

Chapter 2

Annual reports of agencies

2.1 The annual reports of the following agencies were referred to the committee for examination and report during the period 1 May to 31 October 2015:

Attorney-General's Portfolio

Prescribed agencies

- Administrative Appeals Tribunal;
- Australian Financial Security Authority;
- Australian Human Rights Commission;¹
- Commonwealth Director of Public Prosecutions;
- CrimTrac;
- Federal Circuit Court of Australia;
- Office of the Australian Information Commissioner; and
- Office of the Commonwealth Ombudsman.²

Immigration and Border Protection Portfolio

Statutory bodies

- Australian Customs and Border Protection Service; and
- Migration Review Tribunal and Refugee Review Tribunal.

Consideration of annual reports

2.2 The committee has considered, but not reported on, the annual report of the Office of the Commonwealth Ombudsman, as the Finance and Public Administration Legislation Committee has specific responsibility for overseeing that agency.

2.3 The list of agencies that did not table their annual reports in the Senate during the period 1 May to 31 October 2015 is provided in the preface of this report. The committee will consider those annual reports in the *Report on Annual Reports (No.2 of 2016)*.

2.4 On this occasion, the committee has examined in more detail the reports of the Australian Customs and Border Protection Service, Crimtrac, and the Federal Circuit Court of Australia.

1 The annual report for 2013–14; not for 2014–15.

2 Also forwarded to the Finance and Public Administration Legislation Committee.

Australian Customs and Border Protection Service

2.5 The Australian Customs and Border Protection Service (ACBPS, the service) was Australia's primary border agency. The responsibilities of the service included assisting legitimate trade and travel; preventing, deterring and detecting illegal movement of people and goods across Australia's borders; and collecting border-related revenue and trade statistics.³

2.6 On 1 July 2015, the *Customs and Other Legislation Amendment (Australian Border Force) Act 2015* abolished the ACBPS. In preparation for the abolition the Secretary of DIBP had responsibility for the 2014–15 ACBPS annual report, on the nomination of the Department of Finance. The details of this arrangement are provided in the letter of transmittal from the DIBP Secretary, Mr Michael Pezzullo.⁴

2.7 The 2014–15 annual report was received by the Senate out of session on 26 October 2015 and tabled on 9 November 2015.⁵ The annual report was not provided to the committee in time for the Additional Budget Estimates hearing on 19 October 2015.

2.8 The Chief Executive Officer's (CEO) introduction to the annual report provided details on the ACBPS integration with DIBP and the subsequent creation of ABF. Both entities began working under an integrated structure on 2 March 2015 and the full integration occurred on 1 July 2015.⁶

2.9 The CEO commented on the allocation of an additional \$154 million in funding to the ACBPS for its counter terrorism capabilities. These capabilities assisted with the identification and prevention of Australians seeking to travel overseas to participate in terrorist activities and manage those returning from the conflict. The ACBPS also established New Counter Terrorism Units at Australia's international airports.⁷

2.10 The volume of cargo, and the movement of people, drugs, firearms and tobacco were all noted in the CEO's review. Sea and air cargo in Australia has increased over the past four years, air cargo has increased by 140 per cent and imported sea cargo has increased by 20 per cent.⁸ The past four years have also seen an increase in the number of international air and sea passengers, with an increase of 23 per cent over that period. SmartGates have assisted with management of passengers entering and leaving the country, with 38 per cent of all travellers arriving in Australia in 2014–15 processed through the automated system.⁹ The illegal

3 *Australian Customs and Border Protection Annual Report 2014–15*, p. 26.

4 *Australian Customs and Border Protection Annual Report 2014–15*, p. 3.

5 *See Appendix 1*, p.25.

6 *Australian Customs and Border Protection Annual Report 2014–15*, p. 16.

7 *Australian Customs and Border Protection Annual Report 2014–15*, p. 17.

8 *Australian Customs and Border Protection Annual Report 2014–15*, p. 17.

9 *Australian Customs and Border Protection Annual Report 2014–15*, p. 18.

importation of illicit drug detection in 2014–15 marked a record for the ACBPS: two more tonnes were detected by the service compared to 2013–14 and 'higher than the results for any of the past five years'.¹⁰

2.11 The financial performance of the ACBPS, outlined in the CEO's review, reported an operating loss of \$29.7 million for 2014–15. Excluding unfunded depreciation and amortisation expenses of \$120.6 million and \$6.9 million for changes in asset revaluations, the service would have reported an operating surplus of \$84.0 million. The exclusion of further expenses associated with the receipt of the Australian Defence Vessel (ADV) *Ocean Shield* from the Department of Defence (\$98.9 million) would have resulted in an operating loss of \$14.9 million.¹¹

2.12 The ACBPS has produced an annual report that is a 'clear read' between the programs and KPIs presented in the PBS and PAES.¹² When applicable, the service has provided end-of-year data results from 2012–13, 2013–14 and 2014–15¹³. The outcome and program descriptions reflected the information provided in the budget statements and are set out clearly for the reader. Additionally, KPI tables were set out in a clear format, providing a simple tick, cross or not applicable description. This format allows for quick identification on whether the service successfully met a target. When the ACBPS did not meet a target, a proceeding table was supplied with an explanation for the shortfall.¹⁴ The annual report provided a comprehensive analysis of the year's performance results, and the committee commends the ACBPS for its work. However, the committee reminds the agency that annual reports should be received before Supplementary Budget Estimates.

2.13 The committee considers the report of the ACBPS to be 'apparently satisfactory'. As a result of ACBPS's integration into DIBP, this will be the last annual report for the service.

CrimTrac

2.14 CrimTrac provides national information sharing services to federal and state police forces, and other law enforcement and national security agencies, such as:

- an automated fingerprint identification service;
- a criminal investigation DNA database and matching services;
- a child protection service;
- a police reference service;

10 *Australian Customs and Border Protection Annual Report 2014–15*, p. 18.

11 *Australian Customs and Border Protection Annual Report 2014–15*, p. 18.

12 *Portfolio Budget Statements Immigration and Border Protection portfolio 2014–15*, pp 89–131; *Portfolio Additional Estimates Statements 2014–15 Immigration and Border Protection portfolio*, pp 85–108.

13 Example available in *Australian Customs and Border Protection Annual Report 2014–15*, pp 94–95.

14 *Australian Customs and Border Protection Service 2014–15*, pp 47–48, and 75.

- a police checking service; and
- a national firearms service.¹⁵

2.15 Its annual report is prepared in accordance with section 70 of the *Public Service Act 1999* and the requirements for annual reports detailed under section 46 of the *Public Governance, Performance and Accountability Act 2014*. CrimTrac was established under an Inter-Governmental Agreement between the Commonwealth and each state and territory.¹⁶

2.16 The 2014–15 annual report of CrimTrac was presented to the President of the Senate on 29 October 2015 and tabled in the Senate on 9 November 2015.¹⁷ Subsequently, the CrimTrac annual report was not available for senators during the Attorney-General's portfolio Supplementary Budget Estimates hearing on 20 October 2015.

2.17 CrimTrac's new CEO, Ms Nicole Role PSM, wrote about the launch of the *CrimTrac Strategic Plan 2015–2020* that will provide guidance to the agency and its Board of Management. The CEO wrote the 'strategic plan reinforces [CrimTrac's] commitment to meeting the information needs of the Australian policing community'.¹⁸

2.18 The review provided brief summaries on the Australian Cybercrime Online Reporting Network (ACORN), the Australian Ballistic Information Network and the National Domestic Violence Order Information Sharing System.

2.19 The CEO's outlook for CrimTrac included the further integration of CrimTrac's services into Australia's policing and law enforcement environment and the strengthening of relationships between Australia's police forces.¹⁹

2.20 CrimTrac's performance summary provided a clear and detailed description of its program (objectives and deliverables), key performance indicators and work plan. A table provided a concise breakdown of CrimTrac's work plan for 2014–15, identifying its 'ongoing' work and any 'implemented approved initiatives'.²⁰ KPI targets for 2014–15 were listed clearly in a table; CrimTrac achieved and surpassed all KPI targets.²¹ Further quantitative and qualitative details were provided on each program deliverable, and if possible, historical data was provided for the previous three years.

15 *Portfolio Budget Statements 2014–15 Attorney-General's portfolio*, p. 295.

16 *CrimTrac Annual Report 2014–15*, p. 6.

17 *See Appendix 1*, p.25.

18 *CrimTrac Annual Report 2014–15*, p. 2.

19 *CrimTrac Annual Report 2014–15*, p. 3.

20 *CrimTrac Annual Report 2014–15*, p. 14.

21 *CrimTrac Annual Report 2014–15*, p. 15.

2.21 CrimTrac's financial overview noted an operating surplus²² of \$0.627 million in 2014–15, compared to a surplus of \$3.162 million in 2013–14. Total revenue for 2014–15 was \$74.858 million compared with \$67.754 million in 2013–14. CrimTrac highlighted the National Police Checking Service and the growth in number of chargeable criminal history checks conducted by CrimTrac. The increase in revenue from between 2013–14 and 2014–15 was \$4.381 million.²³

2.22 Expenses for 2014–15 increased by \$9.639 million, from \$67.754 million in 2013–14 to \$74.231 million in 2014–15. Supplier expenses were noted in the overview: this expense increased by \$10.765 million due to increased project costs. Project activities for CrimTrac in 2014–15 accounted for \$16.539 million compared with \$12.830 million for 2013–14.²⁴ *Note 3: Expenses* showed a substantial increase in the costs relating to information technology, consultants, marketing and communication.²⁵

2.23 The performance summary provided in CrimTrac's annual report is a 'clear read' when cross-checked with the PBS.²⁶ The committee congratulates CrimTrac on successfully achieving all of its KPI targets. The committee considers the report of CrimTrac to be 'apparently satisfactory'.

The Federal Circuit Court of Australia

2.24 The Federal Circuit Court of Australia (the Court) is a national independent statutory body, subject to annual reporting requirements under section 117 of its enabling legislation, the *Federal Circuit Court of Australia Act 1999*. Furthermore, as a prescribed agency under the *Financial Management and Accountability Act 1997* (FMA Act) the Court is also obliged to prepare annual reports according to the criteria in the Requirements for Annual Reports.²⁷ The Federal Circuit Court of Australia is a single entity for the purposes of the *Public Governance, Performance and Accountability Act 2013*.

2.25 The 2014–15 annual report of the Federal Circuit Court of Australia was received by the Senate on 26 October 2015 and tabled in the Senate on 9 November 2015;²⁸ it was not available for senators during the relevant Supplementary Budget Estimates hearing on 20 October 2015.

2.26 Chief Justice John Pascoe AO CVO provided an informative review of the Court's activities during 2014–15. The court had a significant number of judges retire

22 Figures exclude asset revaluation adjustments.

23 *CrimTrac Annual Report 2014–15*, p. 76.

24 *CrimTrac Annual Report 2014–15*, p. 76.

25 *CrimTrac Annual Report 2014–15*, p. 97.

26 *Portfolio Budget Statements 2014–15 Attorney-General's portfolio*, pp 297–309.

27 DPMC, *Requirements for Annual Reports for Departments, Executive Agencies, and other Non-Corporate Commonwealth Entities*, 25 June 2015, Part 1, subsection 3(1).

28 *See Appendix 1*, p.25.

in 2014–15. Over the past twelve months, nine judges left office or 15 per cent of the Court's judiciary.²⁹ A consequence of these retirements and delays in those judges being replaced had a 'significant effect on the Court's capability to deal with matters expeditiously, and waiting times for trials have increased significantly'.³⁰

2.27 The Chief Justice reported that the Court's caseload in migration matters has continually grown over the past five years and the number of filings has grown nearly four-fold, with a total of almost 3900 filings in 2014–15.³¹ The Chief Justice wrote 'the Court [is] facing an unprecedented volume of work in this jurisdiction. This workload cannot be met with the current judicial resourcing'.³²

2.28 The review finished with comments regarding the merger of the corporate services of all three federal courts. This change will result in a single budget appropriation for all three courts and the government intends to commence this arrangement on 1 July 2016. The Chief Justice noted that the Court's primary concern regarding this change is 'to ensure that the integrity of its work remains unaffected' and 'the effectiveness of the Court's work should be enhanced through this process'.³³

2.29 The annual report's review of the Court's performance provided very clear quantitative and qualitative results for 2014–15.³⁴ The report was unable to compare historical KPI data due to changes to its KPIs in 2014–15. The Court achieved two out of three of its KPI targets. The first KPI required the court to complete 90 per cent of final order applications (family law) within 12 months; the court completed 73 per cent. The annual report attributed this shortfall to the number of judges that left the Court during this reporting period.³⁵

2.30 KPIs shared with the Family Court of Australia indicated that only one of the four KPIs was not met. Only 34 per cent of telephone enquiries were answered within 90 seconds; the KPI target was for 80 per cent of telephone enquiries to be answered within that timeframe.³⁶

2.31 In addition to deliverables and KPI targets, the annual report provided a comprehensive analysis of the year's workload relating to final order applications,

29 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 4.

30 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 4.

31 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 4.

32 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 4.

33 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 4.

34 The Family Court of Australia and the Federal Circuit Court were merged into a single FMA Act from 1 July 2013. The Federal Circuit Court of Australia remains a single entity for the purposes of the *Public Governance, Performance and Accountability Act 2013*. It is a separate Chapter III Court under the Australian Constitution and the deliverables and KPI to the Court are shown on page 46 of the annual report. KPIs shared by both the Family Court and Federal Circuit Court are shown on page 47 of the annual report.

35 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 46.

36 *Federal Circuit Court of Australia Annual Report 2014–15*, p. 47.

divorce applications, bankruptcy applications and migration applications. Data was also provided on judgments, appeals and complaints. When possible, historical data was provided for 2010–11 to 2014–15.³⁷

2.32 The presentation of deliverables and KPI information gives a 'clear read' between the PBS and the annual report. The committee praises the Federal Circuit Court of Australia for the clear and thorough presentation of its performance results.

2.33 The committee considers the report of the Family Court of Australia to be 'apparently satisfactory'.

37 *Federal Circuit Court of Australia Annual Report 2014–15*, pp 48–87.

