

CHAPTER 1

ANNUAL REPORTS OF DEPARTMENTS

1.1 The annual reports of the following departments for the financial year 2013-14, were referred to the committee for examination and report:

- Attorney-General's Department; and
- Department of Immigration and Border Protection.¹

Attorney-General's Department

Tabling of report

1.2 The 2013-14 annual report was received by the Senate on 10 October 2014 and tabled in the Senate on 27 October 2014. The report was available to senators for the Supplementary Budget Estimates 2014-15 hearings on 20 November and 11 December 2014.

Secretary's review

1.3 The Secretary's review for 2013-14 included an overview of the changes to the department's portfolio. After the September 2013 election, the government transferred the cultural affairs and arts portfolio to the Attorney-General's Department, and most Indigenous community safety and justice programmes were transferred to the Department of the Prime Minister and Cabinet.² Further details on these changes are available in the *Changes to the portfolio structure* section of this report.

1.4 The Secretary identified a number of achievements for the year. The first achievement highlighted was the department's contribution to the whole-of-government repeal of redundant legislative instruments and amending Acts made from 1901 to 1969.³ The review also identified the department's work developing new counter-terrorism policy and legislation; the roll-out of a self-representation service in registries of the Federal Court and Federal Circuit Court; a summary of the Safer Streets Programme; and the department's G20 work in combating corruption. Changes were also made to the Cultural Gifts Programme that resulted in a reduction in the time taken to endorse donations.⁴ The secretary's review also highlighted the department's work and success on the *Whaling in the Antarctic* (Australia v Japan: New Zealand intervening) case at the International Court of Justice.⁵

1 Following a resolution of the Senate on 13 November 2013, the Immigration and Citizenship portfolio was renamed the Immigration and Border Protection portfolio. Some footnotes in this document refer to the former Immigration and Citizenship portfolio name.

2 *Attorney-General's Department Annual Report 2013-14*, p. 2.

3 *Attorney-General's Department Annual Report 2013-14*, p. 2.

4 *Attorney-General's Department Annual Report 2013-14*, p. 3.

5 *Attorney-General's Department Annual Report 2013-14*, p. 4.

1.5 The outlook for 2014-15 identified the 'evolving threat of terrorism' as one of the department's most important tasks and the importance of protecting Australia's telecommunication infrastructure. The secretary also highlighted natural disaster funding, intercountry adoption, reforms to the *Copyright Act 1968* and a review of the opera in the outlook for 2014-15.⁶

Changes to the portfolio structure

1.6 The annual report outlines changes made to the portfolio under the Administrative Arrangements Order of 18 September 2013. The government transferred cultural affairs, the arts and management of government records to the Attorney-General's portfolio. Responsibility for Indigenous law and justice was transferred to the Department of the Prime Minister and Cabinet. Customs and border protection was transferred to the Department of Immigration and Border Protection. In addition, the Insolvency and Trustee Service Australia was renamed and is now known as the Australian Financial Security Authority.⁷

Performance reporting

1.7 The annual report's performance review addressed the key performance indicators (KPIs) of each of the department's programs, as listed in the Portfolio Budget Statements (PBS) and Portfolio Additional Estimates Statements (PAES).⁸ The report included a comprehensive account of the department's achievements and the work progress within each program. However, as identified in previous committee reports on annual reports, discussion and analysis of departmental performance against KPI targets within individual programs was limited and did not adequately consider the department's effectiveness in achieving its stated outcomes.⁹ The committee draws the department's attention to the Requirements for Annual Reports that state, '[d]escriptions of processes and activities should be avoided. Rather, reporting should be aimed at providing an assessment of how far the agency has progressed towards the achievement of its stated outcomes'.¹⁰

1.8 Similar to previous reports, the committee notes that the performance information provided in the department's annual report did not include specific program objectives or deliverables contained in the PBS and PAES.¹¹ The committee

6 *Attorney-General's Department Annual Report 2013-14*, pp 4-5.

7 *Attorney-General's Department Annual Report 2013-14*, p. 9.

8 *Attorney-General's Department Annual Report 2013-14*, pp 26-27, 34-35, 37, 40, 42, 44-45, 47, 50 and 52-55. See also *Portfolio Budget Statements 2013-14, Attorney-General's Portfolio*, pp 13-50, and *Portfolio Additional Estimates Statements 2013-14, Attorney-General's Portfolio*, pp 15-57.

9 *Attorney-General's Department Annual Report 2013-14*, pp 21-55.

10 DPMC, *Requirements for Annual Reports*, 29 May 2014, Part 3, subsection 11(1).

11 *Portfolio Budget Statements 2013-14 Attorney-General's Portfolio*, pp 19-34. Also, for performance information on Programme 1.8 see *Portfolio Additional Estimates Statements 2013-14 Attorney-General's Portfolio*, p. 33. For Outcome 2 see *Portfolio Additional Estimates Statements 2013-14 Attorney-General Portfolio*, pp 34-39.

again suggests including program objectives, where possible immediately before a narrative report of the major achievements of each program, to provide context of how these achievements contributed to the program's objective. The inclusion of such information would contribute to achieving a 'clear read' when comparing the annual report and the PBS and PAES.

1.9 The tabular presentation of KPIs was consistent with the format used in previous annual reports and was accessible and informative. The report assessed the KPIs as being 'achieved', 'substantially achieved', 'partially achieved' or 'not achieved', with a brief explanation supporting each result.¹² The use of categories such as these to assess the department's effectiveness in achieving each KPI is particularly helpful when addressing performance against qualitative KPIs. It facilitates direct comparisons of KPI results within and amongst programs. A number of programmes have had their KPIs changed in the 2013-14 annual report and trend information was therefore not available. The new KPIs in the 2013-14 report are more broadly defined than the KPIs in previous annual reports.

1.10 The committee would like to draw the department's attention again to the use of quantitative KPI targets. The use of quantitative KPI targets has been utilised in some programmes, such as programme 2.1, and in this instance it simplifies the performance monitoring process. The committee recommends the department applies this approach to the assessment of its other programs; however, it also acknowledges the difficulty in using quantitative KPI targets to assess the effectiveness of departmental programs that involve policy development.

1.11 The committee reminds the department of best practice for the development of KPIs, which is outlined in the Australian National Audit Office's (ANAO) *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*:

The tendency for entities to rely on qualitative KPIs reduces their ability to measure the results of program activities over time. A mix of effectiveness KPIs, that place greater emphasis on quantitative KPIs and targets, would provide a more measureable basis for performance assessment. Targets, in particular, should be used more often to express quantifiable performance levels to be attained at a future date. By enabling a more direct assessment of performance, the greater use of targets would assist to clarify and simplify the process of performance monitoring.¹³

Financial performance

1.12 The department's overall financial performance was briefly outlined in the Secretary's review. The department reported an operating deficit of \$18.213 million for 2013-14. This deficit compares to an operating deficit of \$19.779 million in 2012-

12 *Attorney-General's Department Annual Report 2013-14*, pp 26-27, 34-35, 37, 40, 42, 44-45, 47, 50 and 52-55.

13 Australian National Audit Office, *Audit Report No. 5 2011-12, Performance Audit, Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*, p. 53.

13. The department attributes unfunded depreciation and amortisation expenses of \$25.753 million for the deficit.¹⁴

1.13 The committee notes that administered expenses for 2013-14 were \$952.795 million, compared to \$626.881 million in 2012-13. Portfolio agency CAC Act bodies received \$279.414 million in payments and arts programmes received \$129.444 million. The Australian Government Disaster Recovery Payments programme only received \$2.442 million in 2013-14, a significant reduction compared to the \$170.176 million received in 2012-13.¹⁵

Conclusion

1.14 The committee would like to draw attention to its earlier comments on performance reporting and KPIs. The report includes all 'suggested' items in addition to 'mandatory' requirements.¹⁶ The committee considers the report to be 'apparently satisfactory'.

1.15 Mr Roger Wilkins AO finished his term as Secretary of the Attorney-General's Department on 31 August 2014. The committee would like to thank Mr Wilkins for his contribution to the department.

Department of Immigration and Border Protection

Tabling of report

1.16 The department's annual report for 2013-14 was received by the Senate on 17 October 2014 and tabled on the 27 October 2014. As a result, the report was available to the committee for examination during the Supplementary Budget Estimates hearings on 20 October and 27 November 2014.

Secretary's review

1.17 The Secretary's review described the department's development and progress in 2013-14, highlighting major initiatives and challenges. The review noted the consolidation of the department with the Australian Customs and Border Protection Service (ACBPS) and will result in the creation of the Australian Border Force (ABF). The ABF will operate as the department's only operational border organisation, and the date set for the consolidation is 1 July 2015.¹⁷

1.18 The department managed over 35 million movements across Australia's borders, with an increase of 6.8 per cent from the previous year. The 2013-14 Migration Programme had 190 000 places, maintaining the same number of places that were available in 2012-13.¹⁸

14 *Attorney-General's Department Annual Report 2013-14*, p. 15.

15 *Attorney-General's Department Annual Report 2013-14*, p. 15.

16 The list of requirements in the annual report conforms to DPMC, *Requirements for Annual Reports*, 29 May 2014, Attachment F.

17 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 5.

18 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 5.

1.19 The department's Humanitarian Program granted 13 768 permanent visas. The Women at Risk programme issued 1042 visas in 2013-14 and, since 1989, more than 14 500 vulnerable women and their children have received this visa.¹⁹

1.20 With the change of government in September 2013, the department has been a part of the Operation Sovereign Borders Joint Agency Task Force (OSB JATF). Since the commencement of OSB JATF, the department has seen a significant decrease in the number of illegal maritime arrivals (IMAs). Consequently, the department has been able to implement savings with the closure of five detention facilities in 2013-14. A further four centres will be closed by 30 June 2015.²⁰

1.21 Internationally, the department has continued to work with the governments of Nauru and Papua New Guinea (PNG) to manage the offshore processing centres. The Nauru and PNG governments, as well as other states in the region, continue to participate in the implementation of regional resettlement arrangements for refugees.²¹

Office of the Migration Agents Registration Authority

1.22 The department presented the Office of the Migration Agents Registration Authority's (MARA) performance results against deliverables and KPIs that were consistent with those provided in the PBS and PAES.²² The department reported that the Office of the MARA met or exceeded its targets in three of the four KPIs.²³

1.23 The Office of the MARA failed to meet its KPI target of 95 per cent for the '[p]ercentage of complete registration applications finalised within service standards'. For this KPI, the 2013-14 actual result was 89.3 per cent²⁴; however, the department noted that the introduction of a new information technology platform had negatively impacted on this result. The Office of the MARA had managed to track within targeted service standards from 30 June 2014 onwards.²⁵ The '[p]ercentage of complete complaints finalised within services standards' KPI exceeded its target of 90 per cent, to achieve 90.2 per cent.²⁶ The '[p]ercentage of migration agents monitored' is a new indicator introduced in 2013-14. For this KPI, the Office of the MARA also exceeded its target of five per cent, achieving a result of eight per cent.²⁷

19 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 5.

20 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 6.

21 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 6.

22 *Department of Immigration and Border Protection Annual Report 2013-14*, pp 87-92. See also *Portfolio Budget Statements 2013-14, Immigration and Citizenship Portfolio*, pp 27-29 and *Portfolio Additional Estimates Statements 2012-13, Immigration and Border Protection Portfolio*, pp 29-36.

23 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

24 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

25 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 90.

26 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

27 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

1.24 The number of complaints to the Office of the MARA increased in 2013-14, from 407 in 2012-13²⁸ to 433 in 2013-14.²⁹ There was also a decrease in the number of complaints the Office of the MARA finalised in 2013-14: 398 complaints were finalised in 2013-14³⁰, less than the 527 complaints finalised in 2012-13.³¹ The Office of the MARA met service standards in regards to the time taken to finalise a complaint: 77.8 per cent of complaints were finalised in less than six months, and 94.3 per cent were finalised in less than 12 months.³²

Performance reporting

1.25 The department's performance information was comprehensive and well-presented, and included outcome strategies, objectives, deliverables, KPIs and performance results at each program level. The annual report's information was arranged logically, and the outcomes and program structure were presented in a straightforward format. This structure allows the reader to easily access and compare the information in the annual report to the PBS and PAES.³³ As a result, the performance reporting provided a 'clear read' between the annual report and the relevant PBS and PAES.³⁴

1.26 Due to the changes made to the Administrative Arrangements Order issued on 18 September 2013, the government transferred a number of outcomes to the Department of Social Services and the Department of Industry.³⁵ These changes have altered the deliverables and KPIs for outcome five and six and, therefore, do not align with the information available in the PBS 2013-14 and the PAES 2013-14.

1.27 The report contained a performance review of each program, providing an assessment of how far the department has progressed towards achieving its stated outcomes. Each program review covered major achievements and challenges for the department and included meaningful qualitative and quantitative analysis of migration programs and visa categories, in the form of detailed statistics and supporting discussion. Where possible, historical trends of KPI performance over the last three reporting periods accompanied actual results for 2013-14.³⁶

28 *Department of Immigration and Citizenship Annual Report 2012-13*, p. 104.

29 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

30 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

31 *Department of Immigration and Citizenship Annual Report 2012-13*, p. 104.

32 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 92.

33 *Department of Immigration and Border Protection Annual Report 2013-14*, pp 25-236. See also *Portfolio Budget Statements 2013-14, Immigration and Citizenship portfolio*, pp 19-84 and *Portfolio Additional Estimates Statements 2012-13, Immigration and Border Protection portfolio*, pp 11-104.

34 *Department of Immigration and Citizenship Annual Report 2012-13*, pp 38-272.

35 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 216.

36 *Department of Immigration and Border Protection Annual Report 2013-14*, pp 39-238.

1.28 In 2013-14, the department reported that the percentage of onshore protection visa applications decided within 90 days in accordance with legislation³⁷ was 7 per cent, falling significantly below the target of 100 per cent.³⁸ This result is a further decline from the 51 per cent achieved in 2012-13.³⁹ The annual report notes:

The department's low level of compliance with the 90-day processing timeframe over the 2013-14 year reflects increases in the number of applications received and the implementation of Ministerial Direction 57 in July 2013, which saw Protection visa applications lodged by lawful arrivals prioritised for processing.⁴⁰

1.29 The median number of days taken to decide primary cases continued to rise from 89 days in 2012-13 to 248 days in 2013-14. The department's explanation for this increase is 'the timeframe has been influenced by the effect of changes to IMA processing policy'⁴¹ and:

In 2013-14, 96 per cent of Protection visa decisions that took more than 90 days were the result of department-related delays caused by the increased number of arrivals, arrangements for allowing people to apply and the complexity of some cases that required additional investigation.⁴²

1.30 There was also a significant reduction in the number of protection visa applications lodged and granted by the department in 2013-14: 10 624 applications were lodged with the department and of that total, only 978 IMA protection visa applications. In the previous year, the department received 16 923⁴³ applications, which consisted of 8443 IMA Protection visa applications.⁴⁴ The number of protection visas granted to IMAs and non-IMAs in 2013-14 continued the trend seen in previous years. The department issued 2752 visas in 2013-14, compared to 7508 visas issued in 2012-13. Only 545 protection visas were issued to IMAs during this period, significantly lower than the 4994 protection visas granted in 2012-13.⁴⁵

37 Provisions for protection visa decision-making can be found in subsection 65A of the *Migration Act 1958*.

38 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 104.

39 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 116.

40 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 116.

41 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 116.

42 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 116.

43 26 427 Protection visa applications were originally reported in the 2012-13 Annual Report, however the department revises official figures at the end of 2013-14.

44 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 111.

45 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 111.

Financial performance

1.31 The department's 2013-14 financial performance was reported as 'strong despite the challenges posed by increased activity and complex operational demands'.⁴⁶

1.32 An operating deficit of \$98.8 million was reported in 2013-14 compared to \$87.7 million in 2012-13.⁴⁷ The department incurred \$120.1 million in depreciation and amortisation expenses. Government funding for depreciation and amortisation expenses ceased in 2010-11; continued funding for these items would have resulted in a \$14.4 million surplus in 2013-14.⁴⁸

Conclusion

1.33 The annual report closely adheres to the Requirements for Annual Reports and provides a detailed analysis of departmental performance and operations during the year. The committee considers the report to be 'apparently satisfactory'.

1.34 Mr Martin Bowles was appointed Secretary of the Department of Health as of 13 October 2014. The committee would like to thank Mr Bowles for his contribution as Secretary for the Department of Immigration and Border Protection.

46 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 7.

47 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 7.

48 *Department of Immigration and Border Protection Annual Report 2013-14*, p. 7.