
ombudsman VICTORIAN

Annual Report 2019

A large, abstract graphic composed of numerous thin, teal-colored lines that form a complex, flowing, and somewhat geometric shape. It resembles a stylized 'V' or a series of overlapping, curved planes. The lines are more densely packed in some areas, creating a mesh-like texture, and more sparse in others, giving it a sense of depth and movement. It occupies the lower two-thirds of the page, framing the central text.

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Accessibility

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The Victorian Ombudsman pays respect to First Nations custodians of Country throughout Victoria. This respect is extended to their Elders past, present and emerging. We acknowledge their sovereignty was never ceded.

Letter to the Legislative Council and the Legislative Assembly

To

The Honourable the President of the Legislative Council

and

The Honourable the Speaker of the Legislative Assembly

Dear Presiding Officers,

I am pleased to transmit, in accordance with section 25 of the *Ombudsman Act 1973* (Vic), the annual report of the Victorian Ombudsman's office for the year ended 30 June 2019 for presentation to Parliament.

A handwritten signature in black ink, appearing to read 'Deborah Glass', with a stylized flourish at the end.

Deborah Glass
Ombudsman

24 October 2019

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Ombudsman's message 2019

Photo credit: Daniel Mahon

I am now halfway through my term of office. Ten years is a long time in government terms – two and a half times an electoral cycle – and as I said in my first report, a unique opportunity to realise a vision.

The vision of social justice I expounded in my first year, of using the power of the office to ensure fairness for Victorians in their dealings with government agencies, holds as true today as it did when I started. So indeed does the foresight of the members of the 45th Parliament, who with broad cross-party support had the courage to establish an Ombudsman, with the powers of a standing Royal Commission, in 1973. They recognised the growing imbalance of power between the citizen and the State, and created the Ombudsman to redress it.

It takes an ongoing appreciation of that higher purpose for successive governments

to support and sustain their Ombudsman, through thick and thin, when all too often the Ombudsman in doing his or her job finds it necessary to be critical. It is a testament to successive governments that 45 years after those inaugural debates the Ombudsman institution is as strong as ever.

In that context I welcome the new functions recently bestowed on my office, following the first major review of my Act since 1973, a statement by Parliament that a core objective of the office is to improve public administration. I welcome the inclusion of an education function, and the modernisation of my Act to include functions for complaints review and conciliation, as well as follow-the-dollar powers.

While preparing for these new functions was inevitably a major theme in the last year – and remains so – the core work of the office continued unabated. Complaints continue to rise, including a 14% increase in jurisdictional complaints: a good thing, as more people have heard of the office, we can help more Victorians, and we can do more to draw on the patterns from those complaints to improve public administration.

Some of these resulted in reports tabled in Parliament: complaints about Fines Victoria and VicRoads highlighted both systemic issues and improvements needed. Complaints about State Trustees resulted in a systemic investigation, and a major overhaul of the agency's operations to address the widespread failings exposed. In all these cases I welcome the collaborative response of the agencies: it can be confronting to be subject to an Ombudsman investigation, and it is essential to recognise that improvements in public administration will only be meaningful if embraced by the agencies themselves.

Other work of the office highlights the theme of staying relevant to the issues affecting Victorians. Sometimes a single complaint can highlight a systemic issue, such as that of Ambulance Victoria charging an excessive fee for treatment without transport to people who did not call, or use, an ambulance. This complaint resulted in a report to Parliament, and changes to Ambulance Victoria's practices.

We can also achieve improvements in public administration without a formal investigation, as demonstrated by the spike in complaints we received about Solar Victoria and the

Registry of Births, Deaths and Marriages, and our work with the agencies to address them. One of my tabled reports this year was on the theme of early resolution – seeking to resolve public complaints in a timely way and to the benefit both of the complainant and the agency. I encourage all agencies to recognise that a constructive response to Ombudsman enquiries can lead to better outcomes – and fewer complaints.

Human rights, and social justice for the most disadvantaged in our community, continue to be core themes for the office. This year they were publicly expressed in my report on unfitness to stand trial: the shocking case of the woman who spent over 18 months isolated in prison because there was nowhere else for her to go. They continue to be expressed in my work to support the implementation of the UN's Optional Protocol to the Convention against Torture, where we worked with both government and non-government partners to investigate the experience of children and young people in solitary confinement within our justice system.

Despite the tens of thousands of public complaints my office deals with each year, it would appear we remain best known for the reports I table into allegations of misconduct, usually referred to by IBAC. Referrals from IBAC have increased some 300% in the past four years. Those that result in investigations are all too often on familiar themes such as nepotism and misuse of public funds, exemplified in my reports on the former Principal of Bendigo South-East College and former Managing Director of Goulburn-Murray Water.

It is also notable that Parliament continues to make use of its special power to refer any matter to the Ombudsman for investigation. Previous Ombudsmen received three such referrals in the first 40 years of the office; I have received three in the last four years. I see this as a tribute to the investigative neutrality and competence of the office – I am Parliament's Ombudsman, and encourage Parliament to continue to make use of my Royal Commission powers, not only to investigate their colleagues.

Education and outreach continue to be important, albeit modestly funded, activities for the office: we delivered 46 workshops on good complaints handling, conflicts of interest and dealing with challenging behaviour

– another way of seeking to build the capabilities of agencies and improve public administration without formal investigation. We trialled a regional hub in Geelong and have started engaging with Community Legal Centres on the many areas where we can help their clients. I now regularly visit Ballarat to speak on ABC Statewide Radio to talk directly with people around regional Victoria.

The coming year will no doubt see more challenges and opportunities, including an expanded jurisdiction, embedding the new functions, and dealing with new obligations in my investigations and in the area of public interest disclosures. I welcome the inclusion of budget independence in my Act: a vital principle, when tasked with investigating executive government, that it is not appropriate to be reliant on the executive for funding.

I am grateful that in this past financial year my office, for the first time in my term, received sustainable funding. But it is regrettable that such funding is only allocated for a year. Integrity agencies should be above, and seen to be above, the politics of the day; being funded to do the job expected by Parliament should not be a matter for annual negotiation. I look forward both to the independence of my budget to commence in July 2020, and to receiving the essential additional funding required to make that transition. New powers without funding would make a meaningless gesture of an important principle, so I have alerted the government that I will run an operating deficit if necessary to achieve that.

I expect to receive the funding needed to support the second half of my term, to realise the vision of fairness for more Victorians, in their dealings with government and to improve public administration and to enable me to discharge my statutory responsibilities as the public and Parliament would expect.

The growing volume of work, from handling enquiries to public reports, finding efficiencies while building new systems and preparing for new functions, powers and obligations, is testament to the dedication of my staff and management team. Once again, they have dealt with change and challenge with consummate professionalism. Once again, I thank them.

Deborah Glass
Ombudsman

YEAR AT A GLANCE 2018-19

43,246

people contacted us

up 9%



17,342

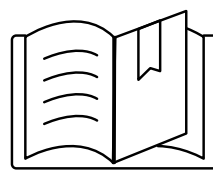
complaints we
could deal with

up 14%

5,048

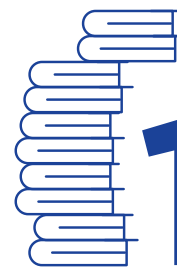
formal enquiries of
public organisations

up 30%



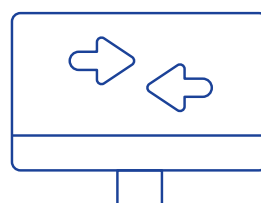
98%

of recommendations accepted
(in full or partially) by public
organisations



10

reports tabled
in Parliament



600+ Facebook
followers
up 63%

19,274

matters redirected
via phone or website



720 LinkedIn
followers
up 94%

46

workshops held for public organisations
on Good Complaint Handling,
Conflict of Interest and Dealing
with Challenging Behaviour



2,700

Twitter followers
up 17%

18 drop-in sessions for public
at the Geelong Hub
a pilot outreach project

About us

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Our work

About us

Establishment

Recognising the power imbalance between the individual and the state and the need for government transparency and accountability, the Victorian Parliament established the office of the Victorian Ombudsman on 30 October 1973. The Ombudsman is an independent officer of the Parliament under section 94E of the *Constitution Act 1975* (Vic).

Purpose

Ensure fairness for Victorians in their dealings with the public sector and improve public administration.

Operation

Our day-to-day work involves:

- taking complaints about administrative actions of state government departments, bodies established by legislation (eg WorkSafe, VicRoads) and local councils (and some private organisations acting on behalf of those bodies)
- making enquiries and resolving complaints informally where possible
- investigating when needed and making recommendations for change
- receiving and investigating complaints under the *Protected Disclosure Act 2012* (Vic)
- examining systemic problems in public administration.

We do not advocate for members of the public or for authorities. We make decisions based on evidence and operate in accordance with the *Ombudsman Act 1973* (Vic).

We can also consider whether administrative action is compatible with Victoria's *Charter of Human Rights and Responsibilities Act 2006* (the Charter).

The *Terrorism (Community Protection) Act 2003* (Vic) requires us to be notified when a preventative detention order or prohibited contact order is made, and if a person is taken into custody. We can receive complaints and make representations to a nominated senior police officer about a person's treatment in connection with their detention.

Most of our work takes place in private in accordance with our legislation, but the Ombudsman can decide to make our work public in certain circumstances.

Human rights

The Victorian Human Rights Charter sets out 20 rights and freedoms protected in Victoria. It recognises all people are born free and equal in dignity and rights, subject to reasonable limitations applied in accordance with the Charter.

Human rights principles have always been central to our work. The introduction of the Charter in 2006 amended the Ombudsman Act and empowered us to make explicit what had always been implicit in our work. By looking at public administration through the lens of human rights, we can investigate and encourage a culture of human rights compliance across the public sector.

For more information about our human rights work, see pages 48-50.

Our work

Our core statutory work falls into three main categories:

- informally resolving and investigating complaints about administrative action
- investigating systemic issues
- investigating protected disclosure complaints about improper conduct.

The Ombudsman Act defines ‘administrative action’ broadly. It can include a decision to grant a permit, a failure to provide a service, the formulation of a proposal, and the making of a recommendation to a Minister. We consider whether these administrative actions are contrary to law, unreasonable or unfair.

Our main function under the Ombudsman Act is to investigate administrative actions taken by or in an authority in the public sector. That may be a state government department or administrative office or another body such as:

- a private or public prison
- a body established by legislation, such as the Transport Accident Commission
- a local council
- a body acting on behalf of local or state government bodies.

We also undertake a range of other work: collaborating, educating and engaging with communities to raise awareness of our work, drive improvement in the public sector and ensure fairness is at the heart of administrative decision making.

Who we can investigate



Vision

There are four principles that guide our work:

1. ensuring **fairness** through independent and impartial complaint resolution and encouraging fair and reasonable decision making within the public sector
2. enhancing **accountability** by independently investigating serious matters and reporting on improper conduct and poor administration
3. fostering **continuous improvement** by assisting agencies learn from complaints and investigations and by investigating systemic issues and identifying solutions
4. protecting **human rights** by investigating whether an action or decision is incompatible with human rights and making it easier for vulnerable people to complain.

Strategic Framework 2017-2020

Strategic Framework 2017-2020

Our intent

ensure Fairness

- independent and impartial complaint resolution
- encourage fair and reasonable decision making within the public sector

enhance Accountability

- independently investigate serious matters
- report on misconduct and poor administration

support Continuous Improvement

- assist agencies learn from complaints and investigations
- investigate systemic issues and identify solutions

protect Human Rights

- investigate whether an action or decision is incompatible with human rights
- make it easier for vulnerable people to complain

Our purpose

Ensure fairness for Victorians in their dealings with the public sector and improve public administration.

Our commitment

To provide accessible and responsive services that are:

- free, independent and impartial
- open, transparent and evidence based
- focused on practical and meaningful outcomes to address injustice
- sensitive to the circumstances of individuals and communities with specific needs
- delivered by skilled and committed professionals
- consistent with the same standards we expect of others.

To educate Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector.

To be courageous in challenging poor public administration.

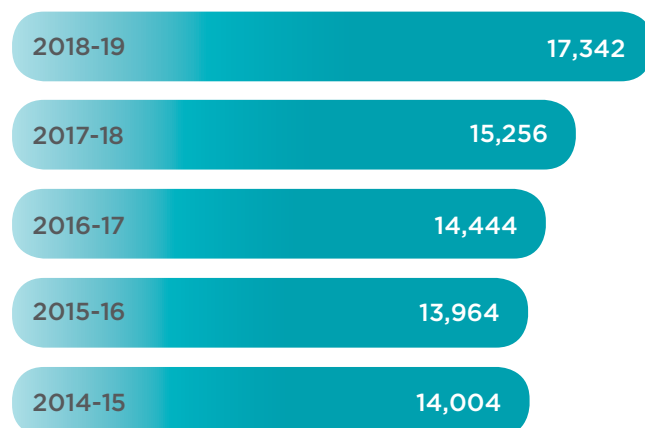
To constructively assist the public sector to continuously improve its standards and practices.

To provide authoritative and informative reports to the Victorian parliament.

ombudsman VICTORIAN

Contact with us

Number of complaints (which we had the powers to deal with) raised with us



When we are not the most appropriate body to handle a complaint, we direct people to somewhere that can. Since 2013 we have had a phone redirection service, and since 2014, both a phone and website redirection service. These have helped us get people to somewhere that can help without them having to speak to our staff. In 2018-19 our redirection services were used 19,274 times.



Matters within jurisdiction in 2018-19

Contact with us in 2018-19



Matters dealt with

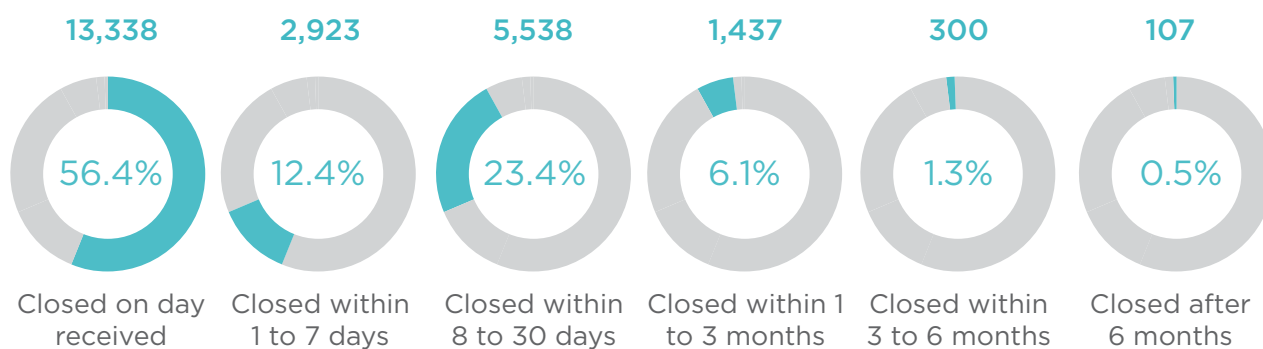
In this report:

- a 'matter' is any contact dealt with by an Ombudsman officer, not including redirected contact
- a 'complaint' is a matter within our scope that was dealt with by an Ombudsman officer.

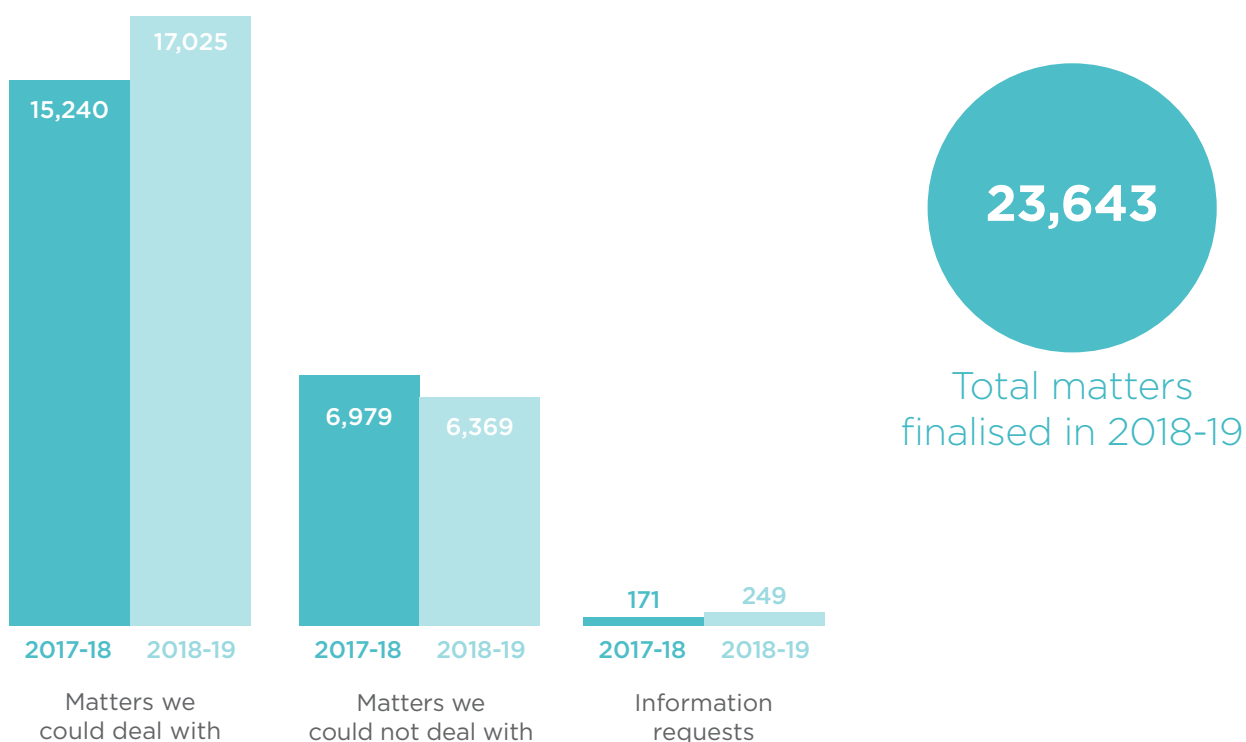
This year we finalised 23,643 matters – about five per cent more than last year.

This includes matters we could deal with (within our scope), ones we could not deal with (outside our scope) and information requests.

Time taken to close approaches in 2018-19



Matters finalised in 2018-19



Enquiries and investigations

One of the first steps we take in an enquiry is to ask the public organisation to comment on the complaint that has been made about it and to explain its actions.

Many complaints are able to be resolved at the enquiry stage. The outcomes may include:

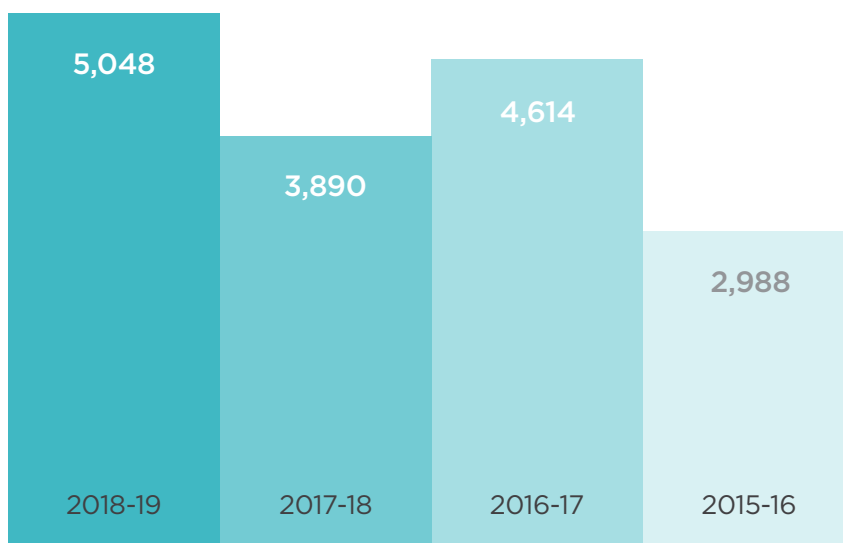
- the organisation demonstrates that it acted fairly, had sound reasons for the action or decision, and provides evidence to substantiate its position

- the organisation acknowledges an error and takes steps to remedy the matter
- the organisation is able to provide a solution to the person's concerns that is fair and reasonable.

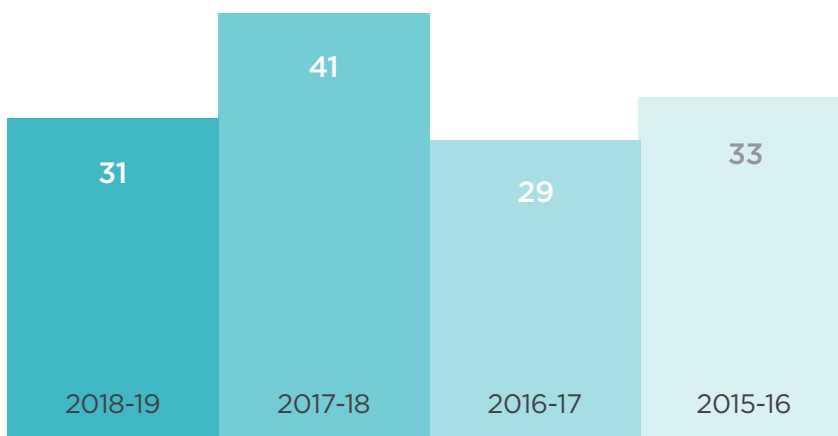
If the matter is not resolved through enquiries, the Ombudsman may decide to investigate.

The complexity of enquiries and investigations can vary greatly. They may simply involve a phone call or an email, or months of work and the tabling of a report in Parliament.

Enquiries finalised



Investigations finalised



Recommendations

Our investigations highlight examples of failures in public administration and poor behaviour by public sector employees. They include recommendations aimed at preventing similar issues occurring in the future.

In 2018-19, the Ombudsman made 43 recommendations to public organisations, 98% of which were accepted in full or partially.

Every two years, the Ombudsman tables a public report on the implementation of her recommendations. This ensures public organisations are held to account.

In July 2018, the Ombudsman published a report which looked at the implementation of 123 recommendations made by the Ombudsman between 1 April 2016 and 31 March 2018.

We reported on both positive progress and areas where there has been a lack of progress in implementing the recommendations. Some of the actions and initiatives prompted by recommendations included:

- **Refunds and payments to individuals**

As a result of our investigation into the financial support provided to kinship carers, the Department of Health and Human Services paid more than \$200,000 in entitlements and back payments to kinship carers.

- **Changes to unfair systems**

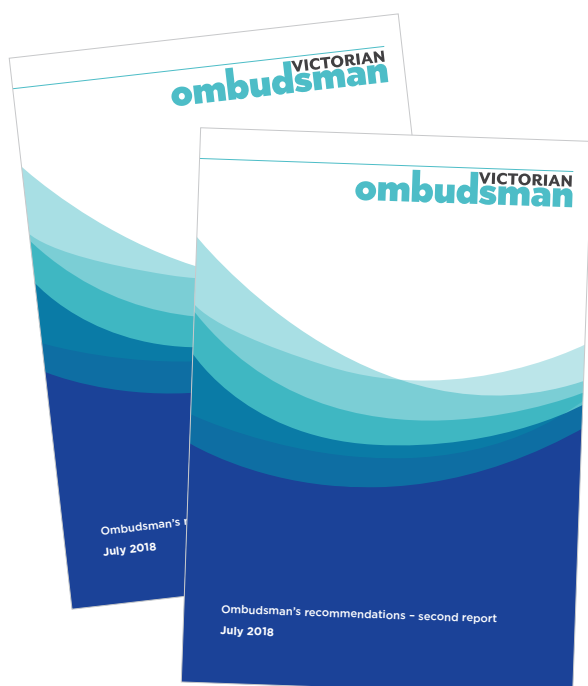
The Department of Economic Development, Jobs, Transport and Resources abandoned on-the-spot penalty Myki fares after we found the approach did not actually target and prevent recidivist offenders.

- **Strengthening recruitment and financial controls**

In response to a report into the conflicts of interest of a former employee of the Metropolitan Fire and Emergency Services Board, policies and training within the brigade were revised to prevent nepotism in recruitment decisions.

- **Ensuring human rights are observed**

Following our *Implementing OPCAT in Victoria: report and inspection of the Dame Phyllis Frost Centre* report, the Centre implemented new technology to look for contraband via scanners instead of invasive strip searches.



What we do

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Driving systemic improvements

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Protecting human rights

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Parliamentary referrals

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Protected disclosures

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Engagement



Complaints

While the Ombudsman is best known for investigations and public reports, the beating heart of our office is the tens of thousands of complaints we receive from the public each year. Complaints are our core business and the numbers we receive that we can deal with (in our jurisdiction) continue to grow, up 14% this year.

When we receive a complaint, we might make enquiries to try to resolve it informally, without needing to begin an investigation. This usually involves asking for an explanation about an organisation's actions. We may also ask for a proposed resolution.

We might make proposals if we consider the organisation's actions have been unfair or unreasonable and when there is a practical outcome that can be achieved.

Early Resolution

Early resolution is an approach to assessing complaints which prioritises identifying and resolving them at the first possible opportunity, preventing small issues from growing into larger ones.

We work collaboratively with organisations – often on the phone – and make assessments about the prospects of resolving matters.

Our Early Resolution Team (ERT) handles about 90 per cent of contacts to our office, closing most within 30 days.

The following case studies demonstrate some of the work ERT does.



Early resolution case study: Teacher registration renewal

Melissa* is a teacher of 24 years and renews her registration every year. In October 2018, she received an SMS notification from the Victorian Institute of Teaching (VIT) advising her that an email to her had bounced and she needed to update her email address via the online portal. However, she was unable to access the portal.

On the same day she received another SMS advising that she did not need to pay an invoice but was required to update her email.

Melissa later received a letter saying that she was deregistered as a teacher as she had failed to make the required payment. When she contacted the VIT she was told she needed to provide all the required paperwork for her registration to be reinstated.

We contacted the VIT who fast tracked Melissa's application and re-registered her as a provisional teacher to allow her to teach straight away.

*As for all case studies in this report, names of people have been changed.



Early resolution case study: Births, Deaths and Marriages

In February 2019, our Early Resolution Team identified a significant increase in complaints about the Registry of Births, Deaths and Marriages. Most complaints were about delays and dissatisfaction with communication from the Registry, including instances of people not being able to get through to the Registry call centre.

Our office followed up a number of individual complaints, including Joanne's.

Joanne applied for a birth certificate in February 2019 so she could apply for a passport for a trip overseas in July. In May she contacted us, having not heard anything since submitting the application to the Registry.

Through contact with the Registry, our office was able to ensure Joanne received her certificate in early June, giving her enough time to get a passport before her trip.

Our office arranged meetings with the Registry to discuss the pattern of complaints. The Registry advised us they had moved to a new core IT operating system in February 2019. This had involved a 5-day closedown period and was a significant undertaking, creating unforeseen issues impacting the Registry's service levels.

The Registry was transparent with our office about the problems they were having in resolving these issues, and we encouraged them to extend this openness to customers awaiting their important registration documents. We suggested the Registry tailor its communications to advise customers of realistic timeframes and expected delays. We also suggested they allocate additional resources so they could return to their usual service levels as promptly as possible.

We responded to the increased volume of complaints by collating enquiries into weekly 'batches' and participating in regular visits and meetings with the Registry.

The Registry responded by:

- increasing staff levels
- implementing a call back system for customers
- increasing their standard operating hours.

Our office continues to meet with the Registry to ensure complaints are resolved as soon as possible.



Early resolution case study: Solar Victoria

In January 2019, our Early Resolution Team flagged that they were receiving many complaints about Solar Victoria. The complaints were about delays in processing solar rebate applications and in responding to customer enquiries.

Our office followed up a number of individual complaints, including Matthew's.

Matthew contacted us in March 2019 about delays in receiving the solar rebate, saying his family had made sacrifices in the lead up to Christmas so they could get the panels installed late last year.

His thoughts at the time were 'let's get the solar panels done, we will have the \$2,225 rebate by end of January 2019.'

He submitted his application on 3 December 2018 and was told the outcome would be provided to him in four to five weeks.

After more than five weeks and multiple back and forth attempts by Matthew and Solar Victoria to complete his application, he contacted us.

We contacted Solar Victoria and asked the status of Matthew's application. They responded saying additional documentation was required to complete his application. This had delayed payment.

Solar Victoria contacted Matthew the same day we contacted it, letting him know his application would be assessed and processed and he would receive payment in coming days.

We met with Solar Victoria and discussed the pattern of complaints we had received.

Solar Victoria indicated that they had been processing approximately 1,000 applications for the solar rebate per week since August 2018. They acknowledged they had not been prepared for the enormous public demand. They had estimated they would receive 24,000 applications within a year – this estimate was surpassed within the program's first five months.

To assist the Ombudsman in responding to complaints about these issues, Solar Victoria:

- appointed a liaison to handle contact with our office
- began reviewing its complaints handling process in line with the Victorian Ombudsman's 'Complaint Handling Guide for the Victorian Public Sector'
- provided a copy of their Frequently Asked Questions (and Answers) to assist us in addressing queries and complaints.

To address the concerns raised, Solar Victoria more than doubled the number of staff in its call centre and processing divisions.

Assessments

If a complaint cannot be speedily resolved through early resolution, our Assessments team is responsible for managing these more complex complaints. This can involve:

- analysis of complex supporting material to the complaint
- researching legislation, policies and procedures
- making detailed enquiries with the organisation
- inspecting files, documents and systems or examining the processes or practices of an organisation
- meeting with the parties to the complaint
- site visits
- negotiating a resolution to address the complaint.

The following case studies demonstrate some of the work Assessments does.



Case study: WorkCover payments reinstated

Steve was working as a labourer when he injured his neck at work in 2014. He made a WorkCover claim which was accepted by his WorkCover agent, Gallagher Bassett.

Steve tried to return to work a few times, but eventually stopped work completely in early 2017 because of his injury. He also developed a secondary mental injury and chronic pain syndrome.

Steve received weekly payments for loss of income. However, in late 2018, Gallagher Bassett terminated his payments because he had or would have capacity to work in the foreseeable future. Gallagher Bassett relied on the opinions of three Independent Medical Examiners (IMEs), even though they were unclear and inconclusive about when and if Steve would have capacity to work.

Steve disputed the decision at conciliation, but the matter could not be resolved. This meant that Steve had to go to court if he wanted to take the matter further.

Steve complained to us. After reviewing Steve's claim file, we raised concerns with Gallagher Bassett and WorkSafe that the available medical evidence did not support the termination. WorkSafe also reviewed all of the evidence and decided to overturn the decision. Gallagher Bassett reinstated Steve's entitlement to weekly compensation as of the date its original decision was made. This meant Steve was back-paid over \$20,000.



Case study: Grandmother's Educational Maintenance Allowance returned

Violetta, an elderly woman, is the carer of her grandson.

While her grandson was attending high school, Violetta received an Educational Maintenance Allowance for him via his school. Violetta said she instructed the school to keep the allowance to go towards a school trip for her grandson to China.

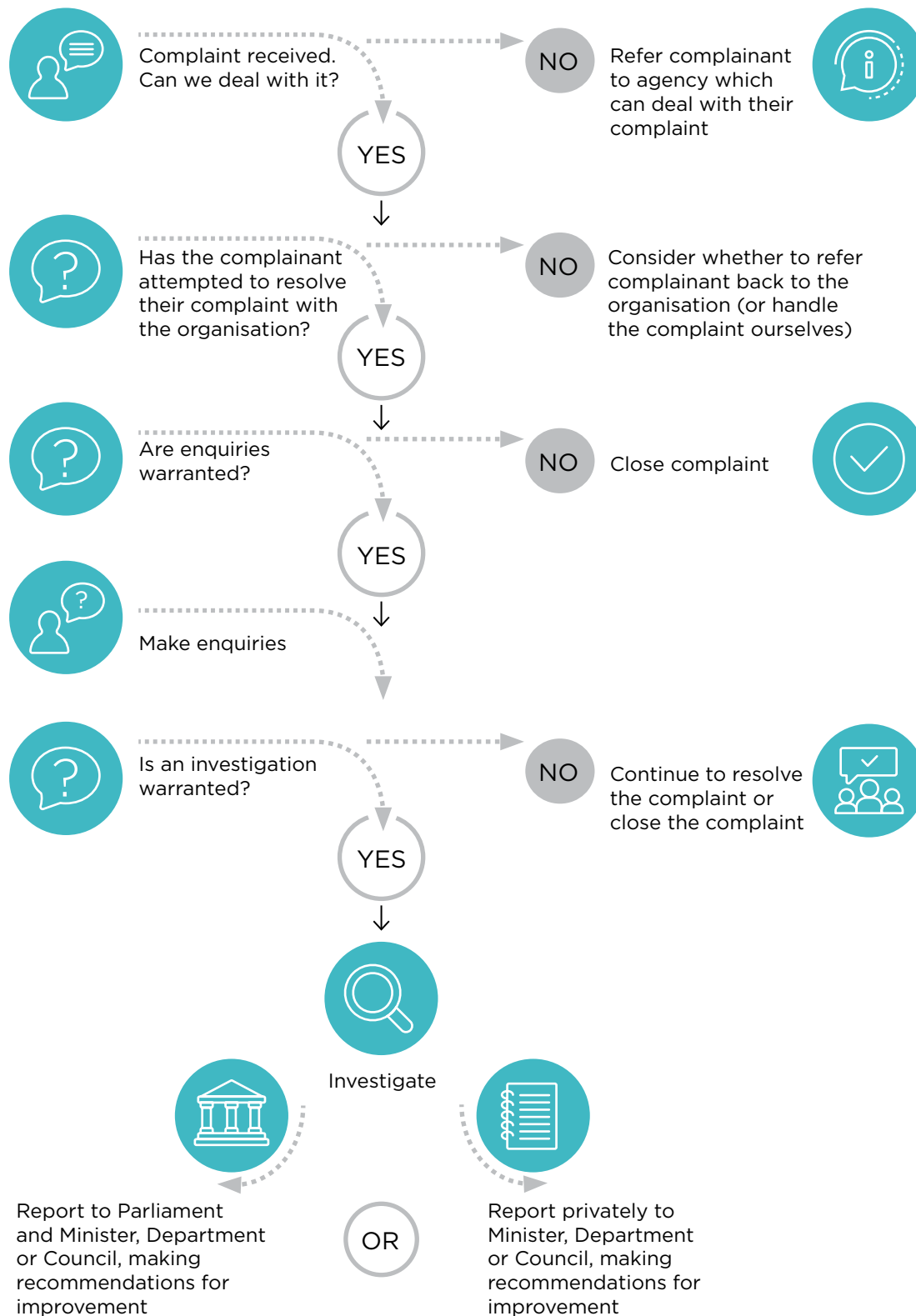
Violetta contacted us, saying the school cancelled the trip but had kept the allowance.

We made enquiries with the Department of Education and Training, which confirmed the school had received the allowance. They said the school had no record of a request by Violetta to set funds aside and indicated no school trip to China had been planned or taken place (the school instead organises trips to Japan).

According to the school, Violetta had given permission for them to spend the allowance in support of her grandson's school needs. However, the Department was not able to produce documentation showing that Violetta had provided permission to the school to spend the allowance. That being the case, the school reimbursed Violetta a total of \$460.



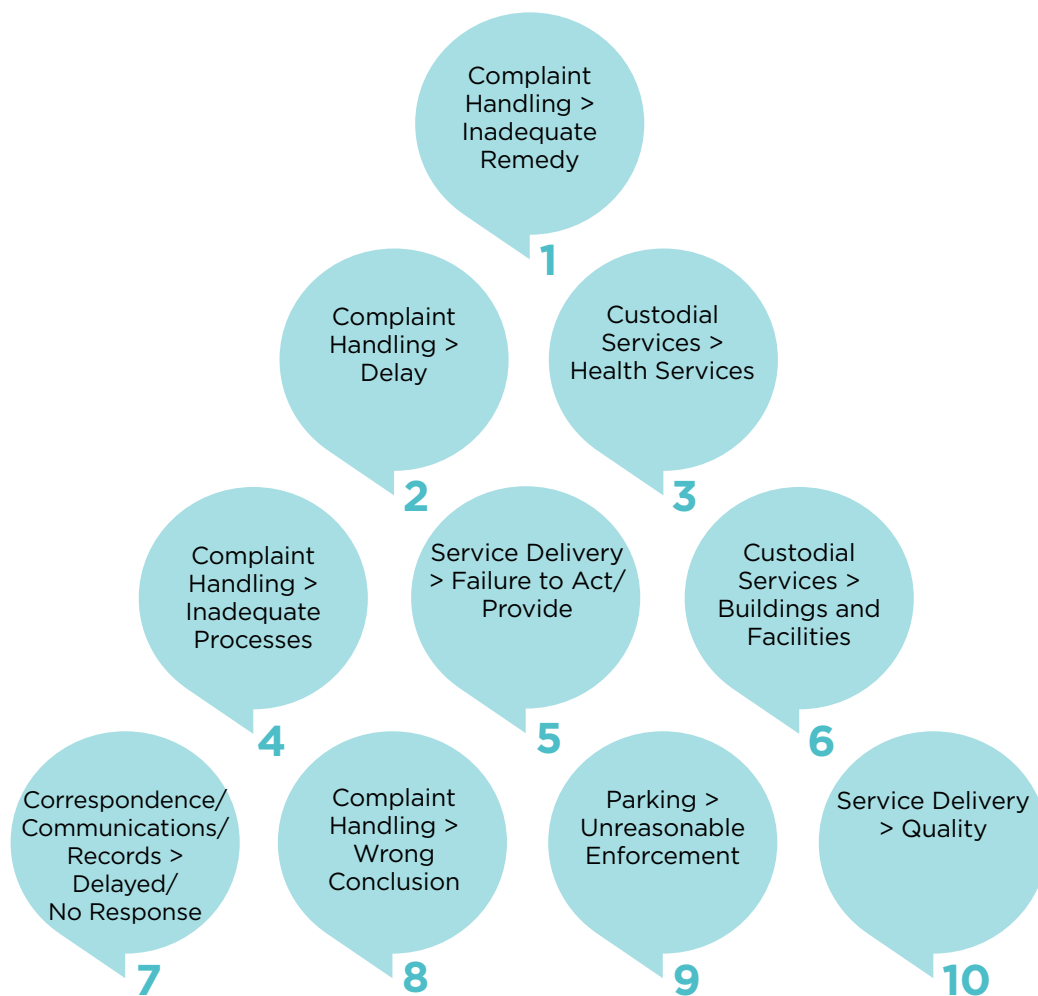
Complaints flowchart



What people complained about

There are consistent themes to the top ten issues complained about to our office over the last few years. This includes complaint handling, prison health services, and failing to provide a service.

Top 10 issues complained about to the Ombudsman in 2018-19



Complaints about departments (including their agencies)



Corrections, Justice and Regulation

Corrections, Justice and Regulation includes:

- Corrections Victoria, which manages Victoria's prisons
- Department of Justice and Community Safety, which manages youth justice
- Justice Health, which provides health services in public prisons
- Fines Victoria, previously Civic Compliance Victoria
- Sheriff's Office
- Victorian Commission for Gambling and Liquor Regulation.

Fast facts 2018-19



6,293
complaints

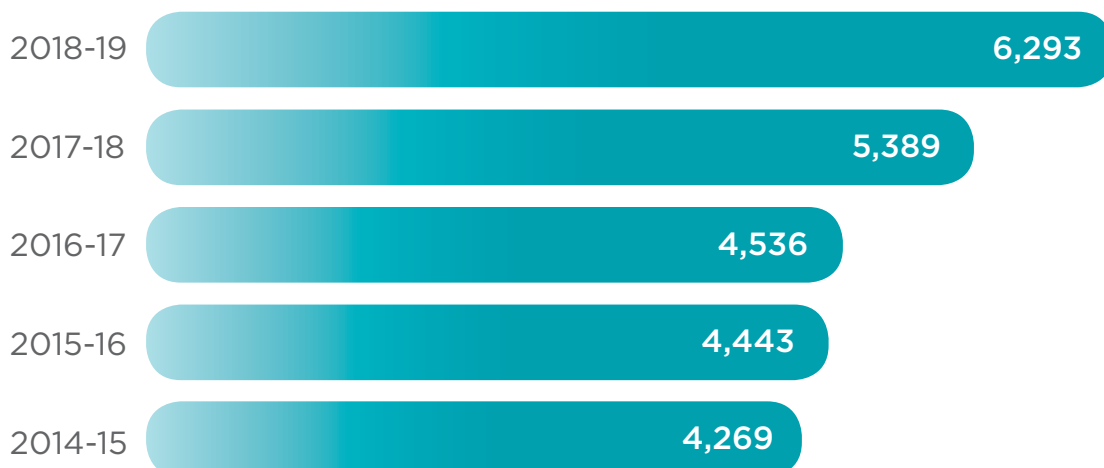


37%
of total
complaints



62%
about
prisons

Complaints about Corrections, Justice and Regulation over five years





Corrections, Justice and Regulation

This year there was a 17 per cent increase in complaints about Corrections, Justice and Regulation compared to 2017-18. This department is, among other things, responsible for prisons, youth justice facilities and a number of statutory agencies including Fines Victoria, the authority responsible for the administration of traffic, unregistered vehicle and other infringements. While prisons continue to account for a majority of these complaints, we also experienced an increase in complaints about Fines Victoria.



Case study: Language rights in youth justice facilities

Naseem called our office to complain that a youth justice staff member had prevented him from speaking in a language other than English to one of his teachers at a youth justice facility. This was the second time this had occurred. The first time, Naseem had complained about it to management and was assured it would not happen again.

Our office made enquiries with Youth Justice Custodial Services (part of the Department of Justice and Community Safety). We asked whether there were any restrictions on speaking in languages other than English while in a youth justice facility, and if so, how these restrictions were compatible with the *Charter of Human Rights & Responsibilities Act 2006* (Vic).

Youth Justice Custodial Services told us children and young people in youth justice custody were allowed to communicate in different languages. It said any restrictions on this right would be rare and would require the approval of management.

A manager at the facility spoke to Naseem to address his concerns. In addition, all staff were informed of the right of young people to speak in their language in youth justice custody. Human rights training has also been delivered to all staff as part of refresher training.



Report: Fines Victoria complaints

In 2018, we received 605 complaints about Fines Victoria.

Fines Victoria began operation on 31 December 2017; and early in 2018, Ombudsman staff observed a 74% increase in the number of complaints received about the new agency, compared with those received about its predecessor Civic Compliance Victoria.

Number of complaints made to the Ombudsman about Fines Victoria, compared with complaints made about its predecessor, Civic Compliance Victoria



Source: Victorian Ombudsman

There were instances where people had their licences wrongly suspended or were treated as liable for substantial fines when they had committed no offence. Payment plans for people facing serious financial hardship were not administered properly. Frustration was compounded by people's inability to get through to Fines Victoria to have their complaints heard and resolved.

Our report aimed to share the experiences of Victorians affected by these challenges, along with providing commentary on themes arising from the complaints and the improvements proposed by Fines Victoria to address them.

continued on next page...



Report: Fines Victoria complaints

Thirteen case studies were shared, including:

- A father who kept receiving enforcement letters for \$7,600 worth of fines incurred by his late son. The father tried to contact Fines Victoria on several occasions to have the fines withdrawn, but he was either put through to an automated service, put on hold, or complaints he made online went unanswered.
- A pensioner from country Victoria who thought he had paid off his infringement via a payment plan but who received a legal letter of demand for \$1. To add to his frustration, Fines Victoria's systems didn't allow him to pay the \$1 fine online or at his local post office.
- A taxi owner and driver who went without wages for a month when his licence was suspended. The taxi was shared amongst three drivers and one of the other drivers admitted to committing the traffic offence. Fines Victoria initially refused to accept the taxi owner's form nominating the other driver – saying it was received one day past the deadline – only to accept the form, and cancel his suspension, some weeks later. By then, the taxi driver had served a month's suspension.

Fines Victoria was candid about its failings and quick to recognise its performance was less than satisfactory. They put significant resources into eliminating backlogs and addressing the IT challenges that had contributed to them.

However, we pointed out that the issues were not solely caused by IT failures. Some stemmed from poor communication, inflexible exercise of discretion, or poor handling of complaints. While these are unfortunately consistent themes in many agencies, if the system is failing it is even more important to get the human element right.



Report: Investigation into the imprisonment of a woman found unfit to stand trial

In 2017, Victoria's Public Advocate drew the Ombudsman's attention to the plight of her client 'Rebecca', a 39-year-old woman with 'borderline intellectual function' and 'pervasive developmental disorder' (a type of autism spectrum disorder).

Rebecca was on remand in prison for resisting police and breaching intervention orders taken out by her family, who could no longer cope with her challenging behaviour.

The Ombudsman heard:

- The prison was locking Rebecca in her cell 23 hours a day, where she 'screams with distress, for hours on end'.
- The prison was using untrained prison officers to help Rebecca with showering and other personal care.
- Although juries found Rebecca 'unfit to stand trial' and not guilty because of her disabilities, she remained in prison because there was nowhere else for her to go.

Our investigation found Rebecca's treatment was the result of significant service gaps for people with complex disabilities and behaviours.

Rebecca spent her teens and 20s in the mental health system but doctors later determined she did not have a treatable mental illness, so she no longer qualified for their care. She did not meet the criteria for State disability services either. Professionals agreed she needed help, but no one could agree on who was responsible. For Rebecca, this led to homelessness and prison.

The investigation found the prison system is not equipped for people like Rebecca as it does not have a specialist unit for women with cognitive impairment. The prison placed Rebecca in the best unit available, its mental health unit, but locked her in her cell for the safety of herself and others. Although the investigation found officers in the unit treated Rebecca with care and kindness, conditions were harsh and breached her human rights.

There is no single agency or office in Victoria responsible for finding solutions for people like Rebecca. Agencies and services held meetings over many months. However, by the time accommodation and carers were arranged for her release, she had been in solitary confinement in prison for more than 18 months.

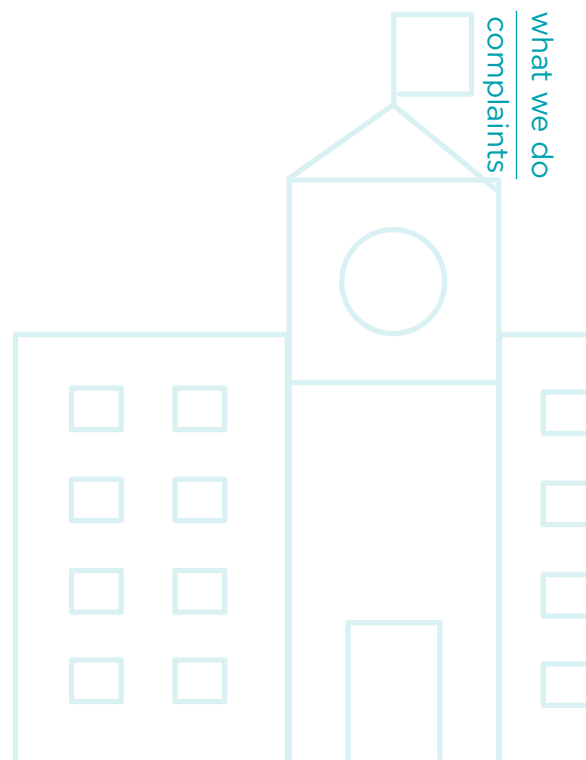
Unfortunately, Rebecca's case is not isolated. We heard about other people with complex disabilities who have been found unfit to stand trial but remain in prison because there is no suitable alternative.

The departments involved accepted the Ombudsman's seven recommendations to improve:

- conditions in prison for people with mental impairment, particularly women
- coordination between agencies where people are found unfit to stand trial.

The Ombudsman also recommended responsible Ministers invest in secure therapeutic alternatives to prison for people like Rebecca.

Local government



Fast facts 2018-19



3,711
complaints



22%
of total
complaints



400
cases we
made
enquiries
about

Complaints about local government over five years





Local government

Complaints about local government typically make up about a quarter of all those we can deal with; in 2018-19 they made up 22 per cent.

There was a nine per cent increase in complaints about councils, although the number of total complaints was similar to those received two years ago. The issues raised were across the range of council services including planning, local laws, parking and rates. Complaints also concerned conflict of interest, improper conduct, poor governance and complaint handling. Complaints about the way councils handled complaints accounted for four of the top ten issues raised about local government.

In 2019-20, we will be improving and updating our *Councils and complaints – A good practice guide* (2015), so it provides more useful guidance for councils on how to handle complaints. It will provide more case studies and examples, tips for selecting appropriate remedies for complaints, and more information about human rights and accessibility.



Case study: Paying for two waste bins when only using one

In 2018, Sharon noticed she had been paying Kingston City Council for two waste bins since she purchased her property in 2012. She contacted the Council to have the extra \$130 charge removed and to be reimbursed for the extra charge she had paid since 2012.

The Council removed the extra charge for that year and updated her rates notice so she wouldn't be charged again for the extra bin. However, the Council refused to reimburse Sharon for the charges dating back to 2012. She wrote to the Council twice but did not receive a response.

When Sharon contacted us, we made enquiries with the Council about how it manages situations where a change in property ownership may mean the new property owner does not want, or know they are paying for, an extra bin.

The Council promptly acknowledged Sharon's difficulties in resolving the matter and organised a full refund of all charges dating back to 2012. They also said they would address the systemic causes of her complaint by:

- itemising bin charges on rate notices so ratepayers can clearly identify what bins are listed against their property
- contacting all internal business areas to remind them to respond to correspondence in a timely manner.



Case study: Parking fine caused by human error

Peter contacted us after Port Phillip City Council initially refused to withdraw an \$81 parking fine. He had used the PayStay app on his phone to pay for the parking. However, he made an error when entering his number plate, putting in a zero instead of the letter O. Given he had paid for the parking, he requested the fine be withdrawn.

We contacted the Council, suggesting it could use its discretion to withdraw the fine since it was the result of human error. The Council confirmed it had already withdrawn the fine and replaced it with a warning, following a review of the circumstances. It has since updated its guidelines for parking appeals, so infringements that are appealed under similar circumstances are withdrawn and a warning given instead.



Case study: Dumped waste on private property

Sebastian observed a contractor dumping rubbish on his land. He spoke to the contractor who told him that Colac Otway Shire Council had indicated it was Council land and had directed him to dump the rubbish there.

Sebastian contacted the Council several times to ask them to remove the rubbish. He was told he would need to do it himself as it wasn't the Council's responsibility.

When Sebastian first contacted us, we told him to make a formal complaint to the Council's Chief Executive Officer. In response, the CEO said they had instructed the contractor to remove four loads of fill, which they understood was completed within a week.

However, Sebastian subsequently told us the rubbish had not been removed and neighbours had observed the contractor dumping approximately 20 truckloads.

We made enquiries with the Council, which looked into the situation and contacted Sebastian to discuss a resolution. The Council said they would instruct the contractor to remove the rubbish and to level the property on Sebastian's behalf. Sebastian offered to donate the land for community use. The Council said they would consider his offer as it may be of great benefit to the community.



Case study: \$1,000 bond returned to property owners

Stephanie approached us, dissatisfied with the actions of Whitehorse City Council in not returning a \$1,000 bond she and her husband paid in 2010.

Stephanie and her husband paid the bond before undertaking work on their property, to cover any damages caused to the Council's assets, such as footpaths. After the works were completed, her husband went to the Council to recover the bond, but it was not refunded.

In February 2019, they received a letter from the Council which said due to damage caused to the footpath during the works, the bond would be retained by the Council unless the couple fixed the footpath within 50 days. The Council said it had sent her husband a notice in 2011 regarding this matter, however Stephanie said they didn't receive it. When Stephanie contacted the Council, she was told they discovered the issue while conducting a review.

We contacted the Council and advised that the *Limitation of Actions Act 1958* (Vic) prevents the recovery of debts over six years old. Given this, we believed it was unreasonable to pursue this matter with Stephanie and her husband, particularly when the evidence provided by the Council of damage to the footpath was unclear.

The Council agreed to waive the matter, returning the \$1,000 bond to Stephanie and her husband. It has put measures in place so all outstanding bonds are addressed before the six-year mark.

Complaints about local councils

Table 1 (on the following page) lists the number of complaints we received about each Victorian council in 2018-19, as well as any action taken on those complaints.

This year we have expanded the data we provide for each council in response to feedback from councils.

As well as providing the total number of complaints made to us about each council, we are also categorising whether we:

- considered the complaint to be 'premature' as the person making the complaint had not yet contacted the Council to give them an opportunity to resolve the matter. Such people were advised they could re-contact the Ombudsman if they remained dissatisfied with the Council's response
- assessed the complaint but did not make enquiries with the Council for one of several reasons, including but not limited to
 - we assessed the action or decision of the Council was not wrong
 - an error may have occurred but the Council had dealt with it appropriately
 - the person making the complaint could pursue the matter through a court or tribunal and it was not appropriate for the Ombudsman to exercise her discretion to look into the matter
- made enquires with the Council to assess and resolve the complaint.

We have also grouped the councils according to the five council types or 'comparator groups' adopted by Local Government Victoria for its Local Government Performance Reporting Framework. These five types are: Metropolitan, Interface, Regional city, Large shire and Small shire.

Table 1: Complaints to the Ombudsman about Victoria's 79 local councils

Council name	Total	Advised to contact Council	Assessed – no enquiries	Enquiries
Metropolitan				
Banyule City Council	71	30	32	9
Bayside City Council	83	50	30	3
Boroondara City Council	61	29	25	7
Brimbank City Council	81	46	23	12
Darebin City Council	93	54	29	10
Frankston City Council	60	30	21	9
Glen Eira City Council	95	45	39	11
Greater Dandenong City Council	53	26	22	5
Hobsons Bay City Council	75	36	32	7
Kingston City Council	101	45	38	18
Knox City Council	53	34	15	4
Manningham City Council	54	29	19	6
Maribyrnong City Council	89	44	31	14
Maroondah City Council	41	24	15	2
Melbourne City Council	111	49	47	15
Monash City Council	69	36	31	2
Moonee Valley City Council	68	32	25	11
Moreland City Council	138	71	47	20
Port Phillip City Council	72	29	34	9
Stonnington City Council	79	34	41	4
Whitehorse City Council	68	32	27	9
Yarra City Council	85	40	31	14
Regional city				
Ballarat City Council	46	24	14	8
Greater Bendigo City Council	56	36	15	5
Greater Geelong City Council	105	73	22	10
Greater Shepparton City Council	34	16	15	3
Horsham Rural City Council	8	5	3	0
Latrobe City Council	51	32	16	3
Mildura Rural City Council	14	11	3	0
Wangaratta Rural City Council	21	11	7	3
Warrnambool City Council	15	10	3	2
Wodonga City Council	19	9	7	3
Large Shire				
Bass Coast Shire Council	19	11	3	5
Baw Baw Shire Council	43	23	10	10
Campaspe Shire Council	23	12	8	3
Colac Otway Shire Council	20	8	10	2
Corangamite Shire Council	11	8	3	0
East Gippsland Shire Council	29	14	8	7

Council name	Total	Advised to contact Council	Assessed – no enquiries	Enquiries
Glenelg Shire Council	10	2	7	1
Golden Plains Shire Council	15	11	3	1
Macedon Ranges Shire Council	35	19	12	4
Mitchell Shire Council	31	18	11	2
Moira Shire Council	16	9	5	2
Moorabool Shire Council	34	20	11	3
Mount Alexander Shire Council	16	10	6	0
Moyne Shire Council	22	11	8	3
South Gippsland Shire Council	31	14	14	3
Southern Grampians Shire Council	10	9	1	0
Surf Coast Shire Council	22	6	12	4
Swan Hill Rural Council	5	2	3	0
Wellington Shire Council	96	14	12	70*
Small Shire				
Alpine Shire Council	7	4	3	0
Ararat Rural City Council	15	7	5	3
Benalla Rural City Council	10	7	2	1
Buloke Shire Council	7	7	0	0
Central Goldfields Shire Council	15	10	5	0
Gannawarra Shire Council	5	4	0	1
Hepburn Shire Council	17	6	7	4
Hindmarsh Shire Council	6	1	3	2
Indigo Shire Council	15	5	5	5
Loddon Shire Council	18	2	15	1
Mansfield Shire Council	7	4	2	1
Murrindindi Shire Council	16	8	6	2
Northern Grampians Shire Council	12	8	1	3
Pyrenees Shire Council	13	6	4	3
Queenscliffe (Borough of)	1	0	0	1
Strathbogie Shire Council	7	4	1	2
Towong Shire Council	10	5	4	1
West Wimmera Shire Council	4	1	1	2
Yarriambiack Shire Council	2	2	0	0
Interface				
Cardinia Shire Council	44	28	14	2
Casey City Council	102	49	43	10
Hume City Council	116	64	48	4
Melton City Council	62	40	16	6
Mornington Peninsula Shire Council	93	44	34	15
Nillumbik Shire Council	28	14	10	4
Whittlesea City Council	95	57	27	11
Wyndham City Council	64	35	20	9
Yarra Ranges Shire Council	104	58	32	14

* The majority of these enquiries relate to our *Investigation into Wellington Shire Council's handling of Ninety Mile Beach subdivisions*, which was tabled in Parliament in August 2019.

Health and Human Services



Fast facts 2018-19



2,605
Number of
complaints



15%
of total
complaints

Complaints about Health and Human Services over five years





Health and Human Services

The Department of Health and Human Services' (DHHS) responsibilities include public housing, child protection services, disability and health services, and a range of other services across Victoria.

DHHS has consistently been the third most complained about department, and the human rights issue raised most after treatment when deprived of liberty is the right to protection of families and children. This reflects the many complaints we receive about Child Protection matters.

The following case studies and investigation illustrate some of the issues people raise about Health and Human Services.



Case study: Public housing secured

Karen, a mother of two children, lives in regional Victoria. She fled secure accommodation due to family violence in a previous relationship.

At the time of contacting our office, she was living in private rental accommodation. She was in a precarious financial situation and was concerned her family would be evicted. Her family also had significant health care needs.

She had reached out to Aboriginal Housing Victoria which told her to apply to the Department of Health and Human Services to be put on a priority list for public housing. She applied under a priority waiting list category, on the basis that she was unable to afford her rent and was at risk of homelessness. Her initial application was refused as while she and her partner had limited income, she had not been asked to leave her accommodation and was not experiencing homelessness.

The Housing Office referred Karen to a support service to update her housing application with additional information to demonstrate eligibility for priority access to social housing. Karen re-submitted her application with the additional information and also raised her situation with us.

Following our enquiries, the Department contacted Karen again to provide her with more pathways for assistance, including applying for a bond substitution loan to free up some assets to be used for rent.

When we contacted Karen to advise her of the Department's response, she said: 'the day after I contacted the Ombudsman, the team leader contacted me to tell me that my application [for housing] was approved.'



Report: Investigation into a complaint about Ambulance Victoria

In early 2018, Simon was involved in an altercation where his wallet and car keys were reportedly stolen. The partner of the other man in the dispute called an ambulance and, when it arrived, a paramedic undertook a basic assessment and asked him to sign a refusal of treatment form.

Simon complained to us after he received a \$519 invoice from Ambulance Victoria for 'treatment without transport'. *'I did not call an ambulance, I told them I was ok. I think this is very unfair.'*

Through our investigation, we discovered that Ambulance Victoria had issued 17,758 invoices in the previous financial year for 'treatment without transport'. We reviewed a random sample of over 120 of these cases and found multiple instances of questionable practices, such as:

- numerous cases where more than one person was attended by paramedics. Each of them was separately billed over \$500 for 'treatment without transport'.
- people being invoiced for ambulances called by well-meaning friends or strangers where paramedics made some assessment and provided 'reassurance', thus falling within the definition of 'treatment', whether the reassurance was solicited or not.

We also looked at a sample of disputed invoices for 'treatment without transport'. None of these reviews resulted in the fees being dropped.

These practices raised questions about whether people were given enough information to provide informed consent before being treated by paramedics. We concluded that Ambulance Victoria's practice of charging people for 'treatment without transport' could result in outcomes that were unreasonable and unjust.

Our report made five recommendations, all of which were accepted by Ambulance Victoria. The organisation agreed to cancel the invoice issued to Simon and to refund any other people who can provide evidence of payment in similar circumstances over the previous 12 months. It also agreed to:

- Cease charging each patient a full 'treatment without transport' fee at a multi-patient event, wherever practicable splitting the charge according to the number of patients.
- Cease charging a 'treatment without transport' fee where the ambulance service is activated by a third party and the patient did not know an ambulance was being called, or could not have reasonably consented to it, including when an ambulance is called by police.



Case study: Assisting a homeless teenager

Abigail, a 17 year old, contacted our office asking for help after 'couch surfing' and sleeping in the local park because she couldn't live at home due to her parents' substance abuse.

As a result of her homelessness, Abigail dropped out of her studies.

She said she was scared to go home and equally scared to be placed into residential care. She said her case worker had told her she was old enough to protect herself and that no one was returning her, or her lawyer's, phone calls.

About 15 reports about serious risks and harm to Abigail had been raised since 2002, and she had been the subject of a court order being managed by Child Protection for the previous four years.

Abigail said she was frustrated that Child Protection kept saying it could not assist her with alternative housing due to 'funding', and that her court hearings kept getting adjourned.

When we raised the situation with the Department, it advised that Abigail had previously been offered a residential care placement, which she declined and instead returned to her parents' care. It said Abigail had subsequently requested her own accommodation and it had been communicating with Abigail about alternative accommodation options as well as a safety plan.

Following our enquiries, Child Protection progressed Abigail's Leaving Care plan and:

- funded immediate and safe accommodation for Abigail in a serviced apartment
- implemented a Targeted Care Package to support Abigail to transition to adulthood including securing housing supported by a dedicated key worker.
- assisted Abigail to enrol in online education.

Driving systemic improvements

Many of the resolutions reached as a result of our work have an impact on individuals, such as an infringement being revoked or contact being facilitated between an authority and a person. Alternatively, some of the matters we consider have wider reaching, systemic impact.

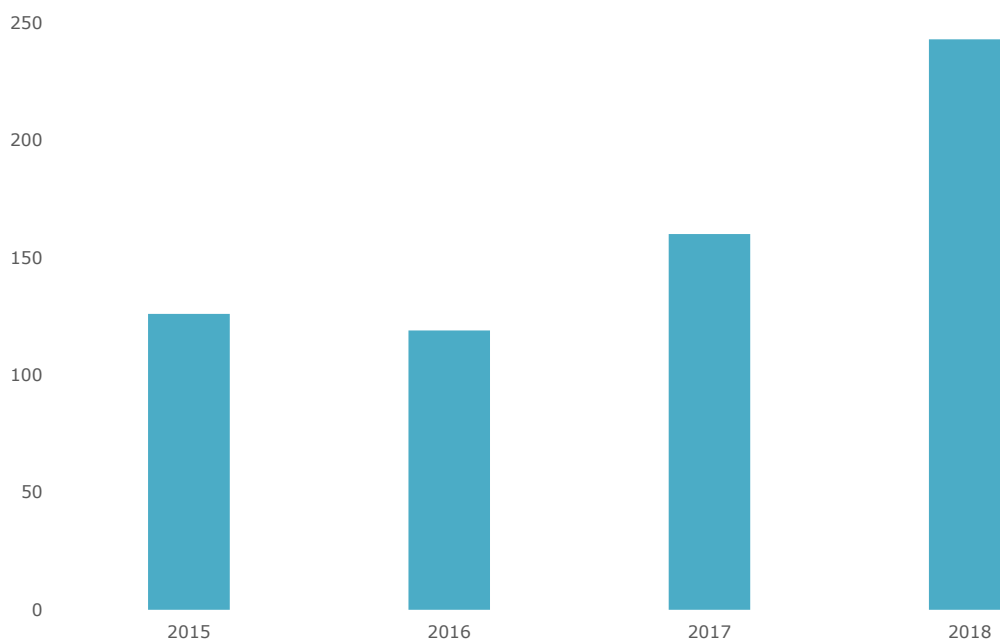
We don't need to receive a complaint about an issue to initiate an investigation; we can conduct an investigation on our 'own motion'. Own motion investigations are often informed by complaints we receive, as was the case in two of the reports we tabled in the 2018-19 financial year.



Report: Investigation into State Trustees

In July 2018, we announced an investigation into State Trustees, prompted by an increase in complaints to us.

Complaints to the Victorian Ombudsman about State Trustees and personal financial administration



Source: Victorian Ombudsman

State Trustees is a state-owned company that assists around 10,000 Victorians who cannot manage their own financial and legal affairs because of disability, illness or injury. It collects their pensions and other income, manages their bills, looks after their property and invests their savings.

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Report: Investigation into State Trustees

After conducting an 11-month investigation, we found State Trustees has not always acted in the interests of clients. We looked in depth at 30 cases and found evidence of poor financial management in 23 of them. They included cases where State Trustees:

- Failed to tell Centrelink about changes to clients' income or assets, causing clients to accrue debts or miss out on extra payments.
- Failed to monitor or pay clients' rent or bills on time, leading to threats of eviction or utility disconnections.
- Delayed payment of aged care bonds. In one case, State Trustees took almost two years to get financial advice about how to pay an elderly woman's aged care fees. When the investigation looked at her case, her savings were gone and she owed \$47,000 to her nursing home.
- Failed to challenge debts and fines. In one case, State Trustees paid \$2,058 from an elderly client's account for traffic fines, despite being warned someone else was driving his car.

We also found State Trustees often failed to speak with clients about their wishes. In one case, miscommunication following a move to aged care, led to a State Trustees contractor taking a woman's possessions, including family photographs, to the tip.

We identified multiple causes for these problems, including changes to State Trustees' case management system. In 2017, State Trustees stopped appointing individual case managers for clients and started allocating client tasks to teams of staff. In one case under the new model, at least 48 different staff dealt with a client's file.

During our investigation, State Trustees paid or reimbursed at least \$65,000 to 13 clients, apologised to 11 clients, and agreed to meet or consult five clients. State Trustees' new CEO started to address some of the issues we raised. For example, the organisation published its first Disability Action Plan, introduced human rights training for staff, and started developing a new case management model.

We made 14 recommendations aimed at ensuring State Trustees has the governance, funding, expertise and systems it needs to serve the interests of its clients. They included:

- a review of State Trustees' governance and status as a state-owned company
- a review of the State Government's funding for State Trustees
- measures to increase State Trustees' engagement with people with a disability and mental illness, carers and advocacy organisations.

State Trustees and most government departments accepted the recommendations in full or in principle.

At the investigation's conclusion, Ombudsman Deborah Glass thanked State Trustees staff for their involvement. 'The dedication of many staff was apparent, as was their frustration at not being listened to in the past,' Ms Glass said.



Report: VicRoads complaints

In late 2018, we reviewed six months' worth of complaints made to us about VicRoads. We wanted to understand what the public was telling us and to explore opportunities for improvement.

We identified five key themes in complaints:

- vehicle registrations being transferred without drivers' knowledge or consent, due to VicRoads processing incomplete applications
- concession card holders not receiving concession discount fees due to an anomaly with the regulations
- delays in processing refunds and correcting payment mistakes
- drivers saying they had not received notices of suspension and renewals of registration
- confusion with 'overlapping suspensions', where drivers thought they were being penalised for the same penalty twice.

We engaged with VicRoads over a three-month period, including holding a forum with VicRoads' leadership and area experts to explore options for improvement, in the short, medium and long term.

We worked with VicRoads to resolve individual complaints that had been made to us. Some of the remedies provided by VicRoads included:

- transferring vehicle registrations back to their original registered operators
- payment of compensation and reimbursement of expenses, in recognition of its mistakes
- expedited refunds and processing of corrections to payments
- applying concession rate discounts.

VicRoads agreed to several changes to its practices, to improve its services to the community. Among other measures, it said it would take steps to:

- Ensure its systems can prioritise refunds where it has made a mistake.
- Inform registered operators when an incomplete or incorrect application to transfer registration is submitted. It said it would provide registered operators reasonable time to lodge a dispute before it finalises a transfer, reducing the risk of fraud and theft.
- Look into the eligibility criteria for discounted registration rates in other Australian states and make changes to provide for fairer fees and services in Victoria.

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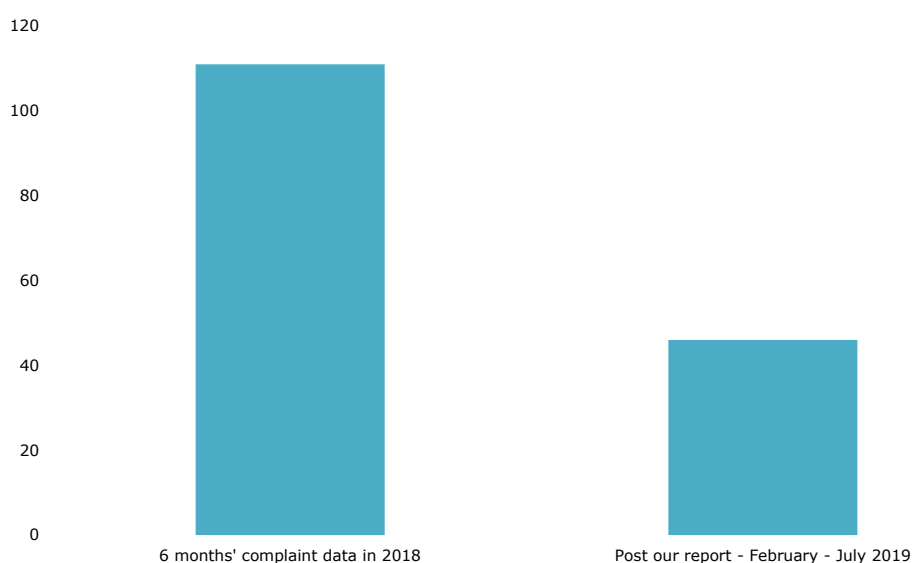
Report: VicRoads complaints

VicRoads said it would also pursue legislative amendments so:

- all concession card holders are treated fairly
- people experiencing financial hardship can have their individual circumstances considered when VicRoads makes decisions that affect them.
- demerit point suspensions run concurrently with any other licence suspensions or cancellations.

We acknowledge VicRoads' collaborative engagement with us, which has resulted in better service to the Victorian community. It has resulted in less complaints being made to us about the identified five themes, as shown below.

Complaints to the Victorian Ombudsman about identified VicRoads' themes



Source: Victorian Ombudsman

'I am pleased that you have noted the collaborative and responsive relationship between your office and VicRoads that has resulted in many complaints being resolved quickly and has allowed VicRoads to discuss improvements in policy, practices and procedures that are being considered and/or undertaken with your senior staff.'

VicRoads Chief Executive Officer

Protecting human rights

Under the Ombudsman Act, we can enquire into or investigate whether an administrative action is incompatible with 20 human rights set out in the *Charter of Human Rights and Responsibilities Act 2006* (Vic). We do this whenever we consider the substance of a complaint.

The rights are:

- Right to recognition and equality before the law
- Right to life
- Right to protection from torture and cruel, inhuman or degrading treatment
- Right to freedom from forced work
- Right to freedom of movement
- Right to privacy and reputation
- Right to freedom of thought, conscience, religion and belief
- Right to freedom of expression
- Right to peaceful assembly and freedom of association
- Right to protection of families and children
- Right to take part in public life
- Right to enjoy your culture, practice your religion, and speak your language
- Right not to have your property taken away, unless the law says it can be taken
- Right to liberty and security of person
- Right to humane treatment when deprived of liberty
- Rights of children in the criminal process
- Right to a fair hearing
- Rights in criminal proceedings
- Right not to be tried or punished more than once for the same crime
- Right not to be found guilty of a crime if the behaviour was not against the law when it happened.

Many of the complaints we receive involving human rights relate to the treatment of people deprived of their liberty. Understandably, people held in closed environments such as prisons, youth justice centres and mental health facilities were the most likely to raise these issues. Other common areas of concern related to the right of families and children to protection, and recognition and equality before the law.

This year we released three public reports involving human rights issues. In our *Investigation into the imprisonment of a woman found unfit to stand trial*, we found the State had failed to provide humane treatment to a woman while she was deprived of liberty. We also found her treatment was incompatible with her right to protection from torture and cruel, inhuman or degrading treatment.

In our *Investigation into State Trustees*, we found evidence to suggest human rights and the needs of people with disability had received limited attention. State Trustees has since organised human rights training for all of its staff and said it would ensure its induction program for new staff covers human rights.

In our *Investigation of a complaint about Ambulance Victoria*, we noted that Victorians must not be subject to medical or scientific treatment or experimentation without their full, free and informed consent. Ambulance Victoria accepted the following recommendation: ‘... full, free and informed consent for “Treatment without transport” may include conveying relevant information about potential costs, and consider ways to adequately inform patients accordingly.’

In early 2019, we also inspected a Victorian prison, a youth justice facility, and an 'out of home' care centre to see whether children and young people were being treated in a way that was compatible with international human rights standards. The resulting report – *OPCAT in Victoria: A thematic investigation of practices related to solitary confinement of children and young people* – was tabled in the Victorian Parliament in September 2019.



Case study: Mother strip searched by prison staff in front of her children

Elizabeth contacted our office because prison officers had strip searched her in front of her children before a visit with the children's incarcerated father.

Elizabeth said that she was directed to strip completely naked and bend over twice. She felt humiliated and uncomfortable being naked in front of her children.

We looked into whether the way the strip search was conducted impacted Elizabeth's right to protection from degrading treatment under the Charter legislation.

Despite the protections of the Charter, public authorities are permitted to 'limit' human rights in some situations. If a public authority limits a human right, it must take into account a number of factors, including that it must do so in a way that causes the least impact to the human right that is being limited. This means that while prisons are able to strip search people for the security and good order of the prison, they must use the least degrading method available.

Corrections policies authorise prison officers to require people to strip completely naked during a strip search or to undergo a less intrusive 'alternative' strip or top/bottom strip search in which only the top half or the bottom half of a person's clothing is removed at one time.

Since prison officers had the option of using a top/bottom search but did not offer it to Elizabeth, we found the prison's actions breached Elizabeth's right to protection from degrading treatment.

To strengthen protections for people being strip searched in prisons, the Ombudsman made the following recommendations to the Secretary of the Department of Justice and Community Safety:

- Update the Commissioner's Requirement and Deputy Commissioner's Instruction to specify that top/bottom searches 'must be offered' unless there are exceptional circumstances. This should be applied to prisoners and visitors unless there are extenuating circumstances.
- Require that prison officers recording details of strip searches confirm that a top/bottom search was offered or provide the reasons for not offering such a search.

The Secretary accepted our recommendations while the Corrections Commissioner wrote to Elizabeth apologising for the way she was treated.



Case study: Young person in custody misses medical appointments

Joseph, a young person who had spent time at the Parkville Youth Justice Centre and Malmsbury Juvenile Justice Centre, complained that he had experienced delays at both centres in attending medical appointments for a broken finger.

During our enquiries, we learnt Joseph had attended four initial appointments with a GP and for X-ray and plaster. However, he subsequently missed five follow-up appointments at the Royal Children's Hospital due to 'operational limitations' and one due to a 'security breach'. We were advised the appointments would be prioritised moving forward.

While the matter was informally resolved, we were concerned that both centres' actions may have been incompatible with Joseph's human rights, in particular, his right to humane treatment when deprived of liberty. As such, we made further enquiries with Youth Justice.

It acknowledged the delay was 'unacceptable' and 'concerning'. It committed to review the Director's Instruction outlining the process of scheduling medical appointments. It said it would strengthen its practices to ensure young people receive medical care in a timely manner.



Case study: Council prevents resident from speaking at a public meeting

Richard contacted us to complain that a regional Council had prevented him from speaking at a public meeting.

He said the Council had limited his human rights, specifically the right to free expression and the right to participate in public life.

We made enquires with the Council, asking whether they had limited Richard's right to participate in public life without explaining why or showing that the decision was 'demonstrably justified', as is required by the Charter legislation.

We told the Council it had erred in telling Richard that its policy for public meetings supersedes human rights policies. The Act says it is 'unlawful for a public authority to act in a way that is incompatible with a human right or, in making a decision, to fail to give proper consideration to a relevant human right.'

The Council's CEO acknowledged that it was inappropriate for Richard to have been denied an opportunity to speak. The CEO apologised to Richard and said the Council would amend its policy on how questions can be asked at public meetings.

Parliamentary referrals

Under section 16 of the Ombudsman Act, the Victorian Parliament – through the Legislative Council, Legislative Assembly or a Parliamentary Committee – can refer any matter to the Ombudsman to investigate.

During this year, we investigated two matters referred by Parliament. In August 2018, the Legislative Assembly asked the Ombudsman to investigate matters concerning invoices current and former Liberal and National MPs certified for payment by the Department of Parliamentary Services. This investigation was continuing at the time of going to print with our Annual Report.

Previously, in December 2017, Parliament's Legal and Social Issues Committee referred a matter to the Ombudsman, arising from its inquiry into youth justice centres in Victoria. The resulting report was tabled in the Victorian Parliament in September 2018.



Report: Investigation of allegations referred by Parliament's Legal and Social Issues Committee, arising from its inquiry into youth justice centres in Victoria

The Committee referred allegations made by a former Principal of Parkville College in evidence during its inquiry.

Parkville College is a state school within the Parkville and Malmsbury youth justice centres. In late 2016, the Government had gazetted the Grevillea unit of Barwon Prison as a youth justice and remand centre, in response to damage caused by rioting at Parkville.

The Fitzroy Legal Service and the Human Rights Law Centre asked the Supreme Court to review the Government's gazettal, submitting that the detention of young people at Barwon was unlawful, for several reasons including that they were not enrolled in a registered school.

The allegations referred to the Ombudsman were:

- During two telephone calls shortly before the Principal was to be a witness in the Supreme Court matter, the Secretary of the Department of Education and Training (DET) and another senior DET official attempted to influence the Principal's evidence.
- Evidence submitted by the State in the Supreme Court matter about bed capacity in the youth justice system was misleading.
- DET had investigated the Principal for misconduct in reprisal for his giving evidence in court that was adverse to it, or for making requests to DET for additional funding for Parkville College.

After an investigation which involved interviews with 15 people and reviews of emails, text messages and other evidence obtained under summons, we concluded the allegations were not substantiated.

While the phone calls were injudicious, they were not made with the intention of improperly influencing the Principal's evidence. There was no evidence the Government misled the Supreme Court or that the action taken against the Principal was in retaliation for his evidence against them. The Ombudsman recommended no further action be taken.

Protected disclosures

The *Protected Disclosure Act 2012* (Vic) ensures that people who report improper conduct in the Victorian public sector are protected.

Protections include keeping the identity of the person who made the disclosure confidential and protecting them, and those who cooperate with any subsequent investigation, from reprisals including bullying, harassment or legal action.

What is a disclosure?

People can make disclosures about:

- public organisations or public officers
- another person whose conduct adversely affects the honest performance of a public organisation's or public officer's official functions, or intends to adversely affect their effective performance eg a person who tries to bribe a public officer.

A disclosure can be about conduct that has already taken place, is occurring now, or may happen in the future.

Most allegations we received in 2018-19 related to the conduct of public officers, rather than organisations. The most common allegations concerned:

- favouritism of friends or family in public sector recruitment or procurement
- misuse of public resources for private benefit, such as credit, fuel or gift cards, or through fraudulent or non-work-related reimbursement requests
- excessive use of force on prisoners by prison officers
- misuse of confidential information or material to benefit the public officer or a third party
- falsification of public records.

Our role

We have a role in assessing, enquiring into, and investigating protected disclosure complaints. We must refer complaints to the Independent Broad-based Anti-corruption Commission (IBAC) if we decide they may be a protected disclosure. IBAC then assesses the disclosure and determines if it is 'a protected disclosure complaint'. IBAC often refers those complaints back to us, and we decide if they warrant investigation.

The Ombudsman has the powers of a royal commission when investigating these matters, including the power to compel a person to attend an interview on oath or affirmation or to produce documents, and to inspect public premises. The Ombudsman may also take statutory declarations.

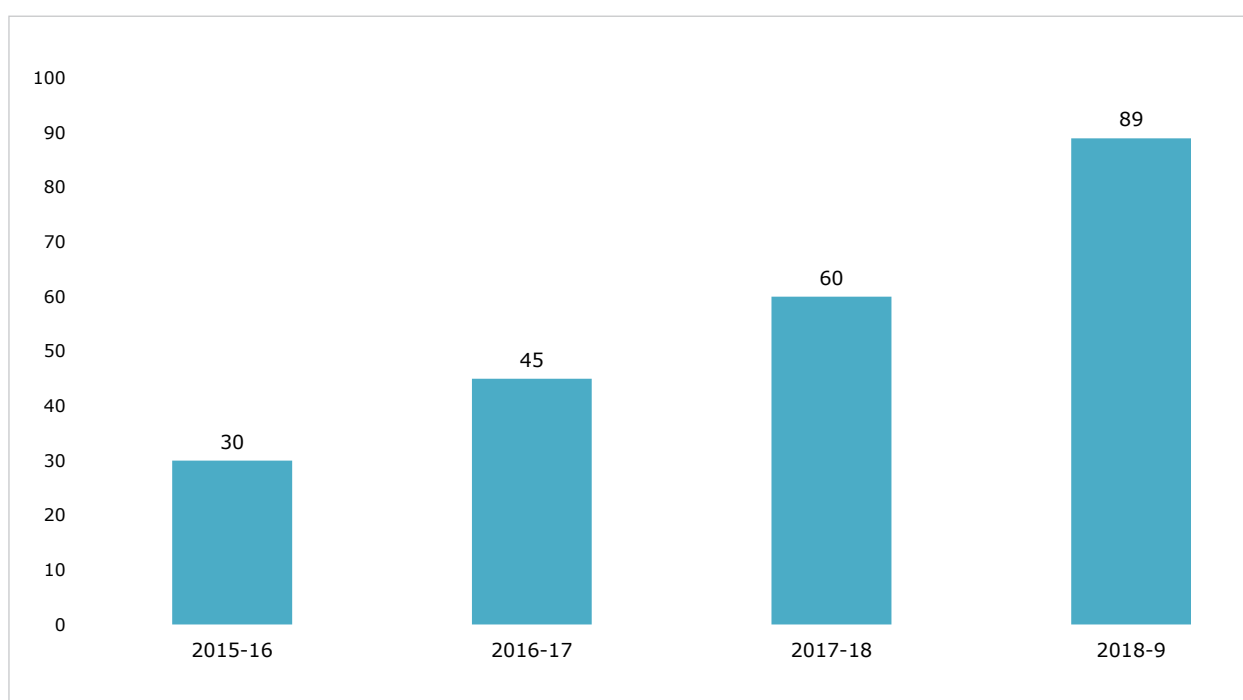
At the end of an investigation, we report the findings to the principal officer of the public organisation (eg the Secretary of a Department or the Chief Executive Officer), the responsible Minister and, in the case of an investigation involving a local council, the Mayor.

The Ombudsman may make recommendations about action that should be taken. The Ombudsman also informs the person who made the disclosure about the result of the investigation and any recommendations made.

Increase in protected disclosure complaints

The number of protected disclosure complaints referred to us for investigation tripled between 2015-16 and 2018-19.

Number of Protected Disclosure complaints referred to the Victorian Ombudsman by IBAC



Source: Victorian Ombudsman

Each protected disclosure complaint may also contain a number of separate allegations. The number of allegations referred by IBAC has also increased – from 172 in 2017-18 to 195 in 2018-19.

In 2018-19, the Ombudsman tabled two reports resulting from protected disclosure complaints in Parliament:



Report: Investigation into allegations of improper conduct by officers at Goulburn Murray Water

In September 2017, we received a protected disclosure complaint from IBAC which involved three allegations:

- The then Managing Director (MD) of Goulburn Murray Water (GMW) had been reimbursed, with approval of the then Chair, a \$20,000 'relocation expense' claim for items that could not reasonably be considered relocation expenses.
- The MD had misused his position to obtain, with the approval of the Chair, a Living-Away-From-Home-Allowance (a LAFHA), despite advice he was not eligible.
- The MD misused his position to submit, and the Chair approved, a series of expense claims, not reasonably incurred in the performance of his duties.

Our investigation substantiated all of the allegations.

The MD had relocated from Melbourne to the GMW area to take up the role and claimed \$20,000 for 'relocation expenses'. These substantially comprised personal household assets and items not reasonably considered relocation expenses, such as a \$3,000 mattress and a \$3,000 BBQ and setting, with a matching cookbook.

The relocation claim was on top of a nearly \$400,000 salary and over \$21,000 of day-to-day expense claims, some of which we found could not be considered legitimate business expenses (such as expensive bottles of wine).

The Chair and the MD also allowed more than \$17,000 of public money to be spent on legal advice to support the MD's claim for a LAFHA, for which the Australian Taxation Office confirmed he was not eligible.

We also found that attempts by senior officers within GMW to advise the MD and Chair about adhering to public sector standards for reasonable expenses had been thwarted, and that there were systemic gaps in processes and financial oversight at GMW.

The Ombudsman made seven recommendations that were accepted by GMW, the Department of Environment, Land, Water and Planning (DELWP), the Victorian Public Sector Commission (VPSC) and the Minister for Water.

A new Chair and MD have been appointed at GMW. The organisation told us it has implemented comprehensive audits and stricter internal controls of expense claims, costs associated with professional advice, and hospitality practices.

More broadly, DELWP has completed a model Gifts, Benefits and Hospitality policy to guide water authorities. The VPSC has launched its first dedicated Public Entity Executive Employment Handbook to promote transparent executive employment arrangements and the appropriate use of public funds.

Unusually, the Corporate Secretary of GMW – who as the discloser of the allegations was entitled to anonymity – requested he be identified as the discloser, to provide an example to others to raise integrity concerns.



Report: Investigation of three protected disclosure complaints regarding Bendigo South East College

In mid-late 2016, we received three protected disclosure complaints from IBAC involving allegations of conflicts of interest and misuse of position by:

- the Principal of Bendigo South East College
- the 'regional bus coordinator' engaged by the Principal to coordinate bus services to the College and surrounding schools.

We found the Principal had abused his position by employing and promoting his son and wife and by facilitating benefits being channelled to companies owned by another son.

The Principal employed his wife as Personal Assistant to the Principal, despite there being no record of her applying for the position. He employed one of his sons as Athlete Development Program Manager, even though there was a more qualified candidate.

In addition, the Principal employed a man as the college's bus coordinator. This man later went on to purchase a bus company with another of the Principal's sons. The man's wife then took on the College's bus coordinator role, which allowed her to allocate College business to the company. The Principal authorised and facilitated this conduct.

The Principal insisted that he was not involved in the recruitment or promotion of his relatives, that his actions were in the best interests of the College, and that he 'never approached or encouraged' his wife or son to apply for positions at the College. However, our investigation substantiated the allegations against him.

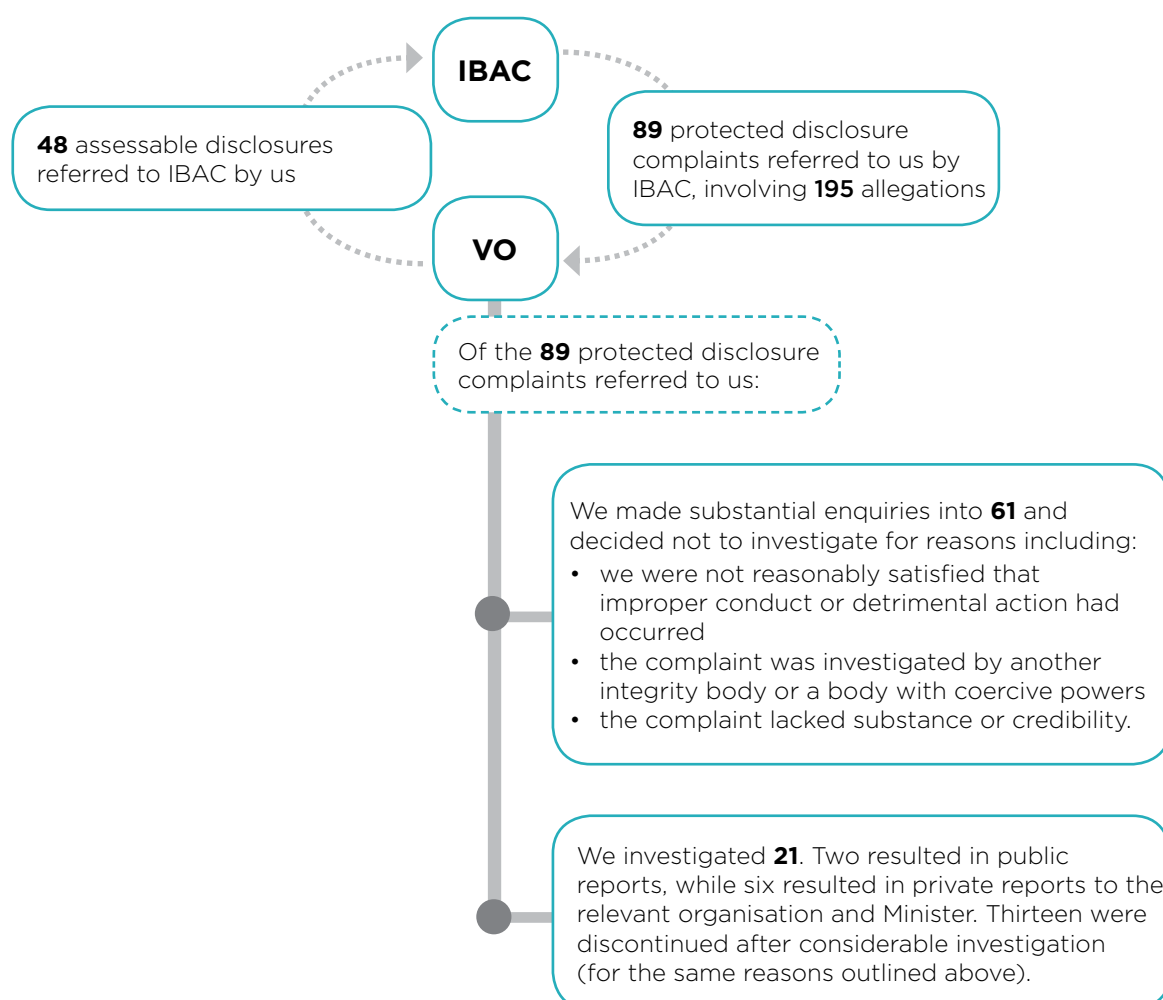
The Principal resigned in May 2018 after the Department of Education and Training informed him of its decision to terminate his employment. This spared the Ombudsman the need to make the only recommendation she could in the circumstances.

Many of the allegations about the Principal had been reported to the Department in over 20 complaints it received between August 2014 and February 2016. The Department failed to meaningfully investigate the complaints or take action to address the conduct, enabling the Principal to continue to engage in improper conduct with impunity.

When tabling her report in Parliament, the Ombudsman said it was important the Department 'reflect on the conduct identified by her investigation and the regional office's failure to deal with it appropriately, to ensure such conduct is not allowed to flourish in future'.

How we deal with protected disclosure complaints

Assessable disclosures referred to IBAC and protected disclosure complaints received from IBAC in 2018-19



Finalising complaints through enquiries

With referrals to this office tripling over the last four years, determining which matters warrant an investigation has become particularly important. From 2017-18 to 2018-19, the number of protected disclosure complaints that we finalised through enquiries doubled, from 30 to 61.

The purpose of enquiries is to ensure an investigation by us would not prejudice another investigation or proceeding; and to determine if there is evidence to show, or tend to show, that improper conduct has occurred, thereby warranting an investigation.

Enquiries can be complex, often involving issues with confidentiality or anonymity. Some of the work involved may include:

- meeting with disclosers and agencies
- reviewing employment, procurement or other contract documents
- conducting criminal record checks
- reviewing policies and procedures
- conducting site inspections
- securing and reviewing CCTV footage or other sensitive information.

Sometimes, our enquiries show that an investigation is not warranted, but that investigation of other issues is needed, to improve public administration. The following case study demonstrates this:



Case study: Unjustified isolation of a young person in detention

We received a complaint alleging that up to six officers from a youth justice centre had unreasonably restrained and isolated a 16 year old client and used 'excessive force' in doing so. We notified IBAC, which referred the matter back to us as a protected disclosure complaint for investigation.

To determine if an investigation was warranted, we made enquiries with the Department of Justice and Community Safety and examined CCTV footage, incident reports, observation records and case notes, the Use of Force Register, and health records. We also sought the views of the young person and their Guardian and considered relevant department policies, protocols and legislation, including the *Children, Youth and Families Act 2005* (Vic) (CYFA) and the *Charter of Human Rights and Responsibilities Act 2006* (Vic) (the Charter).

Based on the available evidence, it did not appear that officers used 'excessive force' when they transferred the client to isolation so we declined to investigate this allegation of improper conduct.

However, we were concerned that the young person was isolated without adequate justification. The isolation followed a minor incident with a staff member, during which the young person refused to comply with a direction to leave an area but did not present as threatening or violent. Section 488 of the CYFA (and the Department of Justice and Community Safety's own policies) requires that it must be shown there is an immediate threat and all reasonable steps to de-escalate have been attempted before a client is placed in isolation. Further, isolation is not permitted to be used as punishment, pursuant to section 487(a) of the CYFA, which defines this as a 'prohibited action'.

This matter also raised questions about the compatibility of the officers' actions with the Charter, specifically the young person's rights to humane treatment when deprived of liberty, and to protection from torture and cruel, inhuman or degrading treatment.

The Department reviewed the incident and identified a number of areas for improvement, including the use of de-escalation wherever possible to minimise the unnecessary use of restraint and isolation; and ensuring young people who sustain an injury receive immediate follow up from health services.

In line with policy requirements, the Department reported the incident to Victoria Police, and to the Commission for Children and Young People under Reportable Conduct legislative requirements.

The Department also offered to contact the young person and his Guardian to apologise. The Guardian told us they were satisfied with the outcome. They said that while the young person had felt fearful and at times unsupported in youth justice, he and his family had received significant support from the Department after his release.

Discontinued investigations

The Ombudsman chose to discontinue 13 protected disclosure complaint investigations (as opposed to enquiries) in 2018-19. Investigations are most often discontinued because, having considered the evidence obtained, the Ombudsman is not reasonably satisfied that improper conduct or detrimental action has occurred. Such cases may, however, reveal opportunities for improved public administration. The following case is an example of this:



Case study: No 'Working With Children Checks' in a hospital treating children

We were referred an allegation that a Victorian hospital had engaged in improper conduct because while it was treating children, few of its staff held a valid Working With Children Check (WWCC).

Through our investigation, we confirmed:

- Only 20 of the 90 Nursing Staff and Theatre Technicians employed at the hospital held a valid WWCC.
- Children were admitted to the hospital or received medical treatment, on average, every second day.

Section 33 of the *Working with Children Act 2005* (Vic) makes it an offence for a person to knowingly engage in 'child-related work' while knowing or being reckless to the fact that they do not hold a WWCC. Under section 9 of the Act, 'child-related work' is defined as follows:

- (1) For the purposes of this Act, child-related work is work –
 - (a) at or for a service, body or place, or that involves an activity, specified in subsection (3); and
 - (b) that usually involves direct contact with a child ...
- (3) The services, bodies, places or activities in connection with which regular direct contact with a child may result in work being child-related work are ...
 - (g) paediatric wards of public hospitals within the meaning of the *Health Services Act 1988* or of denominational or private hospitals within the meaning of that Act ...

We were satisfied that the hospital's staff were in 'direct contact' with and provided medical treatment and services to children. The frequency with which clinical care was provided to paediatric patients – every second day – could reasonably constitute regular 'child-related work'. Accordingly, we considered that this hospital's staff should be required to hold a valid WWCC.

Monash Health (which operates the hospital) said it had not required the hospital's employees to have a WWCC as no part of the service fell within the legislation. There is no paediatric ward at the hospital and the number of paediatric admissions is very small.

This interpretation, whilst open to Monash Health, was not in keeping with the intent of the legislation and created a potential risk to children.

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Case study: No 'Working With Children Checks' in a hospital treating children

During the investigation, we were pleased to learn Monash Health had decided to meet the financial cost of existing staff getting a WWCC, and to require new employees to have a current check before commencing employment.

We decided to discontinue the investigation given the steps taken by Monash Health to address the issue, and that the conduct did not amount to 'improper conduct'.

We shared our concerns with the Department of Justice and Community Safety and the Department of Health and Human Services about the operation of the Working with Children Act, in respect to other Victorian health services providing treatment to children outside of a paediatric ward.

Legislative changes

In March 2019, the Victorian Parliament passed the *Integrity and Accountability Legislation Amendment (Public Interest Disclosures, Oversight and Independence) Act 2019* (Vic).

Under this legislation, the definition of improper conduct has been broadened. Conduct will no longer need to constitute reasonable grounds for dismissal or a criminal offence to be captured by the scheme. However, discretion will be provided so disclosures that are considered to concern conduct that is trivial will not have to be referred to IBAC. Protected Disclosures have been renamed as 'Public Interest Disclosures'.

It is likely the changes will lead to further increases in the number of complaints we must refer to IBAC and, in turn, the number of complaints IBAC refers to us for investigation. We are working with IBAC and other stakeholders to prepare for the changes which come into effect on 1 January 2020.

Our policies and procedures

We have policies and procedures for dealing with disclosures, including disclosures made about Victorian Ombudsman staff. These are available at www.ombudsman.vic.gov.au/making-a-disclosure

Engagement

Increasing awareness and understanding of our role is crucial to our success in helping Victorians. The importance of engaging with the Victorian community and with public sector employees is reflected in our Strategic Framework where we set out commitments to:

- educate Victorians on the role of the Ombudsman, how to complain, and what they should expect from their dealings with the public sector
- make it easier for vulnerable people to complain
- constructively assist the public sector to continuously improve its standards and practices.

In 2018-19, the Ombudsman or a member of her staff participated in more than 50 presentations to, or discussions with, community organisations, students, and government organisations. These included community legal centres, financial counsellors, the Victorian Multicultural Commission's regional advisory groups, the Local Government Professionals Governance Interest Group, Women's Legal Service, Grandmothers Against Removal, Victorian Legal Aid, Court Services Victoria, and the Asylum Seekers Resource Centre.

Some of our other engagement initiatives included:

Geelong Hub

In the first half of 2019, we held 18 drop-in sessions at the Eastern Hub Community Centre, making it easier for people from Geelong and surrounds to meet with us in-person. About 50 people took advantage of the opportunity to discuss their complaints with us face-to-face. This pilot project came to a close in September 2019 and, at the time of going to print, we are considering which other parts of Victoria we should visit on a regular basis.

Talkback on ABC Statewide Drive

Starting in February 2019, the Ombudsman began taking part in regular talkback sessions on ABC Statewide Drive. On four occasions, she visited the Ballarat studios to speak with host Nicole Chvastek and take calls from listeners on issues concerning them, such as road maintenance, youth justice and waste services. She continues to take part in these sessions every six-eight weeks, as it is a great way of communicating directly with people in regional Victoria, both to hear their concerns and to provide advice.

Pride March and Midsumma Festival

With human rights core to our work, we participate in Pride March each year, demonstrating our belief that everyone is entitled to equality before the law. In 2019, for the first time, we also held a stall at Midsumma Carnival, so we could provide information about our services to Victoria's LGBTQIA-friendly community.

Law Week

In 2018-19, we again sponsored Law Week; an annual festival of events held across the State to help Victorians better understand the law. We provided \$5,000 in sponsorship to the festival's organiser, the Victoria Law Foundation.

During the May 2019 festival, our staff held a pop-up stall at Federation Square, where they spoke with passers-by about how we can help resolve complaints about public organisations.

The Ombudsman is also a regular participant in the Foundation's LawTalks, speaking to VCE Legal Studies students about her office's role in ensuring fairness for Victorians. In August 2018, she visited Shepparton to take part in LawTalks with local students.



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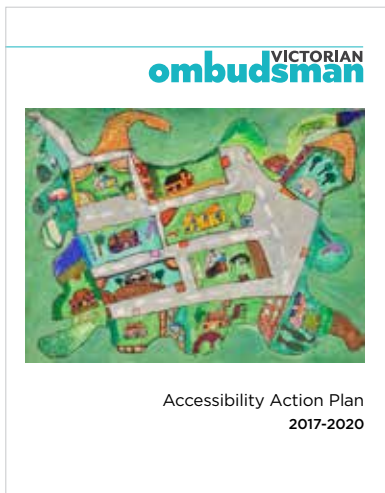


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1. The Ombudsman presenting at the Financial and Consumer Rights Council conference in October 2018.
2. Ombudsman staff taking part in the 2019 Pride March.
3. The Ombudsman in one of her regular discussions with ABC Statewide Drive host Nicole Chvastek.
4. Ombudsman staff outside the Geelong Hub.
5. The Ombudsman talking about fairness to VCE students in Shepparton.



Practice: Accessibility Action Plan



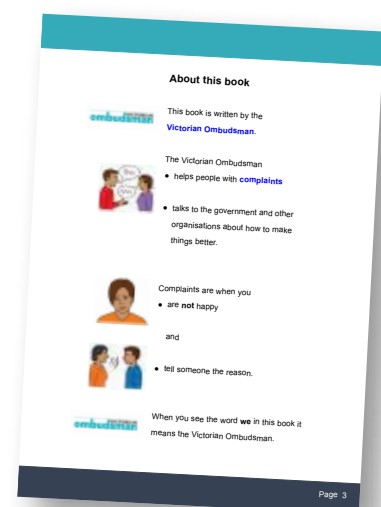
We continued to implement our Accessibility Action Plan 2017-2020, which aims to:

- Build an accessible Ombudsman's office by reducing barriers for people with disability
- Provide opportunities for people with disability to obtain employment at our office and to support our staff with disability to maintain employment at our office
- Provide opportunities for people with disability to engage with our office.

Our initiatives in 2018-19 included:

- Working with Scope to develop Easy English translations of key communication materials, starting with our brochure on 'How to complain to the Ombudsman' (see excerpt below). Easy English is a style of writing that provides understandable, concise information for people with low English literacy. The Easy English translation of our brochure is on our website and is available in hard copy. From June 2019 onwards, we have produced Easy English translations of each report we have tabled in Parliament.
- Redeveloping our website so it meets Web Content Accessibility Guidelines Version 2.0 AA Standard. This involves rewriting our content so it is at Year 9 reading level, wherever possible, and providing documents in more accessible formats than PDF. Our new website is expected to go live in December 2019.
- Preparing to be accredited with Scope's Communication Access Symbol in early 2020. We have made some improvements following a mystery shopper evaluation:
 - Designing a Communication Booklet to assist the public in communicating with us
 - Making our online complaint form easier to use (the revised form will be part of the new website going live in December 2020)
 - Purchasing an online disability awareness module to form part of our staff induction program.

In late 2019, Scope will provide Communication Access Training to all new Ombudsman staff, and refresher training for existing staff. We will then undergo evaluation towards achieving Communication Access Symbol status.





Practice: Reconciliation Action Plan

In 2018-19 we continued to build on the work set out in our first (Reflect) Reconciliation Action Plan (RAP) which was launched in 2017.

We want to be an organisation that Aboriginal and Torres Strait Islander peoples trust and are willing to approach. Our vision for reconciliation is to develop respectful and mutually beneficial relationships with Aboriginal and Torres Strait Islander peoples and organisations.

Some of our initiatives this year included:

- Introducing a pilot Indigenous Cadetship Program. We have employed three Indigenous university students on a part-time basis. They are working across a variety of areas, including assessment of complaints, assisting in the development of a new (Innovate) RAP and research for our public sector education program.
- Participating in Cultural Safety and Awareness training delivered by an external provider.
- Engaging with Aboriginal and Torres Strait Islander peoples on issues of concern to them. In particular, over the last year, we met several times with the Grandmothers Against Removal, who are opposed to the removal of Aboriginal children from their families. We talked about the assistance we can provide to kinship carers, to ensure they are receiving the financial support that they are entitled to, in line with our 2017 *Investigation into the financial support provided to kinship carers*.

The Ombudsman also continued to support The Torch program, which works with Aboriginal prisoners to develop their artistic skills. In her 2015 *Investigation into the rehabilitation and reintegration of prisoners in Victoria*, the Ombudsman recommended artists involved with The Torch program should be able to keep proceeds from the sale of their work, which the State Government agreed to.

Taking on the advice from one of our Indigenous Cadets, we also decided to update the wording of the Acknowledgement on our website, emails, and publications. To show greater respect for Aboriginal sovereignty, we have changed our Acknowledgement from:

The Victorian Ombudsman acknowledges the traditional owners of country throughout Victoria and pays respect to them, their culture and their Elders past, present and future.

to:

The Victorian Ombudsman pays respect to First Nations custodians of Country throughout Victoria. This respect is extended to their Elders, past, present and emerging. We acknowledge their sovereignty was never ceded.



Ombudsman Deborah Glass with artist Raymond Traplin

In 2019-20, we intend to continue our efforts to build trust with Aboriginal and Torres Strait Islander communities, and to develop our "Innovate" RAP as we gain a deeper understanding of reconciliation initiatives.

Public Sector Education

During 2018-19, our Public Sector Education team held 46 workshops with public sector employees, up from 18 the previous year.

The three workshops we run are on:

- Good complaint handling
- Dealing with conflict of interest
- Dealing with challenging behaviour.

Fifteen workshops were held at our Melbourne office, attended by participants from across a variety of State Government organisations and local councils.

We also offer in-house training where our workshops are adapted to meet individual workplace needs. We delivered 31 of these workshops, visiting a range of workplaces including councils and statutory authorities.

Participants' satisfaction with workshop content and facilitation remains high. Across the three programs at least 90% of participants agreed or strongly agreed that the 'content is useful' and the 'facilitator is engaging'.

This was reflected in feedback provided by participants:

'The activities and examples used were very relevant to my day to day work.'

'... the time to talk about this skill/experience was very valuable, both professionally and personally.'

'Friendly delivery method by facilitators, allowing participation without judgement.'

'[demonstrated] what conflict of interest is and how it can impact me and my role, [and] the breadth of what conflict of interest can entail. Raised awareness in my mind.'



Programs run in 2018-19

Good complaint handling

This workshop explores the value of complaints to organisations and highlights the key elements of a robust complaint handling process. It focuses on developing effective and appropriate strategies for complaint handling. Participants also look at different types of complainant behaviour, and consider how to overcome personal and organisational barriers to making and resolving complaints.

Dealing with conflict of interest

It is common for public duties to conflict with private interests when working in the public sector and local government. This workshop unpacks a public sector specific understanding of conflict of interest and why it is crucial for all levels of government to handle these matters well. Scenarios illustrate a simple approach to identifying and dealing with conflicts of interest. Good practice approaches to recording and managing conflicts are also explored.

Dealing with challenging behaviour

Behaviour doesn't have to be aggressive to be challenging to deal with and make problem-solving harder. This workshop for public sector complaint handlers and frontline staff explores practical strategies to identify, prevent and defuse a range of behaviours; and to manage, or limit service provision, in response to behaviour which becomes unreasonable. Participants explore a model for dealing with challenging behaviour, including considering Victoria's human rights, equal opportunity and workplace safety laws.

Our people and performance

68

Our people

71

Our performance

Our people

We employ 115 staff with a diverse range of qualifications, experience and backgrounds. For instance, qualifications range from law

and criminal justice to social sciences, media and communications, human rights and business.

Table 2: Staff profile by gender, age and classification 2019*

2019							
	All employees		Ongoing			Fixed term and casual employees	
	Headcount	FTE	Full Time Headcount	Part Time Headcount	FTE	Headcount	FTE
Gender							
Male	34.00	33.00	27	2	28.60	5.00	4.40
Female	81.00	73.04	45	21	59.45	15.00	13.59
Self described	0.00	0.00	0	0	0.00	0.00	0.00
Total	115	106.04	72	23	88.05	20	17.99
Age							
Under 25	2.00	1.40	0	0	0.00	2.00	1.40
25-34	40.00	38.23	29	4	32.00	7.00	6.23
35-44	42.00	37.15	24	14	33.55	4.00	3.60
45-54	20.00	18.46	12	4	14.70	4.00	3.76
55-64	10.00	9.80	7	1	7.80	2.00	2.00
Over 65	1.00	1.00	0	0	0.00	1.00	1.00
Total	115	106.04	72	23	88.05	20	17.99
Classification							
VPS 1	0.00	0.00	0	0	0.00	0.00	0.00
VPS 2	2.00	0.63	0	0	0.00	2.00	0.63
VPS 3	3.00	3.00	2	0	2.00	1.00	1.00
VPS 4	52.00	48.36	36	10	42.80	6.00	5.56
VPS 5	41.00	37.65	25	10	31.85	6.00	5.80
VPS 6	13.00	12.40	9	3	11.40	1.00	1.00
STS	0.00	0.00	0	0	0.00	0.00	4.00
Executive	4.00	4.00	0	0	0.00	4.00	0.00
Total	115	106.04	72	23	88.05	20.00	17.99

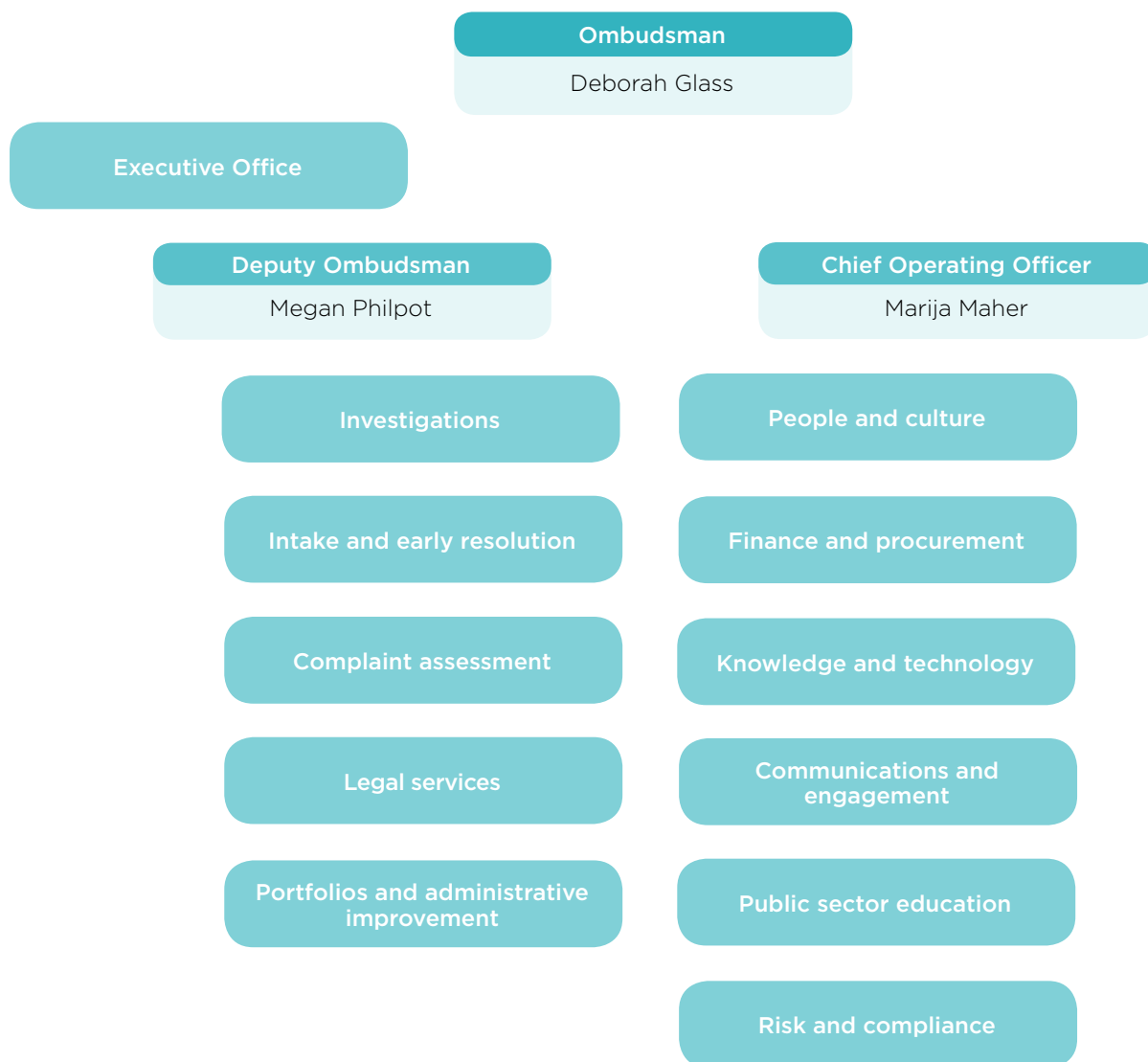
*Employees have been correctly classified in workforce data collections. Excludes staff on leave without pay, volunteers, contractors and consultants. Employees reported as 'secondes' are included in the fixed term counts.

Table 3: Staff profile by gender, age and classification 2018*

2018							
	All employees		Ongoing			Fixed term and casual employees	
	Headcount	FTE	Full Time Headcount	Part Time Headcount	FTE	Headcount	FTE
Gender							
Male	30.00	29.03	25	4	28.03	1.00	1.00
Female	66.00	59.28	36	16	46.93	14.00	12.35
Self described	0.00	0.00	0	0	0.00	0.00	0.00
Total	96	88.31	61	20	74.96	15	13.35
Age							
Under 25	0.00	0.00	0	0	0.00	0.00	0.00
25-34	34.00	31.06	23	6	27.11	5.00	3.95
35-44	39.00	34.95	23	11	30.55	5.00	4.40
45-54	16.00	15.50	10	2	11.50	4.00	4.00
55-64	7.00	6.80	5	1	5.80	1.00	1.00
Over 65	0.00	0.00	0	0	0.00	0.00	0.00
Total	96	88.31	61	20	74.96	15.00	13.35
Classification							
VPS 1	0.00	0.00	0	0	0.00	0.00	0.00
VPS 2	1.00	0.35	0	0	0.00	1.00	0.35
VPS 3	2.00	1.60	1	0	1.00	1.00	0.60
VPS 4	40.00	36.43	25	10	31.63	5.00	4.80
VPS 5	38.00	35.83	26	7	31.23	5.00	4.60
VPS 6	13.00	12.10	9	3	11.10	1.00	1.00
STS	0.00	0.00	0	0	0.00	0.00	0.00
Executive	2.00	2.00	0	0	0.00	2.00	2.00
Total	96	88.31	61	20	74.96	15.00	13.35

*Employees have been correctly classified in workforce data collections. Excludes staff on leave without pay, volunteers, contractors and consultants. Employees reported as 'secondees' are included in the fixed term counts.

Our organisational structure



Our performance

This section outlines our performance against our *Annual Plan 2018–19*, our *Strategic Framework 2017–20* and the Department of Treasury and Finance's *Budget Paper No. 3 Service Delivery* (BP3) targets.

Our strategic framework (see page 13) sets out our purpose, intent and commitments.

We commit to :

- providing accessible and responsive services that are:
 - free, independent and impartial
 - open, transparent and evidence based
 - focused on practical and meaningful outcomes to address injustice
 - sensitive to the circumstances of individuals and communities with specific needs
 - delivered by skilled and committed professionals
 - consistent with the same standards we expect of others
- educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector
- being courageous in challenging poor public administration
- constructively assisting the public sector to continuously improve its standards and practices
- providing authoritative and informative reports to the Victorian Parliament.

Our 2018-19 annual plan (see Appendix 2) details what we did to realise these commitments. Our focus areas were:

- a more accessible Ombudsman office for Victorians and the public sector
- using and sharing information more effectively
- being recognised as a leader in investigations, human rights and improving public administration
- developing and supporting our people and providing a healthy and flexible work environment.

Tables 4 and 5 (on the following page) provide more information about how we performed against our commitments.

Table 4: How we met our commitments

Commitment from <i>Strategic Framework 2017-20</i>	Page reference
Providing accessible and responsive services that are: <ul style="list-style-type: none"> • free, independent and impartial • open, transparent and evidence based • focused on practical and meaningful outcomes to address injustice • sensitive to the circumstances of individuals and communities with specific needs • delivered by skilled and committed professionals • consistent with the same standards we expect of others. 	4-5, 11-15, 20-24, 24-32, 34-36, 41-43, 44-47, 48-50, 60-67, 122-123
Educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector.	11-14, 60-65
Being courageous in challenging poor public administration.	20-24, 29-32, 34-36, 42, 44-47, 49-50, 54-59
Constructively assisting the public sector to continuously improve its standards and practices.	17, 21-22, 30-31, 42, 44-50, 57-59, 64-65
Providing authoritative and informative reports to the Victorian Parliament.	72

Table 5: Reports tabled in Parliament 2018-19

Title	Date tabled
Ombudsman's recommendations – second report	4 July 2018
Complaints to the Ombudsman: resolving them early	25 July 2018
Investigation of allegations referred by Parliament's Legal and Social Issues Committee, arising from its inquiry into youth justice centres in Victoria	6 September 2018
Investigation of three protected disclosure complaints regarding Bendigo South East College	12 September 2018
Investigation into allegations of improper conduct by officers at Goulburn Murray Water	3 October 2018
Investigation into the imprisonment of a woman found unfit to stand trial	16 October 2018
VicRoads complaints	20 February 2019
Fines Victoria complaints	17 April 2019
Investigation of a complaint about Ambulance Victoria	29 May 2019
Investigation into State Trustees	27 June 2019

Complaints about us

Complaints about us are handled through an internal review process, or notified to and managed by IBAC for complaints about corrupt conduct or the Victorian Inspectorate for complaints about staff misconduct.

We undertake internal reviews of the merits of our decisions and our service delivery.

We completed 85 internal reviews in 2018-19, where an independent senior officer reviewed the matter.

Of the 65 merits reviews:

- In 54, the original decision was satisfactory.
- In 11, a decision was made to reconsider the complaint.

Of the 20 service delivery complaints:

- In 11, we determined service delivery was satisfactory.
- In nine, we attempted to resolve the concerns raised through providing an explanation, apologising or agreeing to take further action.

Requests from the Victorian Inspectorate

In 2018-19, the Victorian Inspectorate asked us for information about 33 matters. These included allegations that our staff had not properly investigated complaints or improperly dismissed them, did not provide procedural fairness or that there had been a delay in providing an outcome.

The Inspectorate also requested a sample of investigation files for the purposes of reviewing the information the Ombudsman provides to witnesses before their participation in interviews. The Ombudsman responded to the draft findings of the review. As a result of this review, the Inspectorate published an *Integrity Report: Monitoring Project on Victorian Ombudsman Interviews*.

In all cases, we provided the information the Inspectorate requested.

Statutory disclosures

Statutory disclosures

Under Standing Direction 5.2 Annual Reporting and the *Financial Management Act 1994* (Vic), we are required to disclose certain information. There is a disclosure index at Appendix 1.

Accountable officer's declaration

In accordance with the *Financial Management Act 1994* (Vic), I am pleased to present the Report of Operations for the Victorian Ombudsman's office for the year ended 30 June 2019.

A handwritten signature in black ink, appearing to read 'Deborah Glass', with a stylized, flowing script.

Deborah Glass
Ombudsman

24 October 2019

Output statement

The output statement for Ombudsman services is published in the Victorian Department of Treasury and Finance's *Budget Paper No. 3 Service Delivery* (BP3) each financial year.

The format is standardised across public sector agencies, including the use of targets. Table 6 below outlines the outputs our office provided to the government.

Table 6: Output statement 2018-19					
Output	Unit of measure	2018-19 actual	2018-19 target	Performance variation (%)	Result
Quantity measures					
Jurisdictional [within our scope] complaints finalised	number	17,025	14,000	22%	✓
The 2018-19 full year actual is higher than the target due to a greater amount of complaints being finalised than forecast.					
Proportion of jurisdictional complaints independently investigated by the Victorian Ombudsman	per cent	30	25	5%	✓
The 2018-19 full year actual is higher than the target due to a greater proportion of jurisdictional complaints being made to the Ombudsman and, in turn, investigated, than forecast.					
Quality measures					
Proportion of jurisdictional complaints where the original outcome is set aside by a review undertaken in accordance with the Ombudsman's internal review policy	per cent	0.07	<1.5	N/A	✓
Recommendations accepted by agencies upon completion of investigations	per cent	98	95	3%	✓
Timeliness measure					
Complaints resolved within 30 calendar days of receipt	per cent	89	95	-6%	■
The 2018-19 full year actual is lower than the 2018-19 target due to a combination of: the Ombudsman dealing with complaints in a way that ensures services are provided to the broadest possible range of people in an environment of increasing demand; dealing with new types of complaints prompted by changes to government operations; and an increase in the complexity of cases. This means some cases take longer. The Ombudsman introduced changes to how it triages and resolves complaints to help address this, resulting in improved performance for this target over the past years. The Ombudsman is exploring realigning this measure to better reflect the reality of our service delivery model and will commence discussions with the Department of Treasury and Finance shortly.					

Note: ✓ Performance target achieved or exceeded.

■ Performance target not achieved – exceeds 5 per cent variance.

Employment and conduct principles

Our staff comply with the public sector values established under the *Public Administration Act 2004* (Vic). The values prescribe the behaviours expected of public officials: responsiveness, integrity, impartiality, accountability, respect, leadership and promoting human rights.

Public sector employment principles

We are committed to applying merit and equity principles when appointing staff. Our selection processes ensure applicants are assessed and evaluated fairly and equitably, based on key selection criteria and other accountabilities, without discrimination.

We embrace the public sector employment principles established under section 8 of the Public Administration Act. We ensure:

- employees are treated fairly
- employment decisions are based on merit
- equal employment opportunity is provided
- human rights as set out in the *Charter of Human Rights and Responsibilities Act 2006* (Vic) are upheld
- employees have a reasonable avenue of redress against unfair or unreasonable treatment
- a career in public service is fostered.

Consistent with the Victorian Public Sector Commission's employment standards, we advised our employees how to avoid conflicts of interest and manage conflicts where they cannot be avoided, and how to respond to offers of gifts and hospitality.

Workforce inclusion

We are committed to providing a working environment where equal opportunity and diversity are valued. Our workforce inclusion practices have resulted in us employing 70 per cent female and 30 per cent male ongoing or fixed term employees this year.

Section 38 of the *Disability Act 2006* (Vic) requires us to have a Disability Action Plan, which we have named an Accessibility Action Plan, reflecting our commitment to creating an inclusive and accessible workplace for our staff and service to the public. For more information on how we implemented this plan in 2018-19, see page 62.

Occupational Health and Safety

Under section 25 of the *Occupational Health and Safety Act 2004* (Vic), employees must take reasonable care for their own and others' health and safety and cooperate with their employer in the workplace.

As part of our ongoing commitment to the health, safety and well-being of our employees and others, our workplace activities and resources included:

- the 10,000 step challenge
- reimbursement initiative for prescription glasses
- on-site influenza vaccinations
- ergonomic assessments
- access to a 24/7 confidential counselling service provided via external professionals
- Employee Assistance Program onsite service.

With the new structure of Designated Working Groups, we had three new Health and Safety Representatives undertake training.

Our Occupational Health and Safety Committee continues to make recommendations to our Executive about all matters to do with the health, safety and wellbeing of employees.

Table 7: Occupational Health and Safety (OHS)				
Measure	Key Performance Indicator	2016-17	2017-18	2018-19
Incidents*	No. of reported incidents	3	3	2
	Rate per 100 FTE	3.3	3.3	1.8
	No. of incidents requiring first aid and/or further medical treatment	1	2	2
Claims	No. of standard claims **	0	1	1
	Rate per 100 FTE	0	0.9	1.06
	No. of lost time claims	0	1	1
	Rate per 100 FTE	0	0.9	1.06
	No. of claims exceeding 13 weeks	0	1	1
	Rate per 100 FTE	0	0.9	1.06
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim	0	\$692	\$707
Return to work	Percentage of claims with RTW plan <30 days	N/A	0	0
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans	Completed	Completed	In progress
	Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services and personnel)	Completed	Completed	Completed
Consultation and participation	Evidence of agreed structure of designated workgroups, (DWGs), health and safety, representatives (HSRs), and issue resolution procedures (IRPs)	Completed	In progress	Completed
	Compliance with agreed structure of DWGs, HSRs and IRPs	Completed	In progress	Completed
Risk management	Percentage of internal audits/inspections conducted as planned	100%	100%	100%
	No. of Improvement Notices issued across the organisation by WorkSafe Inspector	0	1	0
	Percentage of issues resolved arising from:			
	<ul style="list-style-type: none"> internal audits and inspections HSR Provisional Improvement Notices (PINs) WorkSafe Notices 	100% 100% 100%	100% 100% 100%	100% 100% 100%
Training	Percentage of staff that have received OHS training:			
	• induction	100%	100%	100%
	• management training	100%	100%	100%
	• contractors, temps, and visitors	100%	100%	100%
	Percentage of HSRs trained:			
	• on acceptance of role	100%	100%	100%
	• re-training (refresher)	100%	100%	100%
	• on reporting of incidents and injuries	100%	100%	100%

*Incidents includes injuries and near misses.

**Standard claims are those that have exceeded the employer excess (for medical and like expenses) threshold and/or liability for 10 working days of time lost.

Corporate governance

The Ombudsman is the:

- 'Accountable Officer' pursuant to section 42 of the *Financial Management Act 1994* (Vic)
- 'Responsible Body' under the *Standing Directions of the Minister for Finance*
- 'Public Service Body Head' pursuant to sub-section 16(1)(h) of the Public Administration Act and section 3 of the *Privacy and Data Protection Act 2014* (Vic)
- 'Officer in Charge' pursuant to section 13 of the *Public Records Act 1973* (Vic).

The Ombudsman Act bestows all the powers and functions conferred on the Office of the Ombudsman to the Ombudsman personally. Employees or executive staff exercise only the powers and functions that the Ombudsman delegates to them via delegation instrument.

This year, the Ombudsman was supported by one internal committee – the Executive Committee – and one external committee – the Audit and Risk Management Committee. Each committee:

- has terms of reference approved by the Ombudsman stating:
 - the purpose and membership
 - meeting frequency*
 - record keeping obligations
 - reporting obligations.
- may co-opt expertise from across the office as required
- receives appropriate secretariat support.

*Which may be that the committee meets as frequently as it sees fit.

Internal committee	
Executive Committee	Function
Membership Ombudsman Deputy Ombudsman Chief Operating Officer	The committee oversees the office's strategic focus, good governance, strategies and plans that commit significant resources and overall performance. It regularly reviews the status of the office's budget, compliance obligations, strategic risks, business continuity planning and information management governance.

Audit and Risk Management Committee

The main responsibilities of the Audit and Risk Management Committee are to:

- Independently review and assess the effectiveness of VO's systems and controls for financial management, performance and sustainability, including risk management.
- Review and report independently to the Ombudsman on the annual financial statement and report of operations published by the office.
- Review and monitor compliance with the Financial Management Act including remedial actions.
- Oversee and review the effectiveness of the internal audit function including the approval of the internal audit charter, strategic internal audit plan and the annual audit work program.
- Maintain effective communication with external auditors.
- Consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised.

Table 8: Audit and Risk Management Committee membership

Independent member and Chairperson	Adam Awty Chief Executive Officer Law Institute of Victoria
Independent member	Andrew Dell Global Chief Information Security Officer QBE Insurance Group Pty Ltd
Independent member	Patricia Christie Portfolio of board and committee positions and former CEO and acting Principal Registrar, Family Court of Australia
Independent member	Dennis Clark Chief Executive Officer Clark Corporate Consulting
Independent member	Carol Pagnon Director New Gen Consulting
Victorian Ombudsman representative	Megan Philpot Deputy Ombudsman
Victorian Ombudsman representative	Marija Maher Chief Operating Officer

Victorian Ombudsman Financial Management Compliance Attestation Statement

I, Deborah Glass, in my capacity as the Responsible Body, certify that the Victorian Ombudsman has complied with the applicable Standing Directions under the *Financial Management Act 1994* (Vic) and instructions.

Signed:



Ombudsman

Date: 11 September 2019

Strategically focussed

Our corporate planning framework is based on the six core elements of the Victorian Government's Strategic Management Framework:

- analyse
- plan
- allocate resources
- implement and monitor
- evaluate
- report.

Key outputs from the corporate planning framework are:

- a multi-year strategic framework
- an annual plan
- regular reporting on progress against objectives.

Our risk management framework is aligned to our strategic framework, to give the Ombudsman confidence that our objectives can be delivered.

Transparent and accountable

We make our priorities known publicly through our Strategic Framework. Performance targets are set and published in the performance statement included in our annual report (see page 13). The Integrity and Oversight Committee of Parliament reviews our annual report and can hold public hearings where the Ombudsman gives evidence.

We also ensure we are accountable by:

- publishing our policies on our website
- tabling reports in Parliament
- having internal review and complaint processes
- establishing performance criteria for every member of staff
- having a service charter
- assessing our recommendations to public organisations against our own practices
- having a rigorous internal audit plan.

Committed to compliant practices

We are committed to complying with all relevant obligations, internal and external. We maintain a compliance register and use quality assurance and internal audit programs to monitor compliance.

Ethical culture

Good governance practices are only effective when supported by an ethical culture, where the values of the office are lived and its institutional practices are respected. This is particularly critical for us, where an ethical culture not only supports good governance but supports our position as a leading public sector oversight organisation.

Our leaders are accountable for upholding and developing an ethical culture by:

- modelling ethical conduct
- expressly canvassing ethical issues as they arise
- recognising and reinforcing ethical conduct by staff
- intervening and addressing unethical conduct.

Ethical decision making is also supported by:

- our code of conduct
- the *Code of Conduct for Victorian Public Sector Employees of Special Bodies* issued by the Victorian Public Sector Commission
- internal policies and procedures, such as our Conflict of Interest policy and our Gifts, Benefits and Hospitality Policy.

Compliance with the *Building Act 1993*

We do not own or control any government buildings, so are exempt from notifying our compliance with the building and maintenance provisions of the *Building Act 1993* (Vic).

National Competition Policy

The National Competition Policy requires that (among other things) where government services compete with the private sector, any advantage arising solely from government ownership be removed if the advantage is not in the public interest.

We do not provide services in competition with the private sector.

Local Jobs First Act 2003

The *Victorian Industry Participation Policy Act 2003* (Vic) was amended to the *Local Jobs First Act 2003* (Vic) in August 2018.

The Local Jobs First Act aims to promote employment and business growth by expanding market opportunities to local small and medium sized enterprises. The Act applies to all Victorian Government departments, agencies and contractor procurements where the project is declared to be a standard project by the Minister under section 7A (1) of the Act or where the project has a budget of \$3 million or more and has a statewide or metropolitan Melbourne impact, and those with a budget of \$1 million and more that impact regional Victoria.

The Local Jobs First Act requires public bodies to report on their compliance. In 2018-19, the Victorian Ombudsman had no procurements or projects to which the policy applied.

Procurement Related Complaints

A procurement related complaint is defined as an issue or concern expressed by a supplier in relation to the process and probity applied by an organisation when carrying out a procurement activity.

The Victorian Ombudsman has a procurement complaints management system, setting out the process for addressing complaints by suppliers. The Victorian Ombudsman's chief procurement officer (Head of Finance and Procurement) is responsible for the complaints management process.

In 2018-19, the Victorian Ombudsman received no complaints from suppliers related to procurement activity.

Financial information

Table 9: Five year financial summary					
	2019	2018	2017	2016	2015
Income from Government ^(a)	\$18,724,330	\$15,823,834	\$16,416,415	\$14,070,271	\$11,993,618
Total income from transactions	\$18,724,330	\$15,823,834	\$16,488,377	\$14,070,271	\$11,993,618
Total expenses from transactions	\$18,750,436	\$15,663,219	\$16,760,434	\$14,317,897	\$12,026,830
Net result from transactions ^(b)	(\$26,106)	\$160,615	(\$272,057)	(\$247,626)	(\$33,212)
Net result from the period ^(c)	(\$105,491)	\$159,928	(\$249,242)	(\$284,464)	(\$47,909)
Net cash flow from operating activities	\$40,667	\$385,579	\$304,989	(\$4,158,074)	\$62,208
Total assets	\$9,444,405	\$8,884,351	\$9,072,213	\$6,467,670	\$1,672,421
Total liabilities	\$5,983,806	\$5,318,261	\$5,666,051	\$2,628,444	\$2,008,748
Net assets	\$3,460,599	\$3,566,090	\$3,406,162	\$3,839,226	(\$336,327)

Notes:

- (a) Income from government includes both output and special appropriations.
- (b) The 'net result from transactions' is identical to the 'net operating balance' for the general government sector.
- (c) Includes net result from discontinued operations.

Current financial year review

The Victorian Government considers the net result from transactions to be the appropriate measure of financial management. This measure excludes the effects of gains and losses associated with the disposal of assets and the impact of the revaluation of leave liabilities due to changes in discount rates and market assumptions. Such gains and losses are outside the control of the Victorian Ombudsman.

In 2018-19, the Victorian Ombudsman achieved a net result from transactions of a deficit \$0.026 million. This result is due to the timing of grants received by the Victorian Ombudsman.

The growth in income and expenses from transactions in 2018-19 is mainly due to work carried out relating to the Victorian Ombudsman's budget independence readiness and the systems upgrade.

Financial position – balance sheet

The Victorian Ombudsman's net asset base as at 30 June 2019 is \$3.5 million, which is a \$0.1 million decrease from the previous year.

Significant changes or factors affecting performance

There were no significant changes or factors that affected the current year's performance.

Cash flows

The net cash inflows from operating activities was \$0.04 million.

Significant changes in financial position

There were no significant matters which changed VO's financial position during the reporting period.

Capital projects

The Victorian Ombudsman's website redevelopment project started during the 2018-19 period. This has been reported as a Work in Progress and will be capitalised as an intangible asset upon completion.

Disclosure of grants and transfer payments

The Victorian Ombudsman has not provided any grants or transfer payments to companies or organisations.

Subsequent events

There are no subsequent events to report.

Advertising expenditure

The Victorian Ombudsman did not conduct any activities that triggered the disclosure threshold of \$100,000 or greater on government advertising expenditure. We make a nil report statement against this requirement.

Consultancies

A consultant is a contractor engaged primarily to perform a discrete task that facilitates decision making through providing expert analysis and advice or developing intellectual output.

Table 10: Consultancies valued over \$10,000

Consultant	Purpose	Start date	End date	Total approved project fee (ex GST) Expenditure 2018-19 (ex GST)	Future expenditure (ex GST)
The Nous Group Pty Ltd	Base budget review	Jul 2018	Dec 2018	\$263,636	nil
Pitcher Partners Consulting Pty Ltd	Information Management Strategy and Roadmap	Dec 2018	Sep 2019	\$59,522	\$10,408

ICT expenditure

Our ICT expenditure comprises:

- non-business as usual expenditure: extending or enhancing our current capabilities
- business as usual expenditure: all remaining ICT expenditure, which primarily relates to operating and maintaining our current capability.

This year, we had a total operational ICT expenditure of \$2,559,501.

Other information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details of items listed below have been retained by the Ombudsman's office and are available on request, subject to the provisions of the Freedom of Information Act. These items include:

- a statement that declarations of pecuniary interests have been duly completed by all relevant Ombudsman officers including the Ombudsman
- details of all consultancies and contractors.

Office-based environmental impact

The use of electrical power, paper and office vehicles over the five years since 2014-15 is outlined below.

Electricity use

In 2018-19 electricity use was 5 per cent higher than in 2017-18. Greenhouse gas emissions per FTE staff member was lower than the last two years.

Waste

This year we continued to use recycling bins throughout the office for recyclable materials including paper, cardboard and plastics. The bins are emptied daily and deposited into communal recycling facilities serving all tenants in the building. Printer consumable wastes are separately collected. Recycling, general waste and food waste are collected separately.

Paper use

Paper use in 2018-19 per FTE staff member decreased by 38 per cent from 2017-18.

Water

There are no separate water metering facilities for individual tenancies in the building we occupy. We use water efficient appliances wherever possible.

Transportation

Where possible, we encourage our staff to use public transport for official business instead of office cars. The office has one hybrid electric/petrol vehicle available for staff.

Table 11: ICT expenditure			
All Operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital expenditure)		
\$2,559,501	\$1,163,982	\$950,631	\$213,351

Table 12: Electricity usage since 2014-15					
	2014-15	2015-16	2016-17	2017-18	2018-19
Total electricity used in the office (gigajoules)	394	430	505	447	469
Electricity used per FTE staff member (megajoules)	4,917	5,624	5,729	5,062	4,408
Electricity used per m ² office space (megajoules)	314	343	244	216	227
Net Greenhouse emissions (tonnes)	109	118	144	134	151
Net Greenhouse emissions per FTE staff member (tonnes)	1.37	1.55	1.63	1.52	1.42

Table 13: Paper use from 2014-15					
	2014-15	2015-16	2016-17	2017-18	2018-19
Total paper used in office (reams)	893	952	893	727	543
Paper used per FTE staff member (reams)	11.15	12.45	10.14	8.23	5.10

Table 14: Vehicle use from 2014-15					
	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger vehicle trips					
Total kilometres driven	36,397	20,546	21,159	11,503	14,910
Kilometres driven per FTE staff member	454	269	240	130	140
Greenhouse gas emissions associated with vehicles					
Total tonnes CO ₂ -e emitted	5.17	2.92	3	1.53	1.92
Tonnes CO ₂ -e emitted per FTE staff member	0.06	0.04	0.03	0.02	0.02

Freedom of information

The *Freedom of Information Act 1982* (Vic) (FOI Act) creates a right for the public to access certain documents held by public sector agencies, including the Victorian Ombudsman.

Section 29A of the Ombudsman Act means the FOI Act does not apply to documents that disclose information about:

- a complaint, a referred complaint, a referred matter or a matter referred to the Ombudsman by Parliament
- an enquiry or investigation under the Ombudsman Act
- a recommendation made by the Ombudsman under the Ombudsman Act
- a report or draft report made under the Ombudsman Act.

In 2018–19 we received 12 FOI requests. Due to the operation of section 29A of the Ombudsman Act, the FOI Act did not apply to 11 of the FOI requests. One FOI request was processed and access to the document sought was refused. The applicant applied to the Information Commissioner for a review of the decision and the Commissioner agreed with the original decision.

Organisations and Functions¹

The Victorian Parliament established the office of the Victorian Ombudsman on 30 October 1973. The Ombudsman is an independent officer of the Parliament, enshrined in section 94E of the *Constitution Act 1975* (Vic). The Victorian Ombudsman's purpose is to ensure fairness for Victorians in their dealings with the public sector and improve administration.

The principal function of the Ombudsman is to enquire into or investigate any administrative action taken by or in an authority, other than administrative action:

- (a) that appears to involve corrupt conduct; or
- (b) that is taken under the FOI Act.

In exercising those functions, the day to day work of the Ombudsman involves:

- taking complaints about administrative actions of state government departments, bodies established by legislation (WorkSafe or VicRoads for example) and local councils (and private organisations acting on behalf of those bodies)
- making enquiries and resolving complaints informally where possible
- investigating when needed and making recommendations for change
- receiving and investigating complaints under the *Protected Disclosure Act 2012* (Vic).
- examining systemic problems in public administration.

Further information is found in the 'About Us' section of this Annual Report.

Categories of documents held

We hold several categories of documents:

- investigation reports, tabled in Parliament and posted on our website
- internal administrative and operational documents
- internal policy and procedural documents
- documents about developing or implementing policy and legislation
- human resources documents
- financial records

¹ Section 7(1)(a)(i)

- documents obtained or created in the course of conducting investigations or making enquiries, including complaints, correspondence, file notes and reports
- documents relating to our functions under the Protected Disclosure Act
- background material, records of conversation, analysis and advice
- documents related to our monitoring function under the *Domestic Animals Act 1994* (Vic) and the *Prevention of Cruelty to Animals Act 1986* (Vic)
- fact sheets, brochures and promotional material.

Certain documents are destroyed or transferred to the Public Record Office Victoria in accordance with the *Public Records Act 1973* (Vic).

Publicly available information²

The following information is available on our website:

- statements about the Ombudsman's role, responsibilities, scope, governing law and reporting to Parliament
- information about the Protected Disclosure Act
- tabled Parliamentary reports
- reports
- fact sheets
- guidelines
- complaint handling good practice guides
- policy and practice documents
- frequently asked questions
- information about community education and public sector workshops
- media releases.

This material can also be requested by writing to us or calling us.

Level 2, 570 Bourke Street
Melbourne VIC 3000
(03) 9613 6222
1800 806 314 (toll free for regional callers)

Making an FOI request³

The FOI Act requires that requests for documents be in writing. An FOI request can be made to the Victorian Ombudsman by:

- completing an online form and paying the application fee at www.ovic.vic.gov.au or
- sending a letter and enclosing a cheque for the application fee to:

FOI Officer
Victorian Ombudsman
Level 2, 570 Bourke Street
Melbourne VIC 3000

Applications should clearly describe the document/s sought, specify that the application is a request made under the FOI Act and should not form part of a letter or email on another subject. The applicant should provide the following information:

- name
- address
- phone number
- details of document(s) requested
- form of access required; for example, copy of documents, inspection of file or other.

If seeking to have the application fee waived or reduced due to hardship, the applicant should include this request in the application.

People with questions about making an application can ask to speak to our FOI Officer by calling (03) 9613 6222 or 1800 806 314 (toll free number for regional callers).

² Section 7(1)(a)(iii)

³ Section 7(1)(a)(v)

Fees

An application fee of \$29.60 is required unless an authorised officer, satisfied that the payment of the fee would cause hardship, waives or reduces that fee.

Reviews

Applicants may seek an external review of a decision made about:

- requests for access to documents or amendment of records
- the cost levied for allowing access to documents.

Depending on the decision made in the first instance, the Information Commissioner or the Victorian Civil and Administrative Tribunal can conduct the review. The letter to the applicant advising our FOI decision will include information on the appropriate avenue of review, if any. Applicants are advised to consult Part VI of the FOI Act for more information about appeal rights.

For those FOI applications to which section 29A of the Ombudsman Act applies, there is no avenue of appeal to the Information Commissioner for a review of the decision. An applicant may seek a review by the Victorian Civil and Administrative Tribunal under its review jurisdiction (see Part 3 of the *Victorian Civil and Administrative Tribunal Act 1989* (Vic)).

Complaints

A person may complain to the Information Commissioner about certain matters relating to an FOI request, including about:

- an agency's decision that a requested document does not exist or cannot be located
- a delay by the agency in processing an FOI request
- any other action taken or failed to be taken by an agency in performing its functions and obligations under the FOI Act.

For those FOI applications to which section 29A of the Ombudsman Act applies, there is no avenue of complaint to the Information Commissioner.

For more information on seeking a review or complaining to the Information Commissioner, visit:
www.ovic.vic.gov.au/freedom-of-information/for-the-public/reviews-and-complaints

Further information about the FOI Act is available online at:
www.ovic.vic.gov.au

DataVic Access Policy

The intent of the government's DataVic Access Policy is to enhance public access to the vast range of information held by Victorian government agencies. Comprehensive information about our office is available on our website: www.ombudsman.vic.gov.au. Publicly available information is listed at page 89 of this report.

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, data for all tables and charts included in this Annual Report will be available in electronic readable format at www.data.vic.gov.au.

Financial statements

Financial statements



Independent Auditor's Report

To the Ombudsman of the Victorian Ombudsman

Opinion	<p>I have audited the financial report of the Victorian Ombudsman which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2019• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• Accountable Officer's and Chief Financial Officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Victorian Ombudsman as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Victorian Ombudsman in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Ombudsman's responsibilities for the financial report	<p>The Ombudsman is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Ombudsman determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Ombudsman is responsible for assessing the Victorian Ombudsman's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Victorian Ombudsman's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Ombudsman
- conclude on the appropriateness of the Ombudsman's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Victorian Ombudsman's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Victorian Ombudsman to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Ombudsman regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 September 2019



Andrew Greaves
Auditor-General

OFFICE OF THE OMBUDSMAN

Comprehensive operating statement For the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
Continuing operations			
Income from transactions			
Grants	2.1	18,724,330	15,823,834
Total income from transactions		18,724,330	15,823,834
Expenses from transactions			
Employee benefits	3.2.1	12,460,361	10,275,092
Depreciation and amortisation	4.3	589,953	572,907
Capital asset charge	3.3	288,000	187,860
Interest expense		-	1,645
Other operating expenses	3.4	5,412,122	4,625,715
Total expenses from transactions		18,750,436	15,663,219
Net result from transactions (net operating balance)		(26,106)	160,615
Other economic flows included in net result			
Net gain/(loss) on disposal of property, plant and equipment		6,513	(2,575)
Net gain/(loss) arising from revaluation of leave liabilities		(85,898)	1,888
Total other economic flows included in net result		(79,385)	(687)
Net result		(105,491)	159,928
Comprehensive result		(105,491)	159,928

The accompanying notes form part of these financial statements.

OFFICE OF THE OMBUDSMAN

Balance sheet
As at 30 June 2019

	Notes	2019 \$	2018 \$
Assets			
Financial assets			
Receivables	5.1	5,562,692	4,514,763
Total financial assets		5,562,692	4,514,763
Non-financial assets			
Property, plant and equipment	4.1	3,536,295	4,135,007
Intangible assets	4.2	42,763	-
Prepayments	5.4	302,655	234,581
Total non-financial assets		3,881,713	4,369,588
Total assets		9,444,405	8,884,351
Liabilities			
Payables	5.2	1,145,557	543,752
Employee benefits	3.2.2	2,370,297	1,991,383
Other provisions	5.5	361,900	361,900
Borrowings	6.1	13,402	26,579
Deferred lease incentive	5.3	2,092,650	2,394,647
Total liabilities		5,983,806	5,318,261
Net assets		3,460,599	3,566,090
Equity			
Accumulated deficit		(1,328,972)	(1,223,481)
Contributed capital		4,789,571	4,789,571
Net worth		3,460,599	3,566,090

The accompanying notes form part of these financial statements.

OFFICE OF THE OMBUDSMAN

Cash flow statement For the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts			
Receipts from government		17,943,859	15,772,062
Total receipts		17,943,859	15,772,062
Payments			
Payments to suppliers and employees		(17,615,192)	(15,196,977)
Capital asset charge payments		(288,000)	(187,860)
Interest and other costs of finance paid		-	(1,646)
Total payments		(17,903,192)	(15,386,483)
Net cash flows from operating activities	6.2	40,667	385,579
Cash flows from investing activities			
Payments for property, plant and equipment		-	(371,969)
Proceeds from disposal of property, plant and equipment		15,273	-
Payments for intangible assets		(42,763)	-
Proceeds from disposal of intangible assets		-	2,575
Net cash flows used in investing activities		(27,490)	(369,394)
Cash flows from financing activities			
Repayment of finance leases		(13,177)	(16,185)
Net cash flows used in financing activities		(13,177)	(16,185)
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the financial year		-	-
Cash and cash equivalents at the end of the financial year		-	-

The accompanying notes form part of these financial statements.

OFFICE OF THE OMBUDSMAN

Statement of changes in equity For the financial year ended 30 June 2019

	Contributed capital \$	Accumulated deficit \$	Total \$
Balance at 1 July 2017	4,789,571	(1,383,409)	3,406,162
Net result for the year	-	159,928	159,928
Balance at 30 June 2018	4,789,571	(1,223,481)	3,566,090
Net result for the year	-	(105,491)	(105,491)
Balance at 30 June 2019	4,789,571	(1,328,972)	3,460,599

The accompanying notes form part of these financial statements.

1. About this report

The Office of the Ombudsman (the Office) is a government agency of the State of Victoria, established under the *Ombudsman Act 1973*.

The principal address is:
Level 2, 570 Bourke Street
Melbourne Victoria 3000

A description of the nature of the principal services of the Ombudsman is included in the "Report of operations" of the Annual Report which does not form part of these financial statements.

Basis of preparation

These financial statements are prepared in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Office.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision.

These financial statements cover the Office of the Ombudsman as an individual reporting entity and include all the controlled activities of the Office.

Compliance information

These general-purpose financial statements have been prepared on a going concern basis in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Notes to financial statements

30 June 2019

2. Funding of our services

Introduction

The Office is predominantly funded by accrual based Parliamentary appropriations for the provision of outputs. These appropriations are received by the Department of Premier and Cabinet and on-forwarded to Office in the form of grants.

Structure

2.1 Income that funds the delivery of our services

2.1. Income that funds the delivery of our services

	2019 \$	2018 \$
Grants from the Department of Premier and Cabinet	18,724,330	15,823,834
Total income	18,724,330	15,823,834

Income from grants (other than contribution by owners) is recognised when the Office obtains control over the contribution. Where grants are reciprocal (i.e. equal value is given back by the Office to the provider), the Office is deemed to have assumed control when performance obligations under the terms of the grant are met. Non-reciprocal grants are recognised as income when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

3. Cost of delivering our services

Introduction

This section provides an account of the expenses incurred by the Office in delivering services and outputs.

Structure

- 3.1 Expenses incurred in the delivery of services
- 3.2 Employee benefits
- 3.3 Capital asset charge
- 3.4 Other operating expenses

3.1. Expenses incurred in the delivery of services

	Notes	2019 \$	2018 \$
Employee benefits	3.2.1	12,460,361	10,275,092
Capital asset charge	3.3	288,000	187,860
Other operating expenses	3.4	5,412,122	4,625,715
Total expenses incurred in the delivery of services		18,160,483	15,088,667

3.2. Employee benefits

3.2.1. Employee benefits in the comprehensive operating statement

	2019 \$	2018 \$
Salaries and wages, annual leave and long service leave	11,495,566	9,485,508
Superannuation		
- Defined contribution superannuation expense	928,251	748,960
- Defined benefits superannuation expense	36,544	40,624
Total employee benefits	12,460,361	10,275,092

Employee benefits comprise all costs related to employment including salaries and wages, superannuation, leave entitlements, redundancy payments, fringe benefits tax and Workcover premiums paid and payable.

3.2.2. Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2019 \$	2018 \$
Current provisions:		
Annual leave	873,218	781,320
Long service leave	934,805	741,687
Total current provisions	1,808,023	1,523,007
Non-current provisions:		
Long service leave	562,274	468,376
Total non-current provisions	562,274	468,376
Total employee benefits	2,370,297	1,991,383

Current provisions: The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to financial statements

30 June 2019

Unconditional long service leave (LSL) is disclosed as a current liability even where the Office does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are included as a component of the provision for employee benefits.

Non-current provisions: Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

The Office does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

3.3. Capital asset charge

	2019 \$	2018 \$
Capital asset charge	288,000	187,860
Total capital asset charge	288,000	187,860

A capital asset charge is a charge levied on the written down value of non-current physical assets in the Office's balance sheet which aims to attribute to the opportunity cost of capital used in service delivery and provide incentives to the Office to identify and dispose of underutilised or surplus assets in a timely manner. The capital asset charge is calculated on the budgeted carrying amount of applicable non-current physical assets.

3.4. Other operating expenses

	2019 \$	2018 \$
Purchase of services	2,054,365	1,596,666
Information technology	1,405,545	1,280,749
Supplies and services	850,332	671,049
Operating lease rentals	616,230	600,238
Occupancy costs	485,650	477,013
Total other operating expenses	5,412,122	4,625,715

Other operating expenses represent the day-to-day running costs incurred in delivering services of the Office.

Other operating expenses except for operating lease rentals are recognised as an expense in the reporting period in which they are incurred.

Operating lease rentals (including contingent rentals) are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

4. Key assets available to support output delivery

Introduction

The Office controls property, plant and equipment in fulfilling its objectives and conducting its activities. These assets represent the key resources that Office uses for the delivery of those activities.

Structure

- 4.1 Property, plant and equipment
- 4.2 Depreciation and amortisation

4.1. Property, plant and equipment

	2019 \$	2018 \$
Leasehold improvements	4,709,918	4,709,918
Less: accumulated depreciation	(1,358,053)	(847,023)
Net carrying amount	3,351,865	3,862,895
Office furniture and equipment at fair value	475,272	475,272
Less: accumulated depreciation	(304,228)	(229,935)
Net carrying amount	171,044	245,337
Motor vehicles under finance lease	25,897	54,024
Less: accumulated depreciation	(12,511)	(27,249)
Net carrying amount	13,386	26,775
Total property, plant and equipment	3,536,295	4,135,007

Initial recognition: Items of property, plant and equipment are recognised initially at cost. Where an asset is acquired for no or nominal consideration, the cost is its fair value at the date of acquisition.

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

The cost of the office furniture and equipment is the purchase price and any other additional cost incurred in bring the asset to the place and condition it is available for use.

The cost of the motor vehicles under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement: Property, plant and equipment is subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Impairment: Property, plant and equipment, is tested for impairment whenever there is an indication that an asset may be impaired.

4.1.1. Reconciliation of movements in carrying amount of property, plant and equipment

	Leasehold improvements		Office furniture and equipment		Motor vehicles under finance lease		Construction in progress		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Carrying amount at start of year	3,862,895	4,039,885	245,337	292,389	26,775	61,748	-	13,499	4,135,007	4,407,521
Additions	-	306,017	-	29,920	-	-	-	33,458	-	369,395
Disposals	-	-	-	-	(8,759)	(19,283)	-	-	(8,759)	(19,283)
Re-measurements	-	(51,700)	-	-	-	-	-	-	-	(51,700)
Transfers between classes	50	46,957	(50)	-	-	-	-	(46,957)	-	-
Depreciation expense	(511,080)	(478,264)	(74,243)	(76,972)	(4,630)	(15,690)	-	-	(589,953)	(570,926)
Carrying amount at end of the year	3,351,865	3,862,895	171,044	245,337	13,386	26,775	-	-	3,536,295	4,135,007

Notes to financial statements
30 June 2019

4.2. Intangible assets

	2019 \$	2018 \$
Intangible assets - work in progress	42,763	-
Less: accumulated amortisation	-	-
Net carrying amount	42,763	-
Capitalised software	-	60,750
Less: accumulated amortisation	-	(60,750)
Net carrying amount	42,763	-
Total intangible assets	42,763	-
Reconciliation of movements in carrying amount:		
Carrying amount at start of year	-	4,556
Additions - work in progress	42,763	-
Disposals	-	(2,575)
Amortisation expense	-	(1,981)
Carrying amount at end of year	42,763	-

Intangible assets (capitalised software) represent identifiable non-monetary assets without physical substance. During 2019, the Office commenced their website development project. Upon completion of the project, the costs will be capitalised and amortised over the next five years.

Initial recognition: Purchased intangible assets are measured at cost less accumulated amortisation and impairment. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Office. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement: Intangible assets with finite useful lives are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Purchased intangible assets have useful lives of between 3 and 7 years.

Impairment: Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

4.3. Depreciation and amortisation

	2019 \$	2018 \$
Leasehold improvements	511,080	478,264
Office furniture and equipment	74,243	76,972
Motor vehicles under finance lease	4,630	15,690
Capitalised software	-	1,981
Total depreciation and amortisation	589,953	572,907

Depreciation and amortisation is calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, to its useful lives. Depreciation and amortisation begins when the asset is first available for use in the location and condition necessary for it to be capable of operating in the manner intended by the Office.

The estimated useful lives, residual values and depreciation method are reviewed at least annually. Typical estimated useful lives applicable for the different asset classes are included in the table below:

Notes to financial statements

30 June 2019

Useful life of assets

	Useful life (years)
Leasehold improvements	10
Office furniture and equipment	3-5
Motor vehicles under finance lease	3
Capitalised software	5

5. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arise from the Office's operations.

Structure

- 5.1 Receivables
- 5.2 Payables
- 5.3 Deferred lease incentive
- 5.4 Prepayments
- 5.5 Other provisions

5.1. Receivables

	2019 \$	2018 \$
Contractual		
Receivables	922	-
Statutory		
GST recoverable	60,087	15,999
Amounts owing from Victorian Government	5,501,683	4,498,764
Total receivables	5,562,692	4,514,763
Represented by:		
Current receivables	5,120,116	4,141,016
Non-current receivables	442,576	373,747

Contractual receivables are classified as financial instruments and measured as amortised cost. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments.

5.2. Payables

	2019 \$	2018 \$
Contractual		
Creditors and accruals	1,145,557	543,752
Total payables	1,145,557	543,752

Payables consist predominantly of creditors and accruals. Payables represent liabilities for goods and services provided to the Office that are unpaid at the end of the financial year. Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Notes to financial statements

30 June 2019

5.3. Deferred lease incentive

	2019 \$	2018 \$
Current	291,998	293,222
Non-current	1,800,652	2,101,425
Total deferred lease incentive	2,092,650	2,394,647

The lease incentive pertains to the Office's premises at Level 2, 570 Bourke Street, Melbourne, which has been leased for an initial tenure of ten years, ceasing as at 31 August 2026. Under the terms of the lease, the Office has the option to extend for a further five years.

The lease incentive benefit is being apportioned over the lease term.

5.4. Prepayments

	2019 \$	2018 \$
Prepayments	302,655	234,581
Total prepayments	302,655	234,581

Prepayments represent payments in advance of receipt of goods or services or payment for expenditure relating to future periods.

5.5. Other provisions

	2019 \$	2018 \$
Make-good provision	361,900	361,900
Total other provisions	361,900	361,900

The make-good provision is recognised in accordance with the agreement over the leased premises. The Office is required to remove any leasehold improvements from the leased premises and restore the premises to its original condition at the end of the lease term.

5.5.1. Reconciliation of movements in make-good provision

	2019 \$	2018 \$
Opening balance	361,900	413,600
Reductions arising from payments/re-measurements	-	(51,700)
Closing balance	361,900	361,900

6. Financing our operations

Introduction

This section provides information on the sources of finance utilised by the Office during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of the Office.

This section also includes disclosures on commitments for expenditure.

Structure

- 6.1 Finance lease liabilities (Borrowings)
- 6.2 Reconciliation of net result for the period to cash flow from operating activities
- 6.3 Commitments for expenditure

6.1. Finance lease liabilities (Borrowings)

	2019 \$	2018 \$
Secured		
Current lease liabilities	13,402	13,177
Non-current lease liabilities	-	13,402
Total finance lease liabilities	13,402	26,579

Borrowings of the Office relate to finance lease liabilities on motor vehicles.

Finance leases are recognised as assets and liabilities of the Office at amounts equal to the fair value of the lease property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The leased asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the lease liability and periodic finance charges which are calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

Leases are secured borrowings as the right to the leased assets will revert to the lessor in the event of a default.

There were no defaults and breaches of any lease conditions during the current or previous financial years.

6.2. Reconciliation of net result for the period to cash flow from operating activities

	2019 \$	2018 \$
Net result for the period	(105,491)	159,928
Non-cash movements		
Depreciation	589,953	572,907
(Gain)/loss on disposal of non-current assets	(6,513)	2,575
Movements in assets and liabilities		
(Increase)/decrease in receivables	(1,047,929)	(80,185)
(Increase)/decrease in prepayments	(68,074)	(9,023)
Increase/(decrease) in payables	601,804	136,377
Increase/(decrease) in provisions	378,914	(12,198)
Increase/(decrease) in other liabilities	(301,997)	(384,802)
Net cash flows from operating activities	40,667	385,579

Notes to financial statements

30 June 2019

6.3. Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2019 \$	2018 \$
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
Within one year	944,579	1,010,048
Later than one year but not later than five years	4,070,319	4,433,430
Later than five years	2,506,939	3,999,981
Total commitments (inclusive of GST)	7,521,837	9,443,459
Less GST recoverable	(683,803)	(858,496)
Total commitments (exclusive of GST)	6,838,034	8,584,963

Outsourcing commitments

The Office's payroll function has been outsourced to the Department of Parliamentary Services. This contract expired on 30 June 2018 and contract negotiations are ongoing at the time of these financial statements.

7. Risks, contingencies and valuation judgements

Introduction

The Office is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities

7.1. Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements between entities that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Office's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables do not meet the definition of financial instruments as they do not arise under contract. The Office's statutory receivables are disclosed in note 5.1.

From 1 July 2018, the Office applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised costs. These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Financial assets at amortised cost include the Office's trade receivables, but not statutory receivables.

Categories of financial assets previously under AASB 139

Financial assets (Receivables)

Receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method, less any impairment.

Receivables includes trade receivables, but not statutory receivables.

Categories of financial liabilities under AASB 9 and previously under AASB 139

Financial liabilities at amortised cost

Financial liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, these financial instruments are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include all of the Office's contractual payables and finance lease liabilities (borrowings).

Notes to financial statements

30 June 2019

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Office concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

7.1.1. Categorisation of financial instruments

			Carrying amount	
			2019	2018
			\$	\$
Receivables	5.1	Financial assets at amortised cost	922	-
Total financial assets			922	-
Financial liabilities				
Payables	5.2	Financial liabilities at amortised cost	1,145,557	543,752
Borrowings	6.1	Financial liabilities at amortised cost	13,402	26,579
Total financial liabilities			1,158,959	570,331

7.1.2. Financial risk management objectives and policies

As a whole, the Office's financial risk management program seeks to manage the risks arising from volatility in financial instruments.

The Office's main financial risks include credit risk, liquidity risk and market risk. The Office manages these financial risks in accordance with its financial risk management policy.

Credit risk

Credit risk arises from the financial assets of the Office, which comprise trade and other receivables. The Office's exposure to credit risk arises from the potential default of counterparties on their contractual obligations resulting in financial loss to the Office. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Office's financial assets is minimal because the main debtor is the Victorian Government.

Liquidity risk

Liquidity risk arises when the Office is unable to meet its financial obligations as they fall due. The Office operates under the Victorian Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Office's exposure to liquidity risk is deemed insignificant based on a current assessment of risk. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities. The Office manages its liquidity risk by maintaining an adequate level of uncommitted funds that can be used at short notice to meet its short-term obligations.

Market risk

Notes to financial statements

30 June 2019

The Office has no exposure to interest rate, foreign currency or other price risks. Interest rates on the Office's finance lease liabilities are fixed.

Notes to financial statements

30 June 2019

7.2. Contingent liabilities and contingent assets

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There were no contingent assets based on the above definitions relating to the Office at 30 June 2019 (30 June 2018: Nil).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

There were no contingent liabilities based on the above definitions relating to the Office at 30 June 2019 (30 June 2018: Nil).

8. Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1 Subsequent events
- 8.2 Responsible persons
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Administered items
- 8.7 Change in accounting policies
- 8.8 Australian Accounting Standards issued that are not yet effective

8.1. Subsequent events

There were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Office.

8.2. Responsible persons

The persons who held the positions of Minister and Accountable Officer in the Office (from 1 July 2018 to 30 June 2019) were:

Responsible Minister	The Hon Daniel Andrews MP, Premier
Accountable Officer	Deborah Glass OBE, Ombudsman

Remuneration

The total remuneration package of the person holding the office of Ombudsman, in connection with the management of the Office during the reporting period, was in the range: \$570,000 – \$579,999 (\$550,000 – \$559,999 in 2017-18).

Amounts relating to Ministers are reported in the financial statements of the Department of Parliamentary Services.

8.3. Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include employer contributions for members of both defined benefit and defined contribution superannuation plans.

Other long-term benefits include long service leave, other long-service benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Notes to financial statements

30 June 2019

	2019	2018
	\$	\$
Remuneration of executive officers		
Short-term employee benefits	816,267	537,487
Post-employment benefits	63,046	34,815
Other long-term benefits	25,480	13,937
Total remuneration	904,793	586,239
Total number of executives	4	3
Total annualised employee equivalents ⁽ⁱ⁾	4.00	1.88

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for the reporting period.

8.4. Related parties

The Office is a wholly owned and controlled entity of the State of Victoria. Related parties of the Office include:

- all key management personnel and their close family members;
- all cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of State consolidated financial statements.

Significant transactions with government-related entities

The Office received grant funding from the Department of Premier and Cabinet of \$18.7 million (2018: \$15.8 million).

Key management personnel (KMP) of the Office include the Portfolio Minister being The Hon Daniel Andrews MP and the Ombudsman being Deborah Glass OBE. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the financial report of Department of Parliamentary Services.

	2019	2018
	\$	\$
Remuneration of KMPs ⁽ⁱ⁾		
Short-term employee benefits	535,765	522,434
Post-employment benefits	20,452	19,972
Other long-term benefits	20,433	13,430
Total	576,650	555,836

Note:

(i) The amount shown in both financial years is the Ombudsman's total remuneration package.

Transactions with KMPs and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Office, there were no related party transactions that involved KMPs and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.5. Remuneration of auditors

	2019 \$	2018 \$
Audit fees paid or payable to the Victorian Auditor-General's Office		
Audit of the annual financial statements	16,400	16,000
Total remuneration of auditors	16,400	16,000

No other direct services were provided by the Victorian Auditor-General's Office.

8.6. Administered items

In addition to the specific operations of the Office which are included in the balance sheet, comprehensive operating statement and cash flow statement, the Office administers or manages activities on behalf of the State. The transactions relating to these activities are reported as administered in this note. Administered transactions reflect the operations of the Commuter Club. During the year ended 30 June 2019, net administered assets amounted to \$12,327 (2018- \$11,049).

8.7. Change in accounting policies

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Office's financial statements.

The Office has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

- any adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and
- financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

8.7.1. Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, the Office's management has assessed for all financial assets based on the Office's business models for managing the assets. The following are the changes in the classification of the Office's financial assets:

- Contractual receivables previously classified as financial assets (receivables) under AASB 139 are now reclassified as financial assets at amortised cost under AASB 9. The initial application of AASB 9 did not have an impact on the Office's financial position at 1 July 2018.

The accounting for financial liabilities remains largely the same as it was under AASB 139.

The Office's accounting policies for financial assets and liabilities are set out in note 7.1.

8.7.2. Changes to the impairment of financial assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, the Office applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. Application of the lifetime ECL allowance method results in no difference to the nil impairment loss allowance.

Notes to financial statements

30 June 2019

8.8. Australian Accounting Standards issued that are not yet effective which are applicable to the Victorian Ombudsman

The following AASs become effective for reporting periods commencing after 1 July 2019:

AASB 16 Leases;
AASB 15 Revenue from Contract with Customers; and
AASB 1058 Income of Not-for-Profit Entities.

Leases

AASB 16 Leases replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. The Office intends to adopt AASB 16 in 2019-20 financial year when it becomes effective.

The Office will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. The Office will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

The Office has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU (\$9,027,713),
- increase in related depreciation (\$699,803),
- increase in lease liability (\$9,408,261),
- increase in related interest (\$350,252) calculated using effective interest method, and
- decrease in rental expense (\$669,507).

Revenue and Income

AASB 15 supersedes AASB 118 Revenue and applies to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Office intends to adopt these standards in 2019-20 financial year when it becomes effective.

Notes to financial statements

30 June 2019

The Office will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The Office has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application is nil.

OFFICE OF THE OMBUDSMAN

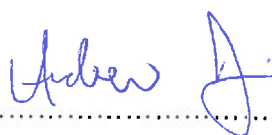
ACCOUNTABLE OFFICER'S AND CHIEF FINANCIAL OFFICER'S DECLARATION

The attached financial statements for the Office of the Ombudsman have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of the Office of the Ombudsman at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 11 September 2019.



Andrew Davis
Chief Financial Officer

Melbourne
11 September 2019



Deborah Glass OBE
Ombudsman

Melbourne
11 September 2019

Appendix 1: Disclosure index

Table 15: Disclosure index		
Legislation	Requirement	Page Ref
Ministerial Directions & Financial Reporting Directions		
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Charter and purpose		
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FRD 22H	Purpose, functions, powers and duties	11-13
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Management and structure		
FRD 22H	Organisational structure	70
Financial and other information		
FRD 8D	Performance against output performance measures	77
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FRD 10A	Disclosure index	120
FRD 12B	Disclosure of major contracts	N/A
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FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i> (Vic)	83
FRD 22H	Statement on National Competition Policy	83
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i> (Vic)	52-59
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i> (Vic)	N/A
FRD 22H	Details of consultancies over \$10,000	85
FRD 22H	Details of consultancies under \$10,000	86-87
FRD 22H	Disclosure of government advertising expenditure	85
FRD 22H	Disclosure of ICT expenditure	86-87
FRD 22H	Statement of availability of other information	86
FRD 24C	Reporting of office based environmental impacts	86-87
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SD 5.2	Specific requirements under Standing Direction 5.2	82-119

Table 15: Disclosure index – continued		
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	82
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Declaration		
SD 5.2.2	Declaration in financial statements	119
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	98
SD 5.2.1(a)	Compliance with Ministerial Directions	82
Other disclosures as required by FRDs in notes to the financial statements (a)		
FRD 9B	Departmental Disclosure of Administered Assets and Liabilities by Activity	N/A
FRD 11A	Disclosure of Ex gratia Expenses	Nil
FRD 13	Disclosure of Parliamentary Appropriations	N/A
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	114-115
FRD 103G [pending]	Non-Financial Physical Assets	102-103
FRD 110A	Cash Flow Statements	96
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Note: (a): References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.		

Legislation	Page Ref
<i>Ombudsman Act 1973 (Vic)</i>	11
<i>Terrorism (Community Protection) Act 2003 (Vic)</i>	11
<i>Constitution Act 1975 (Vic)</i>	11
<i>Freedom of Information Act 1982 (Vic)</i>	88-90
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<i>Carers Recognition Act 2012 (Vic)</i>	N/A
<i>Local Jobs First Act 2003 (Vic)</i>	83
<i>Financial Management Act 1994 (Vic)</i>	76
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<i>Public Administration Act 2004 (Vic)</i>	78
<i>Charter of Human Rights and Responsibilities Act 2006 (Vic)</i>	48-50

Appendix 2: Annual Plan 2018-19

Table 16: Annual Plan 2018-19			
Focus area	Activity	Progress	Notes
A more accessible Ombudsman office for Victorians and the public sector	Open and trial a Regional 'hub'	Complete	We trialled servicing a regional 'Hub' in Geelong between February and June 2019. We visited the hub weekly and dealt with a total of 50 approaches. Reflecting on the service uptake, we will continue the Geelong hub on a monthly basis for the near future and will explore strengthening connections with community legal centres.
	Develop a responsive website	In progress	We launched a project to develop a responsive website that is accessible to all Victorians and available on all technological devices. The website, which is expected to go live in December 2019, has been designed in consultation with community groups and public sector employees to cater to several different needs. The vision is to transform complaints into administrative improvement. At the core of the design concept is that people visiting the new website will have an improved awareness of the Ombudsman's role, an improved experience using the Ombudsman's service and there will be better engagement with the Victorian Public Sector.
Use and share information more effectively	Develop a Digital Strategy	Complete	The Ombudsman endorsed a Digital Transformation plan to be implemented between 2019-2021. The plan focuses on three technological pillars: Improved Customer Experience, Digital on the Inside and Easy Access to Data. These three pillars will be underpinned by seamless, automated and secure solutions to support the Ombudsman's digital capability.
	System improvements and business process efficiencies	Ongoing	We aimed to strengthen our data analytical capability by enhancing our complaint management and data analytics systems. Through this work, we came across some technological challenges that means we need to continue this work in 2019-20.
Recognised as a leader in investigations, human rights and improving public administration	Develop operational guidelines for investigations	Complete	<p>We refined internal procedures to support the conduct of investigations, relating to common sources of evidence in investigations into conflicts of interest and contract management.</p> <p>In 2019-20 and in conjunction with the Ombudsman's new statutory functions, we will expand on these procedures.</p>

Focus area	Activity	Progress	Notes
Develop and support our people and provide a healthy and flexible working environment	Develop a capability framework	Complete	We implemented various aspects of our capability framework. This included revising our organisational structure to be ready for new legislative functions, increasing training offered to staff, recalibrating our Human Resources services to operate as a business partnership function and implementing Internship and Indigenous Cadetship programs with a view to attracting future talent.
	Embed a Future Leaders Program	Complete	Many of our staff attended leadership training that supported the development of their leadership capabilities. This included training on situational leadership, coaching and mentoring.
	Creating a Mentally Healthy Workplace	Ongoing	<p>We piloted an onsite counsellor through our Employee Assistant Program provider, Converge. The pilot, occurring over three months, involved a counsellor embedded into our workplace. We also appointed Mental Health Peer Supports from within the organisation who have received Mental Health Support Accreditation training.</p> <p>In recognition of the importance of mental health in our people, the Ombudsman's focus on creating a mentally healthy workplace is ongoing.</p>

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