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REPORT ON ANNUAL REPORTS

OVERVIEW

1.1 This report was prepared pursuant to Standing Order 25 (21) relating to the consideration of annual reports by Committees.

Timeliness of reports

1.2 Most of the annual reports referred to the Committee were tabled out of session – as the Senate was not sitting during much of the reporting period due to the Federal election – and within the required time period, except for the reports of the Pharmaceutical Benefits Pricing Authority (for 2000-01) and the 1998-99 and 1999-00 reports of the Aged Care Standards and Accreditation Agency.

1.3 The Committee notes, in particular, that the 1998-99 and 1999-00 annual reports of the Aged Care Standards and Accreditation Agency were not tabled until August 2001. The Committee considers that this is an unacceptably long delay in tabling of these reports. The Committee notes that the Agency stated that the delays in presentation of these reports were ‘due to accreditation priorities’.¹ The Committee does not accept this as an acceptable reason for the delay in tabling of the reports and reminds the Agency that annual reports form an important part of the accountability process of government agencies to the Parliament and therefore need to be tabled within the specified period.

General comments

1.4 The Committee’s examination of annual reports has shown that the reports generally address the relevant reporting guidelines in a satisfactory manner. Most reports provide a detailed account of the activities of the relevant agencies with a focus on performance reporting. The format and layout of the reports continues to be of a high standard and information is presented in a concise and generally ‘reader friendly’ manner. While no major deficiencies have been identified in any reports, the Committee has, however made specific comments on several reports where reporting on certain aspects relating to the agency’s performance could be improved. As in previous years, the major weakness in some reports is that performance reporting is often less an evaluation of ‘performance’ than a description of ‘activities’. Reports need to focus not only on achievements but also on providing details of where outcomes have not been met.

1.5 The Committee is again pleased to note that several of the suggestions it made in its last report towards improving the format of annual reports, or suggestions that additional information be provided in these reports, have been incorporated in the current annual reports examined by the Committee.

1 Aged Care Standards and Accreditation Agency, *Annual Report 2000-2001*, p.8.

DEPARTMENTS

Department of Health and Aged Care 2000-2001

Timeliness

1.6 The report was presented to the President on 1 November 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

Quality

1.7 The annual report provides a well structured and comprehensive overview of the Department's outcomes and activities. The outcome performance reports in Volume 1 of the report provide useful information on Departmental activities, including major achievements and underachievements of individual outcomes. These outcome reports are complemented by more detailed performance information in Volume 2 of the report, where the Department's outcomes are reported against specific performance measures as detailed in the *2000-2001 Portfolio Budget Statements*.

1.8 The report is 'user-friendly' and provides performance information in a clear, concise and well-presented manner. The report is well-indexed with the appendices to the report providing a range of data, including information on staffing and EEO matters, consultancies and advertising.

Reporting requirements

1.9 All reporting requirements are met.

Performance reporting

1.10 As noted above, the report provides details of the Department's activities during the 2000-01 financial year against the performance indicators presented in the *2000-2001 Portfolio Budget Statements*. The Department has split the annual report into two volumes this year. Volume 1 provides an overview of the Department's activities and outcome performance reports – these reports are written in an 'essay-style' to make them easier to read and to provide more background information on Departmental activities. This volume also includes the financial statements. Volume 2 contains more detailed performance information by outcome with the Department's performance measured against specific performance measures. This volume also contains appendices providing a range of statistical and other information relating to the Department.

1.11 The Department noted that this revised format is intended to make the report more 'user friendly' with Volume 1 being a 'snapshot of the Department's performance over the past 12 months' while Volume 2 provides a 'more detailed analysis' of the Department's performance against individual performance measures (Volume 1, p.iii). This approach has generally improved the 'readability' of the report given the size of the annual report and the need to present the information in an accessible format.

1.12 The report highlights a number of ‘achievements’ during the year, including the introduction from 1 January 2001 of the new Residential Aged Care Accreditation System – ‘the culmination of several years of improvements in capital investments and care arrangements’ (p.6); improvements in childhood immunisation; overall reductions in smoking prevalence; improvements in the regulatory arrangements for food and for gene technology; improved access to medical services for Indigenous people; and initiatives to improve access and services in rural and remote Australia (Volume 1, pp.6-7).

1.13 In addition to a discussion of achievements, the report also discusses areas of ‘underachievement’ indicating areas where outcomes have not been met. These include delays in implementing some components of the Regional Health Strategy; delays in signing new framework agreements on Aboriginal and Torres Strait Islander Health and an underestimation of the growth of projected Pharmaceutical Benefits Scheme expenses (p.7). Information on underachievements by outcome is also discussed in more detail in Volume 1, Part 2 of the report, under ‘Outcome Performance Reports’.

1.14 While in general the outcome reports provide a balanced approach to performance reporting some outcome performance reports tend to concentrate on ‘achievements’ more than other areas, for example, in relation to residential care (Volume 1, pp.82-85) and hearing services (Volume 1, pp.150-57). Performance reporting needs to be balanced across all areas of Departmental activities to ensure a high level of accountability.

External scrutiny

1.15 The report provides information on external scrutiny of its activities by numerous bodies including the Australian National Audit Office (ANAO), the Commonwealth Ombudsman and the Parliament (Volume 1, pp.19-22).

1.16 In relation to ANAO audits, the Committee in its last report noted that while the annual report referred to specific audits undertaken, there was little discussion of these reports, in particular the Department’s responses to issues raised in these reports. The Committee is pleased to note that in the current report more detail is provided on ANAO reports including Departmental action in relation to the reports (Volume 1, pp.19-20).

1.17 Regarding Commonwealth Ombudsman’s reports, the Department noted that the Ombudsman released a report on his review of the Aged Care Complaints Resolution Scheme in July 2000. The Department stated that it cooperated closely with the Ombudsman’s Office on this review and accepted and acted on the recommendations in this report (Volume 1, p.22).

Consultancies

1.18 The report indicates that the Department engaged 344 consultants during 2000-01, an increase from 1999-00 when 257 consultants were engaged (p.516). A detailed breakdown of individual consultancies across outcomes, including the justification for particular consultancies is provided in the report (pp.516-40). The Committee notes that there has been an increase in expenditure on consultancies in 2000-01 – where payments totalled \$21.6 million – compared with the previous year’s expenditure of \$18.9 million (p.516). The Department should provide some explanation when significant increases in expenditures on consultancy services occur in the future.

Department of Family and Community Services 2000-2001

Timeliness

1.19 The report was presented to the President on 29 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

Quality

1.20 The annual report provides a comprehensive review of the Department's operations, including detailed performance reports. In addition, it includes a portfolio and departmental overview, which includes information on the portfolio structure and an explanation of the basis for performance reporting in the report. The report is well structured, 'reader-friendly' and the sections on performance reporting provide a useful overview of Departmental outcomes.

1.21 The Committee notes that its comments made in its last review of FaCS' annual report towards providing a more thorough assessment of how far the Department has progressed towards meeting its outcomes in the body of the report have been addressed in the current report. The Committee is pleased to note that the report acknowledges the comments the Committee made in its last report on aspects of the Department's annual report (p.268).

Reporting requirements

1.22 All reporting requirements have been met.

Performance reporting

1.23 Performance reporting in the annual report is based on the outcome and output structure for FaCS and the performance indicators in the 2000-01 FaCS *Portfolio Budget Statements*. The Department's reporting framework provides a structure for reporting on three outcomes – stronger families, stronger communities and economic and social participation. Part I of the report provides the Secretary's review; the portfolio and departmental overview which covers the portfolio structure; FaCS' organisational structure including the outcome and output structure; and social justice and equity impact. Part Two contains a description of the performance reporting framework; and performance reporting under the outcome and output structure, which provides an account of FaCS' performance against specific indicators. Part Three provides information on management and accountability over 2000-01 and includes separate sections covering departmental agencies.

1.24 The Secretary's review discusses a number of achievements including the release of the McClure report on welfare reform and the *Australians Working Together* package of changes (pp.7-8, see also pp.215-219). The review notes that in the coming year initiatives will include implementation of measures announced in *Australians Working Together* and the Stronger Families and Communities strategy initiatives – 'in support of this, FaCS will continue to enhance our project and financial management capacity'. (p.9) The Secretary's review also notes that the 'the relationship between FaCS and Centrelink will evolve into a more mature and structured partnership with the signing of the second three-year Business Partnership Agreement' (p.9). Further details are provided in the report (pp.231-232). FaCS also noted that a 'major challenge' will be to 'strengthen our partnerships with the states and territories to promote FaCS' outcomes'. (p.9) The Department will be involved in negotiating

new agreements, including the Commonwealth-State Housing Agreement and the Commonwealth-State Disability Agreement. The Committee notes that the Secretary's review discusses the delivery of outcomes largely in terms of 'achievements'. A more explicit acknowledgment of areas where outcomes have not been met would add more balance to this section of the report.

1.25 In its last report the Committee noted that there was a need for the Department to explicitly acknowledge where outcomes have not been achieved in the body of the report, and suggested that the 'performance summaries' which occur after the discussion of the performance of each 'output group' should discuss areas where goals and targets may not have been met. The Committee is pleased to note that this has been addressed in the current report with 'performance summaries' now providing more balanced performance information.

External scrutiny

1.26 The report provides concise information on the external scrutiny of its activities by a range of agencies, including ANAO and the Commonwealth Ombudsman, and the Parliament during 2000-01 (pp.262-269).

1.27 In relation to ANAO audits, FaCS indicated that it was the subject of five such reviews in 2000-01. A summary of these audit reports is provided in the annual report and the Department's actions in response to the recommendations in these reports is also discussed (pp.265-67).

1.28 The Committee notes that in 2000-01, the Commonwealth Ombudsman received 2178 complaints about the Child Support Agency (CSA) – a departmental agency. The number of complaints received was approximately the same number as it received in the previous year.² In relation to the CSA Complaints Service, the Ombudsman stated that its review of the effectiveness of this Service concluded that it 'functions at a high standard' and that the results of the review 'provide a sound basis for my office to continue generally declining to investigate matters that have not been dealt with by the CSA's Complaints Service'.³ FaCS indicated that this decision reflects a high level of confidence in the Complaints Service (p.302).

1.29 The Ombudsman also raised a number of other issues in relation to the administration of the CSA, including Agency delays in dealing with objections, especially in relation to changes in assessment decisions and issues relating to the collection and enforcement of child support (pp.57-63).

Consultancies

1.30 The report provides details on consultancy services, including the cost of the consultancies and the justification for individual consultancies (pp.351-371).

2 Commonwealth Ombudsman, *Annual Report 2000-2001*, p.57.

3 Ombudsman's report, p.57.

1.31 During the 2000-01 financial year, 248 consultancy services were engaged (where the amount paid was \$10 000 or greater) with an overall expenditure of \$16.5 million for the portfolio as a whole, excluding Centrelink, compared with \$19.6 million in the previous year (p.353). Of these consultancy services, the Department engaged 204 – for a total amount of \$14.6 million (p.353). The report notes that FaCS successfully maintained the cost of consultants to slightly under its last year's figure of \$14.7 million.

STATUTORY AUTHORITIES

Australia New Zealand Food Authority 2000-2001

1.32 The report was presented to the President on 31 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.33 All reporting requirements are met. The report provides a comprehensive overview of the Authority's functions and activities. The report details the activities and outcomes of each of the 'output groups' identified in the report. Major outputs are listed at the end of each section of the report. Appendices to the report contain information on applications and proposals processed; a statistical overview of staffing; information on the use of consultants; and information on the Authority's functions and powers.

1.34 The report notes that a major achievement of the Authority was the review and rewriting of the Food Standards Code which resulted in 'removing very large amounts of prescription and red tape which has previously restricted innovation and added to costs' (p.9). The report states that a new statutory authority, Food Standards Australia New Zealand, based on the existing Authority, is to be established. The report notes that that it will be a major task of the Authority to inform the public 'about the disappearance of ANZFA and its re-emergence as the new Food Standards Australia New Zealand at a time when ANZFA has become reasonably well known. Our challenge will be to minimise any confusion during the changeover period as to who should be approached in relation to food regulatory matters' (p.19).

Australian Hearing Services (Australian Hearing) 2000-2001

1.35 The report was presented to the President on 31 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.36 All reporting requirements are met. The report provides a useful review of the activities of Australian Hearing. The report provides information on the range of services provided to its client groups. The report notes that the effectiveness of the services, products and rehabilitation outcomes is monitored regularly (p.9). Some further information on these reviews should be included in future reports.

1.37 In relation to operational performance, the Committee notes that over the last 12 months, some 167 000 people used the services offered by Australian Hearing, compared with 158 980 in the previous year (p.9). Further details of operational performance is provided in the report (see pp.9-21).

1.38 Regarding external scrutiny, the report states that an ANAO audit of accounts processing concluded that Australian Hearing has good controls to ensure the proper management authorisation of payment for goods and services, and effective risk management

strategies related to the payment of accounts. The report noted that recommendations from the ANAO for further improvements were accepted by the authority (p.21).

Australian Institute of Family Studies 2000-2001

1.39 The report was presented to the President on 8 November 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.40 The reporting requirements are met. The report provides a comprehensive review of the Institute's activities and programs.

1.41 The report provides a summary of the research undertaken by the Institute in terms of performance outcomes, with most of the planned outputs listed as having been 'achieved' (see pp.32-42). The report notes that performance indicators for its research projects require 95 per cent of contracted research projects to be completed within planned timeliness and 'this target has been achieved' (p.10). The report also notes that a key performance indicator – to provide publications and other written material as required – has been achieved, and these are detailed throughout the report.

1.42 While there is more emphasis on performance reporting in this year's report, the main body of the report, however, largely concentrates on a description of 'activities' of the Institute. Performance reporting could be improved by a greater emphasis on discussing performance against outputs throughout the report.

1.43 In the Committee's last report it stated that further details of the Institute's internal audit program should be included in future reports. The report provided information in this area in the current annual report, indicating that the main focus during the financial year was on upgrading the Institute's fraud control plan and in reviewing the Institute's project planning and performance reporting (p.6).

Australian Institute of Health and Welfare 2000-2001

1.44 The report was presented to the President on 29 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.45 All reporting requirements are met. The report provides a concise account of the Institute's functions and activities in the health and welfare field. This report states that the Institute produced some 82 reports and working papers in 2000-2001 compared to 77 publications during the previous year (pp.17, 37). The report comments on the importance of facilitating access to AIHW data and notes that its website, which averages 1 000 visits per day, 'has become a cornerstone of the AIHW's information dissemination strategy by offering the full text of all publications for downloading free of charge' (p.2).

1.46 In its last report, the Committee stated that performance reporting could be improved by a greater emphasis on measuring performance against outcomes and goals. The Committee notes that in the Institute's current report it provides information on performance according to its contribution to the achievement of the broad output groups in DHAC's *Portfolio Budget Statements*, but as the Institute produces its own annual report these are not

included in DHAC's annual report. The report also provides information on AIHW activities in relation to their contribution to meeting the objectives of the FaCS portfolio (pp.15-48).

1.47 While this approach provides a focus on performance reporting, future reports need to provide, at least in summary form, a clearer assessment of the extent to which 'outputs' are achieved. For example, in Output Group 3 – production of health related information – while there is a list of 'reports produced' there is no indication as to the extent to which the numerous reports listed met identified targets or not (pp.36-48). A useful model that the Institute could use is the performance summary provided by the Australian Institute of Family Studies in its annual report, referred to above.⁴

Australian Radiation Protection and Nuclear Safety Agency 2000-2001

1.48 The report was presented to the President on 31 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.49 All reporting requirements are met. The report provides a comprehensive review of the Agency's functions and activities. The report clearly sets out progress against four main objectives discussed in its last report. The report notes that 'good progress' was made in relation to three of these four objectives – 'without fully achieving the aims set out in last year's report' (p.3). The report provides details as to why all the objectives have not been fully achieved (pp.3-4). The report also sets out a number of goals to be addressed in the next financial year (p.9).

1.50 The Committee commends ARPANSA on the frank assessment of the Agency's activities presented in the current report – as in its last report – and suggests that other agencies could benefit from a more transparent approach to performance reporting as evidenced in this report.

Centrelink 2000-2001

1.51 The report was presented to the President on 22 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.52 All reporting requirements are met. The report provides a detailed overview of the operations of Centrelink. The Committee considers that Centrelink's performance reporting has improved in recent reports with more balanced reporting overall and an acknowledgment of areas where the agency needs to improve its performance.

1.53 The annual report reports on achievements against performance targets set out in FaCS' 2000-01 *Portfolio Budget Statements*. The report notes that Centrelink achieved 'strong results in most measures, including that of staff satisfaction, which we targeted for specific improvement in last year's report' (p.8; see also pp.45-46). The report noted that staff approval against each of the 14 measures in place increased over the year, and in the

4 See Australian Institute of Family Studies, *Annual Report 2000-2001*, pp.31-42.

June 2001 staff survey more than 70 per cent of staff rated their job satisfaction as ‘good’ or ‘better’ (p.7). Measures to address staffing issues, including staff satisfaction are detailed in the report (pp.46, 127-149).

1.54 Regarding client partnerships, the report commented that ‘while relationships with our client agencies continued to improve this year, Centrelink again encountered significant challenges in striving to meet some key performance indicators (KPIs)’ (p.8). These included meeting client agencies’ KPIs; addressing issues identified in the ANAO audit in relation to new claims for Age Pensions; and providing additional value to client agencies through feedback on policy implementation and future policy development (pp.8, 53-78). Strategies to address these issues are discussed in the report (p.8; see also pp.41-42, 53-84).

1.55 With regard to customer satisfaction, the report noted that survey results in November 2000, indicated that 76 per cent of customers rated the overall quality of Centelink’s people and services as either ‘good’ or ‘very good’ – an increase of 10 per cent since the last survey in May 2000 (p.95). The report commented that a notable success in 2000-01 was the ‘overall improvement in customer satisfaction with Centrelink’s people, service and information. We have received our highest ever customer ratings for our Customer Service Centres and Call Centres. On top of this, our Call Centres have again been benchmarked as best practice within the industry’ (p.8; see also pp.43-44). The Committee notes, however, that the Commonwealth Ombudsman received a significant number of complaints about difficulties customers had in contacting Call Centres.⁵

1.56 The Committee in its last report noted that while performance reporting had improved in the report generally, more information needed to be provided throughout the report on areas where outcomes had not been met. This issue has been addressed in the current report with a more balanced approach to performance reporting in the body of the report.

1.57 In relation to external scrutiny, the report discusses oversight by the Ombudsman, Privacy Commissioner and Parliamentary committees (pp.231-234) and the ANAO (pp.26-27). Discussion of overall external scrutiny issues would be improved by consolidation of the various sections dealing with this topic in one section of the report in future.

1.58 The report provides a useful discussion of ANAO audits and action taken by Centrelink in response to issues raised in these reports. In relation to the ANAO report into new claims for Age Pensions, (*Report No.34, 2000-01: Assessment of New Claims for the Age Pension in Centrelink*), which found high levels of inaccuracy in Centrelink’s processing of new Age Pension claims, Centrelink noted that a number of measures have been put in place to address the issues raised in the audit report (p.27; see also pp.6-7).

1.59 The Committee notes that the Commonwealth Ombudsman received 10 161 complaints about Centrelink in 2000-01, an increase of 4.9 per cent over the previous year.⁶ The Ombudsman reported that the increase in complaints was consistent across all Centrelink programs with the exception of the Information and Access Program which had a disproportionate growth in complaints – primarily concerning Call Centre access problems.⁷

5 Ombudsman’s report, pp.55-56.

6 Ombudsman’s report, p.50.

7 Ombudsman’s report, p.50.

Centrelink noted that one reason for the increase in complaints is that, as customers become more aware of the agency's 'commitment to service' they 'feel empowered to express their concerns when our service has not lived up to their expectations' (p.232). While this may be true, it needs to be emphasised that clients of Centrelink have a right to expect a high quality service and the onus is on the agency to provide that level of service.

1.60 The report noted that the Privacy Commissioner formally referred 11 cases to Centrelink during 2000-01 and, after receiving reports from Centrelink, finalised 10 cases. The Commissioner found that in five cases there had been no interference with privacy. In the other five cases, the Commissioner found that Centrelink had adequately dealt with the complaints, resulting in dismissal of the complaints (p.232). The report noted that Centrelink conducted 1 398 privacy investigations. Of the inquiries finalised in 2000-01, 29 per cent of incidents were substantiated as a breach of privacy or confidentiality. The report noted that most of the substantiated breaches were 'of a minor or inadvertent nature' and resulted in feedback being provided to staff and revised procedures being introduced to address the problem (p.233). Criminal charges were laid by the Director of Public Prosecutions in two of the more serious substantiated privacy breaches. Disciplinary action was also taken against 41 staff members, resulting in these officers being either dismissed, fined, counselled or warned in writing (p.233).

1.61 Regarding consultancy services, the report indicates that the total value of consultancy contracts let in 2000-01, where the total contract value was \$10 000 or greater, was \$10.7 million, compared with \$5.03 million in 1999-00 (p.174). Centrelink should provide some explanation where significant increases in expenditures occur in future reports.

1.62 The total number of consultancy services let during 2000-01 was 128. Of these, 87 were consultancies where the total contract value was \$10 000 or greater (p.174). A detailed breakdown of individual consultancies, including a description of the consultancy, is provided in the report (pp.174-179).

Commissioner for Complaints 2000-2001

1.63 The report was presented to the Deputy President on 8 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.64 All reporting requirements are met. This is the first annual report of the Commissioner for Complaints, which was established in September 2000. The functions of the Office are, *inter alia*, to oversee the effectiveness of the Complaints Resolution Scheme (the Scheme) – which is administered by DHAC – and to deal with complaints about the operation of the Scheme. Under the Scheme, complaints may be made about the care or services provided by residential aged care and other aged care services funded by the Commonwealth.

1.65 The report provides a concise overview of the Commissioner's activities. However, the functions and role of the Commissioner and the inter-relationship of the Commissioner and the Scheme (and the Department) and the overall complaints process, while outlined in the report, should be explained more concisely and with greater clarity in future reports. A clearer distinction also needs to be drawn in the report when matters relating to the Commissioner as distinct from the Scheme or the Department are referred to.

1.66 The report notes that since its establishment the Office has been engaged in establishing a 'public profile' for the role of the Commissioner; developing a quality assurance strategy and other administrative matters (pp.6-7). The report stated that the Scheme received 1 729 complaints in 2000-01. The majority of complaints related to aged residential care services and the majority of complaints were lodged by relatives (p.37). Of the total number of complaints received during the reporting period, 76 per cent were finalised, 9 percent were ongoing, 7 per cent were listed as incomplete and 8 per cent of cases were withdrawn (p.41). The average time taken to finalise complaints was 57 days (p.40).

1.67 The report concludes that while the Scheme is operating effectively 'there are issues that need to be addressed if the efficiency and effectiveness of the Scheme is to be improved further' (p.28). These issues should be elaborated upon in future reports. The Committee is pleased to note that the Office is preparing a set of performance measures for the Scheme and that reporting on these indicators will commence from January 2002. The Committee looks forward to discussion of these and other performance data in future reports.

Health Insurance Commission 2000-2001

1.68 The report was presented to the President on 29 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.69 All reporting requirements are met. The report provides a comprehensive overview of the Commission's activities and performance.

1.70 In relation to its operational activities, the report provides a set of useful key performance objectives against which the Commission's performance can be assessed. Key objectives, such as accuracy and prompt processing of payments, remained at 1999-00 levels or had improved (p.12). Statistics on staff satisfaction from a staff survey in 2000 indicated that 66 per cent of staff indicated overall job satisfaction – although this was a decrease from the 70 per cent staff satisfaction recorded in 1998-99 – in 1999-00 no survey was conducted – (pp.12, 29). A number of measures being undertaken to address staffing issues are outlined in the report (pp.27-32).

1.71 Data on customer service satisfaction is provided for three groups – health consumers, pharmacists and medical practitioners. Community satisfaction increased from 83 per cent in 2000 to 92 per cent in 2001. Pharmacist satisfaction rose one per cent to 90 per cent in 2001; and medical practitioner satisfaction dropped seven per cent to 71 per cent in 2001. The HIC noted that it was 'pleased to see the significant increase in consumer satisfaction but concerned by the drop in satisfaction by medical practitioners. We will analyse the data and take steps to improve this level' (p.12).

1.72 Regarding external scrutiny, the Commonwealth Ombudsman stated that it received 150 complaints about the HIC in 2000-01, representing a reduction of 25 percent from 1999-00. The Ombudsman commented that 'the very small number of complaints relative to the large size of the Commission's customer base and the volume of its administrative transactions is a very creditable outcome for the Commission'.⁸ The Committee agrees with

8 Ombudsman's report, p.92.

these comments and commends the Commission on its performance, which is reflected in other performance data in its annual report.

National Health and Medical Research Council 2000

1.73 The report was tabled in both houses of Parliament on 28 August 2001, within the required 15 sitting days.

1.74 All reporting requirements are met. The report provides a detailed review of the functions and operations of the Council. A separate volume, *Grants Book 2001*, details the health and medical research grants recommended for funding in 2001 by the NHMRC.

1.75 The annual report refers to amendments in March 2000 to the *National Health and Medical Research Council Act 1992* to enhance the operations of the Council and respond to some of the recommendations of the 1998-99 Health and Medical Research Strategic Review (p.10). The report also notes the adoption of the NHMRC Strategic Plan 2000-2003, which will provide direction for the Council and its activities over the next three years (pp.10-11). An outline of the key features of the strategic plan is provided in the report (p.11).

1.76 The Committee is pleased to note that a feature of the strategic plan is its emphasis on developing the NHMRC's mechanism's for reporting on performance. The report notes that in 2000, the Council made 'significant progress' in laying the foundations for a comprehensive reporting system that will enable more detailed performance reporting in future years (p.11). The report stated that as a result of changes in the NHMRC Act, as noted above, the Council will operate more independently of DHAC. In addition, in the 1999-2000 budget, the Government increased funding for health and medical research – 'these initiatives bring with them the need for strengthened performance reporting arrangements' (p.11).

Operations of the Registered Health Benefits Organisations 2000-2001

1.77 The report was presented to the Deputy President on 2 January 2002 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.78 All reporting requirements are met. The report provides a comprehensive overview of the financial operations of registered health benefits organisations, including detailed statistical data on the operations of the health funds.

1.79 The report notes that 2000-01 was a year of consolidation for the health insurance industry, following the rapid growth of membership in late 1999-2000 and early 2000-01 as a result of the introduction of Lifetime Health Cover. The report stated that at June 2001, 44.9 per cent of Australians held private hospital cover – an increase of 1.9 percentage points over the previous year (p.15).

1.80 The report noted that 'overall' the industry's financial strength improved during 2000-01 (p.1). New solvency and capital adequacy standards were also put into effect from 1 January 2001. The report commented that the improvement in the reserves position of the industry during the year ensured compliance with the new prudential standards – 'PHIAC has

been active in working with organisations to ensure that the solvency and capital adequacy standards are met to ensure the protection of members' entitlements' (p.2).

Private Health Insurance Administration Council 2000-2001

1.81 The report was presented to the President on 17 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.82 All reporting requirements are met. The report provides a concise review of the operations of the Council. The report states that the implementation of new prudential standards for private health insurance, and the significant growth in the industry as a result of Lifetime Health Cover were important developments during the financial year (p.3). The report notes that during 2000-01 PHIAC 'continued to lay the groundwork for a robust and competitive industry, which provided high quality services to its members' (p.3). The report commented that the Council 'has undertaken a number of initiatives during the year to encourage the industry to continue its efforts towards corporate governance initiatives and improved strategic focus' (p.3). A number of PHIAC activities during 2000-01 are discussed in the report (see pp.19-30).

1.83 Regarding consumer information, PHIAC stated that a range of publications, including *Insure? Not Sure?*, PHIAC's Service Charter and the Private Patients' Hospital Charter are produced. The report notes that most PHIAC publications are available on its website – 'to make available to consumers and other industry stakeholders the information it collects and disseminates as part of its monitoring and regulatory activities' (p.22).

Private Health Insurance Ombudsman 2000-2001

1.84 The report was presented to the Deputy President on 20 December 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.85 All reporting requirements are met. The report provides a concise analysis of the activities of the Ombudsman over the reporting period. The report is well organised and 'user-friendly' and makes good use of graphics and charts.

1.86 The Ombudsman received 3 357 complaints in 2000-01, some 79 percent higher than the 1875 complaints recorded in 1999-00. Approximately 50 per cent of the complaints were received from health fund members with less than 12 months membership (p.14). The Ombudsman noted that 'it was obvious there would be a greater number of complaints flowing from the increase of around thirty per cent in the insured population following the lifetime health cover campaign' (p.6).

1.87 The office finalised 3 284 complaints during the year (an average of 274 per month), compared with an average of 154 complaints finalised per month in the previous year (p.16). The Ombudsman noted that with only a small increase in staff numbers and no increase in budget 'the office was able to provide a high level of service to the consumers and the industry. This is evidenced not only by reference to the numbers appearing in the body of the report, but also from the client survey conducted during the peak of the workload' (p.6).

1.88 The report notes various strategies to increase community awareness of the service provided by the Ombudsman, including a web site where consumers can access a range of information and where complaints and enquires can be lodged. In 2000-01, the web site was visited by 27 275 users compared with 12 354 users in 1999-00 (p.30).

Professional Services Review 2000-2001

1.89 The report was presented to the President on 18 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.90 All reporting requirements are met. The report provides a useful overview of the operations of the Professional Services Review (PSR). The report notes that the past year has been a significant one for the PSR because of 'a number of highly successful outcomes' from the Federal Court and the Professional Services Review Tribunals (p.1). A summary of each of these is included in the report (pp.14-22).

1.91 Regarding operational activities, the report noted that that the PSR received an increase in the number of referrals from the HIC – 63 cases in 2000-01, compared with 50 cases in 1999-00. Some 42 referrals were finalised during the reporting period, compared with 23 finalised in 1999-00. Of the 63 new referrals, five were re-referrals of practitioners who had previously been referred to the PSR. (pp.1-2).

Social Security Appeals Tribunal 2000-2001

1.92 The report was presented to the President on 2 November 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.93 All reporting requirements are met. The report provides a concise account of the activities of the Tribunal. The report stated that the proposed amalgamation of Commonwealth tribunals, including the SSAT, into a new Administrative Review Tribunal did not proceed, as the Bills were not passed by the Senate. The report noted that, as a result, the SSAT will be developing strategies 'for better co-operation between Commonwealth tribunals, and to investigate the possibility of entering into more concrete arrangements, such as co-location and the sharing of some administrative functions' (p.1). The report commented that the continuing demand for greater efficiencies and improved administrative performance will place 'increasing pressures upon the SSAT and its administration' (p.3).

1.94 Statistics in the report indicate that the Tribunal's appeal levels increased marginally over the reporting period with 9112 applications for review in 2000-01, compared with 8965 applications for the previous year (p.2). The report noted that the trend towards lower appeal lodgements, evident since 1997-98, was reversed in 2000-01 (p.2). A total of 9060 applications, involving review of 9636 separate decisions, were finalised in 2000-01. At June 2001 there were 1470 appeals on hand (p.16).

1.95 The report commented that during 2000-01, performance improved against seven out of eight performance indicators (pp.2, 15-26). Of particular note is the improvement in the timeliness of appeals processing, with the average time taken to process an appeal decreasing from 9.9 weeks in 1999-00 to 8.9 weeks in 2000-01 (p.2).

GOVERNMENT COMPANIES AND GOVERNMENT BUSINESS ENTERPRISES

Aged Care Standards and Accreditation Agency Ltd 1998-1999

1.96 The report was presented to the temporary chair of committees on 1 August 2001 and tabled in the Senate on 6 August 2001 and in the House of Representatives on 7 August 2001.

1.97 All reporting requirements are met, except, the report was not tabled within the required time. The Agency is an independent company limited by guarantee established under the Australian Securities and Investments Commission. It is the body established by the Commonwealth Government as the accreditation body under the *Aged Care Act 1997*. The report reflects the Agency's first full financial year of operations.

1.98 The report noted that during 1988-99 the focus was on 'setting a clear strategic direction for the Agency and ensuring appropriate infrastructure was established to support that direction, as well as putting into place interim processes' (p.4). Regarding operational matters, the Agency reported on its core activities, albeit briefly, in relation to accreditation; assistance to services through education and training; and risk management (pp.15-19).

Aged Care Standards and Accreditation Agency Ltd 1999-2000

1.99 The report was presented to the temporary chair of committees on 2 August 2001 and tabled in the Senate on 6 August 2001 and in the House of Representatives on 7 August 2001.

1.100 All reporting requirements are met, except, the report was not tabled within the required time. Regarding performance reporting, the report notes a number of 'achievements' of the Agency, especially the 'successful commencement' of accreditation of services (p.2, see also pp.6-12). The report also highlights a number of areas where improvements are necessary, especially in the areas of accreditation processes and communication with services, residents and industry stakeholders (p.33). Strategies to address these concerns are discussed in the report (p.33).

1.101 Summary performance results provided in the report indicate that the target number of services to be accredited in 1999-2000 was not reached (33 percent were accredited, against a target figure of 50 per cent); and a target figure of 80 per cent of providers receiving regular newsletters and updates and other information was also not achieved (p.43). The Agency should have included more discussion of these performance results in the report and measures to address any deficiencies.

Aged Care Standards and Accreditation Agency Ltd 2000-2001

1.102 The report was presented to the temporary chair of committees on 4 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.103 All reporting requirements are met. With regard to operational matters, the report noted that meeting the accreditation timetable was an important achievement for the Agency.

From 1 January 2001 all aged care homes that applied for accreditation were accredited – some 2 938 homes (pp.12-13). The report also noted that an internal review of the Agency's policies and procedures is being undertaken and that the review 'will ensure that the next major cycle of accreditation benefits from the experiences of the past' (p.3, see also p.4). Detailed information on the outcome of the review, and the Agency's response to issues raised, should be included in future reports. The report notes that the Agency is supervising all accredited homes through spot checks, review audits and support contacts (p.3). While data is provided on these activities (pp.14-17) more information should be provided in future reports on the results and effectiveness of these activities and any consequent follow-up by the Agency or the Department.

1.104 The summary performance results in the report indicate that the target number of services to be accredited in 2000-01 of 100 per cent was achieved and that its target figure of 50 per cent of all accredited homes receiving accreditation for three years was exceeded – with 90 per cent of homes receiving accreditation for three years. (p.8). The report notes that performance targets relating to information dissemination/training on quality management and advice to the Minister and Department were only 'partly achieved' (p.8). It is not clear from the report what 'partly achieved' actually means, and additional information should be provided in future reports explaining in more precise terms when performance targets are not met.

1.105 While the report lists four main performance targets which provide some indication of performance outcomes, this would seem inadequate in presenting an overall picture of the operations and performance of the Agency (see p.8). Future reports need to consider reporting on additional performance indicators so that a more complete picture of performance outcomes is available.

1.106 As noted above, while this report (and previous reports) discusses performance in general terms, future reports should include more detailed discussion of performance results, including a more frank assessment of the overall operations of the Agency and a discussion of major issues that arise over the reporting period that impinge on its operations.

Health Services Australia Ltd (HSA) 2000-2001

1.107 The report was presented to the President on 29 October 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.108 All reporting requirements are met. The report provides a concise overview of HSA services and operations.

1.109 The report stated that the company achieved an operating profit before tax of \$9 million (\$5.9 million after tax) in 2000-01, a significant increase over the last year's result (p.3). The report noted that the company's 'ability to continue to grow and return sizeable profits is particularly significant given Australia's increasingly competitive healthcare environment' (p.9). The report stated that the priorities for the company in 2001-02 will be to retain and diversify its client base, enhance its service reputation and attract and retain high quality professional staff (p.5).

Medibank Private Ltd 2000-2001

1.110 The report was presented to the temporary chair of committees on 22 November 2001 and tabled in the Senate on 12 February 2002 and in the House of Representatives on 13 February 2002, within the required 15 sitting days.

1.111 All reporting requirements are met. The report provides a useful description of the functions and operations of Medibank Private.

1.112 The report commented that its updated corporate plan will guide its future strategic focus 'from being merely a "bill payer" to providing access to health and wellbeing solutions. Developing strong partnerships with members and providers will play a pivotal role in this' (p.10). The report stated that detailed implementation of the corporate plan will commence in 2002 (p.10).

1.113 The report indicates that Medibank Private increased its market share from 29.7 percent to 30.7 per cent over 2000-01 and maintains its position as the largest national private health insurer in Australia (p.10). Other useful performance indicators relating to Medibank Private are also provided in the report (p.12). It would also be useful to include in future reports some comparative industry performance data, as was provided in the last annual report.

Senator Sue Knowles
Chairman

March 2002

APPENDIX 1

GUIDELINES FOR THE PREPARATION OF DEPARTMENTAL ANNUAL REPORTS

The guidelines for Departmental annual reports were tabled in the Senate on 20 June 2000.

GUIDELINES FOR THE CONTENT, PREPARATION AND PRESENTATION OF ANNUAL REPORTS BY STATUTORY AUTHORITIES

See Senate *Hansard*, 11 November 1982, pp. 2261-3.

REQUIREMENTS FOR THE ANNUAL REPORTS OF NON-STATUTORY BODIES

See Senate *Hansard*, 8 December 1987, pp. 2643-5.

REQUIREMENTS FOR THE ANNUAL REPORTS OF GOVERNMENT COMPANIES

See sections 9 and 36 of the *Commonwealth Authorities and Companies Act 1997*.