

## Chapter 3

### Annual reports of Commonwealth entities and companies

#### Health Portfolio

3.1 The committee received the 2016–17 annual reports of Commonwealth entities and companies within the Health Portfolio as listed at Appendix 1. The committee examined the reports of the following entities in further detail:

- Australian Institute of Health and Welfare;
- Australian Organ and Tissue Donation and Transplantation Authority;
- Australian Radiation and Protection and Nuclear Safety Agency; and
- Cancer Australia.

#### *Australian Institute of Health and Welfare*

3.2 The Australian Institute of Health and Welfare (AIHW) is a corporate Commonwealth entity established under the *Australian Institute of Health and Welfare Act 1987* to develop 'authoritative and accessible information and statistics that inform decisions and improve the health and welfare of all Australians.'<sup>1</sup> The outcome of AIHW's work is:

[a] robust evidence base for the health, housing and community sectors, including through developing and disseminating comparable health and welfare information and statistics.<sup>2</sup>

3.3 During the 2016–17 reporting period, AIHW reported against nine performance criteria of which seven were met and two were partially met.<sup>3</sup> AIHW produced 188 reports, which exceeded its target of 161 reports. Further, 63 per cent of AIHW's statistical products included data in a manipulable format, the target for which was 50 per cent.<sup>4</sup> The committee notes that from 2017–18, AIHW will not report against performance criteria relating to downloads of *Australia's health* and *Australia's welfare*, as AIHW has expanded the accessibility of these publications to include direct access via its webpage.<sup>5</sup>

3.4 AIHW's annual appropriation in 2016–17 totalled \$26.9 million.<sup>6</sup> This was an increase of \$15.6 million from its 2015–16 annual appropriation, to account for the allocation of the Performance and Accountability Framework (PAF) reporting

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1 Australian Institute of Health and Welfare (AIHW), *Annual report 2016–17*, p. vii.

2 AIHW, *Annual report 2016–17*, p. 3.

3 AIHW, *Annual report 2016–17*, p. 5.

4 AIHW, *Annual report 2016–17*, p. 12.

5 AIHW, *Annual report 2016–17*, pp. 13–14.

6 AIHW, *Annual report 2016–17*, p. 19.

responsibilities to AIHW.<sup>7</sup> For 2016–17, AIHW received \$29.6 million in own source income, received interest totalling \$1.02 million and achieved a surplus of \$76 000.<sup>8</sup>

3.5 The committee noted AIHW's overview of the key reports it produced in 2016–17, including an examination of vulnerable young peoples' interaction with services for homelessness, youth justice and child protection, and Australia's first indigenous eye health measures report.<sup>9</sup>

3.6 In its first report on annual reports for 2017, the committee noted that a key change for AIHW was assuming reporting responsibilities for PAF.<sup>10</sup> The committee is pleased to note that AIHW reported organisational amendments have been made 'to maintain the distinctive features of the PAF reporting and to extend them to other relevant areas of the AIHW's work.'<sup>11</sup>

3.7 Overall, AIHW's 2016–17 annual report is clearly-expressed and provides useful insight into the scope and scale of AIHW's work. The committee considers the report is of an apparently satisfactory standard and meets the reporting requirements set under the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

### ***Australian Organ and Tissue Donation and Transplantation Authority***

3.8 The Australian Organ and Tissue Donation and Transplantation Authority (Organ and Tissue Authority) is a non-corporate Commonwealth entity which was established in 2009 to:

...save and improve the lives of more Australians through optimising every potential organ and tissue donation for transplantation, through a nationally coordinated and consistent approach and system.<sup>12</sup>

3.9 The Organ and Tissue Authority reported that in 2016 '1447 lives were saved or transformed through the generosity of 503 deceased organ donors and their families'.<sup>13</sup> Compared to the previous year, the Organ and Tissue Authority stated that

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7 Note: the Performance and Accountability Framework (PAF) was implemented in 2011, under the Council of Australian Governments National Health Reform Agreement (NHRA), to support local-level performance assessment for the NHRA and a high quality Australian health system. Following the closure of the National Health Performance Authority on 30 June 2016, the PAF reporting functions were transferred to the Australian Institute of Health and Welfare.

8 AIHW, *Annual report 2016–17*, p. 19.

9 AIHW, *Annual report 2016–17*, pp. 32, 35.

10 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, March 2017, p. 22.

11 AIHW, *Annual report 2016–17*, p. 63.

12 Australian Organ and Tissue Donation and Transplantation Authority (Organ and Tissue Authority), *Annual report 2016–17*, p. 18.

13 Organ and Tissue Authority, *Annual report 2016–17*, p. 23.

there was a 17 per cent increased in the number of transplant recipients, and a 16 per cent increase in the number of deceased organ donors.<sup>14</sup>

3.10 For 2016–17, the Organ and Tissue Authority utilised eight performance criteria, of which it met three and partially met five.<sup>15</sup> Criteria met included target rates of organ donations from deceased persons, and the conduct of community awareness and education initiatives. Criteria partially met included the rate of organ transplant recipients from deceased donors, and the rate of families' consent to organ and tissue donation.<sup>16</sup>

3.11 As at 30 June 2017, the Organ and Tissue Authority employed 27.4 full-time-equivalent staff. Fifty six per cent of staff were employed at an Australian Public Services classification of Executive Level 1 or Executive Level 2, the majority of whom were based in Canberra.<sup>17</sup>

3.12 In 2016–17, the Organ and Tissue Authority: administered expenses totalling \$43.77 million; received revenue of \$5.53 million; held a net asset position of \$2.20 million; and achieved an operating surplus of \$0.15 million (prior to depreciation, amortisation, and asset revaluation).<sup>18</sup>

3.13 The committee considered that the Organ and Tissue Authority's annual report for 2016–17 was of a high-standard and purposefully highlighted the activities undertaken in support of organ and tissue donations and transplantations.

### ***Cancer Australia***

3.14 Cancer Australia is a non-corporate Commonwealth entity established under the *Cancer Australia Act 2006* with a purpose to:

[m]inimise the impact of cancer, address disparities, and improve the health outcomes of people affected by cancer in Australia by providing national leadership in cancer control.<sup>19</sup>

3.15 In 2016–2017, Cancer Australia reported on three program objectives of: providing leadership in national cancer control and promoting appropriate cancer care; funding priority research and strengthening national data capacity; and promoting cancer awareness and providing information about cancer to the community.<sup>20</sup> Cancer Australia met all references points and targets for each of its programs.<sup>21</sup>

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14 Organ and Tissue Authority, *Annual report 2016–17*, p. 23.

15 Organ and Tissue Authority, *Annual report 2016–17*, pp. 18–19.

16 Organ and Tissue Authority, *Annual report 2016–17*, pp. 18–19.

17 Organ and Tissue Authority, *Annual report 2016–17*, pp. 62–63.

18 Organ and Tissue Authority, *Annual report 2016–17*, pp. 15–16.

19 Cancer Australia, *Annual report 2016–17*, p. 3.

20 Cancer Australia, *Annual report 2016–17*, p. 19.

21 Cancer Australia, *Annual report 2016–17*, pp. 19–21.

3.16 Cancer Australia's 2016–2017 departmental expenses were \$12.78 million and administered expenses were \$17.01 million.<sup>22</sup> Three new consultancy contracts were entered into during the reporting period which cost a total of \$0.3 million, and there were five ongoing consultancy contracts with actual expenditure of \$0.8 million.<sup>23</sup> In collaboration with six other funding partners, Cancer Australia jointly provided \$12.5 million in grants for cancer research through the Priority-driven Collaborative Cancer Research Scheme.<sup>24</sup> The committee welcomed the substantive information that Cancer Australia included within its financial statements, as this additional information assisted in making the statements more informative and transparent.

3.17 The committee considers that Cancer Australia's 2016–2017 annual report is of an apparently satisfactory standard, and is in accordance with the requirements of the PGPA Rule.

### ***Australian Radiation and Protection and Nuclear Safety Agency***

3.18 The Australian Radiation and Protection and Nuclear Safety Agency (ARPANSA) is established under the *Australian Radiation Protection and Nuclear Safety Act 1998* to 'protect the Australian people and environment from the effects of radiation.'<sup>25</sup>

3.19 In 2016–17, ARPANSA reported against 23 targets, 14 of which were met and nine which were considered 'partially met, criterion changed or removed'.<sup>26</sup> ARPANSA reported that it experienced several challenges during the reporting period, such as: managing efficiency dividends and staffing levels; an unsuccessful enterprise bargaining attempt; and stakeholder engagement in relation to the national radioactive waste management facility.<sup>27</sup> The committee notes ARPANSA's reporting on the projects and activities it undertook to improve its performance.<sup>28</sup>

3.20 The committee welcomed ARPANSA's use of case studies to report on the unique work it undertook in 2016–17, including: the Personal Radiation Monitoring Service to measure any occupation radiation Australian workers may receive;<sup>29</sup> maintaining a network of ultraviolet radiation (UVR) sensors and publishing near real-time UVR data to 'assist in reducing the impact and burden of disease caused by over-exposure to solar UVR';<sup>30</sup> and participation in an international nuclear emergency

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22 Cancer Australia, *Annual report 2016–17*, p. 32.

23 Cancer Australia, *Annual report 2016–17*, p. 87.

24 Cancer Australia, *Annual report 2016–17*, p. 19.

25 Australian Radiation and Protection and Nuclear Safety Agency (ARPANSA), *Annual report 2016–17*, p. 17.

26 ARPANSA, *Annual report 2016–17*, pp. 30–39.

27 ARPANSA, *Annual report 2016–17*, p. 29.

28 ARPANSA, *Annual report 2016–17*, p. 40.

29 ARPANSA, *Annual report 2016–17*, p. 53.

30 ARPANSA, *Annual report 2016–17*, p. 55.

exercise which provided an opportunity to test Australia's whole-of-government response to a severe nuclear accident scenario.<sup>31</sup>

3.21 ARPANSA reported on its responsibility for licensing the radiation sources and sites of Commonwealth entities and stated that it had been made aware of two breaches with significant safety implications, and eight breaches with minor or no safety implications.<sup>32</sup>

3.22 For 2016–17, ARPANSA's revenue was \$24.4 million of which 53 per cent was appropriated by government and 47 per cent was from own-source activities.<sup>33</sup> ARPANSA reported expenses totalling \$27.9 million, and a deficit of \$3.5 million due to the 'rectification and remediation of a legacy radiation site and the settlement of litigation.'<sup>34</sup>

3.23 The committee considers ARPANSA's annual report to be of a satisfactory standard.

### **Social Services Portfolio**

3.24 The committee was referred the 2016–17 annual reports of the National Disability Insurance Agency (NDIA) and Australian Institute of Family Studies. The committee selected the NDIA's annual report to examine in further detail.

#### ***National Disability Insurance Agency***

3.25 The NDIA is a corporate Commonwealth entity established under the *National Disability Insurance Scheme Act 2013* to implement the National Disability Insurance Scheme (scheme). Following a three-year trial of the scheme from 2013, the NDIA commenced transition to a full roll-out of the scheme on 1 July 2016. The scheme is anticipated to be fully implemented by mid-2020 and fund disability supports for an estimated 460 000 participants.<sup>35</sup>

3.26 The NDIA's 2016–17 annual report presented significant achievements across the reporting period, including: an additional 60 357 participants entering the scheme with approved support plans and raising the number of scheme participants to 90 638; the collection of baseline measures from 98 per cent of participants to allow for assessment of the scheme's benefits for participants; and support for small businesses with individuals and small traders making up over 40 per cent of the scheme's providers.<sup>36</sup>

3.27 The Scheme Actuary, Ms Sarah Johnson, reported on several pressures on the scheme that 'require management responses', including: more children entering the

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31 ARPANSA, *Annual report 2016–17*, p. 57.

32 ARPANSA, *Annual report 2016–17*, p. 116.

33 ARPANSA, *Annual report 2016–17*, p. 46.

34 ARPANSA, *Annual report 2016–17*, p. 46.

35 National Disability Insurance Agency (NDIA), *Annual report 2016–17*.

36 NDIA, *Annual report 2016–17*, p. 19.

scheme with complex needs than initially estimated; lower than expected number of people exiting the scheme; and higher than expected costs for shared support accommodation.<sup>37</sup> Whilst not a requirement under the PGPA Rules, the committee encourages the NDIA to consider if noting its response to the pressures on the scheme would enhance the completeness of its reporting.

3.28 The NDIA reported on its actual costs by program, as follows:

- Program 1.1: Reasonable and necessary care and support for participants—\$2243.2 million, including \$2238.2 million of participant plan expenses and \$5 million for impairment expenses;
- Program 1.2: Community inclusion and capacity development grants—\$33.5 million; and
- Program 1.3: Agency costs—\$574.4 million in operating expenses, including \$125.7 million in community partnership costs and \$5.6 million in grant expenses.<sup>38</sup>

3.29 The committee notes that for 2016–17, the NDIA reduced the ratio of its operating expenses to scheme cost to 25.9 per cent, a decrease from a ratio of 33.3 per cent in the previous year. The NDIA 'ended 2016–17 with an operating surplus of \$617 million'.<sup>39</sup>

3.30 In the committee's first report on annual reports for 2017, the committee noted reports from other government entities that made recommendations relevant to the work of the NDIA and encouraged the NDIA to note those reports in its annual reports.<sup>40</sup> The committee welcomed the information included in the NDIA's 2016–17 report which examined relevant reports of external government entities.<sup>41</sup>

3.31 The committee notes the NDIA's 2016–17 annual report was well-presented and provided extensive and important information regarding the scheme's operations and the NDIA's performance across the reporting period. The committee considers that the NDIA's report is satisfactory.

## **Human Services Portfolio**

3.32 The committee was referred the 2016–17 annual report of Australian Hearing for examination and the committee chose to consider that report in further detail.

### ***Australian Hearing***

3.33 Australian Hearing is a corporate Commonwealth entity established under the *Australian Hearing Services Act 1991* to 'deliver a positive impact on the hearing

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37 NDIA, *Annual report 2016–17*, p. 155.

38 NDIA, *Annual report 2016–17*, pp. 116–117.

39 NDIA, *Annual report 2016–17*, p. 117.

40 Senate Community Affairs Legislation Committee, *Annual reports (No. 1 of 2017)*, March 2017 p. 29.

41 NDIA, *Annual report 2016–17*, pp. 142–143.

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impaired through effective and accessible hearing services, quality clinical care and excellence in client service.<sup>42</sup>

3.34 In 2016–17, Australian Hearing provided 557 531 hearing services to its clients, inclusive of: 69 806 services to 29 683 young Australians under the aged of 21; 8732 services to 4079 to young adults aged between 21 and 26; and 58 837 services to over 24 605 adults with complex hearing needs.<sup>43</sup>

3.35 Australian Hearing visited 238 Indigenous and Torres Strait Island sites in 2016–17 and saw an additional 15.6 per cent of adults, and 4.7 per cent more children and young adults under the age of 26, compared to the 2015–16 reporting period.<sup>44</sup>

3.36 Australian Hearing reported against six activity categories, for which it achieved all targeted results. Highlights of Australian Hearing's performance included: the provision of 390 722 services to voucher holders and the opening of 11 new permanent hearing centres.<sup>45</sup> Out of the 12 performance criteria used by Australian Hearing in 2016–17, 11 of the criteria were met and one criterion was substantially met.<sup>46</sup>

3.37 Total revenue achieved by Australian Hearing in 2016–17 was \$255.3 million, which represented a 4.8 per cent increase over the previous year. Australian Hearing's earnings before depreciation, amortisation and tax were \$38.6 million, and a before tax profit of \$32 million was achieved. Australian Hearing reported capital expenditure for 2016–17 of \$13.7 million, and stated that it 'continued to invest in remote services, new hearing centres and technology to support business efficiencies.'<sup>47</sup>

3.38 The committee commends Australian Hearing on its 2016–17 annual report and notes the clear presentation of its achievements in the delivery of hearing services.

## **Senator Slade Brockman Chair**

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42 Australian Hearing, *Annual report 2016–17*, p. 6.

43 Australian Hearing, *Annual report 2016–17*, p. 21.

44 Australian Hearing, *Annual report 2016–17*, pp. 16, 20–21.

45 Australian Hearing, *Annual report 2016–17*, pp. 16, 20–21.

46 Australian Hearing, *Annual report 2016–17*, pp. 20–21.

47 Australian Hearing, *Annual report 2016–17*, pp. 9–10.