

Chapter 1

Annual reports of departments

1.1 The annual reports of the following departments for the financial year 2014–15, were referred to the committee for examination and report:

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

Attorney-General's Department

Tabling of report

1.2 The 2014–15 annual report was tabled in the Senate on 12 October 2015. The report was available to senators for the Supplementary Budget Estimates 2014–15 hearing on 20 October 2015.

Secretary's review

1.3 The Secretary's review for 2014–15 included an overview of the changes to the department's portfolio. The Australian Government Solicitor (AGS) was consolidated into the Attorney-General's Department (department) and the Social Security Appeals Tribunal, Migration Review Tribunal and Refugee Review Tribunal were amalgamated into the Administrative Appeals Tribunal (AAT).¹

1.4 The review focused on the threat of terrorism and the department's response to this threat. Measures taken by the department included: 'initiatives to prevent and disrupt violent extremism; legislative reform to address the security risk posed by foreign fighters; [and] improvements to the technical capabilities of [Australia's] agencies and international partners'.² Australia also hosted the Regional Summit to Counter Violent Extremism in June 2015, which was organised by the department.³

1.5 Key legislation identified by the secretary included the *Telecommunications (Interpret and Access) Amendment (Data Retention) Act 2015* and the *Copyright Amendment (Online Infringement) Act 2015*.⁴

1.6 The outlook for 2015–16 included a continuation of the department's role in addressing the threat of terrorism. The secretary also identified that the department will initiate a Review of Commonwealth Legal Services, in line with the government's 'Efficiency through Contestability Programme', and highlighted the expected amalgamation of the corporate functions of the Federal Court of Australia, Family Court of Australia and Federal Circuit Court of Australia from 1 July 2016.⁵

1 *Attorney-General's Department Annual Report 2014–15*, p. 2.

2 *Attorney-General's Department Annual Report 2014–15*, p. 2.

3 *Attorney-General's Department Annual Report 2014–15*, p. 2.

4 *Attorney-General's Department Annual Report 2014–15*, p. 2.

5 *Attorney-General's Department Annual Report 2014–15*, p. 3.

Changes to the portfolio structure

1.7 As discussed in paragraph 1.3, the Migration Review Tribunal, Refugee Review Tribunal and Social Security Appeals Tribunal were all amalgamated into the AAT. The AGS was also consolidated into the department. Both the consolidation of AGS into the department and the amalgamation of AAT were implemented on 1 July 2015.⁶

Performance reporting

1.8 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).⁷

1.9 The Attorney-General's Department has made a change to the latest annual report in accordance with a recommendation made by the committee in its *Report on Annual Reports (No. 1 of 2015)*. The annual report now includes the program deliverables, as listed in the PBS/PAES, prior to the details of the department's achievements contributing to its deliverables. The inclusion of program deliverables gives context to the department's achievements against program objectives and subsequently assists with achieving a 'clear read' when comparing the annual report with the PBS and PAES.

1.10 The report provides a comprehensive account of the department's achievements and the work progress within each program; however, the analysis of the achievements and results against KPI targets rely on qualitative descriptions. As noted in previous Reports on Annual Reports, the committee recommends the use of quantitative data, when appropriate, to help assess the effectiveness of the work of the department. The committee does acknowledge, however, 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

6 *Attorney-General's Department Annual Report 2014–15*, p. 5.

7 *Attorney-General's Department Annual Report 2014–15*, pp 26, 28, 30–32, 34–36, 42, 44–45, 47, 50 and 52–55. See also *Portfolio Budget Statements 2014–15*, *Attorney-General's Portfolio*, pp 13–50, and *Portfolio Additional Estimates Statements 2014–15*, *Attorney-General's Portfolio*, pp 15–57.

of performance, the greater use of targets would assist to clarify and simplify the process of performance monitoring.⁸

1.12 The tabular presentation of KPIs now includes the results of the previous year's assessment and assists the reader when comparing this year's results with the previous year. Other details are consistent with the format used in previous annual reports and were 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.⁹ The use of these categories is particularly helpful when addressing performance against qualitative KPIs: it facilitates direct comparisons of KPI results within and amongst programs.

Financial performance

1.13 The department's overall financial performance was briefly outlined in the Secretary's review. The department reported an operating deficit of \$14.687 million for 2014–15. This deficit compares to an operating deficit of \$18.213 million in 2013–14. The department attributes the deficit to unfunded depreciation and amortisation expenses of \$23.865 million.¹⁰

1.14 The committee notes that administered expenses for 2014–15 were \$1275.811 million, compared to \$952.795 million in 2013–14. Portfolio agency CAC Act bodies received \$471.068 million in payments and royal commissions received \$97.684 million. \$112.727 million was paid to individuals following the cyclones and floods in 2014–15, as well as Australian Victims of Terrorism Overseas payments.¹¹

Conclusion

1.15 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.¹² The committee considers the report to be 'apparently satisfactory'.

Department of Immigration and Border Protection

Tabling of report

1.16 The Department of Immigration and Border Protection's (DIBP) annual report for 2014–15 was received by the Senate on 28 October 2015 and tabled on

8 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.

9 *Attorney-General's Department Annual Report 2014–15*, pp 24–26, 36–37, 39–40, 43–45, 48–51, and 58–62.

10 *Attorney-General's Department Annual Report 2014–15*, p. 11.

11 *Attorney-General's Department Annual Report 2014–15*, p. 11.

12 The list of requirements in the annual report conforms to DPMC, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, Attachment F.

9 November 2015. As a result, the report was not available to the committee for examination during the Supplementary Budget Estimates hearing on 19 October 2015.

1.17 The committee emphasises that it is best practice for bodies to table annual reports so they are available to senators for Supplementary Budget Estimates in October each year.

Secretary's review

1.18 The introduction of the Secretary's review focused on the amalgamation of the Australian Customs and Border Protection Service (ACBPS) into DIBP and the subsequent creation of Australian Border Force (ABF). Throughout 2014–15, progressive steps were taken by the department and ACBPS to integrate their corporate, regulatory and policy functions into DIBP. As of 2 March 2015, the staff of both organisations started 'working within an integrated structure in the lead-up to 1 July'.¹³

1.19 The 2014–15 overview of DIBP's work on matters relating to migration, citizenship and humanitarian protection noted that the Australian government conferred 136 572 people, granted 661 000 visitor visas to Chinese nationals and 7.2 million temporary visas.¹⁴

1.20 The Migration Programme issued 189 097 visas, slightly below the 190 000 benchmark, with economic migrants accounting for 67.6 per cent of that total. The Humanitarian Programme granted the 13 756 visas, including 1009 visas issued to vulnerable women and their children as part of the 'Woman at Risk' visa program. Due to the humanitarian crisis in the Middle East, 5011 visas were issued to Syrian and Iraqi citizens across the program's onshore and offshore components.¹⁵

1.21 Legislation passed by Parliament, namely the *Migration and Maritime Power Legislation Amendment (Resolving the Asylum Legacy Caseload) Act 2014* and the *Migration Amendment (Protection and Other Measures) Act 2015* reintroduced Temporary Protection visas (TPVs) and introduced Safe Haven Enterprise visas (SHEVs) for illegal arrivals. It also enabled processing of the legacy caseload comprising 30 000 illegal maritime arrivals (IMA)s.¹⁶

1.22 The Secretary reported on the department's use of digital technology to assist with migration services. DIBP continued to expand on the use of ImmiAccount, enabling more users from across the world to submit their visa applications online. Since its creation, there have been over 2.4 million ImmiAccounts created, averaging more than 5000 new applications per day. DIBP was the first government agency to pilot a virtual-assistant technology that will reduce the number of phone enquiries taken by the department and visits to its service counters. DIBP is also developing

13 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 4.

14 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 4.

15 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 5.

16 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 5.

web and mobile applications, such as myVEVO, for users to check visa entitlements, such as work rights, study rights, travel conditions and expiry dates.¹⁷

1.23 The Secretary's synopsis of DIBP's compliance and border control responsibilities included an overview of Operation Sovereign Borders (OSB). Since July 2014, no people smuggling vessel has reached Australia and there has been no known loss of life at sea for more than 18 months. OSB's operations have facilitated the closure of seven immigration detention facilities during 2014–15, delivering a combined saving of \$570.1 million over the forward estimates period. As of 30 June 2015, only 127 children remain in immigration detention, down from the 699 children in detention at 30 June 2014.¹⁸

1.24 Other matters raised in the secretary's review included: the department's Visa Regulatory Reform Task Force to enhance visa and citizenship decision-making in response to the Martin Place siege; the role of the Research and Innovation Division in providing advice and technological solutions when developing strategic priorities; and DIBP's Integrity Framework that seeks to protect the department and its people from infiltration and corruption.¹⁹

Office of the Migration Agents Registration Authority

1.25 The department presented the Office of the Migration Agents Registration Authority's (OMARA) performance results against deliverables and KPIs consistent with those provided in the PBS.²⁰

1.26 The OMARA's program deliverables and KPIs were well presented and easy to read, with a clear description of the results for each program deliverable and KPI. When applicable, historical data is provided. Evidence provided in its results relies on quantitative data, as recommended by the ANAO's *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*.

1.27 The OMARA met the indicators for all KPIs. Key KPI targets reached included:

- surpassing the target of 95 per cent new registration (97 per cent) or re-registration (98.7 per cent) applications finalised within the services standard of four weeks; and
- 96.79 per cent of complaints were completed within the 12 month service standard.²¹

17 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 6.

18 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 6.

19 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 8.

20 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 105–108. See also *Portfolio Budget Statements 2014-15, Immigration and Citizenship Portfolio*, pp 29–31.

21 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 107–108.

Performance reporting

1.28 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.²² As a result, the performance reporting provided a 'clear read' between the annual report and the relevant PBS and PAES.²³

1.29 The report contained a performance review for each program: it provided 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 2014–15.²⁴

1.30 The department reported that only two KPIs from Outcome 1 were unmet. In 2014–15, 0.0201 per cent of passenger and crew arrivals were not permitted to enter Australia, which was higher than the KPI target of 0.015 per cent. The department equated this increase with the deployment of the Border Risk Identification System that identifies travellers that are unlikely to comply with their visa conditions.²⁵ The department did not achieve its KPI target of 300 000 site visits to the department's Citizenship Wizard; in 2014–15 there were 294 336 visits, compared to 361 169 site visits in 2013–14. The department noted that the decrease in visits to Citizenship Wizard did not adversely impact on the number of applications for citizenship by conferral; 191 750 applications were received in 2014–15, compared to 185 838 applications in 2013–14.²⁶ All KPIs for Outcome 2 and Outcome 3 were met by the department in 2014–15.²⁷

1.31 In previous annual reports, the department reported on the percentage of onshore protection visa applications decided within 90 days in accordance with the *Migration Act 195*; however, the *Migration Amendment (Resolving the Asylum Legacy Caseload) Act 2014* (RALC Act) repealed this requirement and subsequently

22 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 48–199. See also *Portfolio Budget Statements 2014–15, Immigration and Citizenship portfolio*, pp 24–47 and *Portfolio Additional Estimates Statements 2014–15, Immigration and Border Protection portfolio*, pp 21–61.

23 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 48–199.

24 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 48–199.

25 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 52.

26 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 58.

27 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 125–126, 143, 162–166, 186–187, and 196.

the department was only required to report on this requirement between 1 July 2014 and 28 February 2015.²⁸ During this reporting period, the department achieved a result of 8 per cent of 'initial decisions and decision after remittal by the courts or tribunals made within 90 days',²⁹ far below the legislative requirement of 100 per cent.

1.32 During this financial year, the RALC Act and the *Migration Amendment (Protection and Other Measures) Act 2015* amended the framework for Protection visas by fast tracking the assessment process and creating two visa options for IMAs by re-introducing TPVs and creating SHEVs.³⁰ Subsequently there was a reduction in the number of Protection visas issued by the department. In 2014–15, 261 IMA Protection visa applications were lodged, compared to 1007 Protection visas in 2013–14.³¹ Only one Protection visa was issued in 2014–15, compared to 546 in 2013–14.³²

1.33 Non-IMA Protection visas lodged and granted in 2014–15 remained relatively consistent with previous years, with 8587 applications lodged in 2014–15, compared to 9688 in 2013–14. There were 2 746 Protection visas granted to non-IMAs in 2014–15, compared to 2207 in 2013–14.³³

Financial performance

1.34 The department's 2014–15 financial performance reported an operating deficit of \$85.3 million compared to \$105.7 million in 2013–14.³⁴ The department incurred \$109.9 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 \$24.6 million surplus in 2014–15.³⁵

1.35 The summary of financial performance stated the principal factors that contributed to the department's operating results were:

- the reduction in the average staffing levels by 497; this reduction resulted in a saving of \$33.1 million;
- Increased service fees from translating and interpreting services and recoveries from legal challenges and merchant fees; these fees generated \$22.9 million; and
- a reduction of \$108.5 million in departmental appropriation revenue from government which was met by a decrease in the department's expenditure.³⁶

28 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 126.

29 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 126.

30 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 136.

31 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 136.

32 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 137.

33 *Department of Immigration and Border Protection Annual Report 2014–15*, pp 136–137.

34 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 32.

35 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 32.

36 *Department of Immigration and Border Protection Annual Report 2014–15*, p. 32.

Conclusion

1.36 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'.