

The Senate

Rural and Regional Affairs
and Transport
Legislation Committee

Annual reports (No. 1 of 2017)

March 2017

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978-1-76010-523-5

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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 2015–16 financial year tabled between 1 May 2016 and 31 October 2016.

1.2 The committee is responsible for examining the annual reports of departments and agencies within the portfolios of:

- Agriculture and Water Resources; and
- Infrastructure and Regional Development.¹

1.3 This is the first of two reports on annual reports that the committee is required to produce in 2017.

Terms of reference

1.4 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.
- (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.

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

Purpose of annual reports

1.5 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

1.6 In accordance with Standing Order 25(20)(f), this report examines annual reports tabled between 1 May and 31 October 2016. The committee examined the following reports:

Non-corporate Commonwealth entities

Department of State

- Department of Agriculture and Water Resources
- Department of Infrastructure and Regional Development

Agencies

- Australian Transport Safety Bureau
- National Capital Authority

Corporate Commonwealth entities

- Australian Pesticides and Veterinary Medicines Authority
- Airservices Australia
- Australian Maritime Safety Authority
- Civil Aviation Safety Authority
- Infrastructure Australia
- National Transport Commission

Commonwealth companies

- Australian Rail Track Corporation Limited
- Moorebank Intermodal Company Limited

Statutory office holders

- International Air Services Commission

Reports not examined

1.7 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:

- Airservices Australia Corporate Plan 2016–2017;

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- Airservices Australia—Report on Movement Cap for Sydney Airport—Quarterly report on the maximum movement limit for the period 1 April to 30 June 2016;
 - Civil Aviation Safety Authority Corporate Plan 2016–17 to 2020–21;
 - Invasive Animals Co-operative Research Centre—Report for 2015–16;
 - Regional Forest Agreement between the Commonwealth and Tasmania—Joint Australian and Tasmanian Government response to the Review of the implementation of the Tasmanian regional forest agreement for the period 2007–12, dated April 2016;
 - Register of Foreign Ownership of Agricultural Land Act 2015—Report for 2015–16;
 - Report to the Parliament on Livestock Mortalities During Export by Sea for the Reporting Period 1 January to 30 June 2016;
 - Consolidated financial statements for the year ended 30 June 2016;
 - Tax expenditures statement 2016, dated January 2017; and
 - Mid-year economic and fiscal outlook—2016–17—Statement by the Treasurer (Mr Morrison) and the Minister for Finance (Senator Cormann).

1.8 Appendix 1 sets out a complete list of documents referred to the committee during the period 1 May 2016 to 31 October 2016 (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

1.9 Senate Standing Orders require the committee to examine the annual reports referred to it to determine whether they are timely and 'apparently satisfactory'. Under Standing Order 25(20)(e), the committee is empowered to consider annual reports of department and budget agencies in conjunction with examination of estimates. The committee is required under Standing Order 25(20)(g) to draw to the attention of the Senate to any significant matters relating to the operations and performance of the bodies furnishing the annual reports. In forming its assessment, the committee considers whether the reports comply with the relevant legislation and guidelines for the preparation of annual reports.

1.10 The annual reports of 2015–16 mark the first time all portfolio departments and agencies are required to report under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which commenced on 1 July 2014.

1.11 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.

1.12 Taking into account these changes, the 2015–16 annual reports were prepared and assessed under the following arrangements:

Non-corporate Commonwealth entities (departments, executive agencies and statutory agencies)

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(A);
- for portfolio departments and executive agencies, the *Public Service Act 1999*, sections 63(2) and 70(2);
- for parliamentary departments, the *Parliamentary Service Act 1999*, section 65; and
- for statutory bodies, relevant enabling legislation.²

Corporate Commonwealth entities

- PGPA Act, section 46 and the PGPA Rule 2014, Division 3A(B); and
- for statutory bodies, relevant enabling legislation.

Commonwealth companies

- PGPA Act, section 97; which also refers to requirements under the *Corporations Act 2001* and the PGPA Rule 2014, Part 3–3; and
- for statutory bodies, relevant enabling legislation.

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 The terms of establishment of the non-statutory body (NSB) may also require it to report on certain topics.

Statutory office holders

- Any requirements in the enabling legislation.

Timeliness in tabling of annual reports

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

1.14 Section 46 of the PGPA Act requires Commonwealth entities to prepare an annual report and provide it to the responsible Minister by the 15th day of the fourth month after the end of the reporting period for the entity. However, this section of the Act does not provide a timeframe for the Minister to present the report to the Parliament.

2 For example, many Acts that establish statutory authorities have separate reporting requirements under those Acts. For example, Centrelink reports under section 41 of the *Commonwealth Services Delivery Agency Act 1997* and the Australian Electoral Commission reports under section 17 of the *Commonwealth Electoral Act 1918*.

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

1.15 Prior to the PGPA Rule 2014, the former guidelines on *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (Requirements for Annual Reports) stipulated that annual reports must be tabled in Parliament by 31 October each year, except where an agency's own legislation specifies a timeframe for its annual report.⁴

1.16 According to the Rule and the Guidelines for the Presentation of Documents to the Parliament, which refers to the former Requirements for Annual Reports, it remains government policy for all Commonwealth entities to table their annual reports by 31 October each year.⁵ 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 This ensures that annual reports are available for scrutiny by the relevant Senate standing committee.

1.17 Under subsection 97(2) of the PGPA Act, Commonwealth companies are required to give the responsible Minister a copy of the company's annual report 21 days before its next annual general meeting after the company's reporting period, or four months after the reporting period for the company, whichever is the earlier.

1.18 Section 97(5) of the PGPA Act states:

If the Commonwealth company is a wholly-owned Commonwealth company, or is not required to hold an annual general meeting, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after receiving them. In all other cases, the responsible Minister must table the documents in each House of Parliament as soon as practicable after the annual general meeting of the company.

1.19 For Commonwealth corporate entities, section 34C of the *Acts Interpretation Act 1901* applies in the absence of any specific date regarding the Minister's presentation of the report to the Parliament. This section requires the Minister to present the annual report within 15 sitting days of receipt.

1.20 The reporting requirements for some bodies may be included in their enabling legislation. For non-statutory bodies, the annual reporting requirements may be included in the announcement establishing the body. In the absence of any specific provisions, the Acts Interpretation Act requires bodies to present annual reports to

4 Department of Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-Corporate Commonwealth Entities* (Requirements for Annual Reports), dated 25 June 2015, p. 3.

5 The Finance submission to the JCPAA, and JCPAA report 457: *Development of the commonwealth Performance Framework – Second Report*, May 2016, at page 11, confirms it remains government policy to table reports in the Parliament by 31 October each year and before the Supplementary Estimates hearings as best practice.

6 Department of the Prime Minister and Cabinet, *Guidelines for the Presentation of Documents to Parliament (including government documents, government responses to committee reports, ministerial statements, annual reports and other instruments)*, dated 12 August 2016, p. 4.

ministers within six months after the end of the reporting period (subsection 34C(2)), and ministers to table reports within 15 sitting days of receipt (subsection 34C(3)).

1.21 While many agencies and other relevant entities presented their report within the specified timeframes, a considerable number were not tabled by 31 October 2016. The committee will continue to monitor the timeliness of future annual reports.

Senate debate

1.22 In accordance with Standing Order 25(20)(d), the committee is required to take into account any relevant remarks about the reports in Senate debates. The committee notes that the annual reports examined in this report have yet to be the subject of comments or debate in the Senate.

Comments on reports

1.23 The committee notes that Infrastructure Australia's (IA) annual report reported against the previous reporting requirements contained in the Commonwealth Authorities Orders 2011.⁷ As previously noted, as of 2015–16, all corporate Commonwealth entities are required to report against the PGPA Act and PGPA Rule. The committee intends to closely monitor IA's annual report of 2016–17 to ensure that it complies with the reporting requirements.

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

7 Infrastructure Australia, *Annual Report 2015–16*, p. 58.

Chapter 2

Annual reports of agencies

2.1 The committee selected the annual reports of the following bodies for closer examination:

Agriculture and Water Resources Portfolio

- Department of Agriculture and Water Resources
- Australian Pesticides and Veterinary Medicines Authority

Infrastructure and Regional Development portfolio

- Department of Infrastructure and Regional Development
- Australian Transport Safety Bureau
- Airservices Australia

Agriculture and Water Resources Portfolio

Department of Agriculture and Water Resources—Annual Report 2015–16

2.2 The Secretary's review outlined a broad range of the Department of Agriculture's (Agriculture) core activities. Some of these included:

- implementation of measures contained in the Agricultural Competitiveness White Paper;
- work on the country's free trade agreements in Asia;
- delivery of financial assistance through the Farm Household Allowance;
- water management improvements under the Murray–Darling Basin Plan and the Water Efficiency Labelling and Standards Scheme;¹ and
- the Rural Financial Counselling Service and concessional loans for those affected by drought.²

2.3 In 2015–16, Agriculture reported a \$19.6 million approved operating deficit, of which \$14.8 million related to unfunded depreciation and \$8.3 million related to movements in the government bond rate, some of which was absorbed by the department. The department's revenue increased by \$42 million from 2014–15 to \$749.3 million. This increase was largely attributed to additional revenue from government, with \$37.7 million for new measures from the Agricultural Competitiveness White Paper and the transfer of water resources functions from the Environment portfolio. Own source income also increased by \$4.3 million, mainly due

1 Department of Agriculture and Water Resources, *Annual Report 2015–16*, pp. 2–5.

2 Department of Agriculture and Water Resources, *Annual Report 2015–16*, pp. 31–33.

to resources received free-of-charge for the Mickleham Post-Entry Quarantine Facility.³

2.4 Following the introduction of the *Biosecurity Act 2015*, the first stage of the department's new post-entry quarantine facility was opened. The purpose of the facility is to consolidate the department's post-entry quarantine operations across the country into one single site. Work on the second stage, which includes the construction of the avian and ruminant compounds, is due for completion in 2018.⁴

2.5 The report noted that in 2015–16 the department changed its program structure in the Portfolio Budget Statements to align its programs with a set of strategic objectives. The report presented 13 programs against eight objectives, with results assessed on a range of performance measures under each objective.⁵ For strategic objective three—expanding agricultural, fisheries and forestry exports—the report noted rural exports were valued significantly higher (\$49.4 billion) than the ten year average (\$41.4 billion).⁶

2.6 In relation to external scrutiny, there were 21 parliamentary committee reports of relevance to Agriculture tabled over the review period. The Government responded to five parliamentary committee reports relevant to the department, including four of the Rural and Regional Affairs and Transport Legislation and References Committees.⁷

2.7 During the reporting period, the department received 72 requests for access under the *Freedom of Information Act 1982* (FOI Act), including five requests for internal review and two for external review. Two decisions of the department are currently before the Administrative Appeals Tribunal.⁸

2.8 The committee notes the department's inclusion of a correction to its previous 2014–15 annual report. The 2014–15 report referred to the reporting period as 30 June 2014 instead of 30 June 2015.⁹

2.9 The committee considers Agriculture's 2015–16 annual report to be well presented and concise and compliant with the reporting requirements.

Australian Pesticides and Veterinary Medicines Authority—Annual Report 2015–16

2.10 The Australian Pesticides and Veterinary Medicines Authority (APVMA) 2015–16 report provides details of the performance and operations of the agency. The Chief Executive Officer's review noted a range of activities undertaken including:

3 Department of Agriculture and Water Resources, *Annual Report 2015–16*, pp. 89–92.

4 Department of Agriculture and Water Resources, *Annual Report 2015–16*, pp. 3, 63 and 74.

5 Department of Agriculture and Water Resources, *Annual Report 2015–16*, pp. 15–99.

6 Department of Agriculture and Water Resources, *Annual Report 2015–16*, p. 35.

7 Department of Agriculture and Water Resources, *Annual Report 2015–16*, pp. 110–113.

8 Department of Agriculture and Water Resources, *Annual Report 2015–16*, p. 113.

9 Department of Agriculture and Water Resources, *Annual Report 2015–2016*, p. 240.

- development of a risk assessment model in collaboration with the University of Melbourne's Centre of Excellence for Biosecurity Risk Analysis to reduce the regulatory burden for industry;
- improvements in assessment times;
- contribution to global harmonisation in agricultural and veterinary chemical regulation; and
- initiation of over 60 consultations with a range of stakeholders on matters related to APVMA's statutory requirements and standard setting policies.¹⁰

2.11 In relation to staffing matters, the report noted a total of 198 staff, including 182 full-time and part-time ongoing staff and 16 non-ongoing or casual staff. Of the 198 staff, 122 were female and 76 male, with no staff identified as Indigenous. All staff members except one were located in Canberra. The separation rate for ongoing staff increased from 8.8 per cent in 2014–15 to 18.7 per cent for the 2015–16 reporting period.¹¹

2.12 In relation to performance against key performance indicators (KPIs), the APVMA's timeframe performance for applications for products, actives and permits finalised was 68 per cent within timeframe. Of 2545 applications finalised, 90.5 per cent were granted, approximately 2.8 per cent were refused and 6.7 per cent were withdrawn by applicants.¹² The report noted the percentage of applications completed within timeframes for 2015–16 was negatively affected by higher than expected unplanned staff leave. This contributed to backlogs for subsequent quarters.¹³

2.13 Regarding its compliance and monitoring performance, APVMA undertook all risk assessments on time. Of these risk assessments relating to allegations of non-compliance, 79 per cent of non-compliance cases were found to be low-risk, with resolution achieved through education and negotiated compliance.¹⁴

2.14 In 2015–16, APVMA reported an income of \$30.546 million, an increase of \$8.805 million from the previous year. The report noted APVMA's total expenses for 2015–16 were \$33.855 million, an increase of \$0.651 million from 2014–15. Its equity dropped to \$7.312 million in 2015–16, which was \$0.312 million above the nominal reserve of \$7 million.¹⁵

10 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2015–16*, pp. ix–xi.

11 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2015–16*, p. 8.

12 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2015–16*, pp. 26–27.

13 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2015–16*, pp. 26–27.

14 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2015–16*, p. 41.

15 Australian Pesticides and Veterinary Medicines Authority, *Annual Report 2015–16*, pp. 4 and 52–53.

2.15 The committee considers the APVMA's 2015–16 report to be comprehensive and compliant with the reporting requirements.

Infrastructure and Regional Development Portfolio

Department of Infrastructure and Regional Development—Annual Report 2015–16

2.16 The annual report of the Department of Infrastructure and Regional Development (Infrastructure) provided a comprehensive review of the department's work over the period 2015–16. Some of the department's activities included:

- collaboration with Qantas Airways and Virgin Australia to progress the introduction of biometric technology to security schemes in Australia;
- the development of policy and advice to the Australian Government on infrastructure and transport demands through the work of the Bureau of Infrastructure, Transport and Regional Economics; and
- administration of approximately \$5.4 billion in direct and indirect grants for construction and maintenance of land transport infrastructure (4932 projects completed during the reporting period).¹⁶

2.17 In regard to departmental finances, Infrastructure reported a surplus on continuing operations of \$8.9 million in 2015–16, which is slightly less than the \$9.9 million reported in the previous year. Total expenses decreased by \$5.2 million largely due to increased write-offs of assets in 2014–15. The total administered expenditure in 2015–16 amounted to \$7.3 billion. Of this, \$3.3 billion was appropriated directly to the department for grants, subsidies and other administered expenses.¹⁷ The department noted that major expense items included the Infrastructure Investment Program, Local Government Financial Assistant Grants, the Infrastructure Growth Package, the Tasmanian Freight Equalisation Scheme, payments to corporate Commonwealth entities, Community Development Grants Fund, and Services to Indian Ocean Territories.¹⁸

2.18 The report contained 46 KPIs spread across eight programs. Of the 46, 43 were listed as 'achieved' meaning all milestones were 'met or exceeded' and three were listed as 'substantially achieved', meaning milestones were mostly met and any issues were being managed.¹⁹ The three KPIs not fully achieved related to Outcome 3, Program 3.1 Regional Development;²⁰ Outcome 2, Program 2.4 Air Transport,²¹ and Program 2.3 Road Safety.²²

16 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, pp. 5–6.

17 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, p. 7.

18 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, p. 8.

19 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, pp. 22–67.

20 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, p. 58.

21 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, p. 40.

22 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, p. 38.

2.19 The committee commends Infrastructure on its annual report. The report provides a comprehensive overview of the department's purpose, program, outcome and divisional structure for each of the four portfolio areas—infrastructure, transport, regional development, and territories. Accordingly, information about performance, as measured against KPIs, was transparent and accessible.²³

2.20 The committee considers Infrastructure's 2015–16 annual report to be well-presented and compliant with the reporting requirements.

Australian Transport Safety Bureau – Annual Report 2015–16

2.21 During the review period, the work of the Australian Transport Safety Bureau (ATSB) was conducted in an environment of continuing growth with ongoing changes to the aviation, rail and marine transport sectors. In light of successive reductions to ATSB's base appropriations, the Chief Commissioner and Chief Executive Officer reiterated the difficult environment in which ATSB operated. As a consequence of decreased funding, ATSB has reduced its core staffing by approximately 25 per cent since its establishment as an independent statutory authority in 2009.²⁴

2.22 Notwithstanding these financial constraints, ATSB reported that it has continued to meet its targets in terms of the quality and quantity of investigation reports completed and published each year, although not within the published prescribed timeframes.²⁵

2.23 In regards to ATSB's financial performance, the report noted a deficit of \$2.5 million for 2015–16, compared to a surplus of \$14.0 million for 2014–15. When depreciation and amortisation were excluded, ATSB reported an underlying deficit of \$1.6 million compared to a \$14.9 million surplus in 2014–15. In the absence of revenue for depreciation and amortisation, it is anticipated that ATSB (and other non-corporate entities) are more likely to deliver a deficit that will accumulate without adequate government capital injections. Accordingly, this will affect ATSB's underlying equity and asset capability going forward.²⁶

2.24 The report contained a comprehensive assessment of ATSB's performance against the corporate plan and KPIs set out in the Portfolio Budget Statements 2015–16. Of the six KPIs, most had not been met, with only 29 per cent of complex investigation reports published within 12 months, which is well short of the 90 per cent benchmark. The 70 per cent benchmark for safety action undertaken by stakeholders to address safety concerns identified in confidential reports was not met with an outcome of 52 per cent.

2.25 ATSB attributed the late report completion times to fewer investigators having to take on a greater workload. To address the situation, ATSB noted that it would adopt the following steps: initially undertake fewer investigations; carefully

23 Department of Infrastructure and Regional Development, *Annual Report 2015–16*, pp. 12–13.

24 Australian Transport Safety Bureau, *Annual Report 2015–16*, p. 2.

25 Australian Transport Safety Bureau, *Annual Report 2015–16*, p. 2.

26 Australian Transport Safety Bureau, *Annual Report 2015–16*, p. 46.

consider and constrain the scope of investigations initiated; and strengthen its management techniques for planning investigations, assigning resources and tracking resource commitment.²⁷

2.26 The committee considers the ATSB's 2015–16 annual report to be a detailed account of the organisation's performance and is compliant with reporting requirements.

Airservices Australia – Annual Report 2015–16

2.27 The annual report of Airservices Australia (Airservices) outlined the agency's key activities, including:

- its transition to the use of satellites as the primary means of navigation;²⁸
- implementation of the next generation of Automatic Dependent Surveillance Broadcast technology;²⁹
- ongoing collaboration with the Department of Defence on the OneSky Australia Program;³⁰ and
- implementation of a new operating model under the Accelerate program.³¹

2.28 Both the Chair and Chief Executive Officer noted that 2015–16 was a financially challenging period for the agency. This was due to a difficult operating environment characterised by weak traffic growth and a slow domestic market following contraction in air traffic in 2014–15. Airservices also acknowledged it was slow to react in the aftermath of the mining boom which saw future growth flattened.³²

2.29 The OneSKY Australia Program is an air traffic management system that aims to unify both civil and military airspaces under one management system. One benefit of the program is increased flexibility in airspace usage. In 2015–16 as part of OneSKY, contractual arrangements were initiated, including for the design and build of a software system.³³

2.30 According to Airservices, the Accelerate Program will work alongside OneSKY to modernise Airservices' systems. Work that has already progressed on OneSky includes construction of equipment rooms in Melbourne and Brisbane, the

27 Australian Transport Safety Bureau, *Annual Report 2015–16*, pp. 26–27.

28 Australian Transport Safety Bureau, *Annual Report 2015–16*, p. 25.

29 Airservices Australia, *Annual Report 2015–16*, p. ix

30 Airservices Australia, *Annual Report 2015–16*, pp. 98, 100 and 107.

31 Airservices Australia, *Annual Report 2015–16*, pp. vii–ix, 19, 28–29, 34, and 40.

32 Airservices Australia, *Annual Report 2015–16*, pp. vi–ix.

33 Airservices Australia, *Annual Report 2015–16*, pp. viii–ix, 34–35.

installation of digital tower technology in the Cold Coast control tower, and integration work on Adelaide and Cairns Terminal Control Units.³⁴

2.31 The Accelerate program is part of Airservices' new operating model which commenced on 1 July 2016. Accelerate reduces costs through a combination of job cuts, a new operating model, and by overhauling technology systems and infrastructure.³⁵

2.32 As part of implementing a new operating model, Airservices will reduce staffing numbers by 900 full-time equivalent staff. At the end of September 2016, 580 people had left Airservices and just over 700 were expected to depart by the end of 2016. By 30 June 2017, 900 staff will be gone, reducing total Airservices staff by 20 per cent.³⁶

2.33 Airservices is expected to spend \$185 million on the Accelerate program of which \$105 million has been set aside for voluntary redundancies. The remainder will be spent on project implementation costs (\$35 million) and new technology (\$45 million).³⁷ In the 2015-16 financial year, \$151 million was spent on one off restructure costs and 'associated impairment of assets' of which \$126 million was spent on redundancies and other direct costs associated with Accelerate.³⁸

2.34 The Accelerate program has been implemented in the context of poor financial performance. Airservices' profitability fell by 90 per cent, from \$45.5 million in 2013 to \$4.5 million in 2015.³⁹ For the financial year ending 30 June 2016, this figure reduced further to an underlying profit of \$1.8 million, with an overall after tax loss of \$127.3 million, the first financial loss for the organisation in nearly two decades.⁴⁰

2.35 In its annual report, Airservices noted that the changes delivered under Accelerate will return Airservices to profitability in 2016–17. It is estimated that Accelerate will deliver \$155 million in annual savings from 1 July 2017.⁴¹

2.36 The committee considers Airservices Australia's 2015–16 annual report to be compliant with the reporting requirements.

34 Airservices Australia, *Annual Report 2015–16*, p. 34.

35 'Airservices to cut 50 IT jobs, itnews, 31 October 2016, <http://www.itnews.com.au/news/airservices-to-cut-50-it-jobs-440455> (accessed 3 November 2016).

36 Address by Jason Harfield, CEO, Airservices Australia, RAAA, 21 October 2016, 'The new Airservices – supporting regional aviation', p. 7.

37 Mitchell Bingemann, 'Airservices Australia to slash staff by 20 per cent', *The Australian*, 26 August 2016.

38 Airservices Australia, *Annual Report 2015–16*, pp. 19 and 53.

39 Henry Belot, 'Staff at Airservices Australia fight for 600 voluntary redundancies in major restructure', *Canberra Times*, 4 July 2016.

40 Airservices Australia, *2015-16 Annual Report 2015–16*, pp. ix, 49 and 54.

41 Airservices, *Annual Report 2015–16*, pp. vii and 19.

2.37 It should be noted that the committee has closely followed the implementation of Accelerate since its inception.

2.38 The committee has raised its concerns about the potential long-term impact of Accelerate on air traffic operations and management directly with Airservices. While the committee acknowledges that front line services (including air traffic control and aviation rescue and firefighting services) are not directly affected by Accelerate, it is concerned about the cumulative effect of these changes on the culture of Airservices and its potential impact on public safety.⁴²

2.39 The committee expects to continue its examination of the Accelerate program as part of its ongoing oversight of Airservices.

Senator Barry O'Sullivan

Chair

42 Mr Jason Harfield, Airservices Australia, *Estimates Hansard*, 17 October 2016, p. 89.

Appendix 1

Annual reports referred during the period 1 May to 31 October 2016

Agriculture and Water Resources portfolio

Annual Reports	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Non-Corporate						
Department of Agriculture and Water Resources Annual Report for 2015-2016	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	19/09/2016	22/09/2016	22/09/2016	2/11/2016 31/10/2016*	7/11/2016
Australian Fisheries Management Authority Annual Report for 2015-2016	Section 87 of the <i>Fisheries Administration Act 1991</i>	16/09/2016	19/09/2016	21/09/2016	7/11/2016	13/10/2016
Corporate						
Australian Pesticides and Veterinary Medicines Authority Annual Report for 2015-16	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	23/09/2016	27/09/2016	29/09/2017	1/11/2016 28/10/2016*	7/11/2016
Other body						
Australian Centre for International Agricultural Research Annual Report for 2015-2016	Section 39 of the <i>Australian Centre for International Agricultural Research Act 1982</i>	na	13/10/2016	13/10/2016	7/11/2016 28/10/2016*	7/11/2016
Northern Territory Fisheries Joint Authority Annual Report for 2015-2016	Section 70 of the <i>Fisheries Management Act 1991</i> and section 34C of the <i>Acts Interpretation Act 1901</i>	4/10/2016	10/10/2016	10/10/2016	7/11/2016 25/10/2016*	7/11/2016
Queensland Fisheries Joint Authority Annual Report for 2015-2016	Section 70 of the <i>Fisheries Management Act 1991</i> and section 34C of the <i>Acts Interpretation Act 1901</i>	4/10/2016	10/10/2016	10/10/2016	7/11/2016 25/10/2016*	7/11/2016

Western Australian Fisheries Joint Authority Annual Report for 2015-2016	Section 70 of the <i>Fisheries Management Act 1991</i> and section 34C of the <i>Acts Interpretation Act 1901</i>	4/10/2016	10/10/2016	10/10/2016	7/11/2016 25/10/2016*	7/11/2016
Acts and other Documents	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Australian Meat and Live-stock Industry Act 1997— Live-stock mortalities during exports by sea Report for the period 1 January to 30 June 2016	Section 57 of the <i>Australian Meat and Live-stock Industry Act 1997</i>	na	29/09/2016	29/09/2016	7/11/2016	20/10/2016
Regional Forest Agreement between the Commonwealth and Tasmania—Joint Australian and Tasmanian government response to the Review of the implementation of the Tasmanian Regional Forest Agreement for the period 2007-2012, dated April 2016	na	na	27/04/2016	27/04/2016	12/09/2016	12/09/2016
Register of Foreign Ownership of Agricultural Land Act 2015 Report of registrations for 2015-2016	Section 34 of the <i>Register of Foreign Ownership of Agricultural Land Act 2015</i>	na	2/08/2016	2/08/2016	12/09/2016 7/09/2016*	12/09/2016

Infrastructure and Regional Development portfolio

Annual Reports	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives
Non-Corporate						
Department of Infrastructure and Regional Development Annual Report for 2015-2016	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	26/09/2016	7/10/2016	10/10/2016	2/11/2016 31/10/2016*	7/11/2016
Australian Transport Safety Bureau Annual Report 2015-2016	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> Section 63A of the <i>Transport Safety Investigation Act 2003</i>	4/10/2016	7/10/2016	7/10/2016	7/11/2016	19/10/2016
National Capital Authority	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> Section 50 of the <i>Australian Capital Territory (Planning and Land Management) Act 1988</i>	14/10/2016	11/10/2016	11/10/2016	1/11/2016 28/10/2016*	7/11/2016
Corporate						
Airservices Australia Annual Report for 2015-2016, including report of the Aircraft Noise Ombudsman	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	23/09/2016	23/09/2016	23/09/2016	7/11/2016	13/10/2016
Australian Maritime Safety Authority Annual Report 2015-2016	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	20/09/2016	5/10/2016	12/10/2016	7/11/2016	19/10/2016

Civil Aviation Safety Authority (CASA) Annual Report 2015-2016	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i> and section 49 of the <i>Civil Aviation Act 1988</i>	16/09/2016	12/09/2016	12/09/2016	7/11/2016	20/10/2016
Infrastructure Australia Annual Report 2015-2016	Section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	30/09/2016	21/10/2016	21/10/2016	1/11/2016 28/10/2016*	7/11/2016
National Transport Commission Annual Report 2015-2016	Section 38 of the <i>National Transport Commission Act 2003</i> and section 46 of the <i>Public Governance, Performance and Accountability Act 2013</i>	23/09/2016	10/10/2016	10/10/2016	7/11/2016	19/10/2016
Commonwealth Company						
Australian Rail Track Corporation Limited – Annual Report 2015-2016	Section 97 of the <i>Public Governance, Performance and Accountability Act 2013</i>	na	30/09/2016	20/10/2016	2/11/2016 31/10/2016*	7/11/2016
Moorebank Intermodal Company Limited Annual Report for 2015-2016 ¹	Section 97 of the <i>Public Governance, Performance and Accountability Act 2013</i>	na	30/09/2016	21/10/2016	2/11/2016 31/10/2016*	7/11/2016
Other Body						
International Air Services Commission Annual 2015–2016	Section 53 of the <i>International Air Services Commission Act 1992</i>	8/08/2016	24/08/2016	25/08/2016	13/09/2016	13/09/2016
Acts and other Documents						
Acts and other Documents	Legislation	Date of transmittal letter	Date sent to minister	Date received by minister	Date tabled in Senate	Date tabled in House of Representatives

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

Airservices Australia— Corporate plan 2016-2017	Section 15 of the <i>Air Services Act 1995</i>	na	4/08/2016	08/08/2016	31/08/2016	31/08/2016
Airservices Australia— Sydney Airport Demand Management Act 1997 Quarterly report on the maximum movement limit for Sydney Airport for the period 1 April to 30 June 2016	Section 9 of the <i>Sydney Airport Demand Management Act 1997</i>	na	26/07/2016	26/07/2016	31/08/2016	31/08/2016
Civil Aviation Safety Authority—Corporate plan 2016-2021	Section 45 of the <i>Civil Aviation Act 1988</i>	21/07/2016	21/07/2016	21/07/2016	31/08/2016	31/08/2016

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