain a 60% participation rate in Australia Day activities; and
- increase pride in being Australian.¹⁴

2.13 While the annual report did state results from several of these metrics,¹⁵ these were not labelled as performance drivers and mapped against the corporate plan. In order to work effectively within the cyclical nature of the enhanced Commonwealth performance framework, the committee suggests that the NADC make references to its corporate plan in its annual report. Notwithstanding the suggestions for future reports, the committee has found the 2017–18 annual report to be 'apparently satisfactory'.

Independent Parliamentary Expenses Authority

2.14 The Independent Parliamentary Expenses Authority (IPEA) is a non-corporate Commonwealth entity and independent statutory authority established on 1 July 2017

12 Current corporate plan available at <https://www.australiaday.org.au/nadc/about-the-nadc/>.

13 As accessed on 20 June 2019 on the NADC website.

14 National Australia Day Council, *Corporate Plan 2017–2020*, p. 5.

15 National Australia Day Council, *Annual Report 2017–18*, pp. 6–7, 29

under the *Independent Parliamentary Expenses Authority Act 2017*.¹⁶ Its first annual report was presented out of sitting on 30 October 2018¹⁷ and tabled in the House of Representatives on 26 November 2018.¹⁸

2.15 IPEA provides advice in relation to—and oversight of—expenses of parliamentarians, their staff and former parliamentarians.¹⁹ IPEA receives annual appropriation under a single outcome in the Portfolio Budget Statements (PBS):

Outcome 1: Support for current and former Parliamentarians and others as required by the Australian Government through the delivery of independent oversight and advice on work resources and travel resources.²⁰

2.16 In addition, IPEA published a corporate plan for the 2017–18 to 2020–21 financial years, which outlined its performance expectations and the targets by which performance of the agency is measured.²¹

Compliance

2.17 As a non-corporate Commonwealth entity and statutory agency, IPEA prepares its annual report consistent with requirements prescribed in the PGPA Act and Rule, as well as the *Work Health and Safety Act 2011*, the *Commonwealth Electoral Act 1918*, the *Environment Protection and Biodiversity Conservation Act 1999*. IPEA's enabling legislation, the *Independent Parliamentary Expenses Authority Act 2017*, has no provisions for additional annual report requirements.

2.18 The committee found the IPEA annual report to be compliant with most of its reporting obligations under the prescribing legislation. However, in respect of paragraph 17AG(10)(b) of the PGPA Rule, which relates to supporting small and medium business, IPEA did not provide an outline of the ways in which their procurement practices support small and medium enterprises.

Performance information

2.19 The IPEA annual report included annual performance statements in accordance with paragraph 39(1)(a) of the PGPA Act.²² The performance criteria and targets for Outcome 1 were consistent with those prescribed in the 2017–18 finance

16 Independent Parliamentary Expenses Authority, *About IPEA*, <https://www.ipea.gov.au/about-ipea> (accessed 24 June 2019); *Independent Parliamentary Expenses Authority Act 2017*, s. 11.

17 *Journals of the Senate*, No. 126, 12 November 2018, p. 4025.

18 *House of Representatives Votes and Proceedings*, No. 149, 26 November 2018, p. 1944.

19 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, p. 7.

20 Commonwealth of Australia, *Finance Portfolio Budget Statements 2017–18: Budget Related Paper No. 1.8*, p. 138.

21 Independent Parliamentary Expenses Authority, *Corporate Plan*. Note: while the current corporate plan for 2018–19 to 2021–22 is available online, the previous version as referenced in this report is not available on IPEA's website (as at 26 June 2019).

22 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, p. 12.

portfolio PBS and the IPEA corporate plan for 2017–18.²³ The performance targets for IPEA were as follows:

- 95 per cent of all inquiries acknowledged within 24 hours;
- 95 per cent of payments will be made on time;
- all monthly management reports distributed to parliamentarians by the 15th of each month;
- all parliamentary expenditure reports to be compiled and published on time; and
- all audits of parliamentarian's expenses completed on time.²⁴

2.20 The committee notes that IPEA achieved each of its five performance targets in 2017–18, and exceeded on the two targets with a 95 per cent benchmark.²⁵ These targets were achieved notwithstanding the challenges of its having been established only on 1 July 2017.

2.21 The committee considered the performance statements for IPEA to be well-structured and informative. In addition to performance targets, included in the performance statements were the objectives, priorities, achievements, corporate activities of IPEA over 2017–18, as well as an assessment of how its activities and performance compared with its purposes.²⁶ These statements together effectively outlined IPEA's approach to performance in its first reporting period, and utilises the objects and values of the enhanced Commonwealth performance network.

Financial statements

2.22 The IPEA annual report included financial statements as required by subsection 42(2) of the PGPA Act. These financial statements received an unqualified audit opinion from the ANAO.²⁷ Given that the 2017–18 financial year was the first of operation for IPEA, financial performance was compared to budgeted expenditure rather than previous expenditure.

2.23 Compared to its budgeted performance, IPEA returned a surplus of approximately \$1.3 million for the reporting period. An explanation provided for the variance outlined lower-than-expected costs for employees, with delays in recruitment processes, as well as supplier costs.²⁸

23 Commonwealth of Australia, *Finance Portfolio Budget Statements 2017–18: Budget Related Paper No. 1.8*, p. 140; Independent Parliamentary Expenses Authority, *Corporate Plan*, p. 4.

24 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, p. 14.

25 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, p. 14.

26 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, pp. 12–15.

27 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, pp. 28–29.

28 Independent Parliamentary Expenses Authority, *Annual Report 2017–18*, p. 31.

General comments

2.24 The committee found the IPEA annual report to be thoughtful in its structure, informative and well-presented. This included the aids to access tools utilised in the report, which demonstrate the requirement for a report to be prepared 'having regard to the interests of the Parliament and any other persons who are interested in the annual report'.²⁹

2.25 The committee notes that while IPEA's current corporate plan was published online, the previous plan that is referred to in the 2017–18 annual report was not available. This makes it difficult for the committee and interested persons to compare performance and corporate direction over periods and to assess IPEA within the enhanced Commonwealth performance framework holistically. As stated in paragraph 2.12, it would assist the committee if Commonwealth bodies ensured past corporate plans are available online.

2.26 Overall, the committee found the IPEA annual report to be 'apparently satisfactory' in its reporting obligations.

Australian Naval Infrastructure Pty Ltd

2.27 Australian Naval Infrastructure Pty Ltd (ANI) is a Commonwealth company, prescribed as a government business enterprise for the purposes of the PGPA Act.³⁰ Having been formally separated from the ASC Group on 26 March 2017, the 2017–18 period constitutes ANI's first full financial year of operation.

2.28 ANI's supports the Commonwealth's naval shipbuilding program through its primary activities:

- acquiring, holding, managing and developing the infrastructure and related facilities used in connection with this program; and
- efficiently and effectively managing the infrastructure (including providing access) in a manner that ensures an integrated and coordinated approach to delivery of all elements of the program.³¹

2.29 ANI presented its *Annual Report 2017–18* out of sitting on 19 October 2018 and the report was tabled in the House of Representatives on 22 October 2018.³² Pursuant to its legislative requirements, ANI prepared an interim corporate plan and published an interim statement of corporate intent during the 2017–18 financial year,

29 *Public Governance, Performance and Accountability Act 2013*, s. 17AC.

30 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 6; Public Governance, Performance and Accountability Rule 2014, para. 5(2)(f).

31 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 6.

32 *Journals of the Senate*, No. 126, 12 November 2018, p. 4023; *House of Representatives Votes and Proceedings*, No. 145, 22 October 2018, p. 1911.

with a finalised corporate plan and statement of corporate intent prepared for the 2018–19 to 2021–22 period.³³

Compliance

2.30 ANI prepares its annual report under requirements of the PGPA Act and Rule and the *Corporations Act 2001*.³⁴ Additional reporting requirements are prescribed by the *Work Health and Safety Act 2011* and the *Environment Protection and Biodiversity Conservation Act 1999*.

2.31 The committee found the ANI annual report to be compliant in each of its reporting requirements.

2.32 As a government business enterprise, ANI has additional reporting requirements under section 28F of the PGPA Rule, relating to changes in financial conditions, dividend payments, community service obligations and commercially prejudicial information. The annual report states that ANI was not bound by community service obligations and paid no dividends to shareholders in 2017–18.³⁵ Additionally, no information was excluded from the report on the grounds of commercial sensitivity. Significant changes to the financial structure and condition of ANI related to the 'acquisition of South Australian Government owned land and infrastructure', and the 'Osborne Naval Shipyard development'.³⁶

Performance

2.33 ANI published an interim statement of corporate intent for the 2017–18 to the 2020–21 financial years, in lieu of publishing a corporate plan.³⁷ This statement was published on the ANI website prior to the publishing of its replacement statement of corporate intent (for the 2018–19 to 2021–22 period).

2.34 The *2017–18 Statement of Corporate Intent* outlined short, medium and long-term priorities for ANI, with priorities for 2017–18 identified as the following:

- complete the stand-up of ANI as an independent commercial entity;
- complete the Tranche 1 and 2 acquisitions from Defence SA;³⁸
- award the [Managing Contractor Contract] and commence construction of the Osborne South shipyard expansion and refurbishment project;

33 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 16; Australian Naval Infrastructure Pty Ltd, *ANI Statement of Corporate Intent 2018/19*, p. 1.

34 See Part 2M.3 of the *Corporations Act 2001*, PGPA Act, s. 97 and PGPA Rule, Part 3-3.

35 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, pp. 16, 23.

36 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 23.

37 A statement of corporate intent is a corporate plan that is published under ss. 16E(4) of the PGPA Rule, which allows a Commonwealth company to publish a version of its corporate plan that excludes information that is either confidential or could prejudice national security.

38 Tranche 1 is vacant land and the Maritime Skills Centre in the Osborne area. Tranche 2 is the 'Common Use Infrastructure' including the wharf, dry berth, transfer system and uplift—see Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 9.

- develop leasing arrangements for new users of the Osborne shipyard facilities; and
- provide additional infrastructure related support to Defence as required.³⁹

2.35 ANI's annual report states that all of its short-term performance targets (as listed above) for 2017–18 were met⁴⁰ and addresses how these targets were met in the Chair and CEO's letter, review of operations, and the directors' report.

Financial statements

2.36 The ANI annual report included financial statements as required by the legislation. The financial statements received an unqualified assurance from the ANAO.⁴¹

2.37 Significant changes to the finances of ANI came through the acquisition of land and infrastructure from the South Australian government for the Techport business, worth \$230 million, and the commencement of capital works at the Osborne Naval Shipyard.⁴² The committee notes that these projects were financed by the issuing of \$279.5 million worth of shares through an 'equity subscription agreement' with the Commonwealth government, which commenced in 2016–17.⁴³ This had the effect of almost doubling the number of ordinary shares for ANI.⁴⁴

General comments

2.38 The committee found the ANI annual report to be satisfactory in regards to its reporting obligations and presentation. The committee commends the accessible and thorough approach to reporting ANI took at the conclusion of its first year of operation.

Workplace Gender Equality Agency

2.39 The Workplace Gender Equality Agency (WGEA) is a non-corporate Commonwealth entity established under the *Workplace Gender and Equality Act 2012* (WGEA Act). Its statutory functions under section 10 of the WGEA Act are:

- (a) to advise and assist employers in promoting and improving gender equality in the workplace; and
- (aa) to develop, in consultation with relevant employers and employee organisations, benchmarks in relation to gender equality indicators; and
- (b) to issue guidelines to assist relevant employers to achieve the purposes of the [WGEA] Act; and

39 Australian Naval Infrastructure Pty Ltd, *Statement of Corporate Intent 2017–18*, p. 8.

40 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 10.

41 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 32.

42 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, p. 42

43 Mr Andrew Jagers, Deputy Secretary, Commercial and Government Services, Department of Finance, *Committee Hansard*, 9 April 2019, p. 44.

44 Australian Naval Infrastructure Pty Ltd, *Annual Report 2017–18*, pp. 52, 62

(c) to review compliance with the [WGEA] Act by relevant employers, to review public reports lodged by relevant employers and to deal with those reports in accordance with the [WGEA] Act; and

(d) to collect and analyse information provided by relevant employers under the [WGEA] Act to assist the Agency to advise the Minister in relation to legislative instruments made under the [WGEA] Act; and

(e) to undertake research, educational programs and other programs for the purpose of promoting and improving gender equality in the workplace; and

(ea) to work with employers to maximise the effectiveness of the administration of the [WGEA] Act, including by minimising the regulatory burden on employers; and

(f) to promote and contribute to understanding and acceptance, and public discussion, of gender equality in the workplace; and

(g) to review the effectiveness of the [WGEA] Act in achieving its purposes; and

(h) to report to the Minister on such matters in relation to gender equality in the workplace as the Agency thinks fit (including a review under paragraph (g)).⁴⁵

2.40 WGEA reports to the Minister for Women and during the 2017–18 financial year moved from the Jobs and Innovation Portfolio to the Prime Minister and Cabinet Portfolio.⁴⁶

2.41 WGEA tabled its annual report for 2017–18 in the House of Representatives on 6 December 2018 and the Senate on 12 February 2019.⁴⁷ Additional documents within the enhanced Commonwealth performance framework for the 2017–18 period included a corporate plan published on 31 August 2017 and portfolio budget statements in the 2017–18 budget.⁴⁸

Compliance

2.42 WGEA, as a non-corporate Commonwealth entity, prepares an annual report under section 46 of the PGPA Act and part 2-3 of the PGPA Rule, with additional reporting requirements in the *Work Health and Safety Act 2011*, the *Commonwealth Electoral Act 1918*, and the *Environment Protection and Biodiversity Conservation Act 1999*. The WGEA Act prescribes no additional content requirements for the

45 *Workplace Gender and Equality Act 2012*, s. 10.

46 Department of the Prime Minister and Cabinet, *Administrative Arrangements Order*, 19 April 2018, p. 36.

47 *House of Representatives Votes and Proceedings*, No. 156, 6 December 2018, p. 2041; *Journals of the Senate*, No. 138, 12 February 2019, p. 4554.

48 Workplace Gender Equality Agency, *2017–18 Corporate Plan*, 31 August 2017; Commonwealth of Australia, *Employment Portfolio Budget Statements 2017–18: Budget Related Paper No. 1.6*, pp. 177–192.

annual report, however does provide for other reports to be submitted to the Minister.⁴⁹

2.43 Subsection 12(1) of the WGEA Act provides that, despite the requirements of the PGPA Act, the WGEA must present its annual report to the Minister for Women by 31 November. The 2017–18 annual report was submitted to, and received by, the Minister on 16 November 2018, complying with this provision.

2.44 The committee found the annual report of WGEA to be compliant with each of its obligations under the PGPA Rule and other legislation.

2.45 However, if a body deviates from a statement prescribed in the legislation, the committee expects the body to state the reasons for such a deviation. For example, paragraph 17AG(7)(b) of the PGPA Rule, relating to consultancy contracts, prescribes:

A statement that: "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".

2.46 The WGEA annual report included a statement similar to that prescribed in the PGPA Rule, however omitted reference to ongoing consultancy contracts.⁵⁰ While it may be assumed that WGEA did not have any existing consultancy contracts in the reporting period, it would assist the committee for purposes of scrutiny to make it clear that no ongoing consultancy contracts were in effect.

Performance

2.47 In its corporate plan and portfolio budget statements for 2017–18, WGEA had three performance criteria comprising of seven total targets to measure performance.⁵¹ These performance criteria can be summarised as:

- increasing the impact and reach of WGEA's educational operations;
- utilising the value of collecting data on gender equality; and
- communicating and adding to the gender equality narrative.⁵²

2.48 An annual performance statement was included in the WGEA annual report addressing each of the performance criteria and the outcome of each target. This performance statement was in accordance with the suggested format outlined by the Department of Finance *Resource Management Guides*.⁵³

49 *Workplace Gender and Equality Act 2012*, s. 12.

50 Workplace Gender Equality Agency, *Annual Report 2017–18*, p. 29.

51 Workplace Gender Equality Agency, *2017–18 Corporate Plan*, 31 August 2017, p. 8.

52 Workplace Gender Equality Agency, *2017–18 Corporate Plan*, 31 August 2017, p. 8.

53 Department of Finance, *Annual performance statements for Commonwealth entities: Resource Management Guide No. 134*, July 2017, pp. 32–33.

2.49 The committee notes that WGEA achieved all of its performance targets.⁵⁴ WGEA exceeded its targets in relation to the collection of gender equality data.⁵⁵ It achieved this through:

- the development of research partnerships in the areas of: pay gaps and pay equity action, key drivers of improved representation of women in leadership, and female participation in paid work and retirement income;
- influencing the research agenda through the presence of WGEA officers in various advisory bodies, steering committees and working groups; and
- the improved trend analysis capability of the WGEA data explorer tool.

Financial statements

2.50 WGEA is financed through annual appropriation in the federal budget.⁵⁶ Financial statements were included in the annual report as required by subsection 42(2) of the PGPA Act.⁵⁷ These statements received an unqualified assurance from the ANAO.⁵⁸

2.51 The committee notes the reported total comprehensive loss of \$596 323 for WGEA in 2017–18, compared to a budgeted loss of \$882 000. Variances in WGEA's financial performance were also recorded in its employee benefits, payments to suppliers, income from the rendering of services and the de-recognition of the 'make good' provision for the premises.⁵⁹

General comments

2.52 The committee found the WGEA annual report to be well-presented and informative. The report met each of its requirements under the relevant legislation and presented its performance statements within the objects of the enhanced Commonwealth performance framework. For the purposes of its report to the Senate, the committee considers the WGEA annual report to be 'apparently satisfactory'.

Senator James Paterson

Chair

54 Workplace Gender Equality Agency, *Annual Report 2017–18*, pp. 16–17.

55 Workplace Gender Equality Agency, *Annual Report 2017–18*, p. 17.

56 Commonwealth of Australia, *Employment Portfolio Budget Statements 2017–18: Budget Related Paper No. 1.6*, pp. 177–192.

57 Workplace Gender Equality Agency, *Annual Report 2017–18*, p. 34.

58 Workplace Gender Equality Agency, *Annual Report 2017–18*, pp. 32–33.

59 Workplace Gender Equality Agency, *Annual Report 2017–18*, p. 35.

