
VICTORIAN **ombudsman**

40
YEARS
1973 – 2013

Annual report 2014

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

Pursuant to sections 25 and 25AA of the *Ombudsman Act 1973*, I am pleased to present to the Parliament the Victorian Ombudsman's annual report for the year ending 30 June 2014.

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

Deborah Glass OBE
Ombudsman

3 September 2014

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Foreword

This report covers the last nine months of George Brouwer's 10 year term as Victorian Ombudsman, and the first three months of mine. It therefore reflects some of my predecessor's considerable achievements, but also includes my own early observations and plans for the role.

This year is a significant milestone for the Victorian Ombudsman, marking the 40th anniversary of the Office. The institution is a vital element in government transparency and accountability, qualities highly valued in 1973 and even more critical now, when State Government bodies number in excess of a thousand and the public's relationship with government is even more complex. The reports and recommendations of the Office have credibility, impact, and have achieved real change in public services.

As the fifth Ombudsman for Victoria, I owe an immense debt of gratitude to the four who preceded me, all of whom played their part in personally ensuring that the role of Ombudsman is not only an inviolable part of the public sector landscape, but also widely respected for its integrity and independence.

The role of the Ombudsman is, fundamentally, to redress the imbalance of power between the individual and the state. The Office provides a free, fair and independent service to those who are dissatisfied with the action or inaction of public bodies. It is a means by which the state is held accountable for its decisions and actions – actions that affect the lives of every Victorian.

On taking up this appointment I inherited a well-run office full of highly motivated professional staff, for which the credit must go both to my predecessor, and to my Deputy, John Taylor, who has ably supported George Brouwer since 2004 and has since provided invaluable support to me.



A changing landscape

It is appropriate and inevitable at the start of a 10 year term to reflect on the history of the Office, its work, successes and the opportunities for change.

For its first three decades, the Office evolved, dealing with public complaints about Victorian Government public services, expanding to include, among other things, local government and freedom of information. In 2002 the *Whistleblowers Protection Act 2001* gave the Office a new role, and in 2004, in a climate of public concern about police involvement in gangland killings and drug trafficking, the Ombudsman took on a wider police jurisdiction. While the landscape evolved yet further with the creation of the Office of Police Integrity, it is clear from the many reports tabled by my predecessor that the Office had become, by default, the state's anti-corruption watchdog.

This landscape changed again in 2013 with the establishment of the Independent Broad-based Anti-Corruption Commission (IBAC), which took over responsibility for police matters and the whistleblower legislation under the new *Protected Disclosure Act 2012*.

The existence of a separate anti-corruption body in IBAC, a positive development for Victoria, allows me to refocus the work of the Office back to the traditional Ombudsman role, more in line with its Swedish origins – the word loosely translates to ‘defender of the people’. It is now much clearer: corruption is the business of IBAC and fairness is mine.

There are however consequences of these changes. The impact on the work of my office has been profound, and is illustrated in the third chapter of this report. My office has a vital but limited investigative capacity, and I have found that the majority of this is being taken up with the requirement to investigate ‘protected disclosures’ (formerly known as whistleblower complaints) referred by IBAC. Under the previous Whistleblowers Protection Act the Ombudsman had the discretion to refer such cases elsewhere, including back to the relevant agencies, if appropriate. This is no longer the case, and as a result the resources of the Office are being disproportionately spent on these investigations.

These changes are having a real impact on the ability of my office to do its core business, which is to investigate public complaints and administrative actions of public bodies.

I agreed with the IBAC Commissioner on amendments to the legislation needed to rectify this state of affairs, and wrote to the Premier in May 2014 to request his support. I have also raised the issue with the Accountability and Oversight Committee and the Leader of the Opposition.

This is now a matter for Parliament and I urge them to act. These are not contentious amendments, and will address what appear to be unintended consequences of the new legislation. If no legislative changes are forthcoming I will seek funding to increase investigative capacity, so that my ability to look at the cases of concern to the people of Victoria is not unnecessarily diminished.

Communications and engagement

There are other policy amendments to the *Ombudsman Act 1973* which would be desirable, including a review of the Ombudsman’s core functions which have been essentially unchanged since 1973. The Act for example, does not specify public education as a function of the Office. The Act also has stringent confidentiality provisions, which do not sit comfortably with the increased focus on communications and engagement with the public which I believe is necessary to the role.

Another issue is the requirement under the Ombudsman Act that all complaints must be lodged in writing. This year, over 80 per cent of our contacts were made by phone, and the requirement to make a complaint in writing often surprises people who have the reasonable expectation that public services, including this office, should be accessible and responsive. It has also meant that hundreds of complaints were not addressed, as complainants were either unable to or did not follow up in writing. This is another area where I believe small legislative change would deliver significant improvement.

I intend to communicate more with the people of Victoria, and with the departments, agencies and other public bodies over which my office has jurisdiction. The current complaints landscape is complicated and confusing with a number of organisations in the mix, and I want people to clearly understand what the Office can do for them, and what it cannot.

I want to make it easier for people to complain, and for those complaints to be satisfactorily resolved. Communication with other agencies and the public is essential to improving awareness and simplifying the process for all concerned, in particular, the most vulnerable people in our society, who all too often have the greatest need for services but the least knowledge about them.

Improving public administration

As this report shows, my office received over 34,000 approaches last year, and our work covered a wide range of issues – including prison overcrowding and potential human rights breaches, rates notices, child protection and drivers' licences. In the vast majority of cases, complaints were resolved informally through advice, or we made enquiries to determine whether the actions of the agency were fair and reasonable. In many cases, following enquiries, we found that departments and agencies had acted reasonably. But as the examples in this report show, where we believed the actions were not fair, we sought outcomes to redress the injustice.

Formal investigations carried out by the Office highlighted failures in dealing with conflicts of interest, poor governance practices in the public sector, and failure to undertake statutory functions.

The overall volume of contacts represents a significant statement of public dissatisfaction. I want to be able to do more with this data to improve public administration. Capacity within this office to identify and analyse emerging trends in complaints would provide State Government departments and agencies with valuable feedback on their operations, and also important data to drive own motion investigations into systemic issues.

I am acutely aware that proposed initiatives – and potentially, the consequences of a more open and accessible office – will require resources I do not currently have. Like any public sector leader, I am looking to make efficiency savings wherever possible, but as the numbers show I run a very small office in public sector terms, with dedicated staff who are already stretched to capacity. In the coming year I will be making a case for a modest increase in the budget of the Ombudsman's Office and I look to government, even in these straitened times, to support this for the benefit of the people of Victoria.

There is much to do to provide the level of scrutiny and service Victorians have a right to expect. I look forward to building on the work of my predecessors to ensure fairness for all Victorians in their dealings with the public sector and improve public administration.

Deborah Glass OBE

Ombudsman

The Victorian Ombudsman's Office

The Victorian Ombudsman is an independent officer of the Parliament under section 94E of the *Constitution Act 1975*. The Ombudsman is appointed to office under section 3 of the Ombudsman Act by the Governor in Council.

The mission of the Office is to promote fairness, integrity, respect for human rights and administrative excellence in the Victorian public sector.

The Ombudsman's principal function is to enquire into or investigate administrative actions taken by or in an authority¹.

The Ombudsman's jurisdiction covers government departments, public statutory bodies, employees of municipal councils and private sector entities when delivering services on behalf of government. The Ombudsman may conduct an enquiry or investigation in response to a complaint or on her own motion.

The Ombudsman also has responsibilities in relation to protected disclosure complaints under the Protected Disclosure Act; human rights under the *Charter of Human Rights and Responsibilities Act 2006*; and some important functions aimed at ensuring compliance by state entities with certain other specified Victorian legislation².



Our leadership team. Left to right: Glenn Sullivan, Deborah Glass, John Taylor, David Berry, Joy Patton, Stephen Mumford.

¹ Other than administrative action that appears to involve corrupt conduct; or that is taken under the *Freedom of Information Act 1982*.

² For example, monitoring compliance with the *Prevention of Cruelty to Animals Act 1986* by the Royal Society for the Prevention of Cruelty to Animals; section 13AA(1)(b) of the *Ombudsman Act 1973*.

40 years: A reflection

40th Anniversary

On 30 October 2013 the Office celebrated 40 years of complaint handling. Over that time it dealt with many thousands of complaints and provided over 100 reports to Parliament. It grew from a small office of 11 staff to what it is today. I am the fifth Victorian Ombudsman, noting that Mr Bob Seamer acted as Ombudsman for almost one year after the untimely illness of Dr Barry Perry.

Each of my predecessors made an important contribution to the office.

The Last Decade

For the 10 years prior to April 2014, George Brouwer was the Ombudsman, leading the Office through both interesting and challenging times. Not long after his appointment, he established the Office of Police Integrity in November 2004. For the next three years Mr Brouwer was the inaugural Director, Police Integrity as well as holding the Office of Ombudsman.



In March 2008 Judge Michael Strong was appointed Director, Police Integrity, freeing Mr Brouwer to return to focusing all his attention on the Office of the Ombudsman.

During his 10 year term, Mr Brouwer was responsible for tabling over 80 reports to Parliament on a wide range of topics. Many involved the Whistleblowers Protection Act, some with significant consequences to both individuals and organisations. For example, his report into an allegation relating to the release of Victoria Police crime statistics in June 2011 led to the resignation of the then Chief Commissioner and more recently, the establishment of an independent crime statistics agency.

The Parliament also asked Mr Brouwer to undertake investigations into a number of significant issues in Victoria. In 2008 the Acting Premier asked the Ombudsman to investigate the circumstances surrounding the Cranbourne methane gas disaster. The Ombudsman's report to Parliament in October 2009³ led to significant changes within the Environment Protection Authority and the settlement of a class action in the Supreme Court.

Other investigations led to significant changes to government agencies' practices and procedures, including:

- a toll free number for prisoners to call when making a complaint – this has streamlined and sped up prisoner complaints, making a significant difference to this community – 2006
- recommending security improvements to drivers' licences to reduce fraud – introduced by VicRoads – 2007⁴
- addressing conflict of interest in both the public sector and local government – leading to legislative changes – 2008⁵
- guarding against fraud and waste identified in a number of reports, including the Transport Accident Commission's and the Victorian WorkCover Authority's administrative practices for medical practitioner billing – 2009⁶ and 2011⁷
- investigations aimed at protecting the vulnerable, particularly in child protection – 2009⁸ and 2010⁹

3 Victorian Ombudsman, *Brookland Greens Estate – Investigation into methane gas leaks*, October 2009.

4 Victorian Ombudsman, *Investigation into VicRoads driver licensing arrangements*, December 2007.

5 Victorian Ombudsman, *Conflict of interest in local government*, March 2008; *Conflict of interest in the public sector*, March 2008.

6 Victorian Ombudsman, *An investigation into the Transport Accident Commission's and the Victorian WorkCover Authority's administrative processes for medical practitioner billing*, July 2009.

7 Victorian Ombudsman, *Investigation into record keeping failures by WorkSafe agents*, May 2011.

8 Victorian Ombudsman, *Own motion investigation into the Department of Human Services Child Protection Program*, November 2009.

9 Victorian Ombudsman, *Own motion investigation into Child Protection – out of home care*, May 2010.

- identifying problems within the youth justice detention system, resulting in upgrading of detention centres and education programs for young offenders – 2010¹⁰
- addressing concerns about the failure to manage registered sex offenders, leading to significant changes to processes – 2011¹¹.

These are but a few examples of how the Ombudsman was able to assist in improving public administration, the core function of the office.

Mr Brouwer left an effective well-functioning office, with staff identifying through a recent survey that they were proud to work in his office.

Dr Barry Perry

Dr Barry Perry served as Ombudsman from 1995 to 2003. Dr Perry had a long career with the Office, which spanned nearly its entire history. He started with the Office in 1974 and held various roles prior to his appointment as Ombudsman.



Dr Perry's major achievements during his tenure as Ombudsman include his contribution to the development of freedom of information in Victoria and whistleblower protection mechanisms.

Towards the end of his term in 2002, the Whistleblowers Protection Act was enacted, extending the role of the Ombudsman to investigate and oversee investigations of whistleblower complaints.

Dr Perry undertook the initial work on the commencement of the Act including issuing detailed guidelines for agencies on the practical operation of the Act, and developing internal working procedures for handling whistleblower complaints.

In the words of the then Premier Steve Bracks, Dr Perry 'had a great influence on the structure and direction of the office' and made 'a very significant contribution to improving public administration and accountability'.

Mr Norman Geschke

Mr Norman Geschke served as Victoria's second Ombudsman from 1980 to February 1994. Prior to his appointment, Mr Geschke was Victoria's first Director of Consumer Affairs for six years.

Mr Geschke took the reins at VO following the retirement of Sir John Dillon. During his term of office,

Mr Geschke played a prominent role in the development of the Ombudsman internationally. He was appointed a Director of the International Ombudsman's Institute in 1987 and held that position until he stood

down in 1992, at which time he was made a life member of the Institute.



Mr Geschke placed considerable emphasis on complainants and had little time for legal technicalities which he saw as preventing fair and reasonable outcomes and limiting the accountability of government bodies. He also placed great importance on the accessibility of the Office to all, and established a program of country visits during his term to increase awareness of the Office for people living in regional areas.

¹⁰ Victorian Ombudsman, *Whistleblowers Protection Act 2001 – Investigation into conditions at the Melbourne Youth Justice Precinct*, October 2010.

¹¹ Victorian Ombudsman, *Whistleblowers Protection Act 2001 – Investigation into the failure of agencies to manage registered sex offenders*, February 2011.

Mr Geschke also oversaw substantial diversification of the work of the Office, including the addition of functions in relation to Freedom of Information in 1983 and the creation of the Office of Deputy Ombudsman (Police Complaints) in 1988.

Upon Mr Geschke's retirement, the then Premier Jeff Kennett expressed appreciation and gratitude for the manner in which Mr Geschke discharged his duties. He said Mr Geschke brought dignity to the Office, exhibited a high level of professionalism and served the State of Victoria with integrity.

Sir John Vincent Dillon

Sir John Vincent Dillon was appointed as Victoria's inaugural Ombudsman on 9 October 1973. The Victorian Ombudsman's Office was the third such office in Australia at that time, and was quickly followed by the establishment of Ombudsmen in other Australian jurisdictions. Sir John served as Ombudsman for seven years until August 1980.



He faced a number of challenges associated with the establishment of the Office, including consolidating the structure, establishing jurisdiction, securing accommodation and staff and formulating policies, practices and procedures.

As the first Ombudsman in Victoria, Sir John also:

- raised awareness of the existence and purpose of the Office with the public and public sector agencies
- ensured accessibility of the Office, particularly for people in regional Victoria

- addressed multiple jurisdictional challenges by public sector agencies in the first three years of the Office's operation
- saw the expansion of the Office's jurisdiction to cover local government in Victoria in 1977.

Sir John put VO on firm foundations and developed its reputation as one of integrity, impartiality and effectiveness.

The new integrity landscape in Victoria

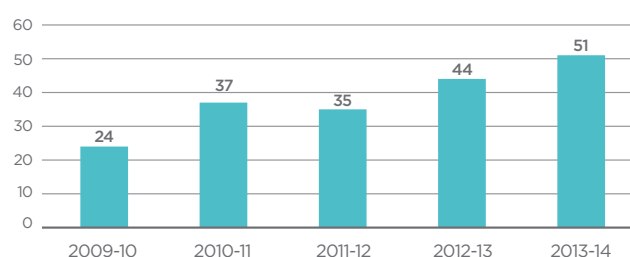
This year was the first full year of the operation of the new integrity landscape in Victoria. The new legislation and the establishment of IBAC have altered the nature of the work of the Office, and increased its workload. In particular, we have seen an increase in:

- the number of investigations carried out by VO
- workload relating to the assessment of protected disclosure matters
- administrative workload arising from the requirement to make written referrals.

Increase in investigations

For the most part, the increase in investigations by VO comes from the new requirement that we must, except in narrow circumstances, investigate all protected disclosures referred by IBAC.

Compared to 2011-12 which was the last full year of operation of the Whistleblowers Protection Act, the Office has started one and a half times the number of investigations in 2013-14.



Graph 1: Investigations started

Of the 51 formal investigations we started this year, 65 per cent (33) were protected disclosure matters.

Assessment of protected disclosure matters

Workload relating to the assessment of protected disclosure matters (before they are investigated) has also increased, due to the number of times matters are assessed under the new legislation. In particular we must:

- complete assessments of matters that we receive that may be protected disclosures and refer these to IBAC where appropriate
- complete a further assessment of matters that have been determined by IBAC as protected disclosures and referred back to VO for investigation.

This means that some matters are assessed on three separate occasions – twice by VO and once by IBAC. In 2013-14 we assessed 169 protected disclosure matters, which equates to a 44 per cent increase on the number of assessments conducted in the last full year of operation of the Whistleblowers Protection Act (117 assessments in 2011-12).

Written referrals

Prior to the introduction of the new integrity legislation, we could simply provide the relevant agency details to complainants who approach our office with matters we are unable to assist with. Now we are required to refer many of these complaints to the appropriate body in writing. Since the start of the integrity legislation (10 February 2013) to 30 June 2014, we made 1,279 referrals in writing:

- 1,063 police matters to IBAC
- 127 disclosures to IBAC
- 37 conduct matters¹² to the Victorian Inspectorate
- 40 freedom of information complaints to the FOI Commissioner
- 12 corrupt conduct matters to IBAC.

This averages 3.7 referrals each business day. In addition to referring these matters in writing to the relevant agency, we must also write to the complainant advising them of the referral. Each referral takes up to 30 minutes to record, prepare and send.

We continue to work with IBAC to streamline processes as far as practicable in relation to these matters.

¹² Complaints about the conduct of IBAC or IBAC staff, a VAGO officer, the Chief Examiner or an Examiner.

VO at a glance

VO has the power to **investigate actions & decisions** of more than
1,000 government departments, statutory authorities
& local councils

34,374
approaches received

own motion
matters

15

86%
of recommendations
accepted by agencies

4 Regional
information days
hosted

Full time
employees **72**

2,672
enquiries completed

12 parliamentary
reports

\$10m
budget

 70 formal
investigations
completed

85% of
approaches
closed within **7 days**

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Our work

Approaches

This year was the busiest in the history of the Victorian Ombudsman. Approaches to the Office increased 12.6 per cent, from 30,517 in 2012-13 to 34,374 this year. These include complaints which are both within and outside the jurisdiction of the Office, as well as requests for information.

In addition, we have the power to look into matters by way of own motion, without receiving a particular complaint¹³. In 2013-14, we looked into 15 matters using own motion powers.

No. of approaches received

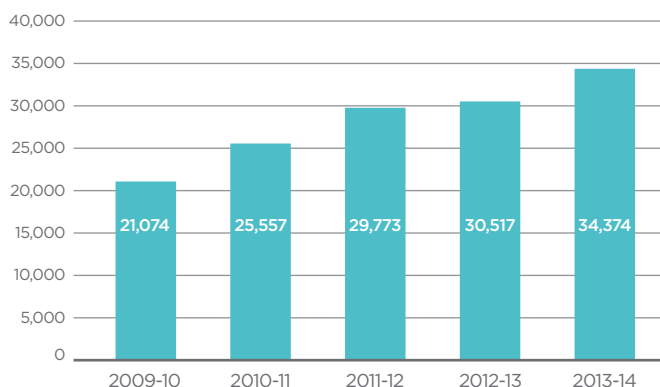
2013-14 - **34,374**

2012-13 - **30,517**

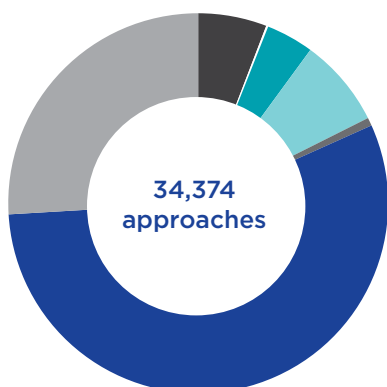
2011-12 - **29,773**

2010-11 - **25,557**

2009-10 - **21,074**



How we received approaches



- Telephone - **19,172**
- Telephone-auto transfer - **8,916**
- Online - **2,593**
- Email - **2,004**
- Letter - **1,393**
- In person - **236**
- Fax - **60**

¹³ These matters are not included in the 'approaches received' by the Office, as we initiated them without receiving an 'approach' or complaint.

Under the legislation, complaints must be made in writing. In line with previous years, over 80 per cent of initial approaches to the Office were made by phone. In cases where the initial contact is by phone and the matter warrants further consideration, complainants are advised to set out the details in writing.

In this reporting year, 945 approaches made by phone required an urgent response. In these cases, we initiated an enquiry without a written complaint, using own motion powers.

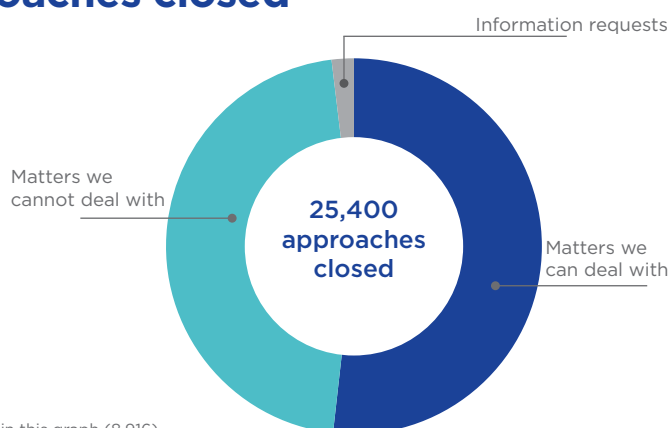
Where a complainant makes contact by phone and the matter is outside the scope of VO, they have the option to use our telephone auto-transfer system to be directly transferred to the appropriate complaints body. This system was introduced in November 2013, resulting in more efficient complaint handling for Victorians and more VO staff time available to respond to callers with complaints we are able to address.

We also made some changes to our online complaint form in December 2013 to redirect people to pages on our website with referral information to other complaint handling bodies for matters we could not deal with. There were 1,005 hits to those referral pages. Another feature of the new form is that complaints submitted online are automatically loaded into our case management system, which increases efficiency as we do not have to manually enter details.

Of the 25,400 approaches we closed¹⁴ this year, more than half related to complaints about matters we can deal with, an increase of about five per cent from 2012-13, when 47 per cent of the approaches closed were matters within jurisdiction.

No. of approaches closed

- Matters we can deal with – 13,152
- Matters we cannot deal with – 11,763
- Information requests – 485



Telephone-auto transferred approaches have not been represented in this graph (8,916).

¹⁴ Note the distinction between approaches received and approaches closed, and that this number excludes telephone-auto transferred approaches (8,916).

Time taken to close approaches

Over 95 per cent of approaches were closed within 30 days, with just under one per cent continuing beyond three months.

Table 1: Time taken to close approaches		
	2013-14	%
Closed on day received	17,559	69.13%
Closed within 1 to 7 days	3,993	15.72%
Closed within 8 to 30 days	2,761	10.87%
Closed within 1 to 3 months	857	3.37%
Closed within 3 to 6 months	177	0.70%
Closed after 6 months	53	0.21%
Total approaches closed	25,400	100%

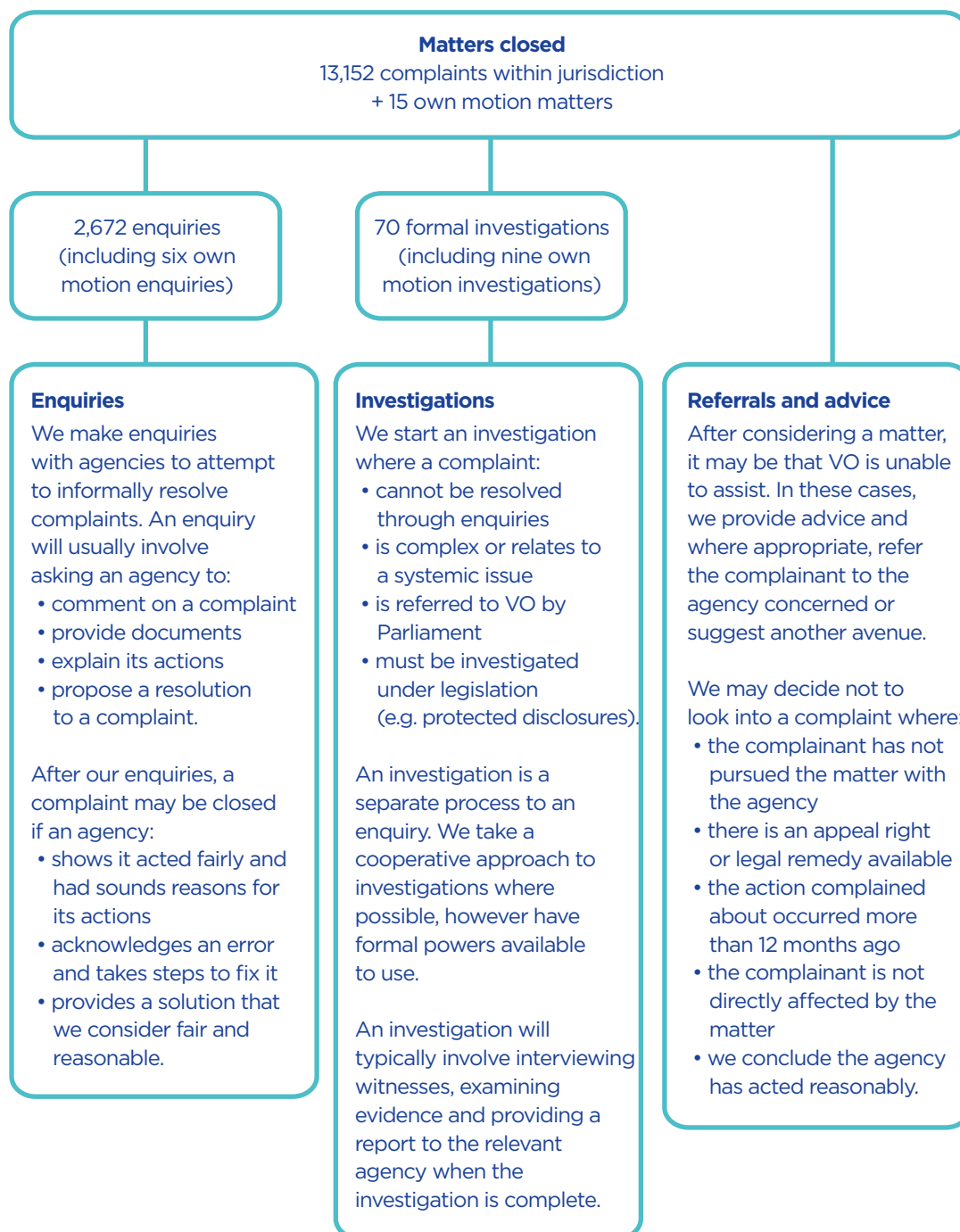
Enquiries and investigations

The work of VO falls largely into two categories: enquiries and investigations.

These cover both responses to complaints from the public and the use of own motion powers. These powers allow us to look into a matter without having received a complaint, in cases where we consider a particular issue is in the public interest or is systemic. Case studies on the use of own motion powers are on pages 25 and 27.

The total number of jurisdictional matters closed this year (13,152) is slightly down on the number recorded in the previous year (14,424). Some of this change can be attributed to the removal of VO's jurisdiction over Victoria Police in February 2013. In 2013-14 VO received 1,477 complaints about Victoria Police which are now outside jurisdiction, but which would previously have been within scope.

What we did with matters we closed



Another 514 matters would have resulted in enquiries if not for the legislative requirement to lodge a complaint in writing.

As a result of feedback from visitors and witnesses, we have reviewed some of our processes and office design. This has included:

- a new shared reception with IBAC
- a new interview room
- amendments to the interview script used by investigators.



Deborah Glass, Ombudsman and Stephen O'Bryan, IBAC Commissioner outside our shared reception



Our new interview room



Is it fair?

Fairness is at the heart of the role of VO and a key consideration in looking at complaints we receive. We

not only look at whether an agency has acted lawfully and in accordance with its policies and procedures, but also whether its actions were fair and reasonable in the circumstances.

Case study

Registration and licensing issues, such as registration or licence cancellations are a common theme in complaints about VicRoads received by VO. While legislation and policy strictly governs these processes, the following case study is an example of a complaint we decided to look at on grounds of fairness.

Driving unregistered

The complaint

VicRoads mistakenly changed the address associated with three of the complainant's vehicles, instead of just the one he requested. As a result, he did not receive his registration renewal notices, as they were sent to the wrong address. A few months later he was fined by the police for driving an unregistered vehicle.

When he complained to VicRoads, he said it told him that even if he did not receive the reminder notice, it was his responsibility to pay the registration by the due date.

Is this fair?

VicRoads is not legally required to send reminder notices; it is the vehicle owner's responsibility to renew their registration. Even though VicRoads acted lawfully, in this specific case our enquiries confirmed VicRoads had made an error in changing the complainant's address. Given this, VicRoads agreed to refund the cost of the permits the complainant had to purchase to re-register his three vehicles and to request Civic Compliance Victoria (responsible for recovering unpaid fines on behalf of police) withdraw the fine.

Case study

Rates notices are among the most complained about issues in local government. There are established processes for disputing rates notices and so generally VO does not become involved in complaints about these matters. The following case study is an example of a complaint about rates that we looked into which appeared unfair, irrespective of the council's legal obligations.

Industrial rates incorrectly charged for a residential property

The complaint

A ratepayer was incorrectly charged industrial rates by his local council for his residential property for over 15 years.

When he complained to the council after receiving his 2013 rates notice, the council removed the industrial rate and revalued his property. However, the ratepayer complained that the council should reimburse him the additional money he had paid.

Is this fair?

By law, the council was only required to reimburse the ratepayer for the additional money he was overcharged and paid from 2007 to present (six years). However, our enquiries with the council confirmed that the council had been overcharging him since 1997-98.

In these circumstances, we considered that a fair outcome was for the council to reimburse the complainant the total additional money he had paid since 1997 as a result of its error. The council agreed and reimbursed the complainant \$7,295.

Case study

Local and State Government bodies own and manage a range of public assets and land. Poor or inadequate management of such land or assets can cause significant inconvenience to private citizens, as highlighted by this case study.

Flooded property

The complaint

We received a complaint about ongoing flooding to the complainant's property (including underneath her house) for over three years, as a result of water overflowing from a neighbouring school oval. She had raised the matter with the school and the Department of Education and Early Childhood Development on numerous occasions, without timely and adequate resolution.

Is this fair?

After making enquiries with the department, VO brought the matter to the Secretary's attention and provided footage of the flooding recorded by the complainant. The Secretary acknowledged the department's poor handling of the matter and accepted a number of proposals VO made to achieve a fair and reasonable resolution of the complainant's concerns. This included that:

- the department work with the school to speedily address the flooding and prevent it occurring in the future
- report back to VO on how and when the matter is resolved
- apologise to the complainant
- reimburse the complainant for costs relating to damage to her property.

Influencing change

Many of our outcomes and resolutions relate to matters affecting individuals, for example the revocation of fines, reimbursement, or the provision of further information.

However some outcomes have broader implications which can lead to systemic change.

Agency and state wide changes

Our enquiries and investigations can have far-reaching consequences and result in fundamental change to the way public services are delivered in Victoria. For example, this year:

- We conducted a broad based review of deaths in custodial facilities and made a number of recommendations to address issues identified in relation to prison overcrowding; the management of prisoners at risk of suicide or self-harm; and health services and transitional support services available to prisoners.
- We investigated a complaint about the use of force by Authorised Officers on V/Line and recommended improvements to the training provided to all Authorised Officers, and the installation of CCTV cameras in all V/Line trains.
- Legislative changes were introduced in 2014 in relation to safety and security practices¹⁵ in secure welfare service facilities, which house some of the state's most vulnerable and at risk children, as a result of recommendations made in our 2013 investigation.

- We re-examined the existence of conflict of interest in the Victorian public sector, particularly in high risk activities such as procurement and recruitment, and tabled a report providing guidance to public sector agencies and their employees on managing these issues.
- The new CEO of VicRoads, Mr John Merritt met with the Ombudsman to discuss issues arising from the multiple investigations VO conducted into VicRoads last year, as highlighted in last year's annual report. The concerns related to the adequacy of management in identifying and addressing inappropriate practices and in some instances, an unhealthy culture. Mr Merritt has committed to addressing these concerns.

We also recently started two own motion reviews which will have state-wide implications in their respective areas.

Enquiry into Local Government Complaint Handling Systems and Practices

This enquiry will examine complaint handling by local councils to identify how practices and procedures can be improved. We propose to develop a good practice guide to help local councils better handle community complaints. We expect the enquiry and guide will be completed late this year.

Prison program own motion investigation

This investigation will look at the provision of rehabilitation programs and transitional services for offenders in Victoria, with a particular focus on the provision of these programs for female and indigenous offenders. The investigation was prompted by the growth in prisoner numbers and concerns with rates of reoffending and the costs to the Victorian community. We expect the investigation report will be available in October 2014.

¹⁵ Changes were made to the Children, Youth and Families Act 2005 in relation to the use of searches on visitors to and children residing in secure welfare services; and the use of restraint and seclusion on children in secure welfare services.

Individual resolutions

Also important are resolutions for individual complainants. Some outcomes are achieved after lengthy disagreement between the agency and the complainant, and the resolution brings welcome conclusion and often, a positive result.

“I am writing to thank you most sincerely for your assistance in obtaining clarity regarding the allowances of magazines at ... [the] Correctional Centre. I received a letter of apology (and clarification) shortly after your ‘chase-up’ call to facility management, and I am completely satisfied with the General Manager’s response”.

“I would like to thank you very sincerely for all your help with ... [my] problem. You have been able to get done in a few months what I had not been able to do in years of trying!”

“This is just a short message of thanks ... for following up on this matter ... I finally received a substantial, but partial, answer to the questions that I had raised ... [with the government agency] ... Thanks again, and keep up the good work”.

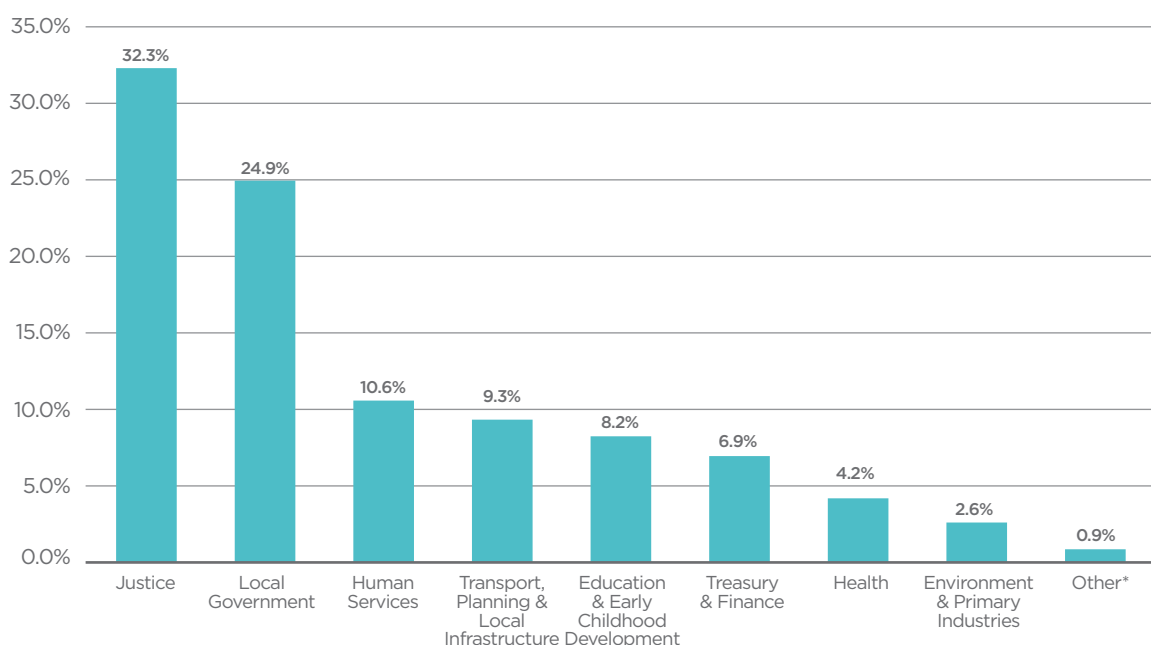
What people complained about

VO has jurisdiction to receive complaints regarding more than 1,000 public sector agencies and local councils. These cover a wide range of issues, and are grouped into government portfolios.

Categorising complaints by portfolio is useful in identifying systemic issues within various areas of government.

This year the most complained about portfolio was Justice (which includes prisons) with over 32 per cent of complaints. Local government represented nearly 25 per cent, making it the second most complained about portfolio, followed by Human Services, with 10.6 per cent.

Complaints by portfolio



Justice – **4,248**

Local Government – **3,281**

Human Services – **1,391**

Transport, Planning & Local Infrastructure – **1,227**

Education & Early Childhood Development – **1,084**

Treasury & Finance – **914**

Health – **551**

Environment & Primary Industries – **343**

Other* – **113**

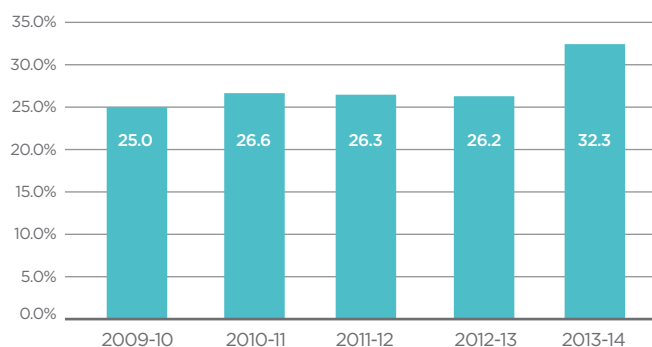
*Other relates to portfolios where complaints were a small percentages of the total. These are not separately shown.

Justice portfolio

Closed complaints for Justice portfolio

2013-14 fast facts

- 4,248 complaints
- 75% related to prisons
- 12% related to Civic Compliance Victoria and the Sheriff's Office



Justice has been the most complained about portfolio for the last four years. Complaints in this portfolio increased again this year by six per cent, from 26 per cent to 32 per cent of the total.

Of the 4,248 complaints about Justice, 3,177 (75 per cent) related to prisons¹⁶.

This was followed by complaints about Civic Compliance Victoria¹⁷ and the Sheriff's Office which collectively represented 12 per cent (499) of Justice complaints.

The most common reasons for complaints involving Justice last year all related to prisons:

Table 2: Most common reasons for complaints involving Justice in 2013-14

Issue	No. of complaints	Percentage (%)
Prisoner health services	631	15%
Prisoner property	312	7%
Prison buildings and facilities	217	5%
Prisoner placement and location	176	4%
Delays in complaint handling in prisons	160	4%
Prisoner visits	141	3%
Prisoner funds	132	3%
Prisoner telephone access/services	132	3%
Prison food	130	3%
The right to humane treatment when deprived of liberty ¹⁸	124	3%

¹⁶ This figure includes complaints about Corrections Victoria (the overarching body responsible for the management of Victoria's correctional facilities) and Justice Health (the body responsible for the delivery of health services in public prisons in Victoria) as well as complaints about public and private prisons.

¹⁷ Civic Compliance Victoria provides infringement management and enforcement services on behalf of other State Government agencies.

¹⁸ Section 22 of the *Charter of Human Rights and Responsibilities Act 2006*.

Prisons and human rights

We have an important role in relation to the Victorian Charter of Human Rights and Responsibilities Act. We are the only body with the power to investigate whether actions taken by agencies are incompatible with the Charter.

Human rights concerns frequently arise in complaints from people held in closed environments (most commonly prisons) due to the restrictions on their freedom and their vulnerability. This year 124 complaints about Justice raised issues regarding the right to humane treatment when deprived of liberty. Some examples are set out below.

Transfer of prisoner without clothing

The complaint

A prisoner at Port Phillip Prison made a complaint that prison officers had moved him from one unit to another without being clothed.

What we did

In our assessment we considered possible human rights implications of the prison's actions, in particular the right to humane treatment when deprived of liberty, and the right to protection from cruel, inhuman or degrading treatment.

We made enquiries with the prison and established that the prisoner had in fact been transferred handcuffed in his underwear from one unit to another, over a considerable distance.

How we helped

The prison acknowledged that the mode of transfer was regrettable. To ensure this did not occur in the future, the prison amended its operating instructions to specify that prisoners be appropriately clothed during transfers, and that a manager be present to oversee all transfers made using restraint.

Punish one, punish all

The complaint

A prisoner at the Beechworth Correctional Centre complained about the centre's decision to punish the entire prison population based on misbehaviour by a small group of prisoners. The centre's punishment was to shut down the telephone system meaning no prisoner could make or receive personal calls. The prisoner raised concerns that as a result of the punishment (which was a consequence of behaviour he was not responsible for) he was unable to communicate with his wife about health matters in his family.

What we did

We considered the appropriateness and fairness of the centre's decision in our assessment, and the possible human rights implications. We made enquiries with the centre and in response, it acknowledged that its policies and procedures did not allow for the use of collective punishment.

How we helped

Corrections Victoria advised each prison that collective punishment should not be used, and that telephone access could only be removed from a prisoner on an individual basis.

Civic Compliance Victoria and the Sheriff's Office

Complaints about infringement management and enforcement by the Sheriff's Office and Civic Compliance Victoria was the second most complained about area in Justice, making up 12 per cent of complaints.

In many cases we do not become involved in complaints about infringements due to the established processes to dispute them.

The following is an example of a case relating to an infringement that we decided to look into on the basis that the actions of the Sheriff's Office seemed unreasonable in the circumstances.

In two places at once?

The complaint

A prisoner complained to us that the Sheriff's Office had issued him with infringement warrants totalling over \$3,000 despite being in prison at the time the infringements occurred. He complained to the Sheriff's Office six times and submitted a number of forms, but the matter was not resolved.

What we did

We made enquiries with the Sheriff's Office and Civic Compliance Victoria. They advised they were not aware the complainant was in custody at the time the infringements were incurred, however agreed to review the matter.

How we helped

Following our enquiries, the agencies acknowledged the complainant could not have been the driver and the infringement warrants were revoked and removed from his name.

This year we also took a broader look at the way infringement warrants are enforced and managed in Victoria.

\$886 million debt to the state 'written off'

The issue

Our 2013 own motion investigation into the enforcement of infringement warrants in Victoria examined the Sheriff's Office's inability to keep up with the number of infringement warrants issued each year and the impact of this.

We found

- limited resources
- outdated information technology
- failure to use powers
- poor enforcement strategies
- problems with data sharing and reliability.

These challenges hindered the Sheriff's Office ability to keep up with the number of outstanding infringement warrants in Victoria. For each warrant finalised by the Sheriff's Office, five more are issued.

This has resulted in:

- a large percentage of warrants not being enforced and expiring without payment
- two million warrants totalling \$886 million being 'written off' between 2005 and 2013
- a current pool of 3.5 million unexecuted warrants, valued at more than \$1.2 billion.

Concerns about these issues have been raised in several previous reports, including numerous reports by the Auditor-General and a previous report by this Office. Despite these reports and recommendations, the number of unenforced warrants and debt to the state continues to rise.

How we helped

Since the completion of the investigation, the Fines Reform Bill 2014 has been introduced which will result in significant changes to fine collection and enforcement in Victoria. Reform initiatives include changes to provide:

- simpler and shorter timelines and notifications for collection and enforcement
- earlier intervention when individuals accumulate multiple fines or large debts
- greater ability for the Sheriff's Office to recover civil debts
- additional funding to upgrade IT systems and increase enforcement capacity.

Local government

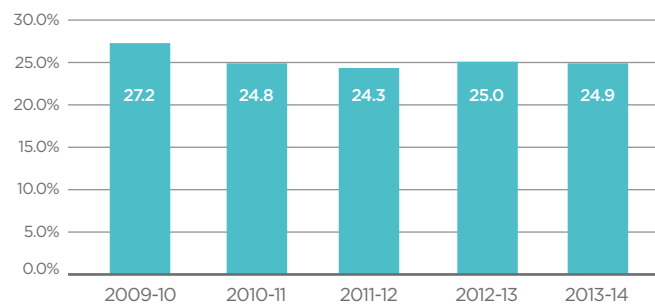
Closed complaints for local government

2013-14 fast facts

- 3,281 complaints

Most complained about issues:

- complaint handling
- parking
- rates
- planning



Complaints about local government have remained relatively constant over the last four years, with a marginal drop from 25 per cent of jurisdictional complaints in 2012-13 to 24.9 per cent in 2013-14.

All 79 councils in Victoria were subject to at least one complaint last year, but the number varied widely across municipalities, as illustrated by the map on page 31. In looking at the map, it is important to note wide variations in population between municipalities, and that the figures represent the total number of complaints to VO and not all of these were substantiated.

Most complained about issues

Of the 3,281 complaints about local government, the most common issues were:

- **complaint handling** 750 complaints (23%)
- **parking** 477 complaints (14%)
- **rates** 344 complaints (10%)
- **planning** 302 complaints (9%).

Over 55 per cent of all local government complaints fell into these categories.

Other common areas of complaint in local government last year included:

- other enforcement and regulatory activities in areas such as building, animals, local laws and nuisances
- facilities owned or controlled by councils, for example roads and parks.

Complaint handling

Local councils' handling of complaints was the most commonly complained about local government issue. Specific issues for Victorians included delays in responding, inadequate remedies and inadequate processes. We also received a substantial number of complaints that local councils had reached the wrong conclusion in relation to complaints, and provided inadequate reasons for their decisions.

Our recently commenced enquiry into local government complaint handling systems and practices aims to give local councils the tools they need to better handle complaints and respond to the public. We will produce a guide after the enquiry, which should assist councils to resolve complaints before they reach VO, reducing the number of complaints we receive about complaint handling in local government.

Parking

Parking complaints received by VO typically relate to local councils' enforcement of parking restrictions. While we do not usually become involved in complaints about parking infringements (due to options available to dispute them), the following is an example of a parking matter we looked into this year.

Reading between the lines

The issue

After seeing an article in a local newspaper, we decided to make enquiries into a parking infringement issued to a member of the public by their local council for parking next to a continuous yellow line¹⁹. The location at which the person had parked also displayed a four hour parking sign, giving the impression that it was lawful to park in that space for less than four hours (despite the yellow line). The person had requested that the council review the infringement notice twice; it was upheld both times.

What we did

Based on the information provided following our enquiries, we concluded that the placement of the yellow line AND the four hour parking sign above the parking space was confusing, and on that basis, the infringement should have been withdrawn. The council subsequently agreed to refund the infringement.

We made further enquiries with the council to establish whether any other infringements may have been issued in similar circumstances. The council advised us that it had identified another parking zone within the municipality which could be interpreted as being similarly confusing (see the photo below).

How we helped

The council subsequently issued refunds for 26 infringement notices issued for parking at the two sites. The signage and line markings at the two sites were altered to ensure restrictions were clear and unambiguous.



¹⁹ Under the *Road Safety Rules 2009*, motorists are not allowed to park a car next to a continuous yellow line.

Rates

Thirty-nine per cent of the complaints we received this year about rates related to the amount individuals were charged by their local council. The following is an example of one of these cases.

13 years of inflated rates

The complaint

We received a complaint from a ratepayer who had been overcharged for her rates by her local council for 13 years due to a council error regarding the size of her property. The council reimbursed her for the overcharged rates however she was dissatisfied that it would not pay her interest on the amount, which she believed she was entitled to.

What we did

We made enquiries with the council to establish why it was not willing to pay her interest.

How we helped

The council reconsidered its position on the matter and subsequently advised the complainant it would pay her \$910.94 in interest.

Roads

Local councils are responsible for maintaining local roads within their municipality. Councils' management of roads is a commonly complained about issue in local government complaints to our office. The following is an example of one of these cases, where there was a substantial failure by the local council to fulfil its responsibility.

No through road

The complaint

An elderly couple living in regional Eastern Victoria complained to us about the lack of action taken by their local council (Latrobe City Council) to reinstate the only access road to their property, which had been closed due to a landslip. The complainants had been unable to return to their property, live in their home and tend to their livestock for over a year at the time they complained, and half of their sheep had died as a result. They were temporarily living with their daughter and son-in-law in Melbourne, who they were visiting at the time of the landslip.

The council is the responsible road authority for the access road to their property, and was responsible for arranging rectification works following the landslip. Despite ongoing communication with the council following the landslip, the complainants were unable to resolve the matter with the council and remained unable to access their property.

What we did

We made enquiries with the council to attempt to informally resolve the matter. However we were not satisfied with the council's responses and lack of action and so proceeded to a formal investigation. While we use such formal powers sparingly, a formal investigation was clearly necessary in this instance due to the lack of action by the council and the significant distress and inconvenience the complainants had experienced.

Our investigation revealed that the lack of action taken by the council was associated with:

- the cost of the works to reinstate the road, which services only one property
- unavailability of government funding to meet this cost
- exploration of alternative options to reinstating the existing road
- a lack of clarity in the roles and responsibilities of the council and other government agencies in the natural disaster funding process
- the council's view that the works were not urgent because the complainants were residing with family members.

How we helped

About two weeks after the commencement of our investigation, the council restored temporary road access, allowing the complainants to return to their property. Shortly after, it then successfully obtained government funding for the permanent reinstatement of the road.

Notwithstanding the constructive outcomes we achieved for the complainants, we decided to table a report in Parliament on the matter as it highlights how inaction by an agency can cause significant distress and inconvenience to citizens. The complainants expressed their appreciation to us for resolving the matter by sending cards and photos of their livestock and property to us (shown to the right).

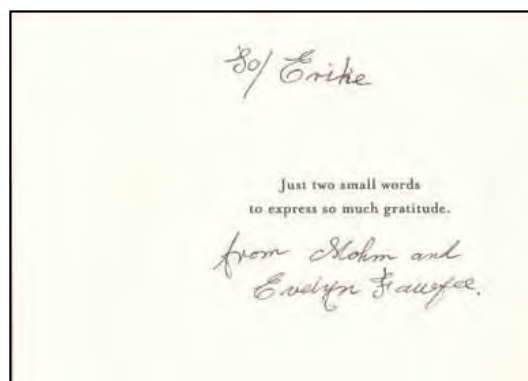
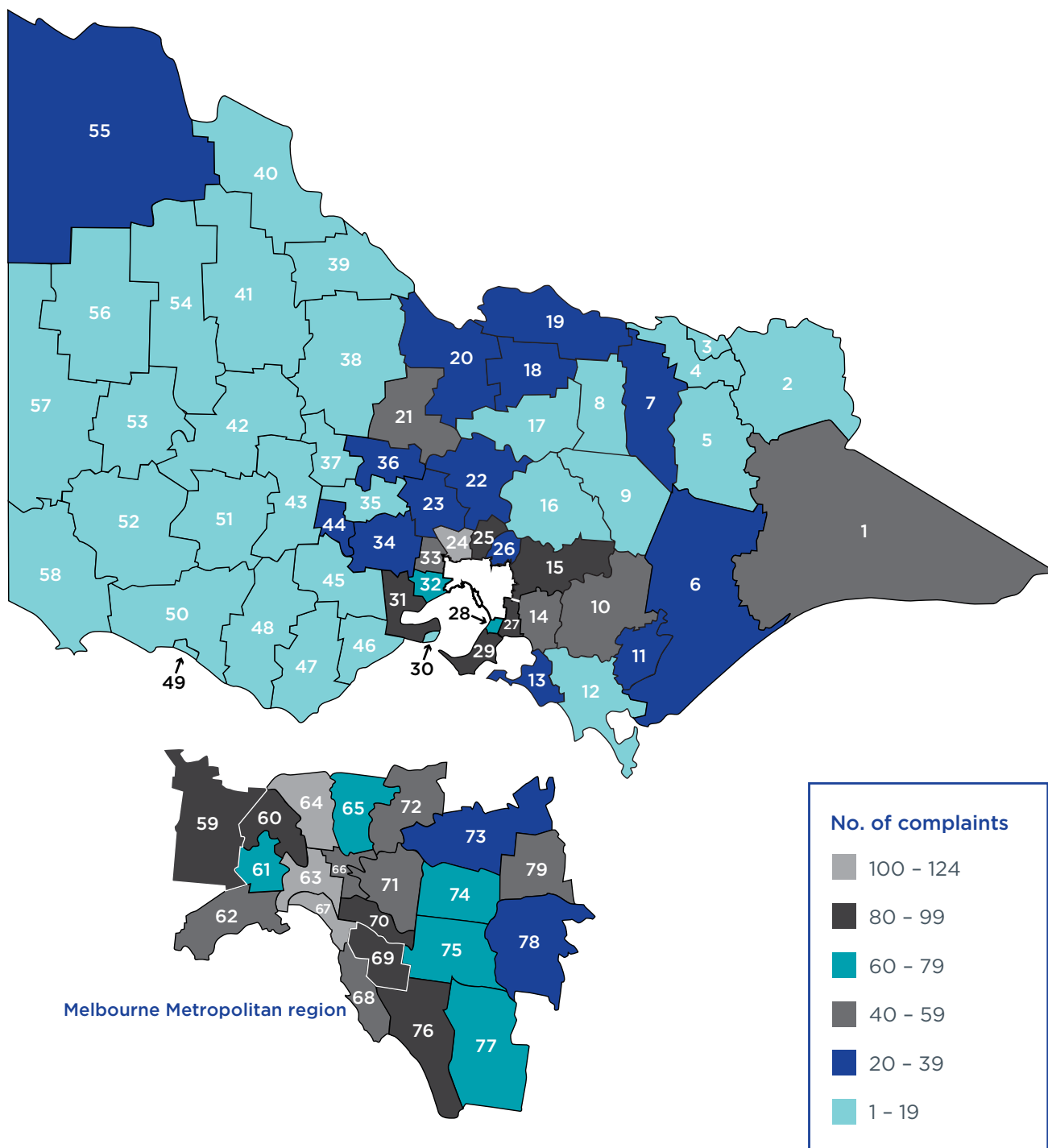


Table 3: Local councils and map numbers

Map no.	Local council	Map no.	Local council
1	East Gippsland Shire Council	41	Buloke Shire Council
2	Towong Shire Council	42	Northern Grampians Shire Council
3	Wodonga City Council	43	Pyrenees Shire Council
4	Indigo Shire Council	44	Ballarat City Council
5	Alpine Shire Council	45	Golden Plains Shire Council
6	Wellington Shire Council	46	Surf Coast Shire Council
7	Wangaratta Rural City Council	47	Colac Otway Shire Council
8	Benalla Rural City Council	48	Corangamite Shire Council
9	Mansfield Shire Council	49	Warrnambool City Council
10	Baw Baw Shire Council	50	Moyne Shire Council
11	Latrobe City Council	51	Ararat Rural City Council
12	South Gippsland Shire Council	52	Southern Grampians Shire Council
13	Bass Coast Shire Council	53	Horsham Rural City Council
14	Cardinia Shire Council	54	Yarriambiack Shire Council
15	Yarra Ranges Shire Council	55	Mildura Rural City Council
16	Murrindindi Shire Council	56	Hindmarsh Shire Council
17	Strathbogie Shire Council	57	West Wimmera Shire Council
18	Greater Shepparton City Council	58	Glenelg Shire Council
19	Moira Shire Council	59	Brimbank City Council
20	Campaspe Shire Council	60	Moonee Valley City Council
21	Greater Bendigo City Council	61	Maribyrnong City Council
22	Mitchell Shire Council	62	Hobsons Bay City Council
23	Macedon Ranges Shire Council	63	Melbourne City Council
24	Hume City Council	64	Moreland City Council
25	Whittlesea City Council	65	Darebin City Council
26	Nillumbik Shire Council	66	Yarra City Council
27	Casey City Council	67	Port Phillip City Council
28	Frankston City Council	68	Bayside City Council
29	Mornington Peninsula Shire Council	69	Glen Eira City Council
30	Borough of Queenscliffe	70	Stonnington City Council
31	Greater Geelong City Council	71	Boroondara City Council
32	Wyndham City Council	72	Banyule City Council
33	Melton City Council	73	Manningham City Council
34	Moorabool Shire Council	74	Whitehorse City Council
35	Hepburn Shire Council	75	Monash City Council
36	Mount Alexander Shire Council	76	Kingston City Council
37	Central Goldfields Shire Council	77	Greater Dandenong City Council
38	Loddon Shire Council	78	Knox City Council
39	Gannawarra Shire Council	79	Maroondah City Council
40	Swan Hill Rural City Council		

Complaints about local councils in 2013-14

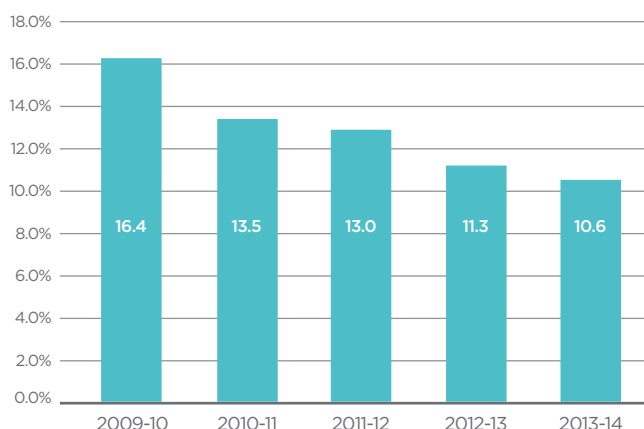


Human Services

Closed complaints for Human Services

2013-14 fast facts

- 1,391 complaints
- 45% related to Child Protection
- 44% related to Housing



The Human Services portfolio has ranked third with the number of complaints for the last five years, however complaint numbers have been falling. This year Human Services complaints made up 10.6 per cent of all jurisdictional complaints, down from 11.3 per cent last year.

Of the 1,391 complaints in this portfolio, 628 (45 per cent) related to Child Protection and 609 (44 per cent) related to Housing. Only 11 per cent of Human Services complaints related to other areas within Human Services.

The most common reasons for complaints about Human Services related to complaint handling and service delivery issues, such as the quality of services provided, assessments undertaken and failures to act or provide services.

Child Protection

Child Protection complaints often relate to the placement and care arrangements in place for children subject to Child Protection involvement, which can take a number of different forms. The following case study relates to a complaint about children placed in a kinship care²⁰ arrangement, and the adequacy of support provided by Child Protection to the carers.

Vulnerable children in need

The complaint

We received a complaint from a kinship carer of indigenous children raising concerns that:

- The department had not arranged and provided necessary support services for the children, including counselling services to address their history of problematic and trauma specific behaviours.
- The department had delayed responding to a:
 - funding request for modifications to the carer's home to more appropriately accommodate the children
 - reimbursement request for property destroyed by the children.

The complainant contacted us after raising their concerns with the department on numerous occasions without a resolution.

²⁰ Care provided by relatives or a member of a child's social network when a child cannot live with their parents.

What we did

We made enquiries with the department to find out what it had done to address the complainant's concerns and attempt to informally resolve the matter. Our enquiries revealed that the department's management of the case had been poor. It had failed to:

- provide adequate support to the children and carers
- respond to the children's needs
- comply with its legal obligations.

How we helped

During our enquiries with the department it approved financial assistance to the carers for modifications to their home to better meet the children's behaviour management needs and to reimburse the carers for the destroyed property.

It also took a number of steps to reduce the risk of the placement breaking down and ensure the children's needs were sufficiently addressed, including referrals:

- for the children to attend an intensive therapeutic provider
- to a community service organisation for the development of cultural plans.

It also apologised to the complainant for its handling of the matter.

Housing

This year we decided to take a broader look at a growing area of concern in Housing complaints.

Neighbourly disputes turn dangerous

The issue

In 2013 we conducted an own motion investigation into the department's management of complaints about anti-social behaviour by public housing tenants. The investigation was prompted by a complaint about a murder involving public housing tenants, combined with:

- the high number of complaints received by the department about anti-social behaviour by public housing tenants in recent years
- the number of tenant disputes requiring intensive dispute management, which included the management of stabbings and shootings.

What we did

Our investigation found that while the department had undertaken several projects, prepared multiple research reports and developed a range of initiatives aimed at dealing with anti-social tenant behaviour, many of the initiatives had either only been partially implemented or not at all.

We also identified obstacles in the department's policies and practices, inadequate information sharing with other relevant agencies, and limited staff training in this area.

How we helped

We made a number of recommendations to the department aimed at improving the way such matters are handled, all of which were accepted.

Disability Services

Disability Services complaints broadly relate to disability care and support services directly provided by the department or by providers across the non-government sector that are funded by the department.

The following is a case study relating to the department's management of concerns about care provided to a disability resident living in a shared support accommodation facility.

Unexplained injuries of a disability client

The complaint

In 2013 we investigated a complaint about unexplained physical injuries to a female disability client living in a shared supported accommodation facility funded by the department. The client has a number of intellectual disabilities and has been in the department's care for about 40 years.

The department's records showed that the client had sustained more than 70 injuries over an 11 year period, the majority of which had occurred in the preceding two years. Over 40 of the injuries were unexplained.

What we did

Our investigation found that while the supervisor of the facility had taken some action in response to the ongoing unexplained injuries to the client, the actions had failed to prevent further injuries.

Further, given the frequency of reported incidents over an extensive period of time, we found that the department's review and evaluation of the client's care and support plan was deficient.

How we helped

As a result of our investigation and recommendations, the department completed a Quality of Support Review in relation to the client's care, which focussed on:

- assessing and identifying the client's needs
- developing and implementing an action plan to address the client's safety and wellbeing
- identifying and implementing system and process improvements to enable a consolidated approach to the client's care.

Community engagement and education

VO engages directly with the public sector and the community in a number of ways, to raise awareness about the operations of the Office and to address particular areas of need.



Education and outreach

In 2013-14 we continued to do a modest amount of outreach with Victorian public sector agencies,

local councils, community service organisations and members of the broader community.

Communications is an area of focus for the next financial year. There are plans to expand this function and further raise awareness of VO's work with the general public across the state and in other agencies.

Complaint handling workshops

This year we delivered four complaint handling workshops for employees in the Victorian public sector who deal with complaints and complainants on behalf of their agencies.

Our workshops cover:

- good practice principles of complaint handling
- the elements of a good complaint handling system
- the basic concepts and procedures contained in the unreasonable complainant conduct manual
- how to develop strategies for managing unreasonable complainant conduct.

We continue to receive positive feedback on the value of these workshops.

Regional information days

For the first time we also hosted four regional presentation and information days across the state in:

- Warrnambool, October 2013
- Sale, March 2014
- Bendigo, May 2014
- Ballarat, June 2014.

Agencies from surrounding municipalities were also invited to attend. Each day was hosted by senior staff and comprised:

- an information session for staff from community agencies in the region²¹
- an information session for Victorian Ombudsman liaison officers from public sector agencies in the region
- an executive forum for executives of public sector agencies in the region to meet, discuss issues relevant to the region and form connections with other leaders in the area.

These sessions provided an opportunity to engage with both community and public sector agencies in regional areas, discuss and collaborate on relevant issues, share information and answer any questions. We received positive feedback on all sessions and plan to expand the delivery of these events.

Other information sessions

We also delivered a number of other information sessions and presentations to individual groups in the community, particularly for people who are disadvantaged or marginalised or who may lack the capacity to make a complaint. These sessions cover our role, the types of complaints we can investigate, tips for dealing with government agencies and how to make a complaint.

²¹ The Warrnambool day involved this session only.



University complaint handling forum

Complaints to VO about universities have grown substantially since 2007. In 2013-14 we closed 631 complaints, mainly from students about a range of issues including enrolment, fees and charges, student assessment and grades and the conduct of university appeals. This amounts to almost 60 per cent of all complaints in the Education portfolio.

In response, VO developed a complaint handling forum specifically targeted at universities. We hosted our second forum in March 2014, bringing together staff who deal with complaints and student appeals at seven Victorian universities to share their knowledge and experiences and to assist them in dealing with complaints.

*Complaint handling at universities – Australasian best practice guidelines*²² was also launched, which was the result of a collaborative project between Australian and New Zealand Ombudsmen to set minimum standards for complaint handling at universities.

Feedback from forum participants was highly positive.

Prison forum

Following round table conferences in 2012 on the excessive number of prisoners in police cells, VO hosted a forum in December 2013. This was attended by representatives from the Department of Justice, Victoria Police, the Magistrates' Court, the Police Association, prison contract provider G4S, the Law Institute of Victoria and the Human Rights Law Centre.

The forum provided the opportunity to discuss current concerns and identify practical strategies for reducing the number of prisoners in police cells and the length of time in police custody. At the conclusion, participants agreed on a number of proposals to alleviate current concerns.

The Office's recent report regarding deaths and harm in custody²³ further discusses these issues and makes a number of recommendations for improvements.



PNG Ombudsman twinning program

This year we participated in a twinning program with the Ombudsman Commission of Papua New Guinea (OCPNG). Under the program, officers from the OCPNG take up placements with the Office of the Commonwealth Ombudsman and the Victorian Ombudsman.

The purpose of the program, through training, practical application and mentoring, is to assist officers from the OCPNG to develop advanced investigatory and other skills which they can take back to their substantive roles.

We hosted one delegate from the OCPNG for five weeks in March and April 2014 focusing particularly on major investigations. Another OCPNG delegate placed with the Commonwealth Ombudsman worked with us for one week in the same period.

We received very positive comment from the delegate in relation to the value of the placement.

22 The draft guidelines are available at www.ombudsman.vic.gov.au.

23 Victorian Ombudsman, *Investigation into deaths and harm in custody*, March 2014.

Our people

Fast facts about us



63% of staff are female*



37% of staff are male

73% of staff are under the age of 44

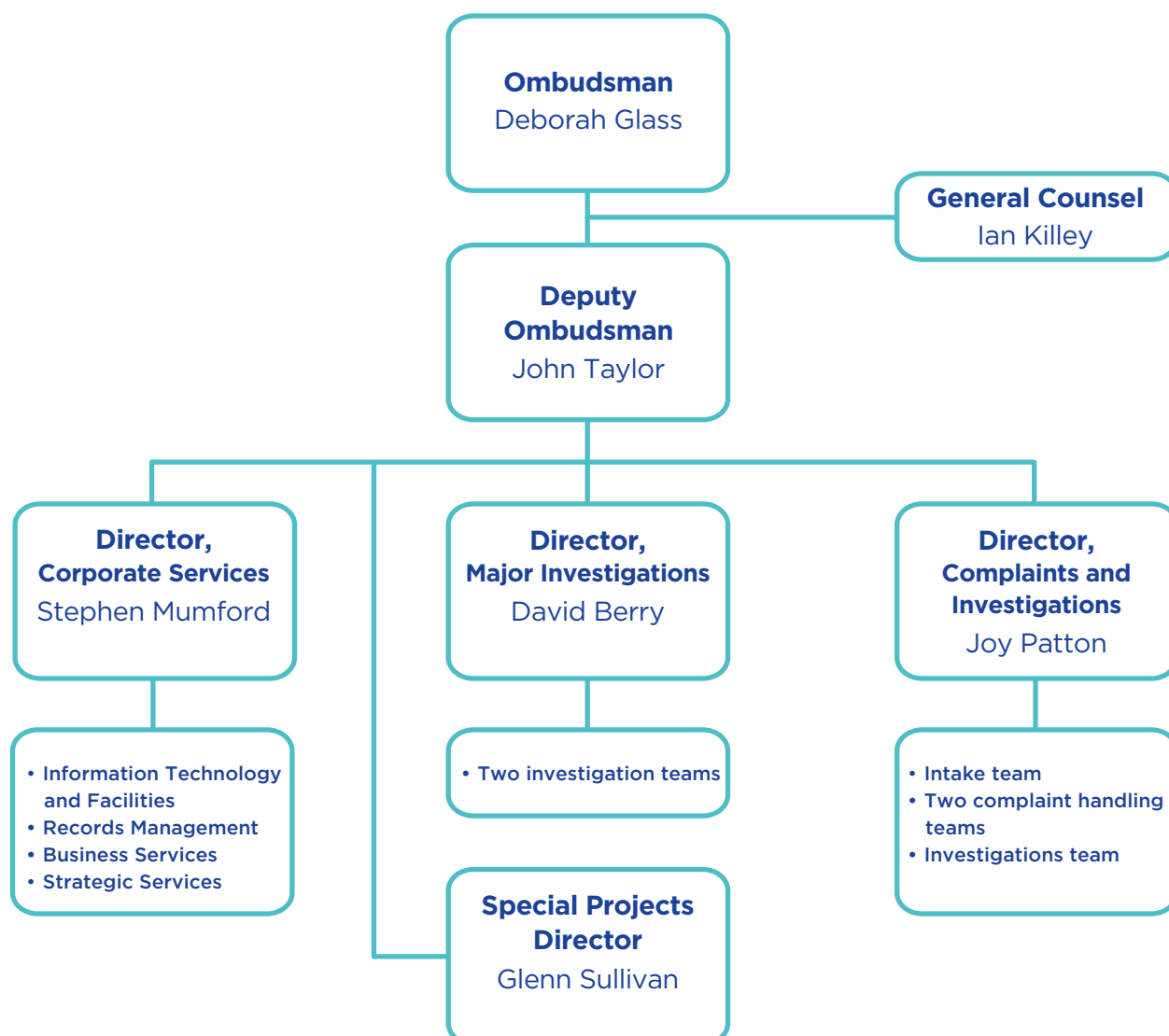
*Based on FTE; includes ongoing, fixed term and casual employees.

We are a small but busy office, consisting of 77 staff of diverse backgrounds, experiences and qualifications. While in the Office's beginnings the majority of investigation staff were lawyers and male, our current staff's qualification fields include international relations, criminal justice, social science, humanitarian studies and business.

Organisational structure

The work is shared among staff in three business units, each with teams in various areas.

VO Organisational structure



This structure was current as of 30 June 2014, but is under review.

Complaints and Investigations Unit

The majority of the 25,400 approaches we closed last year were handled by staff in our Complaints and Investigations Unit. Joy Patton is the Director of the unit, supported by two Assistant Directors and three team leaders. The unit consists of four teams:

Intake team

- first point of contact
- responds to all incoming phone calls

Two complaint handling teams

- handle all incoming complaints from members of the public
- enquiries with agencies
- informal resolution of complaints

Investigations team

- conducts small scale formal investigations
- assesses protected disclosure matters

Major Investigations Unit and Special Projects

The Major Investigations Unit is led by Director, David Berry, who is supported by two Assistant Directors. There is also a Special Projects team led by Director, Glenn Sullivan which undertakes particularly complex or sensitive investigations.

Corporate Services

The Corporate Services Unit provides services and undertakes work to support the operations of the Office and is made up of IT and Facilities, Strategic Services (covering executive support, media, report tabling, governance and learning and development), Business Services (human resources and finance) and Records Management.



Results of 'People Matter' Survey

By any measure the results of the State Services Authority's 2014 survey of our staff were outstanding. The survey identified that our staff are happy; particularly in the context of:

- enjoying their work

- strongly acknowledging a feeling of personal contribution to the organisation's objectives
- being proud to tell others that they work for the Office.

The survey is voluntary and anonymous. Eighty-four per cent of our staff participated. Against the following topics, the percentage agreement was 98 per cent or 100 per cent:

- I feel I make a contribution to achieving the organisation's objectives.
- I have enough work to keep me busy.
- My organisation provides high quality services to the Victorian community.
- I provide help and support to other people in my workgroup.
- In my organisation, earning and sustaining a high level of public trust is seen as important.

Taken as a whole, the pleasing results detailed above describe a busy, confident workplace where staff are committed and actively engaged at all levels.

Staff training

Staff training ensures consistency of information and practice across VO. It also provides staff with development opportunities and promotes continuous improvement in staff skills, performance and knowledge. We also have a formal training program for investigation staff, which includes:

Certificate IV

We introduced a tertiary accredited Certificate in Government (Investigation) five years ago. All investigation officers are required to attend training sessions and submit course work to obtain their Certificate IV. To date we have had 60 graduates.

Diploma

In 2012 we introduced a Diploma in Government (Investigation), in association with Box Hill Institute of TAFE. We offer this program to other integrity agencies. There have been 27 graduates from a range of agencies across Australia and New Zealand.

Table 4: Staff profile by employment status at 30 June 2014							
Ongoing		Fixed Term		Casual		Total	
Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
58	56.10	14	13.40	5	2.8	77	72.3

Table 5: Staff profile by age, gender and employment status as at 30 June 2014 ²⁴						
	June 2013			June 2014		
	Ongoing Employees		Fixed Term and casual	Ongoing Employees		Fixed Term and casual
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
Gender						
Male	17	17.00	7.27	21	20.80	5.79
Female	32	30.4	12.18	37	35.30	10.41
Total	49	47.4	19.45	58	56.10	16.2
Age						
Under 25	8	8.00	2.64	6	6.00	2.42
25-34	16	15.00	6.88	22	21.40	3.59
35-44	12	11.40	5.00	16	14.70	4.40
45-54	9	9.00	0.96	9	9.00	1.00
55-64	3	3.00	1.00	3	3.00	2.00
Over 64	1	1.00	2.97	2	2.00	2.79
Total	49	47.4	19.45	58	56.1	16.2
Classification						
VPS G1	0	0.00	0.00	0	0.00	0.00
VPS G2	4	4.00	4.72	1	1.00	2.41
VPS G3	14	13.8	4.80	19	18.30	3.00
VPS G4	12	11.40	0.96	12	11.40	2.00
VPS G5	14	13.20	5.00	17	16.40	4.00
VPS G6	4	4.00	1.97	4	4.00	1.79
Senior specialist	1	1.00	0.00	5	5.00	0.00
Executives (E02)	0	0.00	2.00	0	0.00	2.00
Other	0	0.00	0.00	0	0.00	1.0
Total	49	47.4	19.45	58	56.1	16.2

24 All employees have been correctly classified in workforce data collections.

Statutory disclosures

Under the *Financial Reporting Directions* and *Financial Management Act 1994* we are required to report on a number of statutory disclosures. The disclosure index is at Appendix 1.

Output statement

The output statement for Ombudsman Services is published in the budget papers each financial year. The format is standardised across public sector agencies, including the use of 'targets'. While we understand the need for this, we note that some of the targets – such as the number of complaints – are actually 'outcomes'.

Human resource management

Public sector values and employment principles

VO embraces the public sector employment principles established under Part 2 of the *Public Administration Act 2004*. The principles aim to ensure that employment decisions are based on merit; that employees are treated fairly and reasonably; that equal employment opportunity is provided; that human rights as set out in the Charter of Human Rights and Responsibilities Act are upheld; that employees have a reasonable avenue of redress against unfair or unreasonable treatment; and that a public service career is fostered.

VO employees comply with the public sector values established under the Act. The values provide that public officials demonstrate responsiveness, integrity, impartiality, accountability, respect, leadership, and that they respect and promote human rights.

Disability action plan

As per section 38 of the *Victorian Disability Act 2006* the Office has a three year Disability Action Plan, prepared in May 2013. In implementing the plan in 2013-14 we reviewed a number of policies and procedures as well as our office space and building to identify and reduce barriers for those with a disability. We also introduced a disability disclosure form for new employees to confidentially disclose any disability and ongoing support needs.

Occupational health and safety

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

VO continues its commitment to the health, safety and welfare of staff and others in the workplace. The QUIT smoking program, eye tests, subsidised spectacles, on-site influenza inoculations, on-site health checks, ergonomic assessments and confidential counselling with external professionals all remain available to staff. Proactive stress management and psychological and physical well-being programs were also available to staff over the reporting period.

VO's Occupational Health and Safety Committee, established under the provisions of the Occupational Health and Safety Act, makes recommendations to the executive about all matters to do with health, safety and welfare of employees and other persons at work.

Table 6: Output statement for 2013-14

Output	Unit of measure	2013-14 target	2013-14 actual
Quantity measures			
Initiatives delivered under the Outreach program	number	115	46
Comment: VO started a new outreach program in September 2013. Due to insufficient resources, the number of initiatives is significantly less than the 2013-14 target of 115 initially set in early 2013 and by necessity, has had to be more targeted in promoting access to the Ombudsman's services. This will be an area of greater focus next year.			
Internal reviews of complaint investigations conducted at the request of the complainant	number	<70	33
Comment: The case management arrangements we have in place and continue to develop are designed to facilitate the investigation and finalisation of complaints thoroughly, expeditiously and accurately. We take requests for reviews of complaint outcomes seriously and ensure they are addressed promptly at a senior level. The 33 cases reviewed is just 0.25 per cent of all jurisdictional complaints closed.			
Jurisdictional complaints finalised, including general, Freedom of Information and Whistleblower complaints	number	14,000	13,152
Comment: The number of complaints finalised in any given year relates closely to the number of complaints received. We received over 1,000 complaints in 2013-14 which related to Victoria Police. These were within our jurisdiction in 2012-13 but are now outside the scope of our work.			
Reports tabled in Parliament	number	10	12
Comment: The number of parliamentary reports is contingent on issues and circumstances as they arise during a given year, some of which cannot be predicted.			
Quality measures			
Proportion of complaint investigations reviewed at the request of complainants (by a new senior investigator) where the original findings were found to be sound and well founded.	per cent	80	94
Comment: In only two of the 33 reviewed cases was the initial finding amended (that is, less than 0.02 per cent of all jurisdictional complaints closed). These numbers reflect the thoroughness of our investigations.			
Recommendations made in jurisdictional complaint investigations that are accepted by respondent agencies	per cent	80	86
Comment: This measure relates only to those complaints we substantiated; that is, where we identified maladministration and wrote to the agency seeking changes. We put much effort into ensuring our investigations are thorough and fair. This includes ensuring recommendations are well founded, reasonable, practical and achievable.			
Recommendations made in reports tabled in Parliament which respondent agencies agreed to implement	per cent	90	71
Comment: This outcome in this measure is a conservative count. It is based on explicit statements from agencies during the 'due diligence' process of preparing parliamentary reports that recommendations have been accepted. It does not include: recommendations which agencies 'agree to consider'; recommendations not explicitly agreed to or recommendations with no response at the time the report is tabled. Further, in the Ombudsman's December 2013 report, A review of the governance of public sector boards in Victoria, the recommendations were made to all departments, Ministers and the Victorian Government more broadly and so were not counted as accepted. If these recommendations are excluded, the 2013-14 Actual result is 78 per cent.			
Timeliness measures			
Complaints resolved within required timelines	per cent	95	92
Comment: VO prides itself on being a well-run and efficient office. For the first time in over a decade we have not met this measure. This is a direct result of the impact of the new integrity legislation, which, as explained in the Ombudsman's foreword, is having a real impact on the ability of this Office to do its core business.			

Table 7: Performance against OHS management measures			
Measure	Key Performance Indicator	2012-13	2013-14
Incidents	No. of reported incidents	4	1
Claims ²⁵	No. of standard claims ⁽¹⁾	0	1
	No. of lost time claims ⁽²⁾	0	0
	No. of claims exceeding 13 weeks ⁽³⁾	0	0
Fatalities	Fatality claims ⁽ⁱⁱ⁾	0	0
Claim costs	Average cost per standard claim ⁽ⁱ⁾	0	\$85
Return to work	Percentage of claims with RTW plan <30 days	N/A	N/A
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans	Completed	Completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs)	Completed	Completed
	Compliance with agreed structure on DWGs, HSRs, and IRPs	Completed	Completed
Risk management	Percentage of internal audits/inspections conducted as planned	100%	100%
	Percentage of issues resolved arising from:		
	- internal audits and inspections	100%	100%
	- HSR Provisional Improvement Notices (PINs)	-	-
	- WorkSafe Notices	-	-
Training	Percentage of staff that have received OHS training:		
	- induction	100%	100%
	- contractors and temporary staff	100%	100%
	Percentage of health and safety representatives trained:		
	- on acceptance of role	100%	100%
	- on reporting of incidents and injuries	100%	100%

²⁵ Data for standard claims, time lost claims and fatality claims is at 30 June for the year shown. Standard claims are those that have exceeded the employer excess (for medical and like expenses) threshold and/or liability of 10 working days of time lost.

Corporate governance

Audit and Risk Management Committee

This committee met on four occasions during 2013-14. The members are:

Table 8: Audit and Risk Management Committee	
Mr Adam Awty Chief Operating Officer – Commercial, CFO and Company Secretary CPA Australia	Chair. Independent member
Mr Andrew Dell Head of IT Security Services Operations National Australia Bank	Independent member. Appointed July 2013
Mr Stephen Mumford Director, Corporate Services Victorian Ombudsman	Ex-officio representative
Mr Glenn Sullivan Director, Investigations Victorian Ombudsman	Ex-officio representative

The committee's role is to review and advise VO's executive about all matters of financial accountability, internal financial control and risk management. These include:

- financial performance
- financial reporting
- scope of work, performance and independence of VO's internal audit function
- scope of work of VO's external auditor
- development, implementation and operation of VO's risk management framework
- accountability and internal control affecting the financial operations of VO
- effectiveness of VO's management information systems and other systems of internal financial control
- acceptability, disclosure and correct accounting treatment of any significant transactions which are not part of VO's normal course of business.

Attestation for Compliance with the Australian/New Zealand Risk Management Standard

I, Deborah Glass, certify that the Victorian Ombudsman's Office has in place risk management processes consistent with AS/NZS ISO 31000:2009 and an internal control system that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit and Risk Management Committee verifies this assurance and that VO's risk profile has been critically reviewed within the last twelve months.



Deborah Glass OBE
Ombudsman

3 September 2014

Gifts, benefits and hospitality

VO has gifts, benefits and hospitality policies and procedures in place. They are consistent with the minimum requirements and accountabilities outlined in the *Gifts, Benefits and Hospitality Policy Framework for the Victorian Public Sector* issued by the Public Sector Standards Commissioner.

The policies and procedures are reviewed at least annually and provided to VO's Audit and Risk Management Committee, together with the register of any gifts offered to or received by the Ombudsman and her staff during each reporting period.

Insurance Attestation

The Office is required to insure with the Victorian Managed Insurance Authority under the *Victorian Managed Insurance Authority Act 1996*. I, Deborah Glass, certify that VO has arranged appropriate insurance with VMIA, having regard to relevant government guidelines and directions. As required by *Ministerial Direction 4.5.5.1 – Insurance*, VO has:

- determined the appropriate level of insurance in consultation with VMIA
- maintained a current register of all insurances and indemnities and makes this available to VMIA on request
- recorded the valuation and basis for valuation of self-insured retained losses
- provided information to VMIA about claims management capability, resources, structures and processes for any self-insured retained losses.

The Office has undertaken this process as part of the annual insurance renewal. The Audit and Risk Management Committee verifies this attestation.



Deborah Glass OBE
Ombudsman

3 September 2014

Procurement

VO has a comprehensive governance policy for managing the purchasing of goods and services. The policy consists of:

- a governance framework which establishes processes, authorities, accountabilities and relationships for the organisation to manage the procurement function

- an assessment of capability within the organisation to ensure that the Office is able to manage the scope and complexity of its procurement activities; and
- a policy for the management of complaints relating to VO's procurements.

We received no complaints about our procurement activities in 2013-14.

We expect that the framework, capability assessment and complaints management policy will be available on the VO website in 2014-15.

Declaration of private interests

The Deputy Ombudsman and other senior staff have lodged declarations of pecuniary and other interests with the Ombudsman. The Ombudsman has lodged a corresponding declaration with the Department of Premier and Cabinet. These declarations are made on appointment and updated annually or more frequently as individual circumstances change.

Compliance with the *Building Act 1993*

VO does not own or control any government buildings and so is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Consultancies

A *consultant* is a contractor engaged primarily to perform a discrete task that facilitates decision making through the provision of expert analysis and advice, and/or the development of intellectual output.

In this context, VO engaged four consultants in 2013-14 where the total fee was in excess of \$10,000.

Table 9: Consultancies in 2013-14

Consultant	Purpose	Start date	End date	Total fee (ex GST)	Expenditure in 2013-14 (ex GST)	Future expenditure (ex GST)
Blueprint Information Security P/L	Develop an information security management system	April 2014	June 2014	\$54,500	\$54,500	Nil
Business as Usual	Business continuity planning and training	April 2014	June 2014	\$36,000	\$36,000	\$7,800
CPR Communications	Develop a communications strategy	June 2014	June 2014	\$10,410	\$10,410	Nil
LAG Consulting	Develop an organisational structure strategy and supporting arrangements	June 2014	June 2014	\$12,000	\$12,000	TBD

There was one further consultancy engaged in 2013-14 where the total fee payable was less than \$10,000.

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.

VO does not provide services in competition with the private sector.

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. Data from all agencies is being progressively supplied for this purpose. Access is available at www.data.vic.gov.au.

In 2014-15 VO will assess the categories of datasets that may be suitable for inclusion at DataVic. Comprehensive information about the Office is already available at www.ombudsman.vic.gov.au.

Victorian Industry Participation Policy

The *Victorian Industry Participation Policy*, in operation since 2001, aims to boost employment and business growth in Victoria by encouraging contractors for major projects to maximise use of local suppliers, while still delivering value for money. The policy applies to all State Government procurements and projects where values exceed \$3 million and have their primary impact in metropolitan Melbourne, and those over \$1 million that have their primary impact in regional Victoria.

The *Victorian Industry Participation Policy Act 2003* requires public bodies to report on their compliance with this policy. In 2013-14 VO had no procurements or projects to which the policy applied.

Protected Disclosure Act 2012

Under section 69 of the Protected Disclosure Act VO is required to include in the annual report information about how to access the procedures we have established to facilitate the making of disclosures to the Ombudsman, for the handling of those disclosures and, where appropriate, for the notification of those disclosures to IBAC.

That information can be accessed on VO's website at www.ombudsman.vic.gov.au/Protected-Disclosures. Data about disclosures made under the Protected Disclosure Act

Table 10: Data about disclosures made under the Protected Disclosure Act in 2013-14

Data Category	Improper conduct	Detrimental action	Total
Number of disclosures notified to IBAC	85	1	86
Number of protected disclosure complaints referred to VO by IBAC	57	0	57
Number of protected disclosure complaints investigated by VO	37	0	37
Number of protected disclosure complaints dismissed by VO	20	0	20
Number of applications for an injunction made by VO	N/A	N/A	0

Office-based environmental impacts

My office continues to monitor its impact on the environment.

The use of electrical power, paper and office vehicles over the five years since 2009-10 is outlined below.

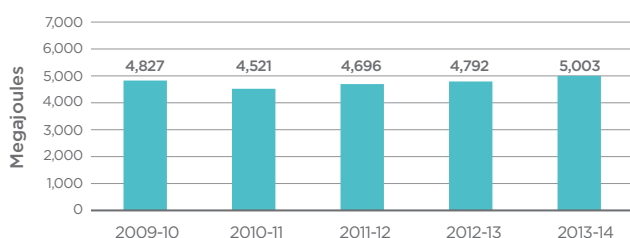
Table 11 and graphs 11.1, 11.2 and 11.3 set out the relevant details.

Electrical Power

In 2013-14 power use was four per cent higher than in 2012-13, when measured on a per FTE staff member basis. Emissions of greenhouse gas in 2013-14 per FTE staff member was the same as in 2012-13 due to more emissions saved by meeting some power needs from government accredited green power sources.

Table 11: Electricity usage since 2009-10					
	2009-10	2010-11	2011-12	2012-13	2013-14
Total electricity used in the office (gigajoules)	298	312	305	320	362
Electricity used per FTE staff member (megajoules)	4,827	4,521	4,696	4,792	5,003
Electricity used per m ² office space (megajoules)	237	249	243	255	288
Net Greenhouse emissions	87	96	90	94	101
Net Greenhouse emissions per FTE staff member (tonnes)	1.41	1.39	1.39	1.40	1.40

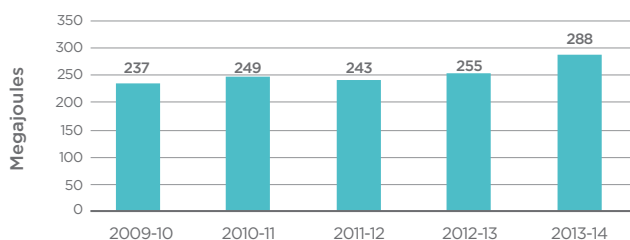
Graph 11.1: Megajoules of electricity used per FTE staff member



Graph 11.3: Net Greenhouse emissions per FTE staff member (tonnes)



Graph 11.2: Megajoules of electricity used per m² office space



Waste

In 2013-14 the office continued to recycle all recyclable materials including paper, cardboard, plastics and glass. The materials are placed in segregated recycling bins throughout the office. The bin contents are cleared daily and deposited into communal recycling facilities serving all tenants in the building.

Paper

Paper use in the office in 2013-14 per FTE staff member was below usage in 2012-13.

All of the white paper used in the office during 2013-14 was made from recycled waste paper and carbon neutral under the National Carbon Offset Standard Carbon Neutral Program.

Table 12 sets out the relevant details.

Table 12 : Paper usage since 2009-10					
	2009-10	2010-11	2011-12	2012-13	2013-14
Total paper used in office (reams)	1,158	1,227	1,165	1,195	1,121
Paper used per FTE staff member (reams)	18.78	17.78	17.95	17.88	15.50

Water

There are no separate water metering facilities for individual tenancies in the building occupied by the office. However, the office uses water efficient appliances wherever possible.

Vehicles

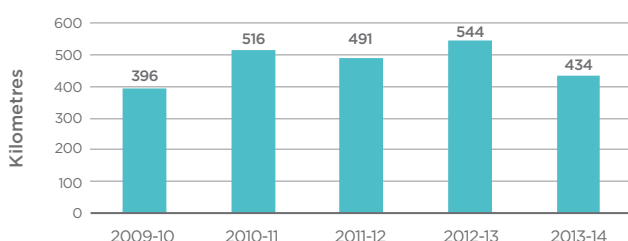
VO staff are encouraged to use public transport when on official business in preference to office cars when that is feasible. All three of the office's vehicles are hybrid electric/petrol vehicles.

Total kilometres driven and kilometres per FTE staff member were both down in 2013-14 compared to 2012-13. This is reflected in the reduction in the carbon emissions in 2013-14.

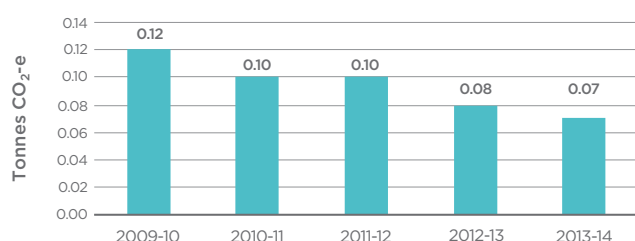
Table 13 and graphs 13.1 and 13.2 set out the relevant details.

Table 13: Vehicle usage since 2009-10					
	2009-10	2010-11	2011-12	2012-13	2013-14
Passenger vehicle trips					
Total kilometres driven	24,415	35,589	31,865	36,346	31,390
Kilometres driven per FTE staff member	396	516	491	544	434
Greenhouse gas emissions associated with vehicles					
Total tonnes CO ₂ -e emitted	7.59	6.93	6.20	5.59	4.83
Tonnes CO ₂ -e emitted per FTE staff member	0.12	0.10	0.10	0.08	0.07

Graph 13.1: Vehicle kilometres per FTE staff member



Graph 13.2: Vehicle - tonnes CO₂-e emitted per FTE staff member



Freedom of Information

This section contains information required to be published under Part II of the *Freedom of Information Act 1982* (the FOI Act).

Functions of the Victorian Ombudsman's Office

Our mission, purpose and governing legislation is set out on page 4.

The Office:

- receives complaints and disclosures
- makes enquiries into and investigates administrative actions
- receives and assesses disclosures made under the Protected Disclosure Act
- investigates protected disclosure complaints
- reports on the outcomes of investigations
- makes recommendations
- tables reports in Parliament.

Categories of documents held

The Office holds:

- reports dealing with issues of public interest, tabled in Parliament and posted on our website
- internal administrative and operational documents
- internal policy and procedural documents
- documents concerning the development or implementation of policy and legislation
- personnel and human resources documents
- financial records
- legislation and law reports
- 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 and the Whistleblowers Protection Act
- background material, records of conversation, analysis and advice

- fact sheets, brochures and promotional material.

Certain documents are destroyed or transferred to the Public Records Office in accordance with the *Public Records Act 1973*.

The FOI Act does not apply to certain documents in the possession of this Office as per section 29A of the Ombudsman Act. The 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 an 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.

Publicly available information

The following materials are required to be made available by the Office under Part II of the FOI Act and can be found on our website:

- advice sheets
- guidelines
- policy and practice documents
- reports.

The Office also holds a range of other information that is available to the public, including:

- fact sheets
- answers to frequently asked questions
- information about the availability and content of community education and public sector workshops
- statements about the Ombudsman's role, responsibilities, jurisdiction, governing legislation and reporting to Parliament
- information about the Protected Disclosure Act
- media alerts
- presentations made by our staff
- tabled parliamentary reports
- the complaint handling good practice guide.

All of the above material is available on our website and may also be obtained by post or in person by telephoning or attending the Office's reception at:

Level 1 North Tower
459 Collins Street
Melbourne VIC 3000
(03) 9613 6222
1800 806 314
(toll free for regional callers only)
www.ombudsman.vic.gov.au

Literature available by subscription

Media alerts are available by subscription. Copies of reports tabled in Parliament are mailed to individuals who request them.

FOI arrangements

Access to records

Authorised officers deal with all requests for access to records held by the Office. Applicants seeking access to documents should attempt to specify the topic of interest rather than the file series in which the applicant considers the document may exist.

Forms of request for access

Applicants are required by the FOI Act to submit an application in writing requesting access to documents. A letter clearly describing the document or documents sought is sufficient. The letter should specify that the application is a request made under the FOI Act and should not form part of a letter on another subject. The applicant should provide the following information:

- name
- address
- telephone number
- details of document(s) requested
- form of access required, e.g. copy of documents; inspection of file; or other.

A request for a correction or amendment of personal information contained in a document held by the Office must be made in writing.

It should specify particulars of how and why the person making the request believes the information to be incorrect, incomplete, misleading or out of date and specify the amendments that they wish to have made.

Requests should be addressed as follows:

Mr John Taylor
Deputy Ombudsman
Level 1 North Tower
459 Collins Street
Melbourne VIC 3000

An authorised officer may also be contacted via telephone on (03) 9613 6222 for assistance with queries about making an application.

Charges

An application fee of \$25.70 is required unless that fee is waived by an authorised officer if satisfied that the payment of the fee would cause hardship. Applicants are advised that other charges may be made in accordance with the *Freedom of Information (Access Charges) Regulations 2004*.

Appeals

Applicants may appeal decisions made in response to requests for access to documents or amendment of records, or again the cost levied for allowing access to documents.

Information about the appropriate avenue of appeal will be conveyed to the applicant in the letter advising of the initial decision. Applicants are advised to consult Part IV of the FOI Act for further information about appeal rights.

Further information about the FOI Act can be obtained from the Act, the regulations made under the Act and at www.foi.vic.gov.au.

The FOI Act creates a right for the public to access certain documents held by public sector agencies. The Act applies to documents held by the Office, except – as per section 29A of the Ombudsman Act – those that disclose information relating to a complaint, an enquiry, an investigation, a report of an investigation or a recommendation resulting from an investigation.

We received no FOI requests in 2013-14 for documents held by the Office.



Financial statements

The logo for the Victorian Auditor-General's Office (VAGO) features the word "VAGO" in a bold, black, sans-serif font.

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Victorian Ombudsman, Office of the Ombudsman

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Office of the Ombudsman which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief financial officer's declaration has been audited.

The Victorian Ombudsman's Responsibility for the Financial Report

The Victorian Ombudsman is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Victorian Ombudsman determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Victorian Ombudsman, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Office of the Ombudsman as at 30 June 2014 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Office of the Ombudsman for the year ended 30 June 2014 included both in the Office of the Ombudsman's annual report and on the website. The Victorian Ombudsman is responsible for the integrity of the Office of the Ombudsman's website. I have not been engaged to report on the integrity of the Office of the Ombudsman's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
29 August 2014


for John Doyle
Auditor-General

OFFICE OF THE OMBUDSMAN

Comprehensive operating statement For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Income from transactions			
Grants	2	<u>11,199,391</u>	<u>10,603,197</u>
Total income from transactions		<u>11,199,391</u>	<u>10,603,197</u>
Expenses from transactions			
Employee benefits	3	8,147,522	7,366,072
Depreciation	3	142,336	155,333
Finance lease interest		4,005	5,126
Capital asset charge	1(f)	179,000	179,000
Supplies and services	3	<u>2,668,994</u>	<u>2,932,924</u>
Total expenses from transactions		<u>11,141,857</u>	<u>10,638,455</u>
Net result from transactions		<u>57,534</u>	<u>(35,258)</u>
Other economic flows included in net result			
Net gain/(loss) on disposal of property, plant and equipment		1,815	(1,336)
Net gain/(loss) arising from revaluation of leave liabilities		<u>(1,725)</u>	<u>40,265</u>
Total other economic flows included in net result		<u>90</u>	<u>38,929</u>
Net result		<u>57,624</u>	<u>3,671</u>
Other economic flows – other comprehensive income		<u>-</u>	<u>-</u>
Comprehensive result		<u>57,624</u>	<u>3,671</u>

The above comprehensive operating statement should be read in conjunction with the accompanying notes

OFFICE OF THE OMBUDSMAN

Balance sheet *As at 30 June 2014*

	Notes	2014 \$	2013 \$
Assets			
Financial assets			
Cash on hand		1,000	1,000
Receivables	4	<u>1,400,985</u>	<u>1,116,601</u>
Total financial assets		<u>1,401,985</u>	<u>1,117,601</u>
Non-financial assets			
Prepayments		52,284	47,729
Non-financial assets held for sale		-	11,730
Property, plant and equipment	5	501,289	498,627
Intangible assets	6	<u>37,194</u>	<u>60,561</u>
Total non-financial assets		<u>590,767</u>	<u>618,647</u>
Total assets		<u>1,992,752</u>	<u>1,736,248</u>
Liabilities			
Payables		432,297	449,026
Provisions	7	1,721,721	1,468,932
Borrowings	8	<u>83,419</u>	<u>120,599</u>
Total liabilities		<u>2,237,437</u>	<u>2,038,557</u>
Net liabilities		<u>(244,685)</u>	<u>(302,309)</u>
Equity			
Contributed capital		513,376	513,376
Accumulated deficit		<u>(758,061)</u>	<u>(815,685)</u>
Total equity / (deficit)		<u>(244,685)</u>	<u>(302,309)</u>

The above balance sheet should be read in conjunction with the accompanying notes.

OFFICE OF THE OMBUDSMAN

Statement of changes in equity *For the year ended 30 June 2014*

	Contributed capital \$	Accumulated deficit \$	Total \$
Balance at 1 July 2012	513,376	(819,356)	(305,980)
Net result for the year	-	3,671	3,671
Balance at 30 June 2013	513,376	(815,685)	(302,309)
Net result for the year		57,624	57,624
Balance at 30 June 2014	513,376	(758,061)	(244,685)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

OFFICE OF THE OMBUDSMAN

Cash flow statement

For the year ended 30 June 2014

	Notes	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from government		11,155,614	10,863,197
Payments to suppliers and employees		(10,827,342)	(10,572,277)
Capital asset charge paid		(179,000)	(179,000)
Interest and other finance costs paid		(4,005)	(5,126)
Net cash flows from operating activities	16	<u>145,267</u>	<u>106,794</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(121,632)	(86,277)
Proceeds from disposal of property, plant and equipment		13,545	35,227
Net cash flows used in investing activities		<u>(108,087)</u>	<u>(51,050)</u>
Cash flows from financing activities			
Repayment of finance leases		(37,180)	(55,744)
Net cash flows used in financing activities		<u>(37,180)</u>	<u>(55,744)</u>
Net increase in cash held		-	-
Cash at the start of the year		<u>1,000</u>	<u>1,000</u>
Cash at the end of the year		<u>1,000</u>	<u>1,000</u>
Non-cash financing and investing activities	17		

The above cash flow statement should be read in conjunction with the accompanying notes.

Note 1. Summary of significant accounting policies

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards including Interpretations (AASs), 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 relevant, those paragraphs of the AASs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner which ensures 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.

(b) Basis of preparation

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.

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.

The financial statements are presented in Australian dollars and have been prepared in accordance with the historical cost convention, except where noted.

Consistent with AASB 13 *Fair Value Measurement*, the Office of the Ombudsman (the Office) determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Office has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Office determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Office, monitors changes in the fair value of its assets through relevant data sources to determine whether revaluation is required.

The accounting policies set out below have been applied in preparing the financial statements.

(c) Reporting entity

The financial statements include all the controlled activities of the Office of the Ombudsman. The Office was established under the *Ombudsman Act 1973*. Its principal address is:

Level 1, 459 Collins Street
Melbourne Victoria 3000

Objectives and funding

The Office handles complaints concerning administrative actions taken by Victorian Government departments, Victorian statutory authorities and local councils under the *Ombudsman Act 1973* (including whether administrative actions are compatible with the *Victorian Charter of Human Rights and Responsibilities Act 2006*); assesses disclosures received under the *Protected Disclosure Act 2012*, refers relevant disclosures to the Independent Broad-based Anti-corruption Commission (IBAC) and investigates protected disclosures referred by the IBAC; monitors compliance by officers of the Royal Society for the Prevention of Cruelty to Animals with specified sections of the *Prevention of Cruelty to Animals Act 1986*; and monitors compliance by certain categories of authorised officers with the *Domestic Animals Act 1994*.

It aims to improve the accountability of State and local government agencies to the public and the Parliament, and to promote fair and ethical public administration.

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 the Office in the form of grants.

(d) Scope and presentation of financial statements*Comprehensive operating statement*

The comprehensive operating statement comprises three components, being 'net result from transactions', 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the first two represents the net result which is equivalent to profit or loss derived in accordance with AASs. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets. Current and non-current assets and liabilities are disclosed in the notes, where relevant. Non-current assets or liabilities are those expected to be recovered or settled more than 12 months after the reporting period.

Statement of changes in equity

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balance at the beginning of the year to the closing balance at the end of the year. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other economic flows – other movements in equity related to transactions with the owner in its capacity as owner.

Cash flow statement

Cash flows are classified according to whether they arise from operating, investing or financing activities. This classification is consistent with requirements of AASB 107 *Statement of Cash Flows*.

(e) Income from transactions

Income is recognised to the extent that it is probable that the economic benefits will flow to the Office and the income can be reliably measured.

Grants

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 it has satisfied its performance obligations under the terms of the grant. 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.

(f) Expenses from transactions*Employee benefits*

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

Superannuation expenses represent the employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable to these plans during the year.

The Department of Treasury and Finance centrally recognises, on behalf of the State as the sponsoring employer, the defined benefit liability or surplus of most Victorian government employees in such funds.

Depreciation

All plant and equipment and other non-current physical assets (excluding items under operating leases and assets held-for-sale) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight line basis at rates that allocate the asset's value, less any estimated residual value, over its expected useful life.

Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method.

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a straight-line basis over the asset's useful life. Depreciation 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.

The estimated useful lives, residual values and depreciation method are reviewed at least annually. Typical estimated useful lives applicable for the years ended 30 June 2014 and 30 June 2013 are as follows:

Building fitouts	10 years
Office furniture and computer equipment	3-5 years
Motor vehicles under finance lease	2-3 years
Capitalised software development	3-7 years

Finance lease interest

Finance lease interest charges are recognised as expenses in the period in which they are incurred.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs. The charge is calculated on the budgeted carrying amount of applicable non-current physical assets (excluding leased motor vehicles).

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

(g) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. They include net gains and losses on financial and non-financial assets and liabilities and other gains and losses from other economic flows.

Net gains and losses on non-financial assets and liabilities include realised and unrealised gains and losses from impairments, and disposals of property, plant and equipment and intangible assets. Net gains and losses on financial instruments include impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets. Other gains and losses from other economic flows include the transfer of amounts from reserves and accumulated surplus to net result due to disposal, derecognition, or reclassification, the revaluation of the present value of leave liabilities due to changes in bond interest rates, and the revaluation of the restoration costs provision.

Disposal of non-financial assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of non-financial assets

All non-current physical assets and intangible assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as another economic flow except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Impairment of financial assets

The Office assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as other economic flows.

(h) Financial assets

The financial assets held by the Office include cash and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Office assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Receivables

Receivables consist of:

- contractual receivables, which include mainly debtors in relation to goods and services; and
- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

Receivables that are contractual are classified as financial instruments. Statutory receivables are recognised and measured on the same basis as contractual receivables (except for impairment) but are not classified as financial instruments as they do not arise from a contract.

Debtors are due for settlement at no more than 30 days from the date of recognition. Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected. Bad debts are written off when identified.

(i) Non-financial assets

Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-financial assets held for sale

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate use in the current condition; and the sale is highly probable and the asset's sale is expected to be completed in 12 months from the date of classification. These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

Property, plant and equipment

Property, plant and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The initial cost for non-financial physical assets under a finance lease (refer note 1(k)) 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.

The fair value of plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of these assets concerned. Unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are measured at cost less accumulated depreciation and impairment. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Office.

(j) Liabilities

Payables

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.

Provisions

Provisions are recognised when the Office has a present obligation where the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Office in respect of services provided by employees up to reporting date. The liability is classified as a current liability where the Office does not have an unconditional right to defer settlement for at least 12 months after the reporting date. The long service leave liability is classified as non-current where the Office has an unconditional right to defer the settlement of the entitlement until the employee has completed the required years of service.

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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.

Operating lease payments are recognised as an expense in the comprehensive operating statement 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. The leased asset is not recognised in the balance sheet.

(l) Goods and services tax (GST)

Income, expenses and assets are recognised net of GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified as operating cash flows.

(m) Contributed capital

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions are also designated as contributed capital. Transfers of net assets or liabilities arising from administrative restructurings are treated as distributions to or contributions by owners.

(n) Commitments

Commitments for future expenditure include operating commitments arising from contracts. These commitments are disclosed in note 10 at their nominal value and inclusive of GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(o) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(p) Going concern basis

The liabilities of the Office exceed its assets. Despite this, the going concern basis continues to be appropriate for these financial statements. Under the current Government funding model, \$11.160 million of revenue has been allocated to the Office next financial year, which will enable the Office to pay its debts as and when they fall due.

(q) Changes in accounting policies

Subsequent to the 2012-13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Office has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Office has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the Office. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 *Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012-13 comparatives of these disclosures have not been provided.

AASB 119 Employee Benefits

In 2013-14, the Office has applied AASB 119 *Employee Benefits* (Sept 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, this change will have limited impact on the Office.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Office as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

Comparative amounts for 2012-13 and the related amounts as at 1 July 2012 have been restated in accordance with the relevant transitional provisions set out in AASB 119. The impact is as follows:

			2013
Impact on comprehensive result			\$
Decrease in employee expense			1,638
	As previously reported	AASB 119 adjustments	Restated
	\$	\$	\$
Impact on liabilities and equity			
As at 1 July 2012			
Current employee benefit provision - annual leave	358,556	(16,048)	342,508
Accumulated deficit	(835,404)	16,048	(819,356)
As at 30 June 2013			
Current employee benefit provision - annual leave	395,849	(17,686)	378,163
Accumulated deficit	(833,371)	17,686	(815,685)

(r) New Accounting Standards and Interpretations

As at 30 June 2014, the following standards and interpretations applicable to the Office had been issued but were not mandatory for the 30 June 2014 reporting period. The Office has not adopted, and does not intend to adopt, these standards early.

AASB 9 Financial Instruments. This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (AASB 139 *Financial Instruments: Recognition and Measurement*). Applicable for annual reporting periods beginning on 1 Jan 2017. Preliminary assessment has identified that the financial impact of available for sale assets will now be reported through other comprehensive income and no longer recycled to profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

AASB 10 Consolidated Financial Statements. This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an *Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities* that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated. Ongoing work is being done to monitor and assess the impact of this standard.

AASB 11 Joint Arrangements. This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.

AASB 12 Disclosure of Interests in Other Entities. This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 *Separate Financial Statements* and AASB 131 *Interests in Joint Ventures*. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.

AASB 127 Separate Financial Statements. This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). Current assessment indicates that there is limited impact on Victorian public sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

AASB 128 Investments in Associates and Joint Ventures. This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. Applicable for annual reporting periods beginning on 1 Jan 2014 (not-for-profit entities). Current assessment indicates that there is limited impact on Victorian public sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

	2014 \$	2013 \$
Note 2. Income from transactions		
Grants		
Grants from Department of Premier and Cabinet	11,199,391	10,603,197
Total income from transactions	11,199,391	10,603,197

Note 3. Expenses from transactions

Expenses from transactions includes:

Employee benefits		
Salaries and wages	6,277,259	5,763,500
Superannuation		
- Defined contribution plans	530,767	472,636
- Defined benefits plans	72,876	59,885
Annual and long service leave expense	857,117	732,427
On-costs	409,503	337,624
Total employee benefits	8,147,522	7,366,072
Depreciation		
Building fitouts	41,796	39,021
Office furniture and equipment	51,373	64,711
Motor vehicles under finance lease	25,801	28,235
Capitalised software development	23,366	23,366
Total depreciation	142,336	155,333
Supplies and services		
Purchase of services	831,439	1,043,168
Lease rentals and outgoings	712,362	663,428
Information technology costs	491,468	733,914
Other supplies and services	633,724	492,414
Total supplies and services	2,668,994	2,932,924

Note 4. Receivables

Current:

Contractual

Other receivables	12,474	6,865
	12,474	6,865

Statutory

GST recoverable	30,648	34,506
Amounts receivable from Victorian government departments	1,138,048	879,177
	1,168,696	913,683

Total Current	1,181,170	920,548
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Non-current:

Statutory

Amounts receivable from Victorian government departments	219,815	196,053
	219,815	196,053

Total receivables	1,400,985	1,116,601
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	2014 \$	2013 \$
Note 5. Property, plant and equipment		
Building fitouts at fair value	528,441	461,395
Less: accumulated depreciation	(259,885)	(218,089)
	<u>268,556</u>	<u>243,306</u>
Office furniture and equipment at fair value	589,612	535,026
Less: accumulated depreciation	(438,829)	(387,456)
	<u>150,783</u>	<u>147,570</u>
Motor vehicles under finance lease at fair value	129,009	129,009
Less: accumulated depreciation	(47,059)	(21,258)
	<u>81,950</u>	<u>107,751</u>
Total property, plant and equipment	<u>501,289</u>	<u>498,627</u>
Reconciliation of carrying amounts		
<i>Building fitouts</i>		
Carrying amount at start of year	243,306	282,327
Additions	67,046	-
Depreciation expense (note 3)	(41,796)	(39,021)
Carrying amount at end of year	<u>268,556</u>	<u>243,306</u>
<i>Office furniture and equipment</i>		
Carrying amount at start of year	147,570	135,143
Additions	54,586	86,277
Disposals	-	(9,139)
Depreciation expense (note 3)	(51,373)	(64,711)
Carrying amount at end of year	<u>150,783</u>	<u>147,570</u>
<i>Motor vehicles under finance lease</i>		
Carrying amount at start of year	107,751	76,730
Additions	-	98,411
Disposals	-	(27,425)
Transfer to non-financial assets held for sale	-	(11,730)
Depreciation expense (note 3)	(25,801)	(28,235)
Carrying amount at end of year	<u>81,950</u>	<u>107,751</u>

Fair value measurement hierarchy* at 30 June 2014	Carrying amount \$	Fair value measurement using:		
		Level 1 \$	Level 2 \$	Level 3 \$
Building fitouts	268,556	-	-	268,556
Office furniture and equipment	150,783	-	-	150,783
Total at fair value	<u>419,339</u>	<u>-</u>	<u>-</u>	<u>419,339</u>

* See fair value hierarchy in note 1(b)

There have been no transfers between levels during the period.

Reconciliation of Level 3 fair value

2014	Building fitouts \$	Office furniture and equipment \$
Opening balance	243,306	147,570
Purchases	67,046	54,586
Depreciation	(41,796)	(51,373)
Closing balance	<u>268,556</u>	<u>150,783</u>

Unrealised gains/(losses) on non-financial assets - -

Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant Unobservable Inputs	Range	Sensitivity of fair value measurement to changes in significant unobservable inputs
Building fitouts	Depreciated replacement cost	Cost per item Useful life	\$2,000 - \$77,000 per item 10 years	A cost per item increase or decrease would result in a significantly higher or lower valuation. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Office furniture and equipment	Depreciated replacement cost	Cost per unit Useful life	\$5,000 - \$65,000 per unit 3-5 years	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value. A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

	2014 \$	2013 \$
Note 6. Intangible assets		
Capitalised software development – at cost	104,750	104,750
Less: accumulated depreciation	<u>(67,555)</u>	<u>(44,189)</u>
	<u>37,195</u>	<u>60,561</u>
Carrying amount at start of year	60,561	83,927
Depreciation expense (note 3)	<u>(23,366)</u>	<u>(23,366)</u>
Carrying amount at end of year	<u>37,195</u>	<u>60,561</u>

	2014 \$	2013 \$
Note 7. Provisions		
Current:		
Employee benefits		
- Annual leave		
Expected to be paid within 12 months	391,694	340,239
Expected to be paid after 12 months	96,551	37,924
- Long service leave		
Expected to be paid within 12 months	90,577	87,559
Expected to be paid after 12 months	751,125	693,198
- Performance bonus	49,000	51,000
Restoration costs	122,959	122,959
	<u>1,501,906</u>	<u>1,332,879</u>
Non-current:		
Employee benefits		
- Long service leave	219,815	136,053
	<u>219,815</u>	<u>136,053</u>
Total provisions	<u>1,721,721</u>	<u>1,468,932</u>
Note 8. Borrowings		
Secured		
Current lease liabilities	32,386	37,180
Non-current lease liabilities	51,033	83,419
Total borrowings	<u>83,419</u>	<u>120,599</u>
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.		
Assets pledged as security		
The carrying amounts of non-current assets pledged as security are:		
Motor vehicles under finance lease	81,950	107,751
Non-financial assets held for sale	-	11,730
	<u>81,950</u>	<u>119,481</u>

Note 9 discloses the maturity analysis of borrowings and the nature and extent of risks arising from borrowings.

Note 9. Financial instruments**(a) Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(b) Categorisation of financial instruments

			Carrying amount	
			2014	2013
			\$	\$
Financial assets	Note	Category		
Cash on hand		Cash	1,000	1,000
Receivables *	4	Loans and receivables	12,474	6,865
			13,474	7,865
Financial liabilities				
Payables		Financial liabilities at amortised cost	432,297	449,026
Borrowings	8	Financial liabilities at amortised cost	83,419	120,599
			515,716	569,625
Net holding gain/(loss) on financial instruments by category:				
Financial assets		Category		
Cash on hand		Cash	-	-
Receivables *		Loans and receivables	-	-
			-	-
Financial liabilities				
Payables		Financial liabilities at amortised cost	-	-
Borrowings		Financial liabilities at amortised cost	(4,005)	(5,126)
			(4,005)	(5,126)

* Receivables disclosed here exclude statutory receivables (i.e. amounts receivable from government departments and GST recoverable).

The net holding gains or losses disclosed above are determined as follows:

- For cash and receivables, the net gain or loss is calculated by taking the interest revenue, if any, minus any impairment recognised in the net result; and
- For financial liabilities measured at amortised cost, the net gain or loss is the related interest expense.

(c) Credit risk

Credit risk arises from the financial assets of the Office, which comprise cash and cash equivalents, and 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. For debtors other than government, it is the Office's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. The Office does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Office's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Office does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there was no event to indicate that any of the financial assets were impaired.

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. There are no financial assets that are past due but not impaired.

(d) 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 prior periods' data and 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 drawn at short notice to meet its short term obligations.

The contractual maturity analysis of financial liabilities is as follows:

	Carrying amount \$	Nominal amount \$	Maturity dates *			
			Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$
2014						
Payables	432,297	432,297	432,297			
Borrowings	83,419	89,290	2,661	5,322	28,696	52,611
	515,716	521,587	434,958	5,322	28,696	52,611
2013						
Payables	449,026	449,026	449,026			
Borrowings	120,599	132,916	14,351	5,323	23,951	89,291
	569,625	581,942	463,377	5,323	23,951	89,291

* The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

(e) Market risk

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.

(f) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values because of the short term nature of the financial instruments and the expectation that they will be paid in full.

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

None of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Note 10. Commitments for expenditure

	2014 \$	2013 \$
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	490,032	443,031
Later than one year but not later than five years	581,232	1,016,524
	<u>1,071,264</u>	<u>1,459,555</u>
Outsourcing commitments		
Commitments under outsourcing contracts for human resources services payable:		
Within one year	87,295	-
Later than one year but not later than five years	276,349	-
	<u>363,644</u>	<u>-</u>
Finance lease liabilities		
Commitments in relation to finance leases are payable as follows:		
Within one year	36,680	43,625
Later than one year but not later than five years	52,611	89,291
Minimum lease payments	89,291	132,916
Less: future finance charges	(5,872)	(12,317)
Total lease liabilities	<u>83,419</u>	<u>120,599</u>
Shown in the financial statements (note 8) as:		
Current	32,386	37,180
Non-current	51,033	83,419
	<u>83,419</u>	<u>120,599</u>

Note 11. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets for the Office at 30 June 2014 or at 30 June 2013.

Note 12. Responsible persons

The persons who held the positions of Minister and Accountable Officer in the Office during the financial year were as follows:

Responsible Minister	The Hon Dr Denis Napthine, MP, Premier
Accountable Officer	George Brouwer, Ombudsman (to 30 March 2014)
	Deborah Glass OBE, Ombudsman (from 30 March 2014)

Remuneration

Remuneration received or receivable by the person holding the office of Ombudsman, in connection with the management of the Office during the reporting period, was in the income bands shown below:

Income band	2014 No.	2013 No.
\$110,000 - \$119,999	1	-
\$400,000 - \$409,999	1	-
\$410,000 - \$419,999	-	1

Amounts relating to Ministers are reported in the financial statements of the Department of Premier and Cabinet.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 13. Remuneration of executives**(a) Remuneration of executives**

The numbers of executive officers, other than the Accountable Officer, whose total remuneration exceeded \$100,000 during the reporting period, are shown in their relevant income bands in the first two columns of the table below. The base remuneration of these executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

Income band	Total remuneration		Base remuneration	
	2014 No.	2013 No.	2014 No.	2013 No.
\$250,000 - \$259,999			-	1
\$260,000 - \$269,999			1	1
\$270,000 - \$279,999	-	1	1	-
\$290,000 - \$299,999	1	-		
\$310,000 - \$329,999	-	1		
\$330,000 - \$339,999	1	-		
Total numbers	2	2	2	2
Total amount (\$)	\$632,563	\$594,672	\$539,650	\$526,071
Total annualised employee equivalent	2.0	2.0	2.0	2.0

Note 14. Remuneration of auditors

	2014 \$	2013 \$
Audit fees paid or payable to the Victorian Auditor-General's Office		
Audit of the annual financial statements	<u>14,400</u>	<u>14,000</u>

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

Note 15. Superannuation

Employees of the Office are entitled to receive superannuation benefits and the Office contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

The Office does not recognise any defined benefit liability in respect of the plans because the Office has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities as an administered item in its financial statements.

However, superannuation contributions for the reporting period are included as part of salaries and associated costs in the comprehensive operating statement of the Office.

The Office made contributions to the following major employee superannuation funds during the period:

Defined benefit funds	Emergency Services and State Super
	- New Scheme
Accumulation funds	VicSuper

The Office does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The bases for contributions are determined by the various schemes.

Note 16. Reconciliation of net result to net cash flows from operating activities

	2014 \$	2013 \$
Net result	57,624	3,671
<i>Non-cash movements</i>		
Depreciation	142,336	155,333
(Gain)/Loss on disposal of non-current assets	(1,815)	1,336
Change in operating assets and liabilities		
(Increase)/decrease in receivables	(284,384)	(473,012)
(Increase)/decrease in prepayments	(4,555)	(1,592)
Increase/(decrease) in payables	(16,728)	257,531
Increase/(decrease) in provisions	252,789	163,527
Net cash flows from operating activities	<u>145,267</u>	<u>106,794</u>

Note 17. Non-cash financing and investing activities

During the period, there were no motor vehicles acquired (2013 - \$98,411) by means of finance leases.

Note 18. Glossary of terms*Annualised employee equivalent*

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

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income. Total comprehensive result is the change in equity for the period other than changes arising from transactions with owners. It is the aggregate of net result and other non-owner changes in equity.

Capital asset charge

The capital asset charge represents the opportunity cost of capital invested in the non-current physical assets used in the provision of outputs.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a transaction and so reduces the net result from transactions.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and superannuation contributions.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- a) a balance sheet as at the end of the period;
- b) a comprehensive operating statement for the period;
- c) a statement of changes in equity for the period;
- d) a cash flow statement for the period;
- e) notes, comprising a summary of significant accounting policies and other explanatory information;
- f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature. While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Interest expense

Costs incurred in connection with the borrowing of funds. Interest expense includes interest on bank overdrafts and short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

Net result from transactions

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'.

Other economic flows included in net result

Other economic flows *included in net result* are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposal, revaluation and impairment of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans and fair value changes of financial instruments. In simple terms, they are changes arising from market re-measurements.

Other economic flows - other comprehensive income

Other economic flows - other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result. The components of other economic flows - other comprehensive income include changes in physical asset revaluation surplus.

Payables

Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables

Includes short and long term trade credit and accounts receivable, grants, taxes and interest receivable.

Sales of goods and services

Refers to revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods, fees from regulatory services, work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the Office.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

OFFICE OF THE OMBUDSMAN

Accountable Officer's and Chief Financial Officer's declaration

We certify that the attached financial statements for the Office of the Ombudsman have been prepared in accordance with Standing Direction 4.2 of 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 notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Office as at 30 June 2014.

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 28 August 2014.



Joe Bonnici
Chief Financial Officer
Department of Premier and Cabinet

Melbourne
28 August 2014



Deborah Glass OBE
Ombudsman
Office of the Ombudsman

Melbourne
28 August 2014



Appendix 1

Disclosure index

This annual report has been prepared in accordance with all relevant Ministerial directions and legislation. This index identifies our compliance with the statutory disclosure requirements.

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