

The Senate

Rural and Regional Affairs
and Transport
Legislation Committee

Annual reports (No. 1 of 2016)

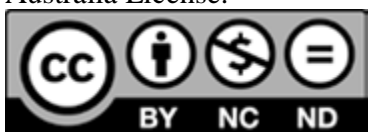
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Chapter 1

Overview

1.1 The Senate Rural and Regional Affairs and Transport Legislation Committee's (the committee) report on annual reports provides an overview of the committee's examination of annual reports for the 2014-15 financial year tabled between 1 May 2015 and 31 October 2015. The committee is responsible for examining the annual reports of departments and agencies within the portfolios of:

- Agriculture and Water Resources¹; and
- Infrastructure and Regional Development.²

1.2 This is the first of two reports on annual reports that the committee is required to produce in 2016.

Terms of reference

1.3 Under Senate Standing Order 25(20), annual reports of departments and agencies shall stand referred to the legislation committees in accordance with an allocation of departments and agencies in a resolution of the Senate. Each committee shall:

- (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 other annual reports 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.

1 Following machinery-of-government changes in September 2015, amendments to the Administrative Arrangements Orders gave responsibility for water policy and resources to the Department of the Agriculture, creating the Department of Agriculture and Water Resources. As such, the committee became responsible for examining the Agriculture and Water Resources portfolio. In practical terms, this means the committee is now responsible for examining the annual reports of the Murray-Darling Basin Authority, a task previously undertaken by the Senate Environment and Communications Legislation Committee.

2 *Journals of the Senate*, No. 2, 13 November 2013, pp 88-89.

(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 to the attention of the Senate any significant matters relating to the operations and performance of the bodies furnishing the annual reports.

(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.

Purpose of annual reports

1.4 The tabling and scrutiny of annual reports by Senate committees under Standing Order 25(20) is an important element in the process of government accountability to Parliament. The information provided in annual reports is placed on the public record and assists Parliament in its examination of the performance of departments and agencies and the administration of government programs.

Reports referred to the committee

1.5 In accordance with Standing Order 25(20) (f), this report examines annual reports tabled between 1 May and 31 October 2015. The committee examined the following reports:

Agriculture and Water Resources Portfolio

- Department of Agriculture – Annual Report 2014-15;
- Australian Fisheries Management Authority – Annual Report 2014-15; and
- National Rural Advisory Council – Annual Report 2014-15.

Infrastructure and Regional Development Portfolio

- Department of Infrastructure and Regional Development –Annual Report 2014-15;
- Australian Transport Safety Bureau –Annual Report 2014-15;
- Civil Aviation Safety Authority –Annual Report 2014-15;
- National Transport Commission – Report for 2015;
- Australian Rail Track Corporation – Report for 2015;
- International Air Services Commission – Report for 2014-15; and
- Moorebank Intermodal Company – Report for 2015.

Reports not examined

1.6 The committee is not obliged to report on Acts, statements of corporate intent, surveys, corporate plans or errata. The following documents were referred to the committee but have not been examined:

- Report to Parliament on Live-stock Mortalities During Exports By Sea for the Reporting Period 1 January to 30 June 2015;
- Local Government National Report for 2013-14;
- Airservices Australia Corporate Plan 2015-2020;
- Civil Aviation Safety Authority Corporate Plan 2015-16 to 2018-19;
- Airservices Australia – Report on Movement Cap for Sydney Airport – Quarterly report on the maximum movement limit for the period 1 January to 31 March 2015; and
- Airservices Australia – Report on Movement Cap for Sydney Airport – Quarterly report on the maximum movement limit for the period 1 April to 30 June 2015.

1.7 Appendix 1 sets out a complete list of documents referred to the committee during the period 1 May 2015 and 31 October 2015 (including those not examined). This appendix includes references to the relevant legislation, the letter of transmittal dates, the dates on which the annual reports were sent to, and received by, the relevant minister, and the dates on which the annual reports were tabled in both the House of Representatives and the Senate.

Method of assessment

1.8 Senate Standing Orders require the committee to examine the annual reports referred to it to determine whether they are timely and 'apparently satisfactory'. In forming its assessment, the committee considers whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports.

1.9 The annual reports of 2014-15 mark the first time departments and agencies are required to report under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which commenced on 1 July 2014.

1.10 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.

1.11 Taking into account these changes, the 2014–15 annual reports were prepared and assessed under the following arrangements:

- 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 Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (Requirements for Annual Reports) issued by the Department of

Prime Minister and Cabinet on 25 June 2015 and approved by the Joint Committee of Public Accounts and Audit (JCPAA);

- 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 companies' 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

Notes on future methods of assessment

1.12 In its report on the development of the Commonwealth performance framework, JCPAA indicated 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

1.13 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).⁵

Timeliness in tabling of annual reports

1.14 Standing Order 25(20)(c) requires the committee to report to the Senate on the late presentation of annual reports.

1.15 To ensure compliance with the PGPA Act, annual reports must be tabled in Parliament by 31 October each year. In addition, annual reports must be provided to the responsible minister by the 15th day of the fourth month after the end of the

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.

reporting period. 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 these hearings.⁶

1.16 The committee observes that while many agencies and other relevant entities sent their report within the specified timeframes, a considerable number were not tabled by 31 October 2015. The committee will continue to monitor the matter of timeliness in future reports on annual reports.

Comments on reports

1.17 On 15 December 2014, the government announced that the National Rural Advisory Council (NRAC) would be merged with the Agricultural Industry Advisory Council. As such, the committee notes that the 2014-15 annual report of NRAC is the final report for the body.

1.18 The committee considers that all reports received were 'apparently satisfactory'. The following chapter of this report examines selected annual reports in further detail.

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. 2.

Chapter 2

Annual reports of agencies

2.1 This chapter examines selected annual reports received during the period 1 May to 31 October 2015.

Agriculture and Water Resources Portfolio

Department of Agriculture – Annual Report 2014-15

2.2 The Secretary's review outlined the core activities of the Department of Agriculture (the department) over the 2014-15 period. A small sample of these activities include the implementation of the agriculture elements of new free trade agreements, continued regulatory reform (particularly in regard to agricultural and veterinary chemicals access) and the delivery of the Drought Concessional Loans Scheme.¹

2.3 In terms of financial performance, the department ended the year with a \$19.6 million operating surplus, compared to the budgeted deficit of \$13.3 million as forecast in the Portfolio Budget Statements 2014-15, before allowing for net cash appropriation arrangements. The report noted that departmental revenue increased by \$25.0 million from 2013-14 to \$406.4 million, largely as a result of high levels of activity in cost-recovery arrangements. The report also reiterated the department's focus on ensuring the cost-recovered services remained efficient, transparent and sustainably funded.²

2.4 The report noted the new biosecurity legislation passed in May 2015 and the work done by the department over the previous 6 years in support of it. The *Biosecurity Act 2015* will come into effect in June 2016, and the department has been working on an implementation program to ensure staff and external stakeholders are familiar with the new legislation.³

2.5 The committee notes that the department achieved 100 out of its 114 key performance indicators (KPI) across the two outcomes and 15 programs outlined in the Portfolio Budget Statements.⁴ Of the remaining 14 indicators, eight were 'partially met', two were 'not met', two were not applicable, and one was unable to be reported on. The department provided detailed explanations under the relevant program sections for these 14 KPI that were not achieved, and the committee commends the department for providing comprehensive accounts of these issues.⁵

2.6 The committee considers the department's 2014-15 annual report to be compliant with the reporting requirements and completed to a high standard.

1 Department of Agriculture, *Annual Report 2014-15*, pp 2-5.

2 Department of Agriculture, *Annual Report 2014-15*, pp 11-15.

3 Department of Agriculture, *Annual Report 2014-15*, pp 80-91.

4 Department of Agriculture, *Annual Report 2014-15*, pp 6-10.

5 Department of Agriculture, *Annual Report 2014-15*, pp 27-92.

Australian Fisheries Management Authority – Annual Report 2014-15

2.7 The Australian Fisheries Management Authority (AFMA) 2014-15 report provides details of the performance and operations of the agency. The Chairman's and Chief Executive Officer's review noted key achievements such as the introduction of camera-based electronic monitoring in a number of fisheries, the re-opening of the eastern orange roughy fishery off eastern Tasmania, and improved results in the domestic compliance and enforcement programs aimed at deterring illegal fishing in Commonwealth fisheries.⁶

2.8 The report provided an update on the work being undertaken by AFMA to prevent unacceptable impacts of Commonwealth fisheries on marine ecosystems and organisms, including further development of the Ecological Risk Assessment and Risk Management framework.⁷

2.9 AFMA also set out achievements related to KPI for managing illegal foreign fishing activity, giving a 67 percent disposal rate of apprehended forfeited vessels. The report explained this statistic, noting that of the six foreign fishing vessels apprehended, only three were received by AFMA. Two of these vessels were disposed of on land, and at the time of writing the third remained in AFMA custody on Thursday Island awaiting disposal. The three further vessels apprehended but not received by AFMA were unseaworthy and sank before reaching port.⁸

2.10 The committee considers the 2014-15 report to be comprehensive and compliant with the reporting requirements.

Infrastructure and Regional Development Portfolio

Department of Infrastructure and Regional Development – Annual Report 2014-15

2.11 The annual report of the Department of Infrastructure and Regional Development (the department) provided details on the broad scope of work the department had undertaken over the 2014-15 period. This work included activities related to infrastructure planning, investment, financing and coordination, maritime transport (including shipping), land transport, transport security, transport safety, civil aviation and airports, territories reform and service delivery, and local government and reconstruction initiatives. In particular, the Secretary's report illustrated how the spectrum of infrastructure-related work ranged from high-profile projects such as WestConnex in Sydney, to programs such as Roads to Recovery, an initiative accessed by over 490 local councils during the financial year.⁹

2.12 In regard to departmental finances, the report noted a surplus on continuing operations of \$9.9 million in 2014-15. Total expenses increased by \$30.2 million,

6 Australian Fisheries Management Authority, *Annual Report 2014-15*, pp 6-15.

7 Australian Fisheries Management Authority, *Annual Report 2014-15*, pp 30-35.

8 Australian Fisheries Management Authority, *Annual Report 2014-15*, pp 66, 69.

9 Department of Infrastructure and Regional Development, *Annual Report 2014-15*, pp 4, 10-15, 22-25.

largely due to the establishment of the Western Sydney Unit, the full year effects of machinery-of-government changes as a result of the abolition of the former Department of Regional Australia, Local Government, Arts and Sport, and the write-down of assets associated with the novation of a property lease to another government entity on 1 July 2015. The total administered expenditure in 2014-15 was \$8.9 billion, and of this \$5.2 billion was appropriated directly to the department for grants, subsidies and other administered expenses. The report notes that major expense items during the year included the Infrastructure Investment Program, the Local Government Financial Assistant Grants, payments to corporate Commonwealth entities, and the Infrastructure Growth Package.¹⁰

2.13 The report noted the department had 34 KPI spread over eight programs across four outcomes. Of these, 32 were listed as 'achieved', meaning all targets for 2014-15 were met or exceeded, and two were listed as 'substantially achieved', meaning targets were mostly met and any issues were being managed. The two KPI not fully achieved related to Outcome 2, Program 2.2 Surface Transport.¹¹

2.14 The committee considers the 2014-15 annual report to be well-presented and compliant with the reporting requirements.

Civil Aviation Safety Authority – Annual Report 2014-15

2.15 Priorities for the Civil Aviation Safety Authority (CASA) during 2014-15 centered on a resetting of direction for the organisation, in large part due to the December 2014 release of the government response to recommendations arising from the June 2014 Aviation Safety Regulation Review (ASRR) and a statement of expectations for CASA released in April 2015 by the Minister for Infrastructure and Regional Development.¹²

2.16 The report contained a comprehensive assessment of CASA's performance against corporate goals, as well as a progress update on the implementation of the 32 ASRR recommendations relating to the functions and performance of CASA. Of the performance measures set for the three corporate goals, 82 percent were met, with the remaining 18 percent substantially completed, delayed or affected by external factors. Where performance measures were not fully met, CASA provided thorough accounts of the issues at play, and the committee appreciates this level of transparency, as well as the additional statistics on CASA's operations provided in the appendices.¹³

2.17 In terms of corporate governance and management, the report noted CASA underwent significant senior leadership changes during 2014-15, with the appointment of a new Director of Aviation Safety and a change to the composition and size of the board.¹⁴

10 Department of Infrastructure and Regional Development, *Annual Report 2014-15*, pp 5-8.

11 Department of Infrastructure and Regional Development, *Annual Report 2014-15*, pp 17-84.

12 Civil Aviation Safety Authority, *Annual Report 2014-15*, pp 12-15.

13 Civil Aviation Safety Authority, *Annual Report 2014-15*, pp 25-82, 202-211.

14 Civil Aviation Safety Authority, *Annual Report 2014-15*, pp 84-100.

2.18 The committee considers the 2014-15 annual report of CASA to be a detailed account of the organisation's performance and compliant with reporting requirements.

Senator the Hon. Bill Heffernan

Chair

Appendix 1

Annual reports referred during the period 1 May to 31 October 2015

Agriculture and Water Resources portfolio

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Department of Agriculture – Annual Report 2014-15	<i>Section 63 of the Public Service Act 1999</i> <i>Section 46 of the Public Governance, Performance and Accountability Act 2013</i>	18/09/2015	21/09/2015	21/09/2015	09/11/2015	15/10/2015
Australian Fisheries Management Authority – Annual Report 2014-15	<i>Sections 63 of the Public Service Act 1999</i> <i>Section 46 of the Public Governance, Performance and Accountability Act 2013</i>	23/09/2015	24/09/2015	24/09/2015	23/10/2015*	09/11/2015
National Rural Advisory Council – Annual Report 2014-15	<i>Section 20 of the Rural Adjustment Act 1992</i>	30/06/2015	12/10/2015	12/10/2015	23/10/2015*	09/11/2015
Report to Parliament on Live-stock Mortalities During Exports By Sea for the Reporting Period 1 January to 30 June 2015	<i>Section 57 of the Australian Meat and Live-stock Industry Act 1997</i>	n/a	31/08/2015	31/08/2015	09/11/2015	15/10/2015

* An asterisk denotes reports presented to the President out-of-session.

Infrastructure and Regional Development portfolio

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Department of Infrastructure and Regional Development – Annual Report 2014-15	<i>Section 63 of the Public Service Act 1999</i> <i>Section 46 of the Public Governance, Performance and Accountability Act 2013</i>	19/09/2015	01/10/2015	01/10/2015	30/10/2015*	09/11/2015
Australian Transport Safety Bureau – Annual Report 2014-15	<i>Section 63A of the Transport Safety Investigation Act</i>	12/10/2015	13/10/2015	13/10/2015	29/10/2015*	09/11/2015
Civil Aviation Safety Authority – Annual Report 2014-15	<i>Section 49 of the Civil Aviation Act 1988</i> <i>Section 46 of the Public Governance, Performance and Accountability Act 2013</i>	01/10/2015	14/09/2015	14/09/2015	09/11/2015	22/10/2015
National Transport Commission – Report for 2015	<i>Section 38 of the National Transport Commission Act 2003</i> <i>Section 46 of the Public Governance, Performance and Accountability Act 2013</i>	15/09/2015	13/10/2015	21/10/2015	26/10/2015*	09/11/2015
Australian Rail Track Corporation – Report for 2015	<i>Section 97 of the Public Governance, Performance and Accountability Act 2013</i>	n/a	15/09/2015	12/10/2015	27/10/2015*	09/11/2015

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
International Air Services Commission – Report for 2014-15	<i>Section 53 of the International Air Services Commission Act 1992</i>	07/08/2015	18/08/2015	18/08/2015	09/11/2015	15/10/2015
Moorebank Intermodal Company – Report for 2015	<i>Section 97 of the Public Governance, Performance and Accountability Act 2013</i>	n/a	29/09/2015	08/10/2015	27/10/2015*	09/11/2015
Local Government National Report for 2013-14	<i>Section 16 of the Local Government (Financial Assistance) Act 1995</i>	n/a	22/06/2015	22/06/2015	21/07/2015*	11/08/2015
Airservices Australia Corporate Plan 2015-2020	<i>Section 15 of the Air Services Act 1995</i> <i>Section 35 of the Public Governance, Performance and Accountability Act 2013</i>	16/07/2015	07/07/2015	07/07/2015	28/08/2015*	07/09/2015
Civil Aviation Safety Authority Corporate Plan 2015-16 to 2018-19	<i>Section 44 of the Civil Aviation Act 1988</i> <i>Section 35 of the Public Governance, Performance and Accountability Act 2013</i>	15/05/2015	15/05/2015	15/05/2015	31/07/2015*	11/08/2015

Document	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Airservices Australia – Report on Movement Cap for Sydney Airport – Quarterly report on the maximum movement limit for the period 1 January to 31 March 2015	<i>Section 9 of Sydney Airport Demand Management Act 1997</i>	22/01/2015	22/04/2015	29/04/2015	15/06/2015	15/06/2015
Airservices Australia – Report on Movement Cap for Sydney Airport – Quarterly report on the maximum movement limit for the period 1 April to 30 June 2015	<i>Section 9 of Sydney Airport Demand Management Act 1997</i>	20/07/2015	20/07/2015	23/07/2015	09/09/2015	09/09/2015