

The Senate

Foreign Affairs, Defence and Trade
Legislation Committee

Annual reports (No. 1 of 2016)

March 2016

© Commonwealth of Australia 2016

ISBN 978-1-76010-353-8

This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia License.



The details of this licence are available on the Creative Commons website:
<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>.

Printed by the Senate Printing Unit, Parliament House, Canberra

Membership of the Committee

Members

Senator Chris Back, LP, WA (Chair)
Senator Alex Gallacher, ALP, SA (Deputy Chair)
Senator David Fawcett, LP, SA
Senator Scott Ludlam, AG, WA
Senator Anne McEwen, ALP, SA
Senator the Hon Eric Abetz, LP, TAS

Secretariat

Mr David Sullivan, Secretary
Mr Owen Griffiths, Principal Research Officer
Ms Casey Mazzarella, Senior Research Officer
Ms Kimberley Balaga, Research Officer
Ms Shannon Ross, Administrative Officer

Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

Phone: + 61 2 6277 3535
Fax: + 61 2 6277 5818
Email: fadt.sen@aph.gov.au
Internet: http://www.aph.gov.au/senate_fadt

Table of Contents

Membership of the Committee	iii
Preface.....	1
Introduction	1
Terms of reference.....	1
Allocated portfolios	2
Annual reporting requirements.....	2
Assessment of annual reports	4
General comments on the annual reports	5
Annual reports referred to the committee.....	6
Chapter 1.....	9
Annual reports of departments	9
Department of Defence.....	9
Department of Foreign Affairs and Trade	12
Department of Veterans' Affairs.....	14
Chapter 2.....	19
Annual reports of statutory and non-statutory agencies	19
Defence portfolio.....	19
Foreign Affairs and Trade portfolio	21
Veterans' Affairs portfolio	26
Other reports	28
Appendix 1	29
Compliance table of annual reports for the period 2014–15	29

Preface

Introduction

1. This is the Senate Foreign Affairs, Defence and Trade Legislation Committee's first report on annual reports for 2016. It provides an overview of annual reports of agencies within the allocated portfolios tabled in the Senate between 1 May 2015 and 31 October 2015.

2. Annual reports inform the Parliament, stakeholders and other interested parties of the operations and performance of public sector departments, agencies and companies. They are a primary accountability mechanism. Additionally, annual reports are important reference documents and form part of the historical record.¹

Terms of reference

3. Under Standing Order 25(20), the annual reports of certain departments and agencies are referred to the committee for examination and assessment. The 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 report 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 the attention of the Senate to any significant matters relating to the operations and performance of the bodies furnishing the annual reports.

1 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. 3.

- (h) Report to the Senate each year whether there are any bodies which do not present annual reports to the Senate and which should present such reports.

Allocated portfolios

4. In accordance with the resolution of the Senate on 12 November 2013, the committee has oversight of the following portfolios:

- Defence, including Veterans' Affairs; and
- Foreign Affairs and Trade.²

Annual reporting requirements

5. This is the first time departments and agencies are reporting under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which commenced on 1 July 2014. The PGPA Act consolidates the governance, performance and accountability requirements contained in the *Financial Management and Accountability Act 1997* (FMA Act) and the *Commonwealth Authorities and Companies Act 1997* (CAC Act). It also establishes a performance reporting framework for all Commonwealth entities and companies.

6. Section 46 of the PGPA Act sets out the annual reporting requirements in relation to Commonwealth entities, including that annual reports must comply with any requirements prescribed by rules. Section 97 sets out the annual reporting requirements for Commonwealth companies.

7. However, as with 2013–14 annual reports, 2014–15 annual reports were prepared under the arrangements existing at 30 June 2014 as follows:

- for non-corporate Commonwealth entities (departments, executive agencies and statutory agencies): the *Public Service Act 1999*, sections 63(2) and 70(2), and the *Parliamentary Service Act 1999*, section 65; other relevant enabling legislation for statutory bodies; and the Requirements for Annual Reports;
- for corporate Commonwealth entities: the Commonwealth Authorities (Annual Reporting) Orders 2011 prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014–15 annual reports under the PGPA (Consequential and Transitional Provisions) Rule;
- for Commonwealth companies: the Commonwealth Companies (Annual Reporting) Orders 2011 prescribe material that must be included in corporate entities' annual reports. These Orders continue to apply to 2014–15 annual

reports under the PGPA (Consequential and Transitional Provisions) Rule; and

- for non-statutory bodies: the guidelines are contained in the government response to the Senate Standing Committee on Finance and Public Administration Report on Non-Statutory bodies.³

8. In its report on the development of the Commonwealth performance framework, the Joint Committee of Public Accounts and Audit (JCPAA) foreshadowed that in future years the annual report requirements 'will be replaced through the consolidation of all mandatory requirements into a rule made for the purposes of section 46 of the PGPA Act'.⁴

Changes to the Requirements for Annual Reports

9. The Requirements for Annual Reports were issued by the Department of the Prime Minister and Cabinet on 25 June 2015 and approved by the JCPAA. Two significant changes were made to the Requirements for Annual Reports issued on 25 June 2015 in relation to:

- small business procurement – three requirements have been added to reflect the Government's commitment to improve small business access to Commonwealth contracts; and
- Indigenous employment – reporting on Indigenous employment has been added to the existing requirement to report on the management of human resources.⁵

10. While the Requirements for Annual Reports issued on 25 June 2015 apply to annual reports for 2014–15, it was noted that:

Significant revisions to the Requirements are anticipated for the 2015–16 financial year with the commencement of the performance reporting model under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).⁶

3 *Senate Hansard*, 8 December 1987, pp 2632–45.

4 Joint Committee of Public Accounts and Audit, *Report 452 Development of the Commonwealth Performance Framework*, December 2015, p. 12.

5 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

6 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, p. i.

Assessment of annual reports

11. Senate Standing Order 25(20) requires that the committee examine reports referred to it to determine whether they are timely and 'apparently satisfactory'. The committee must consider whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports in forming its assessment.

12. The enabling legislation of some agencies may require that agency to report on matters other than those included in the guidelines, or impose different reporting requirements. The committee's view is that such agencies, while bound by their enabling legislation, should also comply with the PM&C guidelines, to the extent that the requirements do not conflict.

Timeliness

13. Under Standing Order 25(20)(c), the committee must report to the Senate any lateness in the presentation of annual reports.

14. In accordance with the *Requirements for Annual Reports* published in June 2015, agencies are required to present a copy of the annual report:

...to each House of Parliament on or before 31 October in the year in which the report is given. 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.⁷

15. A number of annual reports were tabled late. On 12 October 2015, the Chair of AAF Company wrote to the Minister for Defence seeking an extension for the tabling of AAF Company's Annual Report 2014–2015 to 30 November 2015 to allow sufficient time to obtain approval, print copies of the report and mitigate any unforeseen delays.⁸ The report was tabled in the House of Representatives on 26 November 2015 and in the Senate on 30 November 2015.

16. The Chairman of the RAAF Welfare Recreational Company also wrote to the Minister for Defence seeking an extension of the tabling date to 30 November 2015 to allow sufficient time to obtain approval, print copies of the report and mitigate any unforeseen delays.⁹ The report was tabled in the House of Representatives and in the Senate on 11 November 2015.

17. A table detailing the dates relating to the timeliness of presentation is at Appendix 1. It should be noted that, apart from those referred to above, the following

7 Department of the Prime Minister and Cabinet, *Requirements for Annual Reports*, 25 June 2015, p. 2.

8 Brigadier P Daniel AM CSC, Chair, AAF Company to the Minister for Defence, dated 12 October 2015.

9 Air Commodore A R B Elfverson, Chairman, RAAFWRC to the Minister for Defence, 7 October 2015.

annual reports were also tabled after 31 October 2015. These reports were received out of sitting on 2 November 2015 and tabled in the Senate on 9 November 2015:

- ASC Pty Ltd;
- Defence Housing Australia;
- Australian Safeguards and Non-Proliferation Office; and
- Australian War Memorial.

General comments on the annual reports

Matters of significance

18. In accordance with Standing Order 25, the committee is to note any significant matters relating to the operations and performance of the bodies presenting their annual reports. The committee notes that on 1 July 2015, the Defence Materiel Organisation was officially delisted as a listed entity and transitioned to form the Capability, Acquisition and Sustainment Group with the Department of Defence.¹⁰

Comments made in the Senate

19. The committee is obliged, under Standing Order 25(20)(d), to consider any remarks made about these reports in the Senate. There were no comments in the Senate on any of these reports.

Bodies not presenting annual reports to the Senate

20. The committee is required to report to the Senate each year on whether there are any bodies that do not present annual reports to the Senate and which should present such reports. The committee is satisfied that there are no bodies within these portfolios that do not meet their reporting requirements to the Senate.

Standard of reports

21. Under the terms of Standing Order 25(20)(a), the committee is required to report to the Senate whether reports are 'apparently satisfactory'. In making this assessment, the committee considers such aspects as compliance with relevant reporting guidelines.

22. The committee found all reports to be generally of a high standard. They effectively described the function, activities and financial positions of the various departments and agencies. The committee therefore found all of the annual reports to be 'apparently satisfactory'.

10 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 91.

Annual reports referred to the committee

23. The following annual reports were referred to the committee for consideration:

Departments of State

- Department of Defence (a non-corporate Commonwealth entity incorporating the report of Defence Materiel Organisation)
- Department of Foreign Affairs and Trade (a non-corporate Commonwealth entity)
- Department of Veterans' Affairs (a non-corporate Commonwealth entity incorporating the reports of Repatriation Commission and Military Rehabilitation and Compensation Commission)

Corporate Commonwealth entities under the PGPA Act

- Army and Air Force Canteen Service
- Australian War Memorial (statutory agency)
- Defence Housing Australia (statutory agency)
- Export Finance and Insurance Corporation
- Royal Australian Air Force Veterans' Residences Trust Fund
- Royal Australian Navy Central Canteens Board
- Services Trust Funds
- Tourism Australia

Non-corporate Commonwealth entities under the PGPA Act

- Australian Centre for International Agricultural Research (statutory agency)¹¹
- Australian Trade Commission (statutory agency)
- Australian Safeguards and Non-Proliferation Office (statutory agency)¹²

11 A statutory agency means the agency is identified in its enabling legislation as a statutory agency for the purposes of the *Public Service Act 1999*, whereby the legislation provides for the agency head to employ APS employees for that agency.

12 The Australian Safeguards and Non-Proliferation Office is a division within the Department of Foreign Affairs and Trade, however, the Director-General is a statutory officer who reports directly to the Minister for Foreign Affairs.

Statutory bodies not under the PGPA Act

- Director of Military Prosecutions

Commonwealth companies limited by guarantee under the Corporations Act 2001

- AAF Company
- Australian Strategic Policy Institute
- Repatriation Medical Authority
- Royal Australian Air Force Welfare Recreational Company
- Veterans' Review Board (statutory agency)

Commonwealth companies limited by shares under the Corporations Act 2001

- ASC Pty Ltd¹³

24. Comments on these individual reports are contained in chapter 1 for departments of state, and chapter 2 for statutory and non-statutory agencies. Reports are listed in alphabetical order under each portfolio.

13 The ASC Pty Ltd sits within the Finance portfolio and is examined by the Finance and Public Administration Legislation Committee.

Chapter 1

Annual reports of departments

Department of Defence

1.1 The Department of Defence annual report 2014–15 was presented out of sitting on 30 October 2015 and tabled in the Senate and the House of Representatives on 9 November 2015.

Reviews by the Secretary and the Chief of the Defence Force

1.2 In his review, the Secretary of the Department, Mr Dennis Richardson AO, observed the past year had been dominated by the Defence White Paper, the Force Structure Review, the First Principles Review, major procurement decisions, and continued cultural reform.¹

1.3 The First Principles Review was presented to the government and released publicly in April 2015. It was highly critical of the way the department operates and recommended changes to organisational structures and processes. A two-year plan was developed by the department, to begin on 1 July 2015, to implement the major changes recommended by the review.²

1.4 The Secretary discussed the department's workforce and noted that the department continued to downsize. The public service full-time equivalent staff reduced from around 22 300 in mid-2012 to just over 18 300 in September 2015. The APS workforce is anticipated to stabilise by around mid-2016.³ The Secretary also commented that although the department made good progress in the recruitment of Indigenous Australians and people with disability, the gender balance of the workforce had seen little change.⁴

1.5 The Secretary noted that French, German and Japanese entities were invited to submit proposals to the government's competitive evaluation process to determine a design partner for the future submarines. The proposals were required to be received by 30 November 2015. The evaluation is to be completed in the first half of 2016.⁵

1.6 The Secretary gave his thanks to Defence public servants for their work and acknowledged the contribution of Defence contractors and service providers.⁶

1.7 In his review as Chief of the Defence Force (CDF), Air Chief Marshal Mark Binskin AC observed that the past year was one of the most unpredictable periods in

1 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 1.

2 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 1.

3 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 1.

4 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 2.

5 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 2.

6 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 3.

recent history. The CDF discussed some of the Australian Defence Force's (ADF) achievements, including the responses to flights MH370 and MH17, the Building Partner Capacity mission in Iraq, and significant international maritime operations.⁷

1.8 The CDF highlighted that ADF personnel and assets were still engaged in the search for missing Malaysia Airlines flight MH370 in the Southern Ocean, when Malaysia Airlines flight MH17 was shot down over Ukraine. The ADF worked with Australian Federal Police on Operation Bring them Home, to return the victims to their families.⁸

1.9 Around 300 personnel are deployed in Iraq on the Building Partner Capacity mission. Together with their New Zealand counterparts, Task Group Taji provides Iraqi Army soldiers with additional training in a range of military skills as well as the laws of armed conflict and leadership.⁹

1.10 The CDF noted that over the past two years, Royal Australian Navy ships seized more than \$2.2 billion in illegal narcotics that would have been used to fund terrorist activities around the world. *HMAS Success* became the first Australian ship to participate in a NATO maritime operation on Operation Ocean Shield, which extended its counter-piracy mission in the Gulf of Aden and off the Horn of Africa.¹⁰

1.11 The CDF discussed the commencement of air strikes against Daesh, and the work carried out by Air Task Group:

At the Iraqi Government's request, the Air Task Group has conducted regular air strikes since October. In that time, the F/A-18A Hornet and F/A-18F Super Hornet combination has flown more than 5,000 hours, employing more than 400 precision weapons against Daesh targets. These operations are part of the international coalition's air campaign supporting Iraqi Security Force operations on the ground. The combination of Australian strike aircraft, tankers and airborne early warning aircraft make this Air Task Group one of the most capable air packages the ADF has ever deployed. It is also the first completely self-contained Air Task Group we have deployed, with the E-7A AEW&C Wedgetail completing more than 100 operational sorties and the KC-30A air-to-air refuelling team delivering 25 million pounds of fuel to Australian and coalition aircraft.¹¹

1.12 The CDF also drew attention to the ADF's humanitarian and disaster relief operations following Tropical Cyclone Marcia, Cyclone Lam, and Cyclone Pam as well as the relief and recovery operations following the earthquake in Nepal.¹²

7 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 4.

8 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 4.

9 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 4.

10 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 5.

11 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 4.

12 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 4.

External accountability

Judicial decisions and decisions of administrative tribunals

1.13 The Defence annual report described a number of judicial decisions and decisions of administrative tribunals. One matter is currently awaiting the court's decision on whether the applicant will be allowed to file a further amended statement of claim, while two other matters had their decisions reserved by the court.¹³

1.14 Defence is currently the respondent in six applications to the Administrative Appeals Tribunal, where the applicants seek review of decisions by Defence to reject their claims for compensation, in relation to Defence activities at the Salt Ash Weapons Range. The applicants are the lead group of 102 claimants whose claims for compensation under regulation 57 have been rejected by Defence. The hearing of these applications was listed to commence on 26 October 2015.¹⁴

Auditor-General's reports

1.15 In 2014–15, the Auditor-General tabled six performance audit reports relating directly to Defence and the Defence Materiel Organisation and one report on a cross-portfolio audit involving Defence.¹⁵

Australian National Audit Office report

1.16 The Australian National Audit Office (ANAO) report for the Department of Defence demonstrated that there were eight moderate findings and one significant legislative finding from the previous financial year which were resolved by the department during 2014–15.¹⁶ The ANAO identified three new moderate findings which were unresolved at the end of its 2014–15 final audit phase. These included:

- estimation of MSI impairment;
- estimation of impairment of Defence Weapons Platforms; and
- general stores inventory pricing.¹⁷

Summary

1.17 The committee finds that Defence's annual report complies adequately with all reporting requirements for a department.

13 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 171.

14 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 170.

15 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, pp 171–172.

16 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, pp 66–68.

17 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, pp 66–68.

Department of Foreign Affairs and Trade

1.18 The Department of Foreign Affairs and Trade (DFAT) annual report 2014–15 was tabled in the House of Representatives and in the Senate on 14 October 2015.

Secretary's review

1.19 The Secretary of the Department, Mr Peter Varghese AO, noted that the 2014–15 financial year had been one of organisational renewal and important successes in DFAT's implementation of the government's foreign policy, trade and investment and development agenda.¹⁸

1.20 The Secretary observed that the department made positive contributions to global prosperity and security during the year:

We have deepened our strategic relations with major powers and regional partners. We have supported Australia's major role in the US-led coalition against Daesh in Iraq. Furthering the pursuit of economic diplomacy, we promoted the economic opportunities arising from new trade agreements with Korea and Japan, concluded negotiations on a new trade agreement with China and supported Australia's presidency of the G20. The department extended people-to-people links with the expansion of the New Colombo Plan from its pilot phase. Our development assistance has promoted economic growth and stability in our region.¹⁹

Regional and multilateral diplomacy

1.21 The department worked closely with Defence to facilitate Australia's military contribution to the international coalition countering the threat posed by Daesh and provided substantial humanitarian assistance in response to the conflicts in Iraq and Syria.²⁰ As the Secretary highlighted, the department engaged across a range of forums to promote Australia's interests:

Our two-year term as a non-permanent member of the UN Security Council concluded in December. The department supported Australia's leadership in responding to the downing of MH17 to ensure investigators' access to the crash site, enable repatriation of victims and support efforts towards accountability. We won support for access for humanitarian relief into Syria, focused the Security Council on countering terrorism and violent extremism and secured unanimous agreement to strengthen UN policing.²¹

Economic diplomacy, trade and investment

1.22 The department worked to improve market access for Australian goods and services and promote foreign investment to Australia. As the Secretary noted:

18 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 3.

19 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 3.

20 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 5.

21 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 5.

Free Trade Agreements (FTAs) with Korea and Japan entered into force during the year and the department drove accelerated FTA negotiations with China and India, leading to the signing of China–Australia FTA in June. We worked closely with Austrade to promote the benefits of these agreements, completing a national series of information seminars for Australian businesses. The department led negotiations on the Regional Comprehensive Economic Partnership (RCEP) and made significant progress in the Trans-Pacific Partnership (TPP) and PACER Plus negotiations.²²

The aid program

1.23 During the year, the department provided humanitarian assistance in 21 countries, including major relief efforts in Vanuatu, after Tropical Cyclone Pam in March this year, and in Nepal, following the earthquakes in April and May. The Secretary also noted the response to the Ebola outbreak in West Africa was a substantial contribution to international efforts.²³

Efficient, effective and responsive services

1.24 Consular assistance was provided to 15 824 Australians in difficulty overseas and the department responded to 50 525 emergency calls. The department increased travel information found on the smartraveller.gov.au website and issued a record number of 1.83 million passports over the year.²⁴

1.25 According to the Secretary, a substantial amount of assistance was provided to the families of the victims of downed flight MH17 and those affected by the natural disasters in Vanuatu and Nepal. The Secretary emphasized that the department would continue to pursue justice for the victims of MH17.²⁵

Outlook

1.26 In his outlook for the department, the Secretary anticipated that a number of new diplomatic posts will be established 'in the single largest expansion of the diplomatic network in 40 years'.²⁶

External scrutiny and accountability

1.27 The annual report provided information on the significant developments in external scrutiny of the department and the department's response.

1.28 Departmental officers appeared as witnesses before the Joint Standing Committee on Treaties in relation to seven proposed treaty actions.²⁷ During the year the department successfully defended two employment actions brought in a foreign

22 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 6.

23 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 6.

24 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 7.

25 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 7.

26 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, pp 8–9.

27 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 229.

court by former locally engaged staff members, and settled a third.²⁸ At the end of the financial year there were six active applications before the Administrative Appeals Tribunal for review of passports decisions, and one for review of a Freedom of Information decision.²⁹

1.29 In 2014–15, the Auditor-General tabled in parliament five reports by the ANAO relating to the department's operations:

- Report No. 16: Audits of the Financial Statements of Australian Government Entities for the period ended 30 June 2014;
- Report No. 21: Delivery of Australia's Consular Services;
- Report No. 43: Managing Australian Aid to Vanuatu;
- Report No. 44: Interim Phase of the Audits of the Financial Statements of Major General Government Sector Agencies for the year ending 30 June 2015; and
- Report No. 48: Limited Tender Procurement.³⁰

Australian National Audit Office report

1.30 The Australian National Audit Office report for the Department of Foreign Affairs and Trade demonstrated that there were two moderate findings from the previous financial year which were resolved by DFAT during the 2014–15 interim and final audit phases.³¹

1.31 The ANAO had identified that the department did not have adequate processes in place to ensure the timely and accurate preparation of their 2013–14 financial statements. The department addressed these deficiencies in 2014–15, including preparing and implementing a detailed financial statement preparation plan and a financial statements quality assurance plan, which supported the timely and accurate preparation of the 2014–15 financial statements.³²

Summary

1.32 The committee finds that the Department of Foreign Affairs and Trade's annual report adequately complies with all reporting requirements for a department.

Department of Veterans' Affairs

1.33 The Department of Veterans' Affairs (DVA) is the primary service delivery agency responsible for developing and implementing programs that assist the veteran and defence force communities. DVA also provides policy advice, administrative

28 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 265.

29 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 265.

30 Department of Foreign Affairs and Trade, *Annual Report 2014–15*, p. 229.

31 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 93.

32 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 93.

support and staff for the Repatriation Commission and the Military Rehabilitation and Compensation Commission. The department administers a range of legislation, including the *Veterans' Entitlements Act 1986*, the *Military Rehabilitation and Compensation Act 2004*, the *Safety, Rehabilitation and Compensation Act 1988*, the *Defence Service Homes Act 1918* and the *War Graves Act 1980*.³³

1.34 DVA's annual report 2014–15 was received out of sitting on 30 October 2015 and tabled in the House of Representatives and in the Senate on 9 November 2015. The report also includes separate reports of both the Repatriation Commission and the Military Rehabilitation and Compensation Commission. They describe how each commission interrelates with DVA, its membership and the main activities for the reporting period. The reports do not include performance reporting, which is covered in DVA's report.

Secretary's year in review

1.35 In the Secretary's year in review, Mr Simon Lewis PSM reflected on the department's significant achievements, realised across a number of areas: rehabilitation and compensation health, commemorations, and corporate management.³⁴

Commemorative activities

1.36 The Secretary highlighted the Department's management of commemorative activities during the 2014–15 year, including the Albany Convoy Commemorative Event, the ceremony at Gallipoli for the Anzac Day Dawn Service, Anzac Day services at Villers-Bretonneux and Isurava, two missions supporting veterans of the Second World War to travel to France and the United Kingdom to mark the seventieth anniversary of the declaration of Victory in Europe, and to Borneo to commemorate the seventieth anniversary of Operation Oboe.³⁵

1.37 The Secretary also drew attention to the 1395 Anzac Centenary local grants, totalling \$14.3 million (excluding GST), which were awarded to community and ex-service organisations, schools and other educational institutions, museums and other cultural institutions, local government authorities and non-profit community organisations.³⁶

33 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 9.

34 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 2.

35 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 4.

36 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 3.

Mental health

1.38 The Secretary emphasized that the department's efforts in mental health were focused on early intervention and noted a number of significant achievements were realised, including:

- three major research studies were completed: the Vietnam Veterans' Family Study, the Peacekeepers' Health Study and the Australian Gulf War Veterans' Follow Up Health Study;
- the 2013–14 mental health services expansion Budget measure was implemented, including expansion of eligibility for the Veterans and Veterans Families Counselling Service (VVCS); expansion of eligibility for treatment for certain mental health conditions, regardless of the cause; and introduction of a health assessment by a GP for all ex-ADF personnel; and
- the High Res smartphone app, to manage stress and build resilience, was released.³⁷

1.39 The Secretary also discussed the department's commitment to reaching vulnerable clients:

The Department is working closely with ex-service organisations and welfare agencies to identify ex-ADF members who are homeless or at risk of homelessness and ensure that they are linked to appropriate emergency accommodation and other support services. We have also initiated research to inform the development of longer term strategies to minimise the risks which can lead to ex-ADF members becoming homeless.³⁸

Service delivery strategy and online services

1.40 The department's Client Service Survey received responses from over 3000 clients. The survey results indicated that 89 per cent were satisfied or very satisfied with DVA's services. This is an improvement on the satisfaction rate in the previous survey which was conducted in 2010.³⁹ The Secretary observed that the results of the survey contributed to DVA's service reform activities:

During 2014–15, we updated the DVA Service Charter, increased the services available online through MyAccount and completed a pilot project to better direct telephone enquiries and reduce call waiting times.

During 2015–16, we will build on these initiatives by implementing a new telephone system to more efficiently manage call services. We will work towards a more connected digital environment, increasing digital information and services for clients and their nominated representatives.

37 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 3.

38 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 4.

39 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 5.

We will also develop more consistent, streamlined ways of connecting veterans with the services they need, through a national approach.⁴⁰

The year ahead

1.41 The Secretary anticipated the department would have a busy and challenging year ahead, as DVA implements 2015–16 budget initiatives and continues to work on service delivery reform. The Secretary stated that key priorities over the next 12 months would include:

- improving rehabilitation and compensation workload management;
- implementing the next phase of the Veterans' Employment Assistance Initiative;
- implementing the Government's decision to excise Part XI (Australian Defence Force coverage) from the *Safety, Rehabilitation and Compensation Act 1988* into a standalone Act;
- implementing mental health polices, particularly in the areas of prevention and early intervention;
- digitising business processes;
- leading the second year of the Anzac Centenary Programme 2014–2018; and
- engaging in whole-of-government reform initiatives.⁴¹

Australian National Audit Office report

1.42 The Australian National Audit Office report for the Department of Veterans' Affairs demonstrated that there were two moderate findings and one significant legislative finding from the previous financial year which were resolved⁴² by DVA during the 2014–15 final audit phase.⁴³

Summary

1.43 The committee finds the Department of Veterans' Affairs annual report complies adequately with all reporting requirements for a department.

40 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 5.

41 Repatriation Commission, Military Rehabilitation and Compensation Commission, Department of Veterans' Affairs, *Annual Reports 2014–2015*, p. 7.

42 Significant legislative findings which occurred in 2013–14 but did not occur in 2014–15 were closed by the ANAO.

43 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 73.

Chapter 2

Annual reports of statutory and non-statutory agencies

Defence portfolio

Defence Housing Australia

2.2 Defence Housing Australia (DHA) is a commercially focused Government Business Enterprise that provides housing and related services to ADF members and their families in accordance with the *Defence Housing Act 1987* and service agreements with the Department of Defence. DHA is a self-funded and full tax paying entity which does not receive funding from the Federal Budget.¹

2.3 DHA's annual report 2014–15 was received out of sitting on 2 November 2015 and tabled in the Senate and in the House of Representatives on 9 November 2015.

Chairman's foreword

2.4 In his foreword, the Hon J.A.L. (Sandy) Macdonald, Chairman, welcomed the government's decision in May 2015 to proceed with the privatisation of DHA.² The Chairman discussed DHA's continued support of the broader Defence community and its significant contributions over the year to a number of organisations. The Chairman was pleased that DHA was the Australian presenting partner of *Nomanslanding*—an international commemorative art exhibition at Darling harbour in Sydney—which provided the opportunity to educate everyday Australians about the services provided to ADF members and their families.³

2.5 The Chairman anticipated that priorities for the coming year would focus on the strategic expansion of programs and services, particularly the Sale and Leaseback program and further development of housing services to single ADF members.⁴

Managing Director's year in review

2.6 In his review, Mr Peter Howman, Managing Director, reported that DHA's performance during 2014–15 had been strong against budget. The organisation managed 18 872 properties worth approximately \$10 billion. Full financial year results were \$140.8 million earnings before interest and tax (against a budget of \$132.1 million) while total revenue for the year was \$1.3 billion.⁵

2.7 DHA's managed costs and focus on operational efficiency resulted in operating expenses which were \$6.7 million under budget. The year closed with 715 properties for single ADF members, which is close to achieving national coverage and

1 Defence Housing Australia, *Annual Report 2014–15*, p. vii.

2 Defence Housing Australia, *Annual Report 2014–15*, p. x.

3 Defence Housing Australia, *Annual Report 2014–15*, p. x.

4 Defence Housing Australia, *Annual Report 2014–15*, p. xi.

5 Defence Housing Australia, *Annual Report 2014–15*, p. 6.

DHA's target of 1000 properties by 30 June 2015.⁶ The Managing Director stated that DHA aims to continue to improve financially and operationally and acknowledged the valuable contribution of its staff over the year.⁷

External scrutiny

2.8 The Commonwealth Ombudsman did not release any reports relating to DHA during 2014–15. However, 40 approaches concerning DHA were received, 10 of which were the subject of investigation, and one of which is ongoing.⁸

Australian National Audit Office report

2.9 The Australian National Audit Office (ANAO) report for Defence Housing Australia demonstrated that there were no significant or moderate audit findings arising from the 2013–14 or 2014–15 audits.⁹

Summary

2.10 The committee finds Defence Housing Australia's annual report adequately complies with the relevant requirements for the preparation of annual reports.

Defence Materiel Organisation

2.1 The Defence Materiel Organisation (DMO) was officially delisted as a listed entity on 1 July 2015 and transitioned to form the Capability Acquisition and Sustainment Group within the Department of Defence.¹⁰ The 2014–15 annual report represents the last for the DMO, which was responsible for the acquisition and sustainment of the materiel elements of capability for the ADF.

2.2 The annual report of the Defence Materiel Organisation is contained in Defence's annual report. It was presented out of sitting on 30 October 2015 and tabled in the Senate and the House of Representatives on 9 November 2015.

Review by the Chief Executive Officer

2.3 Mr Warren King, Chief Executive Officer, noted that since being prescribed in 2005, the DMO has delivered more than 170 projects, most of which were delivered within budget and to the required capability level.¹¹ Mr King reflected that the DMO operated more effectively in delivering an increased acquisition and sustainment

6 Defence Housing Australia, *Annual Report 2014–15*, p. 6.

7 Defence Housing Australia, *Annual Report 2014–15*, p. 8.

8 Defence Housing Australia, *Annual Report 2014–15*, p. 78.

9 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 69.

10 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 91.

11 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 91.

workload with 464 fewer people in its workforce and \$28.249 million less operating expenditure than 2013–14.¹²

2.4 Mr King gave recent examples of ADF capability enhancements, including the Air-to-Air Refueller and Wedgetail, which are both currently being used in overseas operations. Both capabilities were previously listed on the 'Projects of Concern' list but were remediated by DMO and their industry partners.¹³

2.5 Mr King observed that the DMO drove effective and innovative sustainment solutions, in particular by extending the various air, land and maritime fleets. The Smart Sustainment Reform Programme resulted in \$2 billion worth of savings since 2009, while the introduction of performance-based contracting resulted in significant improvements in sustainment efficiency and productivity by industry.¹⁴

Australian National Audit Office report

2.6 The Australian National Audit Office report for the Defence Materiel Organisation demonstrated that there was one moderate finding from the previous financial year which was resolved by DMO during the 2014–15 final audit.¹⁵ The ANAO identified four new moderate findings over the 2014–15 interim and final audit phases which remained unresolved by the end of the 2014–15 final audit phase. These include:

- accuracy and completeness of month end System Project Office financial information;
- accounting for commitments;
- effectiveness of assurance processes; and
- valuation and management of overseas project bank accounts.¹⁶

Summary

2.7 The committee finds Defence Materiel Organisation's annual report complies adequately with the relevant requirements for the preparation of annual reports.

Foreign Affairs and Trade portfolio

Australian Trade Commission

2.8 The Australian Trade Commission (Austrade) was established by the *Australian Trade Commission Act 1985* and is a non-corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013*. Austrade

12 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 92.

13 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 91.

14 Department of Defence, *Defence Annual Report 2014–15, Volume 1*, p. 91.

15 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, pp 70–71.

16 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, pp 71–72.

helps Australian businesses, education institutions, tourism operators, governments and citizens as they develop international markets and promote international education; win productive foreign direct investment; strengthen Australia's tourism industry; and seek consular and passport services in certain locations overseas.¹⁷

2.9 The Australian Trade Commission's annual report was received out of sitting on 2 November 2015 and tabled in the Senate and in the House of Representatives on 9 November 2015.

Chief Executive Officer's report

2.10 In his report, Mr Bruce Gosper, Chief Executive Officer, discussed some of Austrade's achievements in the past year. These included the department's assumption of new investor visa responsibilities, its promotion of opportunities stemming from the North Asia free trade agreements, and its work promoting Australia as a destination for productive foreign direct investment.¹⁸

2.11 During the year, Austrade opened a new office in Houston, Texas, to focus on attracting investment into the resources and energy sector, agribusiness, advanced services, manufacturing and technologies.¹⁹ Austrade helped to develop the White Paper on Developing Northern Australia and worked to strengthen the tourism sector by:

...developing policy, managing programs and providing research to grow Australia's tourism market share. We worked to give the tourism sector a more effective voice in policy development and to improve policy settings in immigration, transport, employment and the business environment to enable the sector to prosper and grow. We also worked with state and territory governments, tourism organisations and the tourism industry to implement the Tourism 2020 strategy.²⁰

2.12 Over the year, Austrade delivered major business missions and events such as Australia Business Week in India and Match Australia.²¹ Austrade received nearly 3200 applications for grants under the Export Market Development Grants scheme, assisted 891 Australians overseas, and processed 13 486 new passport applications.²²

2.13 Mr Gosper noted that Austrade's Service Improvement Study for 2014–15 showed that satisfaction with Austrade is high. The study found that 80 per cent of clients were satisfied with their dealings with Austrade during the past 12 months.²³

17 Australian Trade Commission, *Annual Report 2014–2015*, p. 2.

18 Australian Trade Commission, *Annual Report 2014–2015*, pp 7–8.

19 Australian Trade Commission, *Annual Report 2014–2015*, p. 7.

20 Australian Trade Commission, *Annual Report 2014–2015*, p. 8.

21 Australian Trade Commission, *Annual Report 2014–2015*, pp 7–8.

22 Australian Trade Commission, *Annual Report 2014–2015*, pp 9–10.

23 Australian Trade Commission, *Annual Report 2014–2015*, p. 7.

2.14 Mr Gosper anticipated that 2015–16 would be a big year for Austrade, noting that new funding had been received to expand investment facilitation work, promote free trade agreements and increase the schedule of major business events and business missions.²⁴

External scrutiny

2.15 Austrade was the subject of two reports tabled by the Auditor-General in Parliament during 2014–15:

- fraud control arrangements (Audit Report No. 3, 2014–15); and
- administration of the Export Market Development Grants scheme (Audit Report No. 15, 2014–15).²⁵

2.16 During the reporting period, the Information Commissioner finalised one review of a Freedom of Information decision made by Austrade, with the decision currently on appeal at the Administrative Appeals Tribunal. The Commonwealth Ombudsman advised Austrade that it was investigating a complaint about the handling of disclosures made under the Public Interest Disclosure Act 2013.²⁶

Australian National Audit Office report

2.17 The Australian National Audit Office report for the Australian Trade Commission demonstrated that there were no significant or moderate audit findings arising from the 2013–14 or 2014–15 audits.²⁷

Summary

2.18 The committee finds the Australian Trade Commission's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

Export Finance and Insurance Corporation

2.19 The Export Finance and Insurance Corporation (Efic) is Australia's export credit agency. It was established in its current form on 1 November 1991 under the *Export Finance and Insurance Act 1991 (Cth)*. Efic delivers solutions for Australian companies to enable them to win business, grow internationally and achieve export success.²⁸

2.20 The Export Finance and Insurance Corporation's annual report for 2014–2015 was tabled in the House of Representatives on 21 October 2015 and in the Senate on 9 November 2015.

24 Australian Trade Commission, *Annual Report 2014–2015*, p. 10.

25 Australian Trade Commission, *Annual Report 2014–2015*, p. 144.

26 Australian Trade Commission, *Annual Report 2014–2015*, p. 144.

27 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 94.

28 Export Finance and Insurance Corporation, *Annual Report 2014–2015*, p. 26.

Chairman's report

2.21 In his report, Mr James Millar AM, Chairman, observed that during the year Efic provided 234 facilities to Australian companies worth \$179 million.²⁹

2.22 The Chairman noted the government's amendments to the *Export Finance and Insurance Corporation Act 1991* in March 2015 allows Efic to lend directly for the export of all goods not just 'capital goods'. However, no change had been made to Efic's 'market gap' mandate, which means Efic can still only provide financial solutions to SMEs when the private market is unable or unwilling to help.³⁰

2.23 The Chairman observed that the underlying business performed well, with a focus on efficiency contributing savings of \$1 million in budgeted costs. However, given all loan provisions are held predominantly in US dollars, the fall in the Australian dollar from \$0.94 to \$0.77 during the year reduced profit by \$5.4 million.³¹

Managing Director's report

2.24 Mr Andrew Hunter, Managing Director and CEO, highlighted that more than 60 per cent of Efic's financial support by value was allocated to SMEs during the year, and 94 per cent of Efic's transactions by number were for SMEs, up from 90 per cent last year. The average transaction turnaround time is 78 days, down from 105 last year.³²

2.25 In response to Efic's new lending flexibility, a new Export Contract Loan product was developed. As at 30 June, Efic had closed 13 Export Contract Loan transactions from a standing start in an average of 56 days, compared to 100 days for an average working capital guarantee.³³

Australian National Audit Office report

2.26 The Australian National Audit Office report for the Export Finance and Insurance Corporation demonstrated that there were no significant or moderate audit findings arising from the 2013–14 or 2014–15 audits.³⁴

Summary

2.27 The committee finds the Export Finance and Insurance Corporation's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

29 Export Finance and Insurance Corporation, *Annual Report 2014–2015*, p. 6.

30 Export Finance and Insurance Corporation, *Annual Report 2014–2015*, p. 7.

31 Export Finance and Insurance Corporation, *Annual Report 2014–2015*, p. 6.

32 Export Finance and Insurance Corporation, *Annual Report 2014–2015*, pp 8–9.

33 Export Finance and Insurance Corporation, *Annual Report 2014–2015*, p. 8.

34 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 94.

Tourism Australia

2.28 Tourism Australia is an Australian Government statutory authority formed under the *Tourism Australia Act 2004* and is subject to the *Public Governance, Performance and Accountability Act 2013*. As Australia's national tourism marketing organisation, it aims to increase visitors for international leisure and business events by promoting Australia as a compelling tourism destination. In 2014–15, this outcome was delivered through two programs:

- increase demand for Australia as a tourism destination; and
- industry development.³⁵

2.29 Tourism Australia's annual report for 2014–2015 was received out of sitting on 30 October 2015 and tabled in the Senate and in the House of Representatives on 9 November 2015.

Chairman's report

2.30 In his report for 2014–15, Mr Geoff Dixon, Chairman, reflected that the Australian tourism industry performed very strongly during the past 12 months. Tourism benefited from highly successful international marketing campaigns and major improvement in distribution and aviation capacity. International arrivals and spending reached record levels, with growth of 7 per cent in arrivals and 10 per cent in spend by international travellers.³⁶

2.31 Mr Dixon noted that, over the year, 7.1 million international visitors injected more than \$33 billion into the economy, with Greater China and South East Asia as the standouts. The year was also Tourism Australia's best for partnerships which generated close to \$60 million in revenue through significant commercial deals with partners such as Virgin Australia and Etihad Airways.³⁷

Managing Director's report

2.32 Looking back on the year, Mr John O'Sullivan, Managing Director, observed that international arrivals and spending was at record highs. Major events such as the 2015 AFC Asian Cup and the 2015 ICC Cricket World Cup helped to drive tourism. Mr O'Sullivan noted:

For example, figures provided by the Australian Bureau of Statistics revealed 46 per cent year on year spike in visitor arrivals from India during the month of March, coinciding with India's appearance in the semi-final of the Cricket World Cup. Beyond increased visitor numbers and tourism spending, these two events helped showcase Australia to a combined global television audience of 4 billion people.³⁸

35 Tourism Australia, *Annual Report 2014–15*, pp 5–6.

36 Tourism Australia, *Annual Report 2014–15*, p. 16.

37 Tourism Australia, *Annual Report 2014–15*, pp 16–17.

38 Tourism Australia, *Annual Report 2014–15*, p. 19.

2.33 Mr O'Sullivan drew attention to Tourism Australia's work introducing an elite network of specialist travel agents in China, trained to sell high-quality Australian holiday packages to China's rapidly growing middle class, noting that a similar approach is in place in Singapore and being rolled out in Indonesia.³⁹

2.34 Mr O'Sullivan discussed Tourism Australia's work on the global campaign *Restaurant Australia*, which focused on Australia's food and wine, reaching a global audience of more than 1.25 billion people. The campaign began by gaining the support of the tourism industry, followed by a major media campaign and launch events, including a pop-up restaurant in London and food trucks in Paris. This was followed by inviting 86 of the world's most influential food and wine figures to experience Australia's produce and places firsthand.⁴⁰

External Scrutiny

2.35 Tourism Australia's external audit function is performed by the Australian National Audit Office. No material audit issues or compliance breaches were noted during the year.⁴¹ No judicial or tribunal decisions were made and no parliamentary reports were published in respect of Tourism Australia in 2014–15.⁴²

Summary

2.36 The committee finds Tourism Australia's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

Veterans' Affairs portfolio

Australian War Memorial

2.37 The Australian War Memorial (the Memorial) was established as a statutory authority under the *Australian War Memorial Act 1980*. The performance of the Memorial and the accountability of its council and management are subject to the *Public Governance, Performance and Accountability Act 2013*.

2.38 The Memorial is accountable to the government through the Minister for Veterans' Affairs. The Council of the Australian War Memorial is responsible for the conduct and control of the activities of the Memorial. Its numerous functions and responsibilities include:

- establishing the Memorial's strategic direction and vision;
- approving the Memorial's goals and key objectives;
- approving the annual budget and monitoring expenditure and reporting; and

39 Tourism Australia, *Annual Report 2014–15*, p. 19.

40 Tourism Australia, *Annual Report 2014–15*, p. 18.

41 Tourism Australia, *Annual Report 2014–15*, p. 93.

42 This committee's Report on Annual Reports is not tabled until the financial year being examined has ended.

-
- ensuring that the Memorial has adequate financial resources to meet known and planned future resources.⁴³

2.39 The Australian War Memorial's annual report 2014–15 was received out of sitting on 2 November 2015 and tabled in the Senate and in the House of Representatives on 9 November 2015.

Chairman's report

2.40 The Chairman, Rear Admiral Ken Doolan AO RAN (Ret'd), reflected that the Centenary of the First World War brought with it challenges and opportunities. One of the most significant was the completion of the First World War Galleries, which was one of the largest projects ever undertaken by the institution.⁴⁴

2.41 The Chairman observed that throughout the 2014–15 year the Memorial hosted many distinguished visitors and significant commemorative ceremonies such as Remembrance Day 2014 and Anzac Day 2015. The Dawn Service at the Australian War Memorial on 36 April 2015 attracted a record crowd, with at least 128 700 people turning out to mark the centenary of the Gallipoli landings.⁴⁵

2.42 The Chairman noted that there were several changes to the membership of the Council of the Australian War Memorial during the 2014–15 year, and offered his thanks to those whose terms on the Council had come to an end.⁴⁶

2.43 On behalf of the Council, the Chairman also expressed gratitude to the Director, the Honourable Dr Brendan Nelson, and the Memorial's hardworking paid and volunteer staff.

Australian National Audit Office report

2.44 The Australian National Audit Office report for the Australian War Memorial demonstrated that there were no significant or moderate audit findings arising from the 2013–14 or 2014–15 audits.⁴⁷

Summary

2.45 The committee finds the Australian War Memorial's annual report to be satisfactory in complying with the relevant requirements for the preparation of annual reports.

43 Australian War Memorial, *Annual Report 2014–15*, pp 3–4.

44 Australian War Memorial, *Annual Report 2014–15*, p. 1.

45 Australian War Memorial, *Annual Report 2014–15*, p. 2.

46 Australian War Memorial, *Annual Report 2014–15*, p. 3.

47 Australian National Audit Office, *ANAO Audit Report No.15 2015–16: Audits of the financial statements of Australian Government Entities for the period ended 30 June 2015*, p. 69.

Other reports

2.46 Other portfolio authorities, agencies and/or companies which had their annual reports examined by the committee, but were not otherwise commented upon in this report, include:

Defence portfolio

- AAF Company (tabled 30 November 2015);
- Army and Air Force Canteen Service (tabled 9 November 2015);
- ASC Pty Ltd (tabled 9 November 2015);
- Australian Strategic Policy Institute (tabled 9 November 2015);
- Director of Military Prosecutions (tabled 16 September 2015);
- Royal Australian Air Force Welfare Recreational Company (tabled 11 November 2015);
- Royal Australian Air Force Veterans' Residences Trust Fund (tabled 9 November 2015);
- Royal Australian Navy Central Canteens Board (tabled 9 November 2015); and
- Services Trust Funds (tabled 9 November 2015).

Foreign Affairs portfolio

- Australian Safeguards and Non-Proliferation Office (tabled 9 November 2015); and
- Australian Centre for International Agriculture Research (tabled 9 November 2015).

Veterans' Affairs portfolio

- Repatriation Medical Authority (tabled 9 November 2015); and
- Veterans' Review Board (tabled 9 November 2015).

2.47 The committee considers that all the annual reports of the above-mentioned organisations adequately met their respective reporting requirements.

Senator Chris Back
Chair

Appendix 1

Compliance table of annual reports for the period 2014–15

Scrutiny of reports to be tabled by 31 October 2015				
Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Defence portfolio				
AAF Company	Commonwealth company, limited by guarantee, subject to the <i>Public Governance, Performance and Accountability (PGPA) Act 2013</i> To be tabled by 31 October	12 Oct 15	@23 Oct 15 %23 Oct 15	#30 Nov 15 ^26 Nov 15
Army and Air Force Canteen Service	Corporate Commonwealth entity, established by regulations under the <i>Defence Act 1903</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	6 Oct 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015				
Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Defence portfolio				
ASC Pty Ltd	Commonwealth company, limited by shares, registered under the <i>Corporations Act 2001</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October *Forwarded to the Finance and Public Administration Legislation Committee	16 Oct 15		*2 Nov 15 #9 Nov 15 ^9 Nov 15
Australian Strategic Policy Institute Limited	Commonwealth company, limited by guarantee, subject to the <i>PGPA Act</i> To be tabled by 31 October	9 Oct 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15
Defence Housing Australia	Corporate Commonwealth entity, established under the <i>Defence Housing Authority Act 1987</i> , s4, subject to the <i>PGPA Act</i> To be tabled by 31 October	7 Oct 15		*2 Nov 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015

Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Defence portfolio				
Department of Defence Incorporating the report of... Defence Materiel Organisation;	Non-corporate Commonwealth entity, established under the <i>Australian Constitution and Administrative Arrangements Order</i> . The Department may engage members of the Australian Defence Force under the <i>Defence Act 1903</i> , the <i>Naval Defence Act 1910</i> and the <i>Air Force Act 1923</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	9 Oct 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15
Director of Military Prosecutions	Statutory body established under the <i>Defence Force Discipline Act 1982 (DFDA)</i> Section 196B of the DFDA requires the DMP to be tabled as soon as practicable after 31 Dec each year	12 Jun 15	@8 Jul 15 %20 Jul 15	#16 Sep 15

Scrutiny of reports to be tabled by 31 October 2015				
Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Defence portfolio				
Royal Australian Air Force Veterans' Residences Trust Fund	Corporate Commonwealth entity, established under the <i>Royal Australian Air Force Veterans' Residences Act 1953</i> , s3, limited by guarantee, subject to the <i>PGPA Act</i> To be tabled by 31 October	28 Sep 15	@14 Oct 15 %14 Oct 15	*30 Oct 15 #9 Nov 15 ^21 Oct 15
Royal Australian Air Force Welfare Recreational Company	Commonwealth company, limited by guarantee, subject to the <i>PGPA Act</i> To be tabled by 31 October	7 Oct 15	@20 Oct 15 %22 Oct 15	#11 Nov 15 ^11 Nov 15
Royal Australian Navy Central Canteens Board	Corporate Commonwealth entity, established by regulations under the <i>Naval Defence Act 1910</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	9 Oct 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015

Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Defence portfolio				
Services Trust Funds—Royal Australian Navy Relief Trust Fund, Australian Military Forces Relief Trust Fund; and Royal Australian Air Force Welfare Trust Fund	Corporate Commonwealth entity, established under the <i>Services Trust Funds Act 1947</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	25 Sep 15 17 Sep 15 26 Aug 15 respectively		*30 Oct 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015				
Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Foreign Affairs and Trade portfolio				
Australian Centre for International Agriculture Research (ACIAR)	Non-corporate Commonwealth entity, established under the <i>Australian Centre for International Agriculture Research Act 1982</i> , s4 as a statutory agency, subject to the <i>PGPA Act</i> To be tabled by 31 October	Oct 15 (letter not dated)		*28 Oct 15 #9 Nov 15 ^9 Nov 15
Australian Safeguards and Non-Proliferation Office	Established under the <i>Nuclear Non-Proliferation (Safeguards) Act 1987</i> , s51; <i>Chemical Weapons (Prohibition) Act 1994</i> , s96; <i>Comprehensive Nuclear-Test-Ban Treaty Act 1998</i> , s71. Minister to table within 15 sitting days of receiving report, subject to the <i>PGPA Act</i> To be tabled by 31 October	20 Oct 15		*2 Nov 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015

Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Foreign Affairs and Trade portfolio				
Australian Trade Commission	Non-corporate Commonwealth entity, established under the <i>Australian Trade Commission Act 1985</i> , s92, Minister to table within 15 sitting days of receiving report, subject to the <i>PGPA Act</i> To be tabled by 31 October	14 Sep 15	@14 Sep 15 %14 Sep 15	#9 Nov 15 ^19 Oct 15
Department of Foreign Affairs and Trade	Non-corporate Commonwealth entity, established under the <i>Australian Constitution and Administrative Arrangements Order</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	16 Sep 15	@16 Sep 15 %16 Sep 15	#14 Oct 15 ^14 Oct 15
Export Finance and Insurance Corporation	Corporate Commonwealth entity, established under the <i>Export Finance and Insurance Corporation Act 1991</i> , s6, subject to the <i>PGPA Act</i> To be tabled by 31 October	No letter of transmittal	@7 Oct 15 %8 Oct 15	#9 Nov 15 ^21 Oct 15

Scrutiny of reports to be tabled by 31 October 2015

Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Foreign Affairs and Trade portfolio				
Tourism Australia	Corporate Commonwealth entity, established under the <i>Tourism Australia Act 2004 s5</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	14 Oct 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015

Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Veterans' Affairs portfolio				
Australian War Memorial	Corporate Commonwealth entity, established under the <i>Australian War Memorial Act 1980, s4</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October	21 Sep 15		*2 Nov 15 #9 Nov 15 ^9 Nov 15
Department of Veterans' Affairs Incorporating the reports of ... Repatriation Commission and Military Rehabilitation and Compensation Commission	Non-corporate Commonwealth entity, established under the <i>Australian Constitution</i> and <i>Administrative Arrangements Order</i> , subject to the <i>PGPA Act</i> To be tabled by 31 October <i>Veterans' Entitlement Act 1986, s215</i> . Minister to table within 15 days of receiving report <i>Military Rehabilitation and Compensation Act 2004, s385</i> and <i>Safety, Rehabilitation and Compensation Act 1988, s161</i> [As soon as possible after 30 June]	1 Oct 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15

Scrutiny of reports to be tabled by 31 October 2015				
Department/agency	Enabling legislation and timeliness	Date on letter of transmittal	@ Date report submitted to minister (if known) % Date report received by minister (if known)	* Date report presented to President # Date tabled in the Senate ^ Date tabled in H/Representatives
Veterans' Affairs portfolio				
Repatriation Medical Authority	Established under the <i>Veterans' Entitlement Act 1986, s196B</i> No statutory reporting requirement	30 Sep 15		*29 Oct 15 #9 Nov 15 ^9 Nov 15
Veterans' Review Board	Established under the <i>Repatriation Legislation Amendment Act 1984</i> and continued by the <i>Veterans' Entitlement Act 1986, s215 (4)</i> Report to be submitted to the Minister as soon as practicable after 30 June Minister to table within 15 sitting days of receiving report	18 Sep 15		*30 Oct 15 #9 Nov 15 ^9 Nov 15