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REPORT  
**2017**

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P.P. No. 337**

**The Victorian Ombudsman respectfully acknowledges the Traditional Owners of the lands throughout Victoria and pays respect to them, their culture and their Elders past, present and future.**

# Letter to the Legislative Council and the Legislative Assembly

To

**The Honourable the President of the Legislative Council**

and

**The Honourable the Speaker of the Legislative Assembly**

Dear Presiding Officers,

I am pleased to transmit, in accordance with section 25 of the *Ombudsman Act 1973*, the annual report of the Victorian Ombudsman's office for the year ended 30 June 2017 for presentation to Parliament.

A handwritten signature in black ink, appearing to read 'Steven Glass', with a stylized flourish extending from the end.

16 October 2017

PP No. 337



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# Ombudsman's message

Photo by David Laird, News Corp Australia

**T**his year saw much innovation within the Ombudsman's office – new ways of working, new ways of engaging with the public sector, and after many years of cramped conditions for my staff, a new office.

During the year we began trialling a new way of dealing with all incoming contacts. Instead of different teams dealing with complaints at various stages, we created an Early Resolution Team doing just what it says – seeking to resolve complaints in a timely way, where possible through a single contact. This work has been assisted by the recent legislative reform allowing my office, for the first time, to take complaints by phone. The new team now deals with some 85 per cent of complaints to my office.

Developing new ways of working to become more effective and efficient is a necessity in a relatively small office: this year we received a record number of contacts from the public, and carried out a record number of formal enquiries and investigations.

We also launched an education program, a new way of encouraging administrative improvement in the public sector and an important and constructive complement to my investigation work.

For example, conflict of interest is a perennial issue in my office's investigations, with a succession of Ombudsman reports highlighting the importance of managing conflicts, yet the cases continue. Our new training course on managing conflicts of interest is a different way of imparting the message around good practice, and has been widely endorsed.

Feedback from councils indicates our new guide and course on good complaints handling is helping to shape decision making and the development of more robust complaints management systems. It is particularly encouraging to see improvement reflected in numbers: since launching a guide for local councils in 2015, followed up by training this year, we have seen a drop in the number of complaints about the way local councils deal with complaints.

While the reports I table in Parliament showcase only a fraction of Ombudsman work, this year they covered a greater range than ever. In addition to the reports into improper conduct, complaint-based investigations and systemic issues – such as WorkSafe claims management and transparency in local government – I also tabled an update on youth justice, good practice guides into complaints handling and apologies, and our first ever casebook of Ombudsman enquiries.

We also worked with the Department of Justice and Regulation, the Victorian Equal Opportunity and Human Rights Commission and IBAC to produce a guide for dealing with human rights complaints, which we launched collectively at a forum for public sector agencies earlier this year. This project underscores my office's commitment both to collaboration in the interests of administrative improvement and to human rights, which is central to much of our work.

In another first, my office released its first Reconciliation Action Plan. The plan is only the beginning of a long journey, but the importance of engaging with our First Peoples cannot be overstated. I will report each year on our progress.

The work of my office is frequently unpredictable: last year I received the third referral from Parliament in the 43-year history of the office. In April the question of my jurisdiction to investigate that referral was settled by the High Court, which in effect confirmed I have jurisdiction to investigate the matter. The investigation therefore continues, and I look forward to delivering a report to Parliament as soon as possible. I have received separate funding for that investigation, which I consider to be in addition to the core work of my office.

I continue to engage with the government on what is needed to deliver a modern legislative framework for my office, such as an education function and extending my jurisdiction to publicly funded services. I have welcomed its close consultation with my office, and the active consideration of the initiatives we have proposed.

Funding reform remains a top priority, both in terms of how Ombudsman work is funded and the amount of funding available.

I continue to advocate for financial independence for this office. While grateful for the financial support provided by the Premier's own department, I believe an appropriation direct from Parliament – as provided to the Victorian Auditor General's Office – would underscore my constitutional independence and avoid any suggestion of a conflict of interest by the Executive in funding my work.

There are continuing pressures on resources as contacts to my office increase. An indication of the workload pressure we face as we investigate more complaints can be seen in a reduction in timeliness this year.

Last but definitely not least, I acknowledge all of my staff for their work this year, from investigators and front-line call handlers to back-office support staff and managers. It is due to the energy and creativity of many that my office can do so much with relatively modest resources, and my thanks go to all of them.



Deborah Glass  
**Ombudsman**

# YEAR AT A GLANCE 2016-17



40,642

people  
contacted us



Email  
contact up

17%



Online  
contact up

13%



18,149

people redirected  
via phone or online



Facebook & LinkedIn  
pages go live

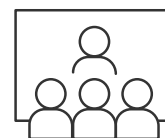


1,960

Twitter followers

17

public sector  
education  
programs run



Reconciliation  
Action Plan  
launched



Public Sector  
Education program  
launched



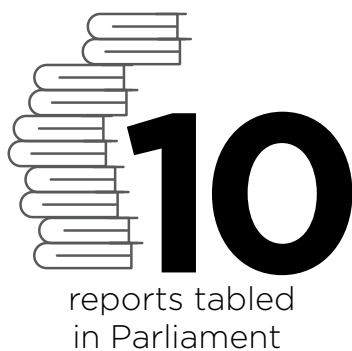
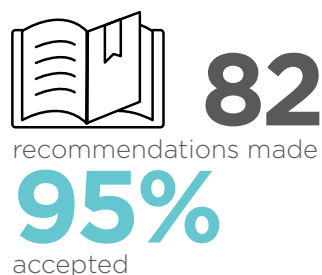
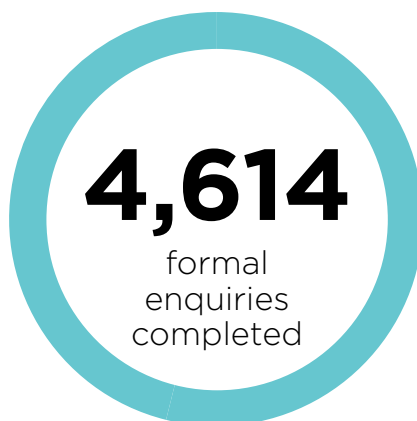
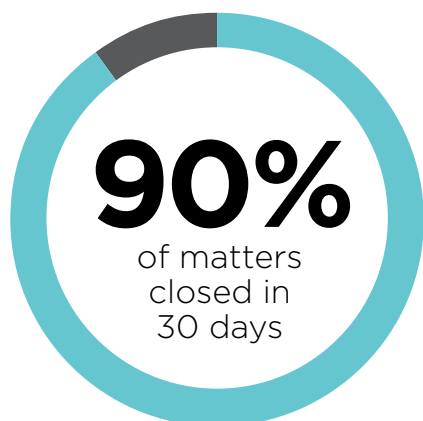
Early Resolution  
Team launched

3



guides to improve  
administrative  
practice







# About us

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Our work

# About us

## Establishment

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

**Purpose:** ensure fairness for Victorians in their dealings with the public sector and improve public administration.

## Operation

Our day-to-day work involves:

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

We do not advocate for members of the public or for authorities. We make decisions based on evidence and operate in accordance with the *Ombudsman Act 1973*. We can also consider whether administrative action is compatible with Victoria's *Charter of Human Rights and Responsibilities Act 2006* and we investigate protected disclosure complaints about improper conduct received from the Independent Broad-based Anti-corruption Commission (IBAC).

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

Most of our work takes place in private, but the Ombudsman can decide to make our work public. Some of our work that has been made public is detailed in this report.

We have a function to monitor compliance with Part 2A of the *Prevention of Cruelty to Animals Act 1986* and sections 71A(1) and 72A(1) of the *Domestic Animals Act 1994*.

In May 2016, we commenced an audit of all 79 Victorian councils, the RSPCA and the Department of Economic Development, Jobs, Transport and Resources in relation to compliance with these provisions.

We completed these audits in 2016–17, identifying some areas of non-compliance, but general compliance with the obligations.

Development, Jobs, Transport and Resources had not directly appointed any officers under either Act during the period.

## Human rights

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

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

### Our Charter function

Under the Ombudsman Act, we can enquire into or investigate whether an administrative action is incompatible with a human right set out in the Charter. We do this whenever we consider the substance of a complaint.

In 2016–17, almost half of the complaints we received involving human rights related to the treatment of persons when deprived of their liberty. Understandably, people held in closed environments like prisons, juvenile justice centres and mental health facilities were the most likely to raise these issues. Other common areas of concern related to the right to protection of families and children and property rights.

We use our enquiry powers to deal with most matters we consider involve human rights issues. We do this to determine whether a matter can be resolved informally and whether an action or decision is incompatible with the Charter.

## International Ombudsman Institute Conference

The 11th International Ombudsman Institute World Conference was held in Bangkok, Thailand in November 2016. Ombudsmen from all over the world shared experiences and expertise to strengthen their daily work in investigating maladministration, promoting good governance and protecting human rights.

The Deputy Ombudsman was invited to the conference to chair a session on human rights. In her opening remarks, she spoke about the Ombudsman's role in protecting human rights:

The development of international human rights principles and the global spread of the Ombudsman model occurred at the same time, after the Second World War. Both movements were generated from the same social impulse to redress the imbalance of power between the individual and the state.

Parliamentary Ombudsman models now operate in an array of jurisdictions with significant political, historical and cultural differences, such as the Colombian Defensoría del Pueblo (People's Defender) or the Portuguese Provedor de Justiça (Justice Provider). A natural development has been to extend the Ombudsman jurisdiction beyond the investigation of maladministration, to the investigation of human rights breaches committed by public authorities.



## Case study: Gender diverse youth in custody

Sam\*, a 14 year old in the care of Child Protection, phoned our office from a secure welfare unit for girls. He explained to us that he identified as a male and wanted to be housed in the boys' unit, but had been told it was too much of a risk for him to be there. However, he insisted that department staff did not need to tell the other clients in the boys' unit that he was transgender.

We made initial enquiries with the secure welfare unit to tell them of Sam's distressed state, requesting that they speak with him again. We asked the Department of Health and Human Services to explain how its decision to place him in the girls' unit complied with the Charter.

Following our enquiries, the department confirmed that it had taken Sam's wishes and human rights into consideration. It explained it had decided it was in his best interest to place him in the girls' unit as he was small in stature and had obvious female characteristics. The other clients in the boys' unit at the time were older and bigger and there was no way for the department to isolate Sam from other male clients.

The department said it was aware of Sam's circumstances, referred to him as male and by his preferred name, and had supported him to dress as a boy. Sam was only in secure welfare for a short stay and returned to his usual placement while we were making enquiries.

The department explained there are only two secure welfare units – one for girls and one for boys – and each placement is considered on its merits. In the past, it had placed someone transitioning from male to female in the female unit as they were further along in their transition and presented with female characteristics.

We were satisfied with the department's explanation that medical and psychological support was being provided to Sam via an intensive case management team and that steps were being taken to support his transition so we took no further action.

*\*not his real name*

# Our work

Our core statutory work falls into three main categories:

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

The Ombudsman Act defines administrative action broadly. It can include, for example, a decision to grant a permit, a failure to provide a service, the formulation of a proposal, and the making of a recommendation to a Minister. We consider whether these administrative actions are lawful, reasonable and fair.

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

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

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

Figure 1: Who we can investigate





## Vision

There are four principles that guide our work:

1. **ensuring fairness** through independent and impartial complaint resolution and encouraging fair and reasonable decision making in the public sector
2. **enhancing accountability** by modelling transparency and openness and conducting independent investigations into the most serious matters
3. **fostering continuous improvement** by sharing lessons learnt from complaints and investigations and by investigating systemic issues and identifying solutions
4. **protecting human rights** by ensuring they are respected and making it easier for vulnerable people to complain.

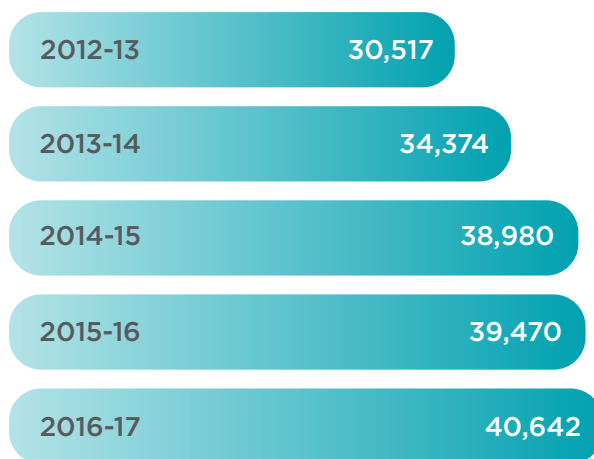
In 2017 we held staff consultation sessions to evaluate and recalibrate our strategic framework for the next three years.

Figure 2: Strategic framework 2014-17



## Contact with us

Graph 1: Contact with us over five years



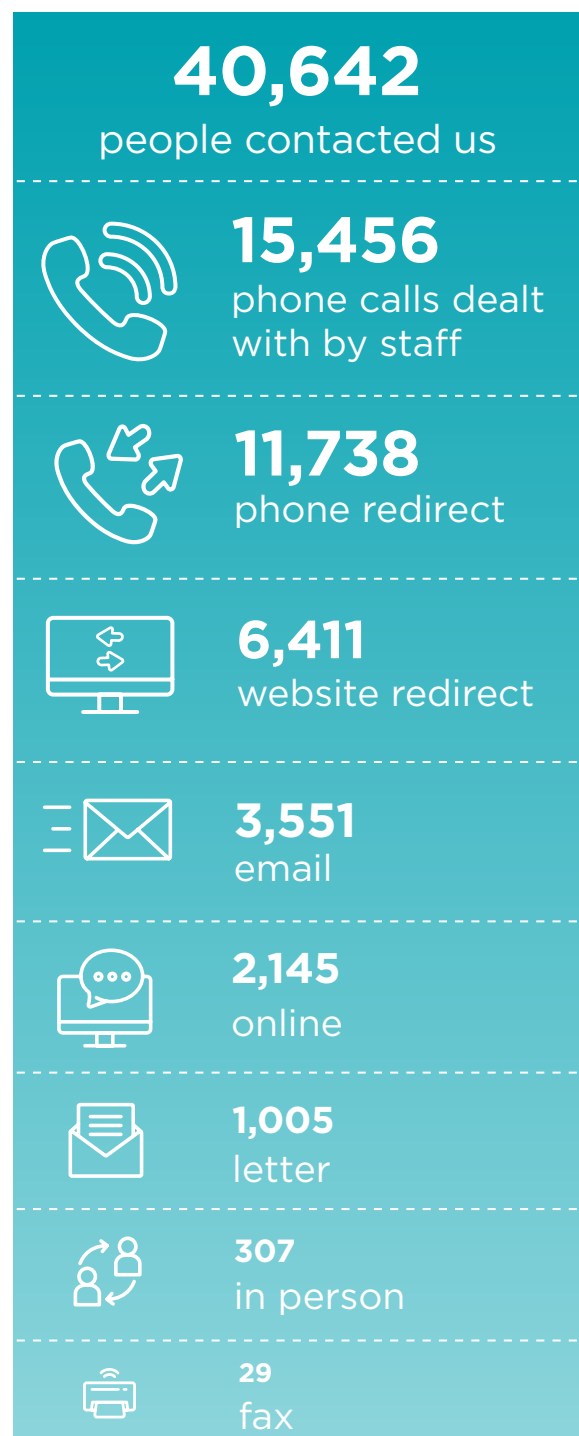
When we are not the most appropriate body to handle a complaint, we are still able to help direct people to somewhere that can. Since 2013 we have had a phone redirection service, and since 2014, both a phone and website redirection service. These have helped us get people to somewhere that can help, without them having to speak to our staff.

When the phone redirection service was introduced, contact by phone dealt with by a member of staff decreased by almost 20 per cent in one year and a further 16 per cent the next year. Excluding redirected contact, almost 70 per cent of contact was made by phone in 2016-17. This remains the dominant mode, but it has been steadily decreasing since 2012-13, while contact made via our online form and email has continued to grow.

Since 2015-16:

- phone contact (excluding redirected contact) has dropped 1.5 per cent
- online contact (excluding redirected contact) has increased 13 per cent
- email contact has increased 17 per cent.

Figure 3: Contact with us in 2016-17



## Matters dealt with

In this report:

- a matter is any contact handled by an officer
- a complaint is a matter within our scope that was handled by an officer.

This year we finalised 22,458 matters – two per cent more than last year. This includes matters we could deal with (within our scope), ones we could not deal with (outside our scope) and information requests. It does not include contact automatically redirected. In 2016-17 our redirection services were used 18,149 times.

Graph 2: Matters handled in 2016-17

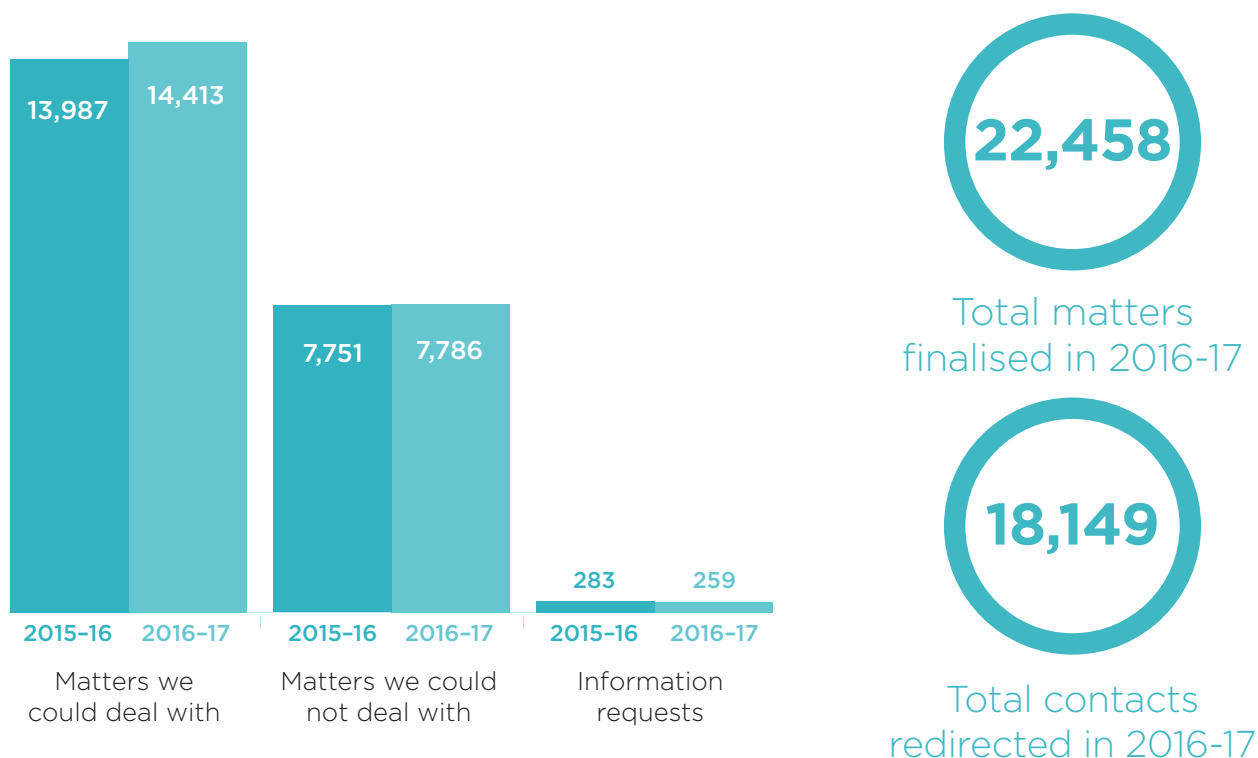
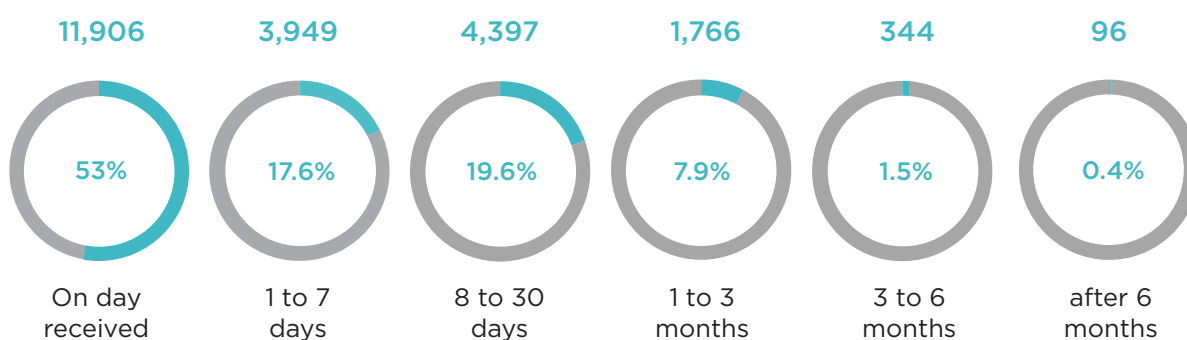
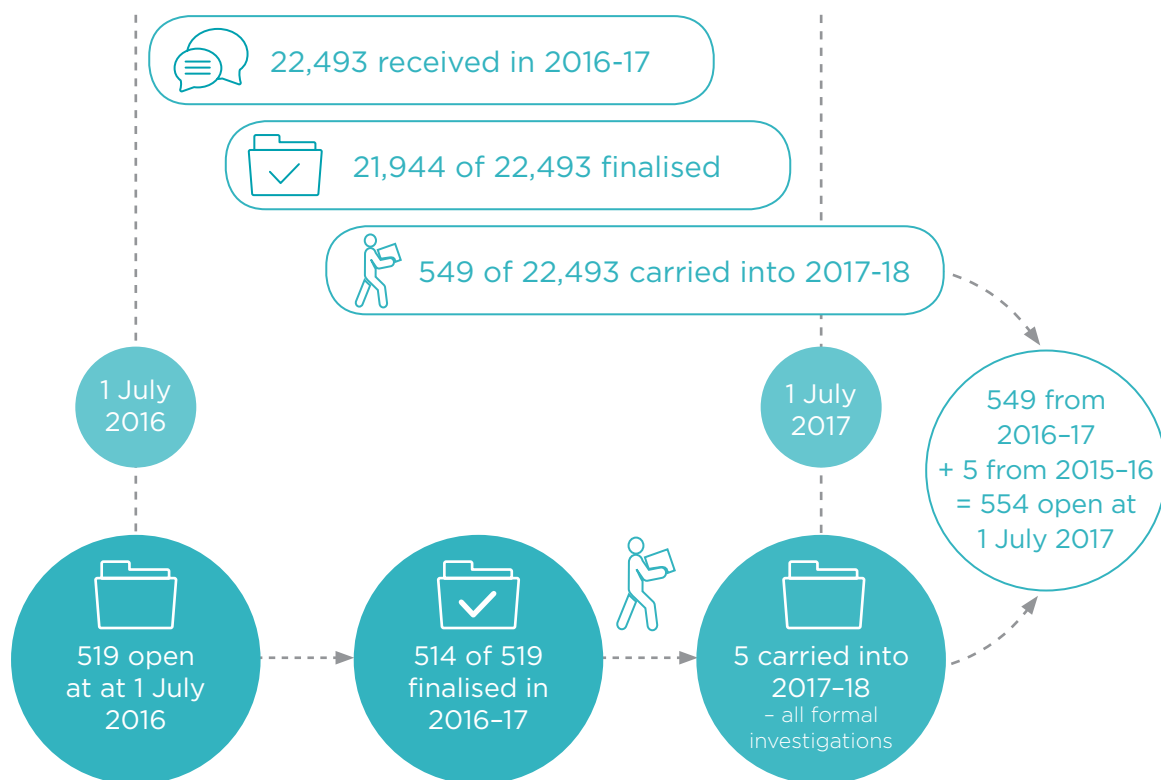


Figure 4: How long it took us to finalise matters



## Contact carried over

Figure 5: Contact carried over



## Contact in writing

Historically, the Ombudsman Act required us to advise people to set out details of their complaint in writing, even if we had spoken to them about it on the phone. This discouraged people from making a formal complaint; in 2015-16 we discussed 519 cases with a member of the public who did not go on to make a complaint. On 1 July 2016 that requirement was removed, allowing us to consider complaints made over the phone.

In 2016-17, 70 per cent of contact was made via phone (excluding contact automatically redirected).

Harnessing this new ability, we created an Early Resolution Team (ERT) which now receives the majority of the initial contact with our office. The team can respond to incoming calls by making enquiries with an authority when appropriate in an effort to speedily resolve a matter. The ERT approach and some examples of its work are described on pages 22-24.

## Formal enquiries and investigations

As we trial new ways of working, with our Early Resolution Team testing new approaches to resolve complaints we have been making more enquiries more often. The percentage of enquiries we make may decrease over time as we embed these new practices.

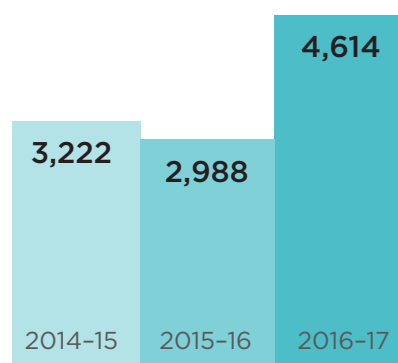
The complexity of enquiries can vary greatly. They may simply involve a phone call or an email, but may also involve months of work and the tabling of a report in Parliament (see page 28 for example).

Of the 29 investigations finalised in 2016-17:

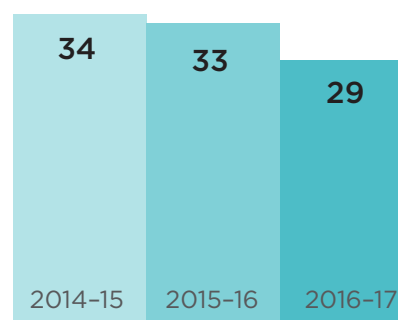
- Two were own motion investigations – the *Investigation into the management of complex workers compensation claims and WorkSafe oversight* and the *Investigation into the transparency of local government decision making*.
- Five arose from complaints made under the Ombudsman Act.
- Twenty-two were protected disclosure investigations.

In 2016-17, changes to the law gave us discretion to make enquiries into but not formally investigate protected disclosure complaints received from IBAC. In 2016-17 we used this discretion 23 times, allowing us to deploy our limited resources more efficiently, without the need to initiate a formal investigation. Some of the work involved in these enquiries is described on page 50.

Graph 3: Enquiries finalised



Graph 4: Investigations finalised



## Recommendations

In 2017, we made 82 recommendations to the government, Ministers and authorities. Ninety-five per cent were accepted.

## Own motion enquiries and investigations

When we make an enquiry or begin an investigation without receiving a complaint, we are using our 'own motion' powers. Many of the reports we present to Parliament do not start with a complaint.

This year, we finalised 25 own motion enquiries and two own motion investigations. Each investigation is different, but they can involve conducting interviews with witnesses and other subjects, summoning information, liaising with other integrity agencies and seeking the opinions of various subject matter experts. Below is an example of some of the work involved in a protected disclosure investigation and a systemic public interest investigation.



### In focus: protected disclosure investigations

When we conduct a protected disclosure investigation, we collect and analyse information from a range of sources. The *Investigation into allegations of improper conduct by officers at the Mount Buller and Mount Stirling Resort Management Board* – tabled in Parliament in March 2017 – was a protected disclosure complaint (see page 51 for details). Some of the work involved in that investigation included:

- summoning and analysing information from the IT servers of two of the subjects
- conducting eight interviews of subjects and other witnesses
- seeking expert advice from external agencies such as the Victorian Public Service Commission and the Australian Taxation Office
- offering an opportunity to the agencies being investigated and commented on to provide feedback
- liaising with IBAC about the disclosures.



### In focus: systemic investigations in the public interest

Our systemic investigations can involve a lot of work. During our *Investigation into the transparency of local government decision making*, meetings were held with:

- 26 past and current councillors, Mayors and council staff, including CEOs and governance officers
- local government peak bodies
- agencies including the Local Government Investigations and Compliance Inspectorate (LGICI); Local Government Victoria (LGV); the Victorian Auditor-General's Office (VAGO) and the Victorian Freedom of Information Commissioner.

Ten telephone conferences were held with former and current councillors, Mayors, CEOs, governance officers and other council staff.

A written survey of all 79 Victorian councils was produced, distributed and analysed.

A detailed examination of 12 councils was undertaken. This included:

- reviewing thousands of pages of council documents
- listening to many hours of council meeting recordings
- face-to-face interviews with 36 CEOs, mayors and governance managers (or their delegates) at council offices in metropolitan, regional and rural Victoria.

The assessment and management of nine complaints also arose from the investigation. Two were referred to IBAC for assessment under the Protected Disclosure Act.

Eight investigations staff, five non-investigations staff and all members of our Executive team worked on the investigation.

# What we do

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Protected disclosures

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Driving improvement



# Complaints

While the Ombudsman is best known for high profile investigations and public reports, the beating heart of our office is the tens of thousands of complaints we receive from the public each year. Complaints are our core business and the numbers we receive continue to grow.

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

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

When working to resolve complaints, we always look for the fairest outcome for both the complainant and the agency.

## Early Resolution – a new way

For the most part, the complaints we receive need to be resolved, not formally investigated. Neither the person complaining nor the agency usually want a long, exhaustive investigation to establish the facts; it is in everyone's interests to achieve resolutions that minimise delay and focus on practical outcomes.

In 2016, we reviewed our systems to understand how we can resolve complaints faster and more effectively, and in October, we established the Early Resolution Team (ERT).

Early resolution is an approach to assessing complaints which prioritises identifying and resolving them at the first possible opportunity. As its name suggests, this team focuses on resolutions, working flexibly toward informal outcomes.

The objective of this approach is to deal with a complaint as quickly as possible, preventing small issues from growing into larger ones. Our staff are encouraged to think creatively about resolving disputes. In practice, this means working collaboratively with agencies – often on the phone – and making assessments about the prospects of resolving matters.

Almost all initial contact with the Ombudsman is now handled by the ERT (in 2016–17 it dealt with about 85 per cent), allowing our Investigations area to concentrate on matters that are not amenable to speedy resolution.

The following case studies demonstrate some of the work the ERT does, working with the public and authorities to effectively resolve complaints.





## Early resolution case study: Infrastructure and traffic issues at a regional primary school

In this case, a matter that had been ongoing for 10 months was resolved by facilitating a meeting between senior officers from two separate agencies

The mother of a student with a disability complained that neither the local council nor the Department of Education and Training had taken responsibility for issues with the footpath outside the school, wheelchair access to parts of the school, the school crossing and suitable parking.

Our ERT staff spoke with senior staff at the department and the council and to resolve the matter, suggested that the department and council meet to establish how to progress the required works. Both parties agreed and within two weeks, met onsite at the school and scheduled the work which included installing specific disabled car parking spots and a number of further ramps to enable wheelchair access to both the car park and basketball court that was at that point inaccessible. The student's mother told our office she was 'extremely pleased'.



## Early resolution case study: Considering the circumstances

A student's mother complained about information provided by her son's school and the Victorian Curriculum and Assessment Authority (VCAA) after her son fell ill during a Year 12 exam, which rendered him unable to complete the exam. When the student received his VCE results and ATAR, it became apparent he had missed out on his preferred university place by 0.25 of a mark.

When questioning her son's mark for his English exam with the school, the student's mother was initially advised that as her son had not applied for the Derived Examination Score within seven days of the exam and final results had been released, it was too late to apply. A Derived Examination Score considers assessments made throughout the year

We contacted VCAA and drew its attention to the fact the student had medical evidence demonstrating he was unable to sit the exam and that it appeared incorrect advice had been provided by either the school or VCAA about which form to fill in.

VCAA called back the same day and advised that it would consider the medical evidence as part of a late application. It subsequently approved a Derived Examination Score. When told of the outcome the mother said she was 'totally overwhelmed' and 'thank you!'.



### Early resolution case study: A sound compromise

A dog owner was issued two infringement notices by her council – one for her pet dog being at large (\$228) and the other for her dog being unregistered (\$303). She felt the first infringement was unfair as her dog was at large due to a storm bringing down her fence and allowing the dog to roam free. She also disputed the second infringement on the basis that she had recently arrived in Australia and was unaware of the dog registration process.

We contacted the council, which looked into the matter. As there had been a storm on the day the dog was found at large, the council agreed to waive the first infringement. It advised that the infringement for failing to register the dog would stand, but that the associated fees would be waived. The dog owner was ‘very happy’ and considered the offer to be ‘very fair’.



### Early resolution case study: Insurance agent tries to send Worksafe claimant to doctor’s appointment in another state

In this case, the involvement of the Ombudsman resulted in a benefit not only to the claimant, but also for future claimants in Queensland.

An injured worker contacted us about an insurance company agent’s decision to suspend his medical entitlements because he had not attended a required dental examination. The insurer wanted the worker to visit a dentist in Sydney, but he lived in Queensland.

We spoke with the WorkCover agent overseeing the claim, who agreed that the request seemed inappropriate but explained that there were no suitable WorkSafe accredited dentists in Queensland.

We then asked the Teams Manager to engage with WorkSafe to find a suitable dentist closer to the worker’s home that could be accredited to assist with the referral.

After five days, the Teams Manager offered two options to resolve the matter: the agent would contact an appropriate dentist in Queensland and if they were willing, arrange for them to be accredited as an Independent Medical Examiner (IME), or they could arrange another IME interstate and fly the injured worker to that location.

It was decided that it was more practical – and in both parties’ best interests – for the agent to have a dental IME in Queensland. Our staff noted it would likely take some time for a new dentist to be accredited and asked the agent to reconsider the decision to suspend the worker’s entitlements. The agent confirmed they would withdraw the decision and contact the worker to confirm this.

## Casebook

In October 2016, we tabled a 'casebook' in Parliament to highlight some of the less public work we do in resolving complaints informally, and to draw attention to some of the common mistakes made by authorities, as well as times when they got it right.

As the Ombudsman noted in her foreword to the casebook: 'fairness is a two-way street'.

The casebook included examples of minor oversights or mistakes that had the potential to have a big impact on a person, cases involving swift resolution of serious concerns and situations where one complaint highlighted possible issues for many people.



### Case study: Why does my permit cost so much?

*'It is an unlawful law, it is not legislated'*

*Permit holder in a telephone call to the Victorian Ombudsman*

A planning permit included a condition that the permit holder pay \$900 per subdivision lot for 'social infrastructure development' before a council would issue a statement of compliance. Alternatively, they could choose to pay \$502 to have the condition removed from the permit.

The Victorian Civil and Administrative Tribunal (VCAT), however, had previously ordered the council to remove a similar condition from other planning permits without the applicant having to pay a fee. The permit holder argued that the condition imposed on them was unlawful and provided evidence to support their case.

We made enquiries and the council acknowledged its practice was inconsistent with the previous VCAT rulings and agreed to stop applying the condition to permits. We then undertook a broader enquiry into whether the council had imposed this fee in other instances.

We established the council had imposed the condition on 143 permits over four and a half years, generating almost \$200,000 that was being held in a trust account to use for the development of social infrastructure.

The council agreed to provide refunds to the applicants and is keeping us informed of its progress.



## Case study: Glass in the grass

An elderly tenant from a non-English speaking background who also had hearing difficulties contacted us, distressed that she was to be evicted from her public housing tenancy.

We made enquiries with the Department of Health and Human Services, which clarified that the tenant was not being evicted, but staff had spoken with her about her habit of spreading broken glass in communal areas to deter cats from her lawn.

The department had organised a meeting with the tenant after a complaint from a neighbour, and discussed other ways to keep cats off her lawn.

The matter continued for several weeks; she did not remove the glass and again claimed she was facing eviction. As she had not removed it, the department had sent her a bill for the cost of cleaning up the glass.

The department had given the tenant a reasonable opportunity to remove the glass and she had not done so. It posed a health and safety risk to her neighbours, and the department allowed her to pay the glass removal bill in instalments. We considered the actions of the department were reasonable and the matter was resolved.



## Case study: Doing the time but not the crime

*'I am at a stage where neither the Sheriff's Office nor VicRoads are responding to any more of my letters.'*

*Prisoner in a letter to the Victorian Ombudsman*

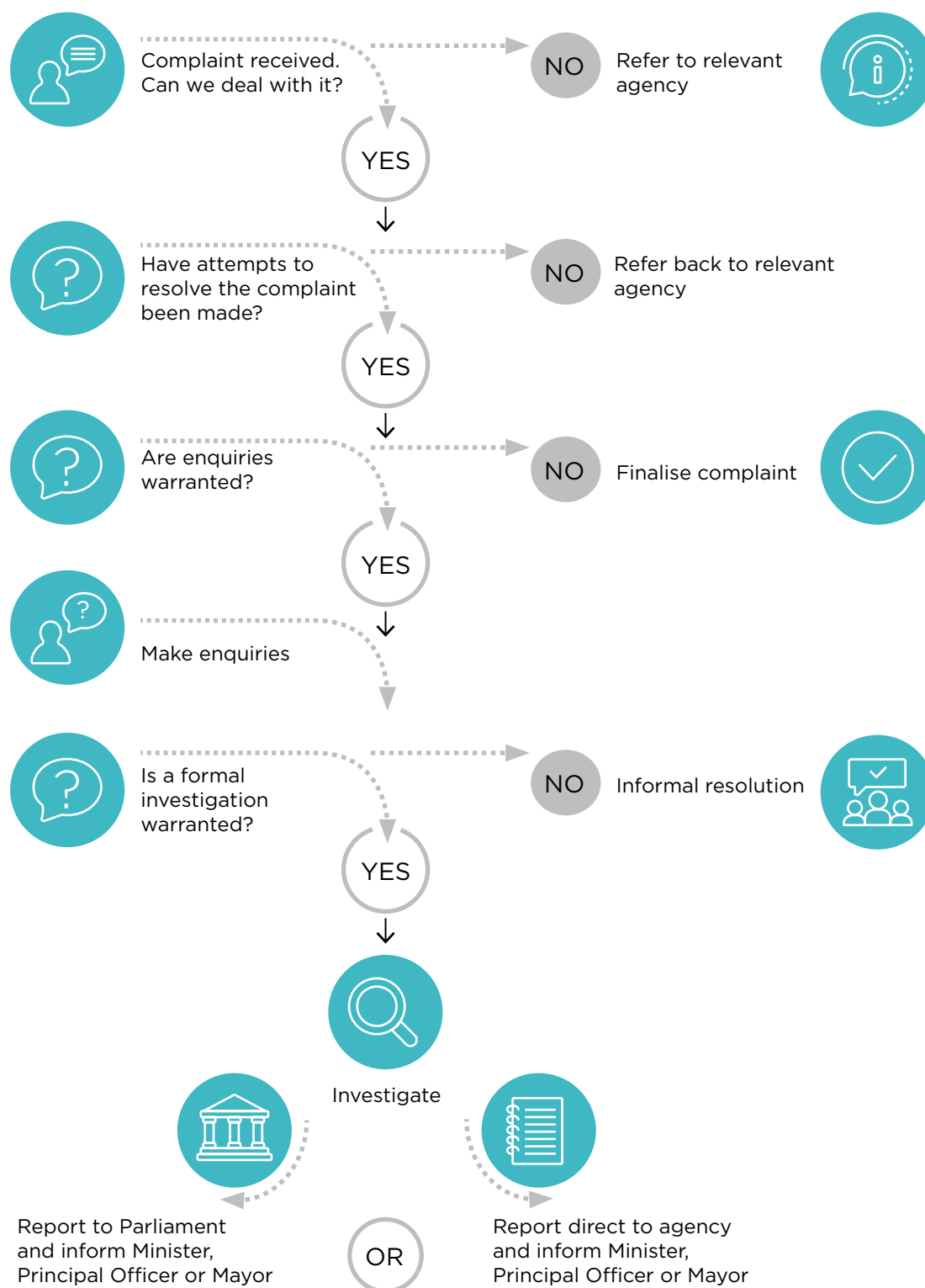
While serving a sentence for an unrelated matter, a prisoner's car was stolen and he was nominated for seven traffic infringements as the driver of the vehicle. Because he did not reject the nominations, he became liable for the infringements and penalties.

When they became warrants, the prisoner applied to have them served as a prison sentence. He later realised he could not have committed the offences as he was in prison at the time, so he wrote to Civic Compliance Victoria (CCV) requesting the infringements be withdrawn. CCV rejected the request and the prisoner was required to serve an additional concurrent prison sentence for the offences.

Following our enquiries and to resolve the matter, CCV agreed to withdraw the infringements from the prisoner's name, liaise with the Sheriff's Office and Corrections Victoria to remove the reference to time served for the offences from his prison record, reinstate his driver licence, and remove all related demerit points.

## Investigating complaints

Figure 6: Complaint flowchart



If we are unable to resolve a complaint, and if we consider it to be a matter of importance and in the public interest, we investigate. In one case this year, we investigated the Registry of Births, Deaths and Marriages' handling of a mother's complaints about obtaining accurate birth and death certificates.



## Report: Investigation into the Registry of Births, Deaths and Marriages' handling of a complaint

A mother had twin boys, born prematurely, and one tragically died aged four-and-a-half months. She contacted the Registry of Births, Deaths and Marriages (the Registry) more than 20 times over 12 months trying to obtain accurate birth certificates for both her sons, and a revised death certificate for her deceased child.

The mother contacted our office in May 2016, concerned about:

- the Registry's unreasonable delay providing both birth and death certificates for her children
- poor communication throughout the application process, and
- a failure to provide proper reasons for the refusal to remove the word 'deceased' from her dead child's birth certificate.

Prior to the mother's complaint, we had noticed a significant increase in the number of complaints to our office about the Registry, particularly about the way it was handling complaints (issues with delays, failure to act and failure to respond). Her complaint raised issues representative of these broader complaints and so we decided to formally investigate.

The investigation found the mother was given conflicting advice, not advised of the outcomes of her applications, made to repeat her requests and asked for information she had already provided.

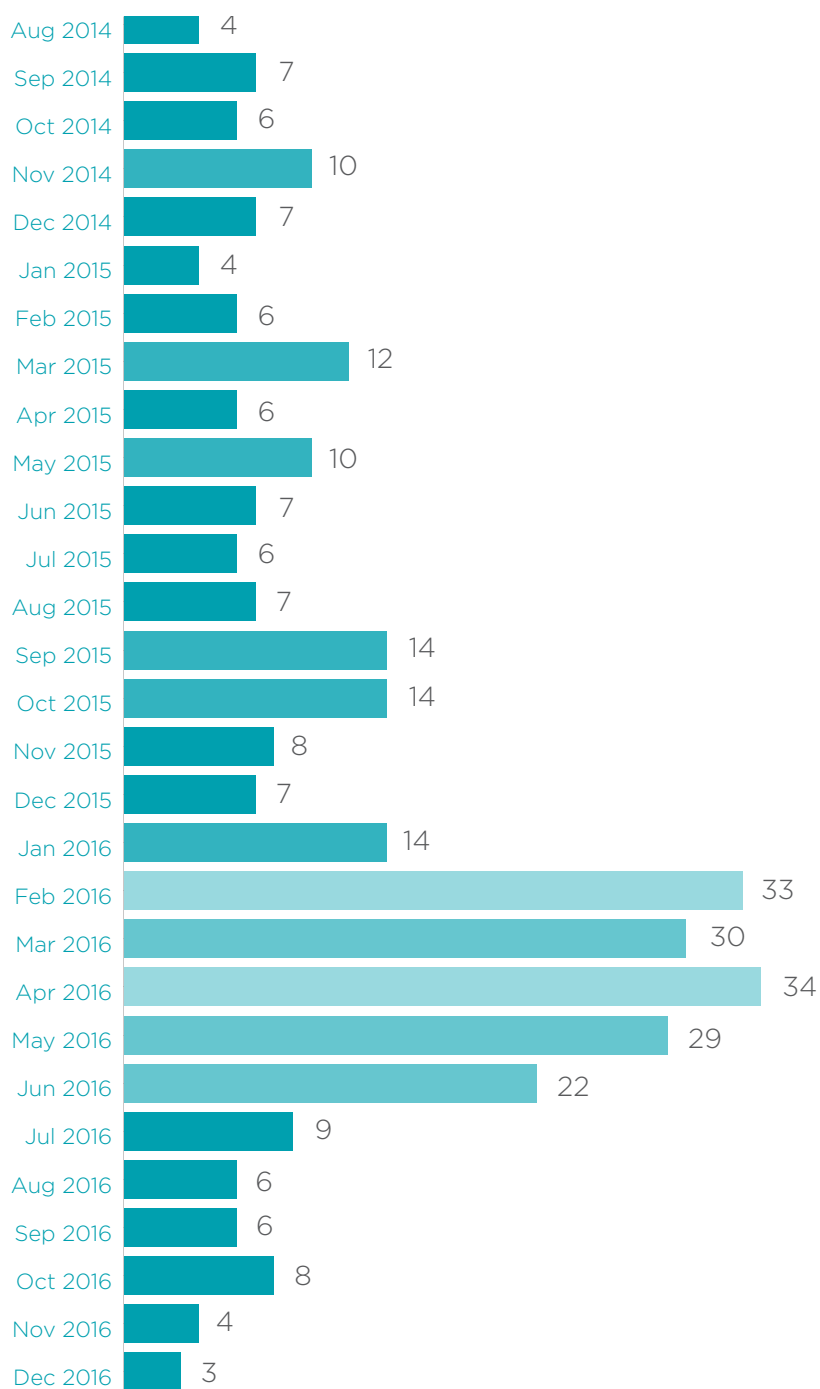
Tabling the report, the Ombudsman said the case illustrated how uncertainty, distress and grief can be caused or prolonged by the Registry's:

- poor record keeping and administrative practices
- lack of clear policies
- agency understaffing
- long wait times on calls
- delays in actioning requests and follow ups
- poor complaints handling.

We recommended the Registry review its business practices and performance through an external audit agency, consider the particular circumstances of each individual case and ensure applicants who have paid a fee are notified if their application is non-compliant.

The Department of Justice and Regulation accepted all the recommendations and acknowledged that the Registry had been experiencing serious service delivery problems. We continue to monitor complaints about the Registry and its response to the recommendations.

Graph 5: Complaints received by the Victorian Ombudsman between July 2014 and December 2016 about the Registry of Births, Deaths and Marriages





## Report: Good Practice Guide to Handling Complaints: report and guide

We built on the lessons in the local government guide when developing the *Good practice guide to handling complaints – Report and Guide* – a document for the public sector more broadly. We tabled this in Parliament in September 2016 and have received similarly positive feedback about its usefulness.

We use this guide in delivering workshops about complaint handling as part of our public sector education program, detailed on pages 63–64.

The guide provides practical advice for public agencies to help them:

- respond to complaints in a timely and effective manner
- learn from the issues raised in the complaints
- improve their systems for taking, engaging with and resolving complaints.

Tabling the report, the Ombudsman said:

I encourage all public sector leaders to learn to love their complaints, and to use this guide to promote best practice within their agencies. The attitude to complaints set by the head of a department or agency will determine whether or not their staff use complaints as a real opportunity to increase public confidence and drive improvement.

## What people complained about

Disappointingly, complaints about complaint handling have been a consistent theme over the years and remained so in 2016–17.

In too many of the thousands of complaints we receive each year, it is clear that the agency's handling of the complaint has exacerbated rather than addressed the person's concerns.

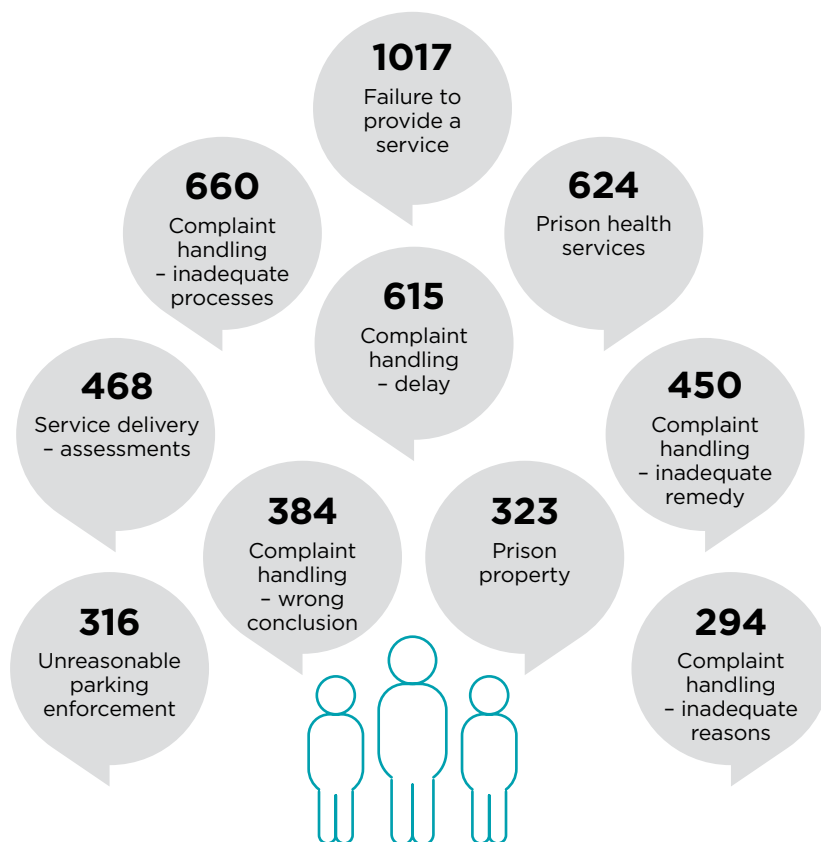
We had noticed an increase in complaints to our office about the way councils handled complaints, so we developed a guide to provide practical advice to help councils ensure their complaint handling systems are effective and efficient, and promote fairness, integrity, respect for human rights and administrative excellence.

Feedback from councils has indicated that the guide is a useful tool and has helped guide decision making and the development of more robust systems.

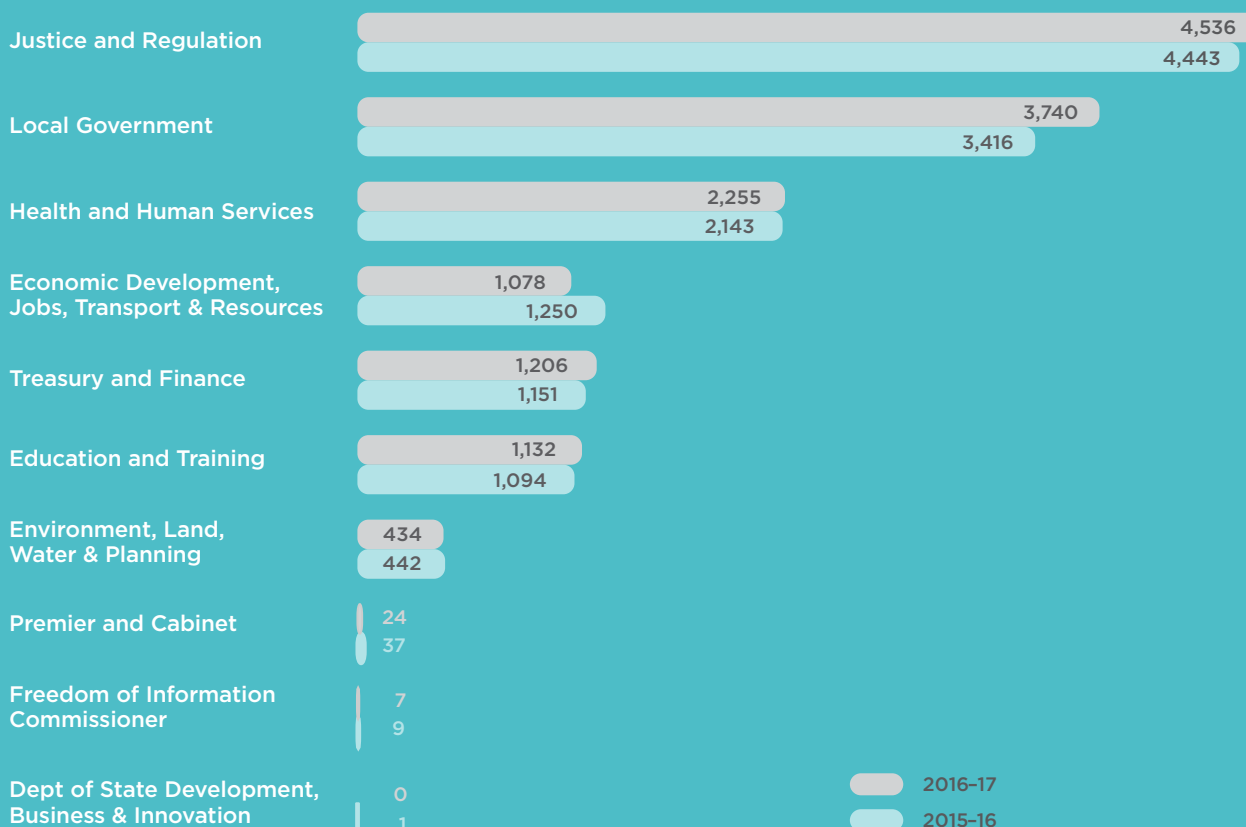
It is pleasing to see that complaints about the way local councils handle complaints has dropped between 2015–16 and 2016–17 following the February 2015 release of the guide.



Figure 7: Top 10 issues complained about to the Ombudsman in 2016-17



Graph 6: Complaints about departments



Graph 7: Most complained about departments over five years

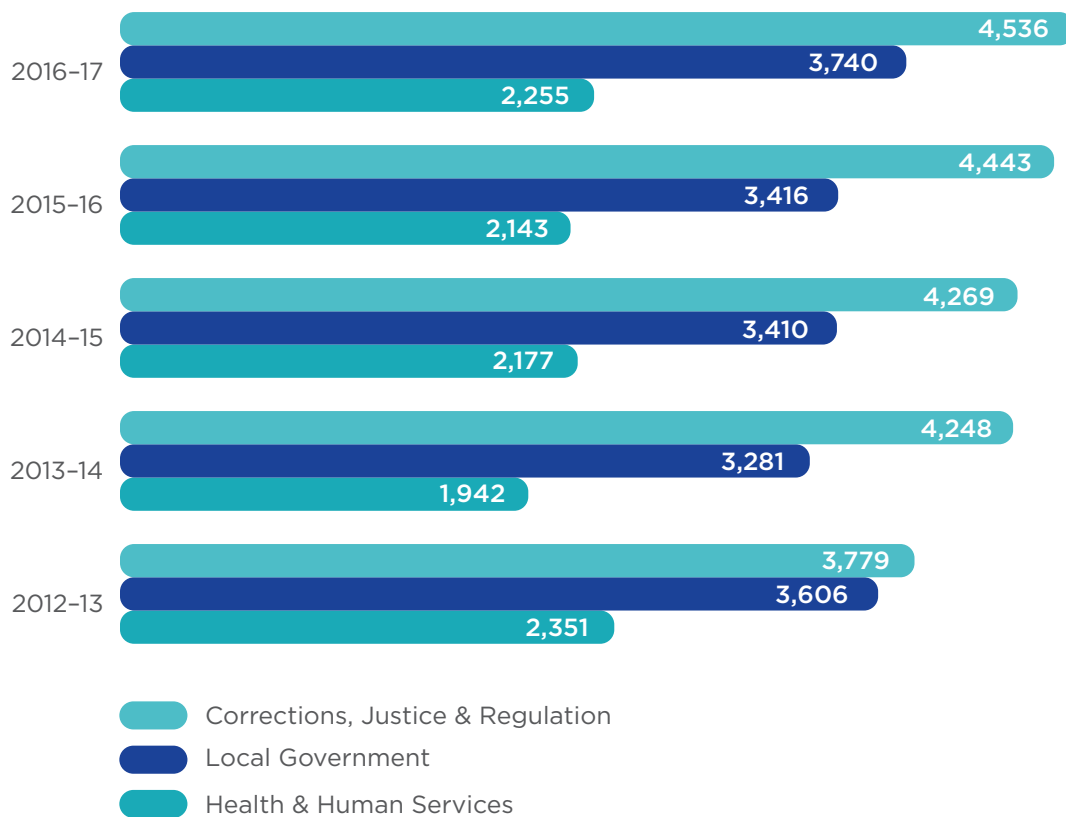


Figure 8: Top three authorities complained about in 2016-17

This year, of the complaints we could deal with:



These have consistently been the three most complained about authorities in recent years.

# Corrections, Justice and Regulation

Corrections, Justice and Regulation includes:

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

## Fast facts 2016-17



**4,536**  
complaints



**31%**  
of total  
complaints



**72%**  
about  
prisons



**91%**  
of complaints  
about prisons  
received by  
phone

Graph 8: Complaints about Corrections, Justice and Regulation over five years





## Corrections, Justice and Regulation

In 2016–17, we finalised two per cent more complaints about Corrections, Justice and Regulation than in 2015–16, consistent with the small but steady increase over the past five years.

Though the majority of complaints we receive about the department are a result of the toll-free phones that connect prisoners to our office, a considerable number are related to non-Corrections agencies. Civic Compliance Victoria – the authority responsible for the administration of traffic infringements – is one of those agencies.



### Case study: Recording error results in distress for 91 year old

A daughter complained on behalf of her 91 year old father about Civic Compliance Victoria's (CCV) refusal to remove his address from a third person's profile on its database.

The daughter alleged that the third person was fraudulently using her father's address as their own to evade outstanding toll infringements and enforcement orders. She said this person was unknown to her and her father's family. She said her father was distressed about receiving the infringements and did not understand he was not being accused of the offences, despite her attempts to reiterate this to him, as he was not fluent in English.

The daughter had been trying to resolve this issue with CCV, VicRoads, Victoria Police and the tolling company for more than 12 months.

While CCV was not acting unlawfully, as section 162 of the *Infringements Act 2006* permits an enforcement agency to submit infringement offence correspondence to the last known address recorded on VicRoads' register, we made enquiries to clarify if it had any discretion to communicate with the department or VicRoads to add an alert on a person's file in circumstances such as this.

The Department of Justice and Regulation investigated the complaint, liaising with the tolling company and Victoria Police to try and locate the owner of the mail. It established that there had been a recording error at VicRoads. VicRoads then updated its system and the department informed the father the records had been updated.

## Prisons

We deal with a range of issues raised about prisons, both by prisoners and people outside prison. These may be about, for example, access to health services, concerns about the process for recovering property inside prison or a family member's access to their relative in prison.

In 2016–17, we dealt with:

- 608 prison health services issues
- 461 prison complaint handling issues
- 316 prison property issues
- 188 issues to do with access to visits
- 184 issues to do with prison facilities
- 181 sentence management issues
- 154 issues to do with prison telephones
- 134 issues with prisoner food
- 126 management unit issues
- 125 concerns about prisoner funds.

Of the human rights complaints made to our office in 2016–17, the most common issue raised was – and has consistently been – about treatment when deprived of liberty.



### Case study: The right thing to do

A prisoner complained that he had been placed in solitary confinement for five days because he was gay and the prison had concerns for his safety. He said, however, that he had previously served a seven month sentence in the general prison population without issues and was distressed about his placement in solitary. He had repeatedly raised his concerns with both senior and junior unit officers at the prison without success, and wanted to speak with Lifeline for support but did not have contact details.

Because of our concerns for the prisoner's immediate welfare and human rights, we made enquiries with the prison to establish why his requests had not been granted. Following our enquiries, unit staff and sentence management spoke with the prisoner and moved him out of solitary into the general population. He was also provided with contact details for Lifeline to seek the support he needed.



### Case study: visitation rights

A prisoner's partner was denied visitation rights for 12 months after refusing a strip search at a prison. Under the *Corrections Regulations 2009*, refusal of a strip search can result in a visitation ban. The partner appealed the ban, stating she had not been told the consequences of refusal, and if she had understood the consequences she might have consented. The General Manager of the prison upheld the ban.

We made enquiries with the prison to establish what information the partner had been given when she refused the strip search. The prison could not demonstrate it had provided her with the requisite information so we escalated our enquiries to Corrections Victoria.

The prison's decision was reviewed and at the request of Corrections Victoria, the ban was reduced to three months as there was insufficient evidence to support six months. As three months had elapsed, visitation rights were reinstated.



### Case study: putting a freeze on prisoner food

We received three complaints from prisoners about the quality of food in the management unit of a prison – it was described as overcooked, out of date and indigestible. The prisoners complaining said it made them sick but they had to continue eating it as they were hungry.

We made enquiries with the prison and spoke with the General Manager. He said he had consumed one of the meals and agreed there was some merit to the complaints. He clarified that none of the prisoners had complained to the medical unit about feeling ill from the food, but undertook to provide them with primarily fresh food in future.

## Local government



### Fast facts 2016-17



**3,740**  
complaints



**26%**  
of total  
complaints



**1**  
systemic  
investigation

Graph 9: Complaints about local government over five years





## Local government

Complaints about local government typically make up about a quarter of all those we can deal with; in 2016-17 they made up 26 per cent. Issues range from complaint handling to conflict of interest, improper conduct and poor governance.

As noted on page 30, between 2015-16 and 2016-17, complaints about complaint handling in local government decreased, indicating that councils are putting lessons from our 2015 *Councils and complaints – A report on current practice and issues* into practice.

We continue to monitor this, and complaints about the way councils are handling complaints are still common. In 2016-17 they accounted for three of the top four and four of the top ten issues raised about local government.

The key message in the good practice guide for local government was ‘learn to love complaints’, for each complaint – reasonable or not – is free feedback about what someone thinks.

The Ballarat City Council embraced this idea when responding to residents’ complaints about its new Kerbside Green Waste Collection Program.



### Case study: Complaints are free feedback

In July 2016, the Ballarat City Council adopted a Kerbside Green Waste Collection Program for the collection of garden waste. A fee of approximately \$68 was added to the rates notices of affected properties – those of a certain size in a particular area which were given an extra bin.

The program was being trialled for 12 months, ending in July 2017, and there was no option to opt out of the charge. After the trial, the council was going to review the service’s viability, including whether it should be opt in or opt out.

We received three complaints about the additional fee from affected residents.

One was from a man with a pre-existing physical injury who engaged a contractor to deal with his green waste as he was unable to. Another man complained that he composts his green waste on a friend’s farm and the other complaint was from a 92 year old pensioner who lives alone and was unable to move the green waste bin when full so she also engaged a contractor to cut the grass and remove her green waste.

We made enquiries which prompted the council to establish a central point of contact for these complaints and introduce a hardship application. Residents who were experiencing financial hardship could apply and, if successful, would not be charged the \$68 green waste fee.

This is an example of a council responding positively to our enquires and using discretion to adjust a program to reflect its residents’ needs.





## Case study: obscured from view



A driver received an infringement for parking in a clearway. She challenged it based on the sign being obscured from view, submitting photo evidence of the sign (left) to the council. The council, however, upheld the infringement and added an administration fee.

We do not usually act on infringement related matters as there is generally a right of review in a court or tribunal, but given the clear obstruction of the sign in this case, we made enquiries with the council.

Following our contact, the council reviewed the infringement again, deciding it had not been reasonably issued. The council revoked the infringement and apologised to the driver.

To stop this happening to more drivers, we asked the council to move the sign to make it clearer.

**Table 1: Complaints about Victoria's 79 local councils**

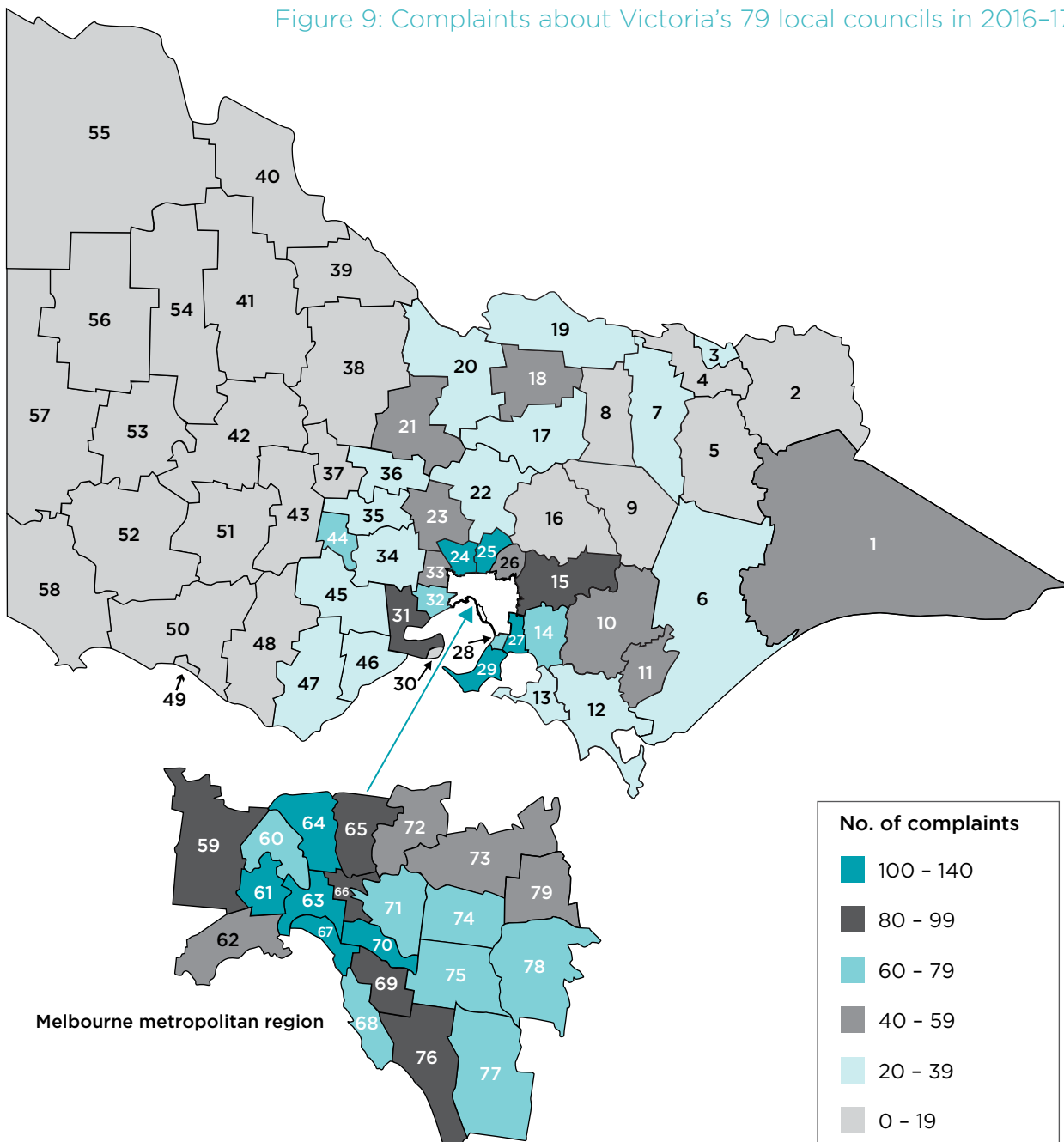
Local council	Total	Map no.	Local council	Total	Map no.
Casey City Council	139	27	Wellington Shire Council	37	6
Moreland City Council	126	64	Golden Plains Shire Council	33	45
Unidentified local council	123	-	Wangaratta Rural City Council	31	7
Whittlesea City Council	119	25	Mount Alexander Shire Council	29	36
Maribyrnong City Council	113	61	Hepburn Shire Council	28	35
Melbourne City Council	111	63	Mitchell Shire Council	25	22
Hume City Council	110	24	Campaspe Shire Council	24	20
Port Phillip City Council	107	67	Moorabool Shire Council	24	34
Stonnington City Council	107	70	Surf Coast Shire Council	23	46
Mornington Peninsula Shire Council	107	29	Moira Shire Council	23	19
Yarra Ranges Shire Council	99	15	Colac-Otway Shire Council	22	47
Kingston City Council	97	76	Strathbogie Shire Council	22	17
Glen Eira City Council	93	69	Bass Coast Shire Council	21	13
Brimbank City Council	91	59	South Gippsland Shire Council	21	12
Darebin City Council	90	65	Wodonga City Council	20	3
Greater Geelong City Council	90	31	Mildura Rural City Council	17	55
Yarra City Council	84	66	Indigo Shire Council	17	4
Wyndham City Council	75	32	Loddon Shire Council	17	38
Whitehorse City Council	74	74	Murrindindi Shire Council	16	16
Ballarat City Council	73	44	Northern Grampians Shire Council	13	42
Frankston City Council	71	28	Glenelg Shire Council	13	58
Monash City Council	69	75	Horsham Rural City Council	11	53
Bayside City Council	66	68	Warrnambool City Council	11	49
Greater Dandenong City Council	64	77	Pyrenees Shire Council	11	43
Boroondara City Council	64	71	Alpine Shire Council	11	41
Moonee Valley City Council	63	60	Central Goldfields Shire Council	11	37
Cardinia Shire Council	61	14	Buloke Shire Council	10	5
Knox City Council	60	78	Benalla Rural City Council	9	8
Manningham City Council	59	73	Southern Grampians Shire Council	9	52
Banyule City Council	54	72	Hindmarsh Shire Council	8	56
Greater Bendigo City Council	53	21	Corangamite Shire Council	8	48
Latrobe City Council	53	11	Towong Shire Council	7	2
Maroondah City Council	52	79	Ararat Rural City Council	7	51
Baw Baw Shire Council	46	10	Gannawarra Shire Council	7	39
Macedon Ranges Shire Council	46	23	Mansfield Shire Council	5	9
East Gippsland Shire Council	45	1	Moyne Shire Council	5	50
Melton City Council	44	33	Queenscliff (Borough of)	4	30
Greater Shepparton City Council	44	18	Swan Hill Rural Council	4	40
Hobsons Bay City Council	41	62	Yarriambiack Shire Council	2	54
Nillumbik Shire Council	40	26	West Wimmera Shire Council	1	57
<b>Total:</b>				<b>3740</b>	

## Complaints about local councils

Table 1 lists the number of complaints received about each of Victoria's 79 councils. This is a list of total complaints received by the Ombudsman, not a comprehensive list of complaints received by the councils themselves, nor is it a list of substantiated complaints. Some people complain only to our office while others may complain only to the council.

This year we received at least one complaint about every municipality. We also received 123 complaints where the council was not identified.

Figure 9: Complaints about Victoria's 79 local councils in 2016-17



# Department of Health and Human Services

Before January 2015, Health and Human Services were separate departments. To illustrate complaint trends over the last five years, Graph 9 shows a combination of complaints about both departments between 2012-13 and 2016-17.



## Fast facts 2016-17



**2,255**  
complaints



**16%**  
of total  
complaints



**35%**  
were about  
Child Protection  
agencies

Graph 10: Complaints about Health and Human Services over five years





## Department of Health and Human Services

Like 2015–16, the most common issues complained about related to complaint handling or the quality of or failure to provide a service. For example:

- a delay in responding to a complaint, or not responding at all
- a delay or failure to provide housing maintenance services.

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

DHHS has consistently been the third most complained about department, and the human rights issue raised most after treatment when deprived of liberty is the right to protection of families and children. This reflects the large volume of complaints we receive about Child Protection matters. In 2016–17, we finalised 791 Child Protection complaints.

The following case studies illustrate some of the issues people raise about DHHS.



### Case study: Acknowledging and apologising

We received a complaint from a mother in a remote Victorian town whose children were in the care of her sister in a different town, more than an hour's travel by public transport from her home.

The mother had supervised access visits which she said had been cancelled at the last minute a number of times, either right before she left home or while she was on the way to her sister's place. The mother told us this was a recent issue, having started when her case manager changed.

Our enquiries with the department established that there had in fact been a number of cancellations due to scheduling and communication issues, and that these had occurred with little notice given to the mother, but that some other cancellations had occurred as a result of circumstances outside the department's control.

Following our enquiries, the department arranged a meeting with the mother and apologised for the impact of the cancelled visits on her. It also demonstrated its detailed consideration of the mother's rights under the *Children Youth and Families Act 2005* and the Charter.



## Case study: Failure to consider a public housing tenant's family violence circumstances

A victim of family violence living in a public housing property contacted us, concerned for her safety and that she was at risk of being evicted. Her existing property had a security camera installed and she wished to move to a new address as she had been receiving threats from her ex-partner. The Department of Health and Human Services had offered a property, however it did not yet have a security camera. The department advised the tenant that she had to sign the lease for the new property or it would be offered to someone else, but she was not willing to move into the new property until a security camera had been installed.

She signed the lease and remained at the original property and the department subsequently charged her double rent which she considered was unfair.

When we made enquiries, the department confirmed its policy states that tenants who have signed a lease are liable for rent, but that it would look into the matter urgently.

To resolve this issue, the department agreed to work with the tenant's advocacy agency to have security cameras installed in the new property at the first available opportunity. It arranged for the tenant to move into the new property as soon as possible and asked the regional housing office to review its decision to charge her rent for remaining in the original property. On review, the rent charged for the original property was waived.



## Case study: Helping a tenant navigate the system

A tenant with a disability and complex needs complained that their current property was not able to adequately support their needs and that mould they were unable to remove themselves due to their disability was building up in the house.

The tenant said that they were unable to use the stairs on the property due to their disability and required the aid of a disability support worker to attend various medical appointments. The tenant said other than these outings, she was confined to the property. She said she had been working with a case worker from a community service organisation to seek a transfer to another property but had been told there was a long wait list.

Given the circumstances, we made enquiries with the department to resolve the complaint and asked the department if there was anything that could be done to better support the complainant's disability.

Following our enquiries, the department:

- confirmed the tenant's application for transfer as a priority
- explored further options with the tenant's case worker, leading to increased opportunities after she agreed to extend the suburbs listed on her application
- addressed the mould issues in her current house
- explored possible modifications to be made to the current property in the meantime to better support the tenant's needs.

# Systemic investigations

Many of the resolutions reached as a result of our work have an impact on individuals, such as an infringement revoked or contact facilitated between an agency and a person, but some of the matters we consider have wider reaching, systemic impact. We don't need to receive a complaint about an issue to initiate an investigation; we can conduct an investigation on our 'own motion'. Own motion investigations are, often, informed by complaints we receive, as were the two systemic investigations we undertook in 2016-17.

In September 2016 we tabled our *Investigation into the management of complex workers compensation claims and WorkSafe oversight*. This investigation arose from a pattern of complaints we identified about claims and focused on complex claims which had a significant impact on the most vulnerable claimants.

In December 2016 we tabled our *Investigation into the transparency of local government decision making*. This followed the *Investigation into Casey City Council's Special Charge Scheme for Market Lane*, tabled in Parliament in June 2016, and examined issues of transparency and closed meetings in depth, making recommendations about the recording of council meetings, among other things.



## Report: Investigation into the management of complex workers compensation claims and WorkSafe oversight

In 2014, we noticed an increasing number of complaints about WorkSafe and its agents. When we looked closer, we found a pattern of discontent which warranted examination.

The vast majority of claims are neither complex nor contentious. These are rarely the subject of complaints and WorkSafe's own surveys show a high level of customer satisfaction. In the area of complex claims, however, (that make up just 20 per cent of claims received each year and 90 per cent of the scheme's liabilities) we were seeing cases of serious unfairness. The investigation, therefore, focussed on complex claims. Complex claims are those cases involving long-term incapacity and/or a long term requirement for medical treatment; often with associated mental health issues.

We looked at cases from all five insuring agents associated with the scheme and across different types of workers and injuries. We considered assessment of liabilities, the financial rewards built into the scheme and WorkSafe's oversight of the scheme, particularly in relation to Independent Medical Examiners.

The investigation attracted significant public interest after it was launched, with dozens of workers and others involved with or working in the system contacting us to offer assistance or make submissions.

*continued on next page...*



## Report: Investigation into the management of complex workers compensation claims and WorkSafe oversight

...

The investigation involved detailed reviews of claims across all five agents. A random sample of agent email records was examined and interviews conducted with injured workers and their families, executives from the five agents and former agent staff. Stakeholders including the Accident Compensation Conciliation Service, the Australian Medical Association, the Police Association of Victoria and the Community and Public Sector Union made submissions.

Ultimately, the investigation found that Victoria's workers compensation scheme must be recalibrated to ensure complex claims are resolved in a fair and timely manner. It established that while the scheme is operating well in the vast majority of cases, it fails some particularly vulnerable people.

Tabling the report, the Ombudsman said:

the overall system is not broken, but the problems we identified in complex cases – some 20 per cent of the overall claims – go beyond a few isolated examples of bad behaviour. They cannot simply be explained away as a few bad apples spoiling the barrel.

The investigation made recommendations around financial incentives associated with the termination of claims and the use of Independent Medical Examiners in the assessment and termination of claims. The recommendations focussed on ensuring the system rewards sustainable decision making and has targeted oversight.

The human side of the cases examined during this investigation was always front of mind. As the Ombudsman noted, 'the cases we investigated are not merely files, numbers or claims; they involved people's lives, and the human cost should never be forgotten.'

By the time the report was tabled, WorkSafe had begun addressing many of the issues identified, and that work continues.

Given the nature of the issues raised in the report, the Ombudsman will be conducting a follow up investigation to report not only on the implementation of recommendations but to ensure effectiveness in achieving change.

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I am more than convinced that this system kills people.  
It isolates them, makes them feel worthless, fearful for  
their futures, takes away their dignity and their livelihood

*Email to VO from parent of injured apprentice worker*

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## Report: Transparency of local government decision making

This investigation arose from a single complaint about a decision made in a closed council meeting – a practice we found to be widespread across Victoria. The report into the original complaint was tabled in Parliament in June 2016, but this was a far wider reaching investigation considering the transparency of decision making within local government in Victoria.

The investigation surveyed all 79 Victorian councils and focussed on 12 to examine key areas of transparency including the closure of meetings, public access to meetings, agendas and minutes, councillor briefings, councillors making decisions outside formal council meetings and the delegation of powers.

Victoria not only has an inconsistent approach to transparency within its own borders, we are also far below most other states – New South Wales, Queensland, South Australia and Western Australia all have stronger transparency requirements than Victoria in key areas of local government.

Overall, despite evidence of poor practice across councils large and small, urban and rural, we found councils were not engaging in widespread, deliberate, secretive behaviour.

But, for the most part, despite pockets of good practice, we found that transparency was a box to be ticked with minimum requirements, not a principle to be welcomed.

The investigation recommended the development and implementation of a uniform Code of Councillor Conduct for all Victorian councils along with mandatory training for all Victorian councillors on the code.

It also recommended the Local Government Act review (a formal review was taking place at the time of the investigation) introduce requirements for the closing of meetings including a public interest test and the removal of the so-called ‘catchall’ provision.

Other recommendations included ensuring the following areas are covered, as a minimum:

- agendas be made available to the public at least five days before a council meeting
- reporting on the exercise of delegation
- audio recording wherever practicable of both open and closed council meetings, and posting of recordings of open meetings on council websites
- recording of public questions and answers at council meetings in minutes, or through audio or audio-visual recording and publication.

It was encouraging that some of that practice changed while we were carrying out the investigation – for example, some councils have started closing meetings less frequently and some have started live streaming meetings or publishing recordings of them online.

# Protected disclosures

The *Protected Disclosure Act 2012*, which replaced the *Whistleblowers Protection Act 2001*, provides legal protection for people to make disclosures about improper conduct and detrimental action by public officers and public bodies.

## What is a disclosure?

'Disclosure' is the term used in the Protected Disclosure Act to describe a report about:

- 'improper conduct' by a person, public officer or public body
- 'detrimental action' by a public officer or public body in reprisal for a disclosure.

## Who can a disclosure be about?

People can make disclosures about:

- public bodies or public officers
- another person whose conduct adversely affects the honest performance of a public body's or public officer's official functions, or intends to adversely affect their effective performance; a person who tries to bribe a public officer, for example.

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

## Our role

The Ombudsman has a role in assessing and investigating protected disclosure complaints. We must refer complaints to IBAC if we decide they may be a protected disclosure; IBAC then assesses the disclosure and determines if it is a protected disclosure complaint. IBAC often refers those complaints back to us and we then decide if they warrant investigation. In 2016-17, IBAC referred 45 protected disclosure complaints to us.

We investigate protected disclosure complaints in the same way we investigate other complaints under the Ombudsman Act. Our investigations policy (available on our website) and procedure set out the processes we follow.

At the end of the investigation, we report the findings to the principal officer of the public body (the secretary of a department or the chief executive officer, for example), the responsible Minister and, in the case of an investigation involving a local council, the mayor. We may make recommendations about action that should be taken as a result of the investigation. The Ombudsman may also decide to table the report in Parliament.

We also inform the person who made the disclosure about the result of the investigation and any recommendations we made.

## Changes to the law

From 1 July 2016, new laws came into effect for Victoria's integrity agencies, including the Ombudsman. Some of these changes have allowed us to share more information with agencies and councils to help them improve their practices, as well as with other integrity agencies such as IBAC. The changes to the law also allow us to table reports in Parliament when the Parliament is not sitting.

Importantly, the changes have given us greater discretion in deciding:

- whether to investigate a protected disclosure complaint, and
- whether to discontinue an investigation.

We are using these changes to the law to deploy our limited resources as effectively as possible. Where we previously had to initiate an investigation into complaints referred by IBAC, we are now able to make enquiries prior to initiating an investigation to ensure there is value in pursuing the matter.

As our mutual understanding of the protected disclosure regime improves, we are referring less complaints for IBAC's assessment. In 2016-17 we referred 33 disclosures to IBAC, 14 less than in 2015-16. IBAC referred 45 protected disclosure complaints to us in 2016-17, 15 more than last year. See the flowchart below for action taken on these.

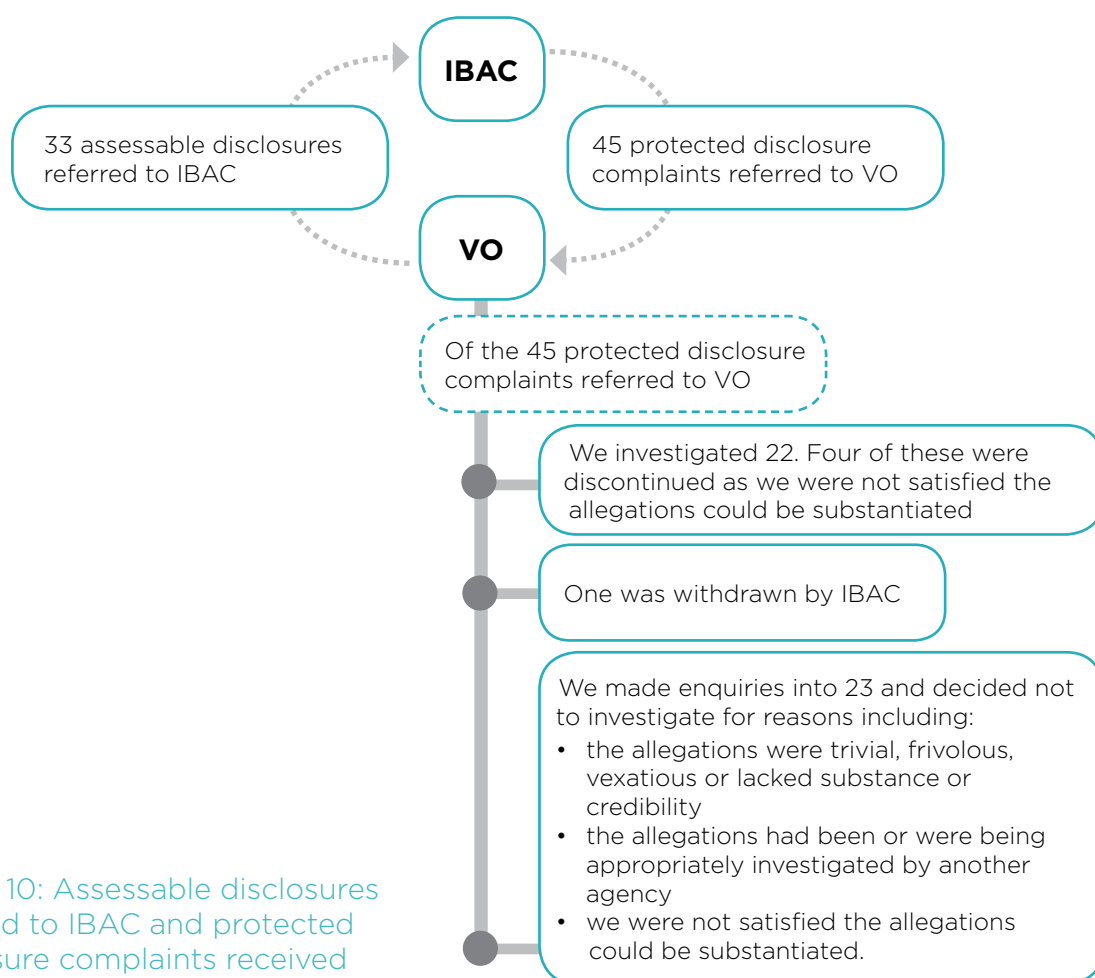


Figure 10: Assessable disclosures referred to IBAC and protected disclosure complaints received from IBAC

Across the 45 protected disclosure complaints received from IBAC, we recorded 114 allegations.

We investigated 22 of the protected disclosure complaints. On these 22 investigations we recorded 64 allegations. Of these:

- 20 were investigated and substantiated
- 39 were investigated and not substantiated
- 5 were not investigated.

We made enquiries into 23 of the protected disclosure complaints. On these 23 enquiries we recorded 50 allegations. We decided:

- not to formally investigate 12 as we discontinued our consideration of the allegations
- not to investigate 38 for reasons including:
  - another agency such as Victoria Police was already investigating
  - the complaint lacked substance or credibility
  - we were not reasonably satisfied that improper conduct or detrimental action could be established.

Enquiries made into protected disclosure complaints can be complex, often involving issues with confidentiality or anonymity, and it can take some months to establish that a matter should not be investigated. Some of the work involved in these enquiries can include:

- meeting with agencies, sometimes on multiple occasions
- reviewing employment, procurement or other contract documents
- conducting criminal record checks
- reviewing policies and procedures
- analysing email, mail and phone records
- conducting site inspections
- asking agencies to secure CCTV footage or other sensitive information.

We have policies and procedures for dealing with disclosures, including disclosures made about Victorian Ombudsman staff. These are available on our website at:

[www.ombudsman.vic.gov.au/About/Policies](http://www.ombudsman.vic.gov.au/About/Policies) and:

[www.ombudsman.vic.gov.au/Disclosures/Making-a-disclosure](http://www.ombudsman.vic.gov.au/Disclosures/Making-a-disclosure).



## Report: Improper conduct at the Mt Buller and Mt Stirling Resort Management Board

The *Investigation into allegations of improper conduct by officers at the Mount Buller and Mount Stirling Resort Management Board* focused on the use of public funds by some of the senior management and Board of the popular tourist resort of Mt Buller and Mt Stirling. The resort sits on Crown land and is managed on behalf of the Minister for the benefit of the state.

In this investigation, we identified more than \$30,000 of public funds being used for international family travel and the entertainment of the CEO's friends, among other things. The privileged access to the snowfield's accommodation also enjoyed by the resort's staff and board was used for the entertainment of friends, family and associates.

Tabling the report, the Ombudsman said:

there is a sound argument that a publicly owned tourist resort should embrace the best of the private sector when appropriate. But it must also never forget that it is not a private business. It has a responsibility to the public when it comes to spending its money.

The investigation began after IBAC referred a number of protected disclosure complaints to us about allegations of the misuse of public resources by senior management.

A subsequent allegation also raised concerns about the conduct of the Board Chair at the resort. The Board Chair was found to have misused the resort's resources by living in publicly owned Mt Buller accommodation – meant for short stays by board members on official business – for the duration of the ski season and allowing family and friends to stay without payment.

We made 11 recommendations, including:

- the Victorian Government review governance arrangements of publicly owned resorts, and amend travel guidelines
- the CEO repay the cost of the US flights, which he has agreed to do
- the Property Manager repay the cost of the travel to and accommodation in France for his family which, at the time of the report, he had not agreed to do.

Since the report was tabled, the Chair of the Board and Chief Executive Officer have resigned, and the Board has accepted all of our recommendations.



## Report: Conflict of interest at the MFB

In June 2017 we tabled the *Report into allegations of conflict of interest at the Metropolitan Fire and Emergency Services Board* (MFB).

The investigation was sparked by a disclosure claiming that a senior MFB official had employed two of her sons without declaring the relationship.

During the course of the investigation, it emerged that the official had falsified her sons' CVs and coached them prior to interview.

The sons themselves had changed their name by deed poll in the weeks before taking up the positions in order to conceal the relationships. Once employed, one of the sons was given a pay rise and moved to a permanent role, which allowed the official to then employ her other son.

While acknowledging that cases such as this are very difficult for public sector organisations to detect, the Ombudsman observed that they serve as a salutatory reminder of the importance of strong conflict of interest policies being embedded in public sector organisational cultures.

The official and her two sons both left the MFB before the report was tabled and the MFB itself referred their behaviour to Victoria Police.

We recommended that the MFB review its confidentiality/conflict of interest and ethics policies as well as its recruitment policies, and audit the official's involvement in procurement processes to ensure she had not engaged in other inappropriate behaviour.

The MFB agreed to address the issues raised in the report as a matter of priority.



## Case study: Unauthorised spending on a corporate card

We received a disclosure from a staff member at an education provider about a colleague's alleged misuse of a corporate credit card to pay for personal items as well as travel upgrades and other travel expenses. The discloser's colleague was not entitled to the items or upgrades and they had not been properly authorised.

While the investigation did not establish that the specific allegations could be proven, it did identify a significant shortfall in policy and governance of corporate credit cards and corporate travel at the provider. It also found that record keeping at the provider was inadequate and at times incomplete.

As a result of the investigation, the provider implemented five recommendations to address these shortcomings, aligning its policies with Victorian Public Sector requirements.

The following two matters were referred to us by IBAC. Though we decided to investigate them as non-protected disclosure complaints, the disclosers still retained the protections provided under the Protected Disclosure Act because they were determined to be protected disclosures by IBAC.



## Case study: Failure to properly screen staff in two group homes for people with disabilities

### Provider 1

We received a disclosure about a person convicted of serious sex offences alleging they had been employed as a Disability Support Worker at Provider 1's group home funded by the Department of Health and Human Services (DHHS) for people with disabilities. There was some concern they may have sexually assaulted people in the home.

We conducted interviews and examined the employee's file; incident reports; police checks and Working With Children checks; DHHS safety screening policies; and relevant legislation. While we did not substantiate the allegations of sexual abuse in the home, we identified failings in recruitment practices, which led to the employment of the support worker in 2007, following his release from prison for serious sexual and violent crimes. In 2013, the worker was arrested at work for other historical sexual offences for which he was later sentenced.

We found some of the requirements in DHHS' safety screening policy to be ambiguous, and that the provider had not complied with incident reporting and assault policies when responding to incidents. We also found the provider had not been renewing police checks of residential carers every three years as required by DHHS.

This investigation highlighted some of the risks exposed when organisations do not obtain police checks directly from law enforcement agencies and when they fail to conduct regular checks of employees' suitability to work with vulnerable adults and children. DHHS advised that it was currently reviewing its employment screening systems for internal staff and funded agencies. It is also reviewing Provider 1's incident reporting, recruitment and safety screening practices.

### Provider 2

We received a separate disclosure that a person with a criminal history had been employed as a support worker at Provider 2's group home funded by DHHS for people with disabilities. The discloser was concerned that the provider continued to employ the worker after being advised by the Australian Federal Police (AFP) that he may have a pending criminal charge.

We found multiple deficiencies in the provider's recruitment practices. The police check provided by the support worker was not clear, but the provider did not require a new one, despite advice from the AFP to do so.

We found the support worker had a pending family violence charge when employed. The provider failed to conduct a Working With Children 'status check' before the worker commenced employment, there was no evidence provided that two reference checks had been completed as required by DHHS, nor did it notify the DHHS Disability Worker Exclusion Scheme of the worker's undeclared criminal history.

This investigation highlighted some of the risks associated with not obtaining current police checks and failing to conduct full safety screening of applicants before offering employment.

# Driving improvement

## Creative solutions

This year we have been using our powers and resources to find new pathways to drive improvement in the public sector. Some of the things we did this year:

- We worked with the Commission for Children and Young People to produce a *Report on youth justice facilities at the Grevillea unit of Barwon Prison, Malmsbury and Parkville* to give the Parliament and the public some insight into issues arising from unrest at the Parkville and Malmsbury centres in early 2017.
- After using our enquiry powers to survey 80 authorities, we tabled a report recommending a change to the law that would allow public agencies to apologise for mistakes without fear of legal repercussions.
- We developed and launched a guide for officers in the authorities who handle requests from our office.
- We sent copies of two of our reports to more than 70 authorities to highlight lessons about good complaint handling, asking them to audit their systems and report back to us.



### Practice: Parliamentary inquiry into youth justice centres in Victoria

We produced the *Report on youth justice facilities at the Grevillea unit of Barwon Prison, Malmsbury and Parkville* (detailed on the opposite page) to give the Parliament and the public some insight into issues arising from the unrest, and to assist the Parliamentary Inquiry into Youth Justice Centres in Victoria in its work.

The Ombudsman gave evidence to the Inquiry on 17 March 2017. In her opening remarks, she noted:

There is no quick fix to this problem. Reform is needed to address the deeply disturbing behaviour we have seen by some young people, but the system must recognise that dangerous children are different from adults. Youth justice cannot be seen as the problem of a single department. The troubles have their origins in many factors, including those children being victims of abuse, trauma or neglect; poor mental health; alcohol and drug misuse; or the experience of homelessness.

Giving evidence to Parliamentary inquiries offers further perspectives and insight based on our complaint handling, investigative and other work.





## Report: Youth justice

A series of disturbances at the Parkville and Malmsbury juvenile justice centres in late 2016 and early 2017 lead to the commission of a new youth justice centre within Barwon Prison in November 2017 known as the Grevillea unit. In February 2017 we tabled a *Report on youth justice facilities at the Grevillea unit of Barwon Prison, Malmsbury and Parkville*.

The report differed from other Ombudsman reports presented to Parliament. It was not the outcome of an investigation, but followed enquiries made into complaints and visits to all three places of detention. The report also built on work of the Commission for Children and Young People in its oversight of the centres, including its work during and after the period of unrest.

While formal recommendations were not made, the Ombudsman noted in her foreword that:

The facts that emerge from independent sources provide succour to both sides of the debate: while youth crime is decreasing overall, more is being committed, more violently, by a small cohort of repeat offenders, who the system is plainly failing to deal with.

And that:

Safety will lie in a system that makes it less likely these young people will be repeat offenders. It is neither in the interests of public safety nor the public purse for young people to become entrenched in a life of crime, cycling through youth justice centres into adult prisons to which all too often they return.

Following the report, we saw an increase in complaints about youth justice centres. Table 2 shows complaints received in the six months prior to the report's release and the six months following.

**Table 2: Complaints about youth justice centres August 2016 – July 2017**

August 2016 – January 2017	February – July 2017
90	109

The issues in the complaints varied before and after our report was tabled. Between August 2016 and January 2017, the main issues raised were about service delivery and the telephones. Between February and July 2017, the main issues raised were about recreation programs and services, discipline units and alleged abuse or harassment by staff.

We continue to monitor the developments in the youth justice sector and liaise with the Commissioner for Children and Young People.



## Report: Apologies

As Elton John famously sang, '... sorry seems to be the hardest word'.

In April 2017, we tabled a report recommending a change to the law that would allow public agencies to apologise for mistakes without fear of legal repercussions. The report looked at when and how apologies are given to resolve complaints – and why they are not used more often in appropriate cases. The report was a product of a survey of 80 public authorities about their practices and experiences using apologies to resolve complaints. Departments, local councils, hospitals, universities, TAFEs, prisons, workers compensation insurers, regulators and complaint handling bodies were canvassed.

The report considered what an effective and genuine apology is and how Victoria compares to other jurisdictions. Ultimately, we found concerns about legal liability are a barrier to making effective apologies. A number of authorities said in their survey responses that they would like more guidance about when apologies might give rise to liability. It is not surprising that public sector officers can be reluctant to apologise, or admit responsibility for mistakes, in the face of such legal uncertainty.

The report recommended that the government consider amending the *Wrongs Act 1958* to prevent apologies being used as an admission of liability or evidence in all types of civil proceedings and to expand the definition of apology to include apologies that involve an acknowledgement of responsibility or fault.

It is consistent with the findings of the government's own Access to Justice review, which also noted that apologies can be a powerful means of responding to complaints and de-escalating disputes and recommended the government consider seeking amendments to the *Wrongs Act* to broaden the protection given to apologies.

## Portfolio liaison officers

Some of our staff act as a central point of contact for authorities we receive complaints about. They have fostered efficient and productive communication for many years, arranging presentations and sharing information about complaints we receive to help drive improvement.

Over the years, the Ombudsman has also encouraged authorities to appoint a central point of contact. These 'liaison officers' are key to facilitating efficient and productive communication, and help us obtain information about cases and resolve complaints.



### Practice: Good liaison guide

In February, we launched a guide to help liaison officers understand why and how we may request information, what we expect in response and what agencies can expect from us. The guide is publicly available on our website.

The Ombudsman launched the guide to liaison officers from a range of departments and agencies at our office. Feedback has been overwhelmingly positive.



## Community engagement

In 2016–17, we used our limited resources to engage as much as possible with public authorities, community groups, members of the public, media, university and high school students and peak bodies, presenting about our role and hosting and attending events to promote our work.

The Ombudsman and two Deputy Ombudsmen delivered 39 presentations to students, community groups and state and local government organisations.

We continue to seek funding to further develop our community engagement program.



### Practice: Law Week



In 2016–17, we again supported the Victoria Law Foundation as an event sponsor for Law Week; an annual festival of events held across the state to help Victorians better understand the law.

During the week, our staff held information sessions at the Festival Hub at Federation Square, the Ombudsman spoke to high school students about our work and alternative legal careers and we delivered a masterclass on human rights complaint handling to launch the *Good Practice Guide: Managing Complaints involving Human Rights*, a collaborative exercise with the Department of Justice and Regulation and the Victorian Equal Opportunity and Human Rights Commission (see page 64 for details).

Victorian Ombudsman staff at the Law Week Festival hub at Federation Square



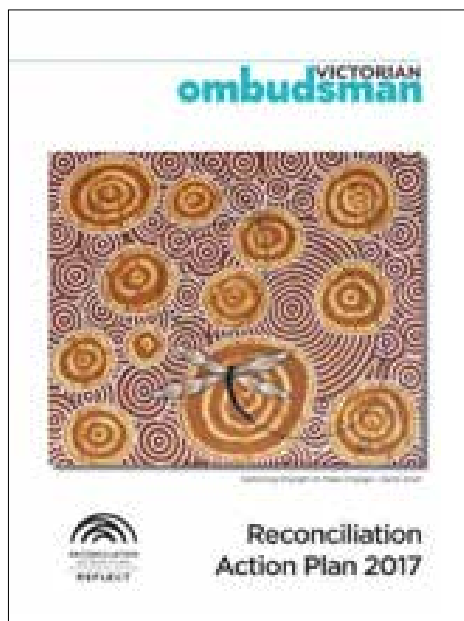


1. The Ombudsman talking to community service organisations in Horsham.
2. The Ombudsman being the Principal for a Day at Gleneagles Secondary College.
3. The Ombudsman speaking about our work to RMIT University journalism students.
4. The Ombudsman speaking about the WorkSafe investigation to the Australian Lawyers Alliance in Bendigo.
5. Victorian Ombudsman staff and supporters at the 2017 Midsumma pride march.
6. Acknowledgement plaque in the reception area of the Ombudsman's office.





## Practice: Reconciliation Action Plan



In 2016-17 we developed our first Reconciliation Action Plan (RAP). It recognises and formalises our commitment to engage with Victorian Aboriginal and Torres Strait Islander peoples and converts existing goodwill in the office into action.

Our vision for reconciliation is to develop respectful and mutually beneficial relationships with Victorian Aboriginal and Torres Strait Islander peoples and organisations. In doing this, we hope to gain a deeper understanding of issues facing Aboriginal and Torres Strait Islander peoples in Victoria and across Australia.

Our RAP focusses on raising awareness, developing our governance model and building business cases in a number of areas.

Last year, we rolled out cultural awareness training for all our staff. We want to understand barriers to accessing our services for many Aboriginal and Torres Strait Islander peoples and enable our staff to provide a culturally appropriate and effective service.

We have established relationships with Aboriginal and Torres Strait Islander organisations including the Rumbalara Aboriginal Co-op in Shepparton and peak bodies in Melbourne. Organisations involved in the development of our RAP included Reconciliation Australia, Reconciliation Victoria and Native Title Services Victoria, as well as the working group made up of staff from across the office.

All too often, those with the greatest need for Ombudsman services are the least likely to use them. Historically, the Ombudsman's office has not focussed on engaging with or understanding issues of concern to Aboriginal and Torres Strait Islander peoples. As a result, we receive few complaints from Aboriginal and Torres Strait Islander peoples and carry out few investigations into issues directly affecting them. Developing our RAP is a recognition that meaningful engagement with our First Peoples is a priority for the office.

Daryl Sloan, an Aboriginal advocate and advocacy program manager from Shepparton who was involved with our RAP's development launched the plan at a staff meeting.



## Photo gallery

From top left:

The Ombudsman and Daryl Sloan looking at scar trees near Shepparton.

Meeting room in the Ombudsman's office named with local Aboriginal language.

The launch of our Reconciliation Action Plan in 2017.



## Improving the system

In meeting our commitments under our strategic framework, we make submissions to the government and Parliament about the importance of an effective integrity and complaint system to a modern democracy.

Throughout 2016-17, we worked productively with public authorities by providing practical advice on reforms to improve our key legislation, including the Ombudsman Act, Protected Disclosure Act and the Charter.

We also made a submission to Parliament's Accountability and Oversight Committee about our education, training and

communication initiatives and recommended changes to the Ombudsman Act to provide our office with a statutory education function. This would include working more closely with authorities to build their capacity to handle complaints, deal with challenging behaviours and manage conflicts of interest.

In 2016-17, the Ombudsman gave evidence to Parliamentary Inquiries into the retirement housing sector and into Youth justice Centres in Victoria to assist the Inquiries in their work.

**Table 3: Submissions made in 2016-17**

Title	Date
Victorian Parliamentary Legal and Social Issues Committee's inquiry into the retirement housing sector	1 July 2016
Victorian Parliamentary Accountability and Oversight Committee's Inquiry into Education, Training and Communications Initiatives of Victorian Oversight Agencies	25 August 2016
Victorian Parliamentary Legal and Social Issues Committee's Inquiry into Youth Justice Centres in Victoria	14 February 2017
Victorian Equal Opportunity and Human Rights Commission 2016 annual report on the Charter of Human Rights and Responsibilities Act 2006	23 June 2017

**Table 4: Formal evidence given by the Ombudsman in 2016-17**

Title	Date
Victorian Parliamentary Legal and Social Issues Committee's Inquiry into the retirement housing sector	28 September 2016
Victorian Parliamentary Legal and Social Issues Committee's Inquiry into Youth Justice Centres in Victoria	17 March 2017



## Public sector education

The Ombudsman has been delivering workshops for the public sector for some time, mostly about complaint handling. Over time, we have received requests for more extensive and targeted training in a number of areas, and with contacts from the public growing – this year exceeding 40,000 – we have a wealth of experience, learning and materials to draw on in providing education services.

We successfully piloted our new program over the last year and it will continue to run in 2017-18. A small and dedicated team design, manage and facilitate the numerous sessions about complaint handling, conflict of interest and human rights in line with adult education principles. Programs are run on a cost-recovery basis.

Our conflict of interest training was developed in collaboration with the Victorian Public Sector Commission and has received very positive feedback.

You can watch our conflict of interest animation (and other animations and videos about our work) on our YouTube channel at <https://www.youtube.com/user/VictorianOmbudsman>

Between 27 October 2016 and 30 June 2017, we held 17 sessions including three masterclasses delivered to large audiences as well as interactive workshops for smaller groups. Participants have been from both state and local government agencies, based across metropolitan Melbourne and regional Victoria.

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**Really enjoyed the collective atmosphere, workshop and learning from the other participants**

*Workshop participant*

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We also offer in-house training sessions and delivered the first of these – a workshop on complaint handling – to a regional council on 26 April 2017.

We welcome agencies taking initiative to improve their practices and we look forward to rolling out more in-house sessions in the future. We will also be developing a program about responding to challenging behaviours.



Masterclass – *Value of Complaints*

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Presenters were authors of the material which provided the participants with a good deal of confidence in them

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*Workshop participant*

Delivering our education program has a strong link to both our purpose and strategic intentions and commitments. The purpose of the Ombudsman's office is to ensure fairness for all Victorians in their dealings with the public sector and to improve public administration. Educating public sector employees about complaint handling, conflict of interest, human rights and other areas of expertise demonstrates our commitment to proactively and collaboratively improving public administration in Victoria.

## What are some of the programs we run?

### Good complaint handling

This workshop focuses on developing effective skills and appropriate strategies for complaint handling. Participants are given a step-by-step model for dealing with complaints. They examine different types of behaviour those with a complaint exhibit, and also explore how to overcome personal and organisational barriers to making and resolving complaints.

### Dealing with conflict of interest

It is common for public duties to conflict with private interests when working in the public sector and local government. This interactive workshop uses scenarios to illustrate the challenges in identifying and dealing with conflicts of interest and explores good practice approaches to recording and managing these conflicts.



## Practice: Human rights complaint handling guide and masterclass

This year the Ombudsman joined with the Department of Justice and Regulation's Human Rights Unit, the Victorian Equal Opportunity and Human Rights Commission (VEOHRC) and the Independent Broad-based Anti-corruption Commission in developing a *Good Practice Guide: Managing Complaints Involving Human Rights*.

We launched this guide at our May Masterclass – *Are Human Rights Complaints Handled Differently?* Hosted by the Ombudsman, the panel featured speakers from the Human Rights Unit, VEOHRC and the Ombudsman's office. This inter-agency panel discussed good practice approaches to identifying and dealing with complaints that involve human rights under the Charter.

The Masterclass explored what the law really asks public sector workers to do. It took the audience at the State Library through the new guide, considering how to identify relevant rights in complaints and how they should properly be considered in decision making. Practical examples illustrated best practice in responding to and dealing effectively with a human rights complaint.

# Our people and performance

66 our people

68 our performance

## Our people

We employ 93 staff with a diverse range of qualifications, experience and backgrounds. In the office's early years, most of our staff were lawyers and male.

Now, over 60% of our staff are female and qualifications range from law and criminal justice to social sciences, media and communications, human rights and business.

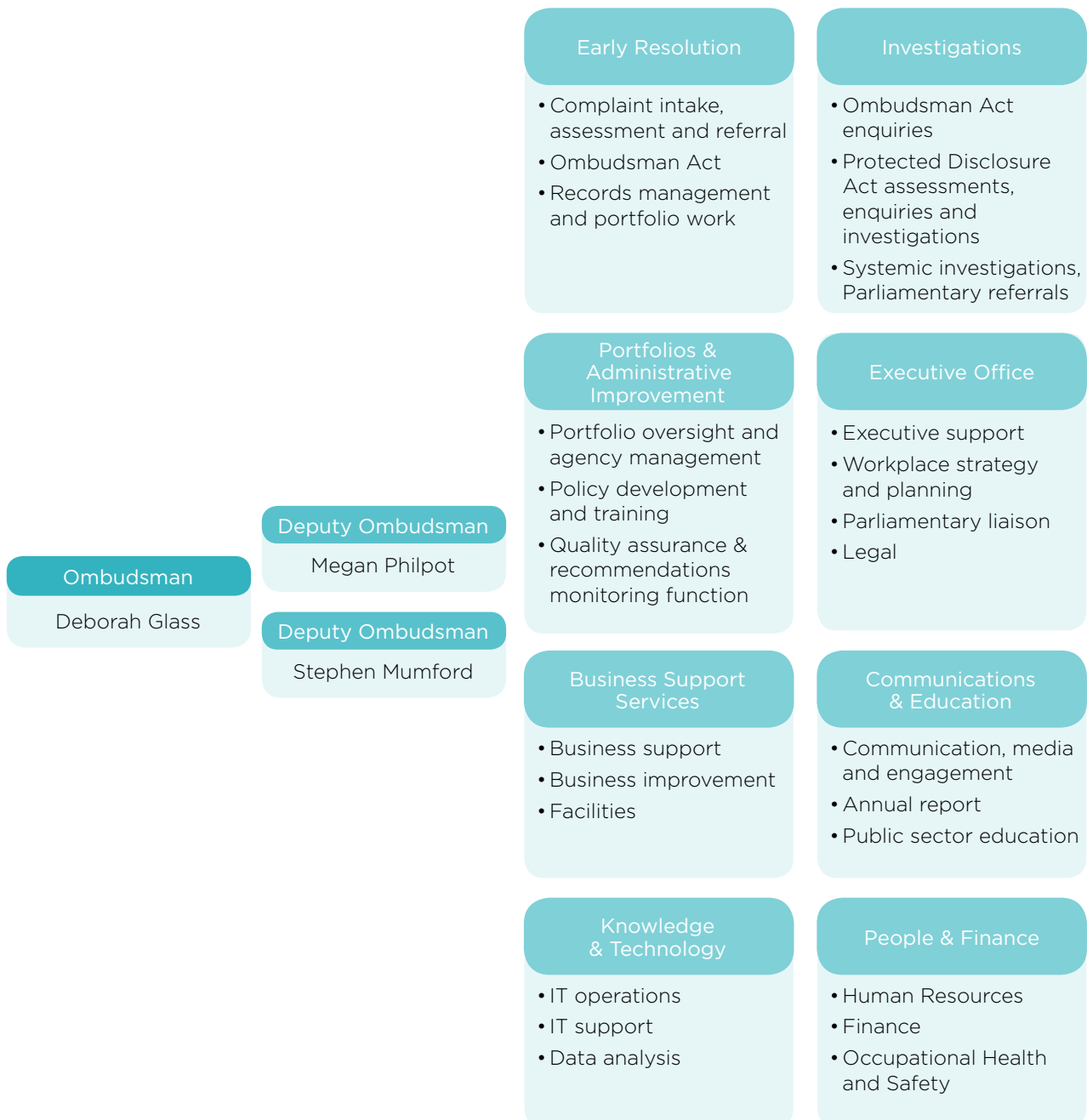
**Table 5: Staff profile by employment status at 30 June 2017**

Ongoing		Fixed Term		Casual		Total	
Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
<b>79</b>	<b>75.1</b>	<b>14</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>93</b>	<b>88.1</b>

**Table 6: Staff profile by gender, age and employment status as at 30 June 2017**

June 2016				June 2017		
Ongoing employees		Fixed term and casual		Ongoing employees		Fixed term
Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	FTE
<b>Gender</b>						
Male	21	20.6	5	31	30.4	3.6
Female	47	43.5	7.4	48	44.7	9.4
<b>Total</b>	<b>68</b>	<b>64.1</b>	<b>12.4</b>	<b>79</b>	<b>75.1</b>	<b>13</b>
<b>Age</b>						
Under 25	2	2	2	3	2.6	0
25-34	28	26.7	3	26	24.8	3
35-44	25	22.8	3.4	33	31.2	6
45-54	10	9.6	3	13	12.7	3
55-64	3	3	1	4	3.8	1
Over 64	0	0	0	0	0	0
<b>Total</b>	<b>68</b>	<b>64.1</b>	<b>12.4</b>	<b>79</b>	<b>75.1</b>	<b>13</b>
<b>Employment status</b>						
EO 2	0	0	1	0	0	2
EO 3	0	0	1	0	0	0
Other	0	0	0	0	0	0
Senior Specialist	3	3	0	1	1	0
VPS 2	0	0	1	0	0	0
VPS 3	3	3	2	1	1	2
VPS 4	25	23.6	2.8	31	29.3	3.4
VPS 5	25	23	4.6	35	33	5.6
VPS 6	12	11.5	0	11	10.8	0
<b>Total</b>	<b>68</b>	<b>64.1</b>	<b>12.4</b>	<b>79</b>	<b>75.1</b>	<b>13</b>

## Our organisational structure



# Our performance

This section outlines our performance against our Annual Plan 2016-17, our Strategic Framework 2014-17 and the Department of Treasury and Finance's Budget Paper No. 3 Service Delivery (BP3) targets.

Our strategic framework (refer to page 15) sets out our purpose, intent and commitments.

We commit to:

- providing accessible and responsive services that are:
  - free, independent and impartial
  - open and transparent
  - evidence based
  - focused on practical and meaningful outcomes to address injustice
  - sensitive to the circumstances of individuals and communities with specific needs
- educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector
- being courageous in challenging poor public administration
- working constructively with the public sector to promote best practice
- providing authoritative and informative reports to the Victorian Parliament.

Our 2016-17 annual plan (see Appendix 2) details what we did to realise these commitments. The plan mirrors the previous year's four focus areas:

- developing a more accessible and efficient complaint handling system for Victorians
- turning data into knowledge
- being recognised as a leader for our excellence and expertise in enquiries, investigations and improving public administration
- developing and supporting our people and providing a healthy and flexible working environment.

Tables 7 and 8 provide further information about how we performed against our commitments.

Table 7: How we met our commitments	
Commitment from Strategic Framework 2014-17	Page reference
Providing accessible and responsive services that are: <ul style="list-style-type: none"> <li>• free, independent and impartial</li> <li>• open and transparent</li> <li>• evidence based</li> <li>• focused on practical and meaningful outcomes to address injustice</li> <li>• sensitive to the circumstances of individuals and communities with specific needs</li> </ul>	4, 5, 10-13, 16, 17, 23-26, 28, 34-36, 38, 39, 43-47, 51-57, 59-64, 118-120
Educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector	10-12, 63, 64, 118-120
Being courageous in challenging poor public administration	23-26, 28-30, 34-36, 38-39, 43-48, 51-56, 62, 118-120
Working constructively with the public sector to promote best practice	22, 55-56, 64
Providing authoritative and informative reports to the Victorian Parliament	69

Table 8: Reports tabled in Parliament 2016-17	
Title	Date tabled
Good Practice Guide to Handling Complaints Report and Guide	31 August 2016
Investigation into the management of complex workers compensation claims and WorkSafe oversight	12 September 2016
Annual Report 2016	6 October 2016
Ombudsman enquiries: Resolving complaints informally	25 October 2016
Investigation into the transparency of local government decision making	15 December 2016
Investigation into the Registry of Births, Deaths and Marriages' handling of a complaint	30 January 2017
Report on youth justice facilities at the Grevillea unit of Barwon Prison, Malmsbury and Parkville	6 February 2017
Investigation into allegations of improper conduct by officers at the Mount Buller and Mount Stirling Resort Management Board	20 March 2017
Apologies	11 April 2017
Report into allegations of conflict of interest of an officer at the Metropolitan Fire and Emergency Services Board	19 June 2017

## Complaints about us

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

We closed a total of 64 internal review files in 2016-17, where an independent senior officer reviews the matter:

In 54, the original decision was confirmed.

- In seven, we determined the service delivery was satisfactory.
- In three, further work was required.

In 2016-17, we opened 59 internal review files. Of these:

- We closed 55
- Four remained open at 30 June 2017.

We are refining our processes for handling internal reviews to better reflect the outcome of requests.

## Requests from the Victorian Inspectorate

In 2016-17 the Victorian Inspectorate asked us for information about 14 matters. These included allegations that our staff had not properly investigated complaints or improperly dismissed them, did not offer procedural fairness or that there had been a delay in providing an outcome.

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



# Statutory disclosures

# Statutory disclosures

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

## Accountable officer's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for the Victorian Ombudsman's office for the year ended 30 June 2017.

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

Deborah Glass  
Ombudsman

26 September 2017

## Output statement

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

The format is standardised across public sector agencies, including the use of targets. Table 9 outlines the outputs our office provided to the government.

Table 9: Output statement					
Output	Unit of measure	2015-16 target	2015-16 actual	2016-17 target	2016-17 actual
Quantity measures					
Jurisdictional [within our scope] complaints finalised	number	14000	13987	14,000	14,413
Proportion of jurisdictional complaints independently investigated by the Victorian Ombudsman	per cent	25	22	25	32
The 2016-17 outcome is more than the target due to the Ombudsman dealing with complaints in a way that ensures services are provided to the broadest possible range of people. This includes independently investigating more cases.					
Quality measures					
Proportion of jurisdictional complaints where the original outcome is set aside by a review undertaken in accordance with the Ombudsman's internal review policy	per cent	<1.5	0.04	<1.5	0.02
Recommendations accepted by agencies upon completion of investigations	per cent	95	100	95	95
Timeliness measure					
Complaints resolved within 30 calendar days of receipt	per cent	95	88	95	85
The 2016-17 outcome is less than the target due to the Ombudsman dealing with complaints in a way that ensures services are provided to the broadest possible range of people. This means some cases take longer. The Ombudsman has recently introduced changes to how it triages and resolves complaints to help address this.					

## Employment and conduct principles

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

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

### Public sector employment principles

We embrace the public sector employment principles established under section 62 of the Public Administration Act. We ensure:

- employment decisions are based on merit
- employees are treated fairly and reasonably
- equal employment opportunity is provided
- employees have a reasonable avenue of redress against unfair or unreasonable treatment
- a career in public service is fostered.

We also ensure human rights, as set out in the Charter, are upheld.

### Workforce inclusion

We are committed to providing a working environment where equal opportunity and diversity are valued. This year we developed our Accessibility Action Plan which includes commitments to make our workplace more accessible for people with diverse access needs. Our workforce inclusion practices have resulted in us employing 40 per cent male and 60 per cent female ongoing or fixed term employees this financial year.

### Accessibility Action Plan

Section 38 of the Victorian *Disability Act 2006* requires us to have a Disability Action Plan.

In 2016-17 we formed a working group to review our Disability Action Plan. The plan will be named an Accessibility Action Plan, reflecting our commitment to creating an inclusive and accessible workplace for our staff and service to the public.

The three goals of our plan are to:

1. build an accessible Ombudsman's office by reducing barriers for people with a disability
2. provide opportunities for people with a disability to obtain employment at our office and to support our staff with a disability to maintain employment at our office
3. provide opportunities for people with a disability to engage with our office.

In meeting our goals we strive to create change in attitudes and practices that discriminate against people with a disability.

## 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. In 2016–17 our office had no procurements or projects to which the policy applied.

## Occupational Health and Safety

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

We continued our 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, ergonomic assessments and confidential counselling with external professionals remain available to staff.

Our Occupational Health and Safety Committee, established under the provisions of the Occupational Health and Safety Act, continues to make recommendations to our executive about all matters to do with the health, safety and welfare of employees and other people at work.

This year we had three incidents. They were:

- two injuries sustained at lunch time
- a right shoulder injury caused by long hours sitting down.

**Table 10: Occupational Health and Safety (OHS)**

Measure	Key Performance Indicator	2014-15	2015-16	2016-17
Incidents	No. of reported incidents	3	6	3
Claims	No. of standard claims	2	0	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim	\$6,924	0	0
Return to work	Percentage of claims with RTW plan <30 days	N/A	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	Completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs) health and safety representatives (HSRs) and issue resolution procedures (IRPs)	Completed	Completed	Completed
	Compliance with agreed structure of DWGs, HSRs and IRPs	Completed	Completed	Completed
Risk management	Percentage of internal audits/inspections conducted as planned	100%	100%	100%
	Percentage of issues resolved arising from: <ul style="list-style-type: none"> <li>internal audits and inspections</li> <li>HSR Provisional Improvement Notices (PINs)</li> <li>WorkSafe Notices</li> </ul>	100%	100%	100%
Training	Percentage of staff that have received OHS training: <ul style="list-style-type: none"> <li>induction</li> <li>contractors and temporary staff</li> </ul>	100%	100%	100%
	Percentage of health and safety representative trained: <ul style="list-style-type: none"> <li>on acceptance of role</li> <li>on reporting of incidents and injuries</li> </ul>	100%	100%	100%

## Corporate governance

The Ombudsman is the:

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

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

This year, the Ombudsman was supported by three internal committees – the Executive Committee, the Senior Leadership Committee and the Finance Committee – and one external committee – the Audit and Risk Committee. Each committee:

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

The Audit and Risk Committee also reviews our performance against our purpose at least annually.

### Executive Committee

Consisting of the Ombudsman and the Deputy Ombudsmen, the committee's function is to oversee the office's:

- strategic focus
- good governance
- strategies and plans that commit significant resources
- overall performance.

The committee regularly reviews the status of the office's:

- budget
- compliance obligations; for example, the Privacy and Data Protection Act standards and requirements, including the office's information security management system
- strategic risks
- business continuity planning
- information management governance.

## Senior Leadership Committee

The Senior Leadership Committee consists of the Ombudsman, Deputy Ombudsmen, and senior managers across the office. The committee reviews the following, prior to the Ombudsman's formal approval:

- organisational strategies
- annual plan
- new policies
- substantive revisions to existing policies.

The committee regularly reviews the status of the office's:

- key performance indicators
- workforce metrics
- quality assurance framework and reports
- analysis of complaints data.

## Finance Committee

The Finance Committee consists of the Deputy Ombudsmen, Head of People and Finance and Finance Manager.

The committee ensures our annual budget is aligned with our Strategic Plan, reviews and recommends the annual budget to the Ombudsman for approval and monitors our monthly and annual financial performance to ensure it reflects our priorities and approved budget.

## Audit and Risk Committee

Standing Direction 3.2.1.1 of the Minister for Finance states:

The Responsible Body must establish an Audit Committee to:

- (a) independently review and assess the effectiveness of the Agency's systems and controls for financial management, performance and sustainability, including risk management.

Our Audit and Risk Committee membership is shown in Table 11.

Table 11: Audit and Risk Committee membership	
Independent member and Chairperson	Mr Adam Awty Chief Operating Officer CPA Australia
Independent member	Mr Andrew Dell Chief Information Security Officer National Australia Bank
Victorian Ombudsman representative (ex officio)	Ms Megan Philpot Deputy Ombudsman
Victorian Ombudsman representative (ex officio)	Mr Stephen Mumford Deputy Ombudsman



## Attestation for compliance with Ministerial Standing Direction 3.7.1

I Deborah Glass, Victorian Ombudsman, certify that the Victorian Ombudsman's Office has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and DTF instructions.

Signed:



Date:

5 September 2017

### Strategically focussed

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

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

Key outputs from the corporate planning framework are:

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

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

### Transparent and accountable

We make our priorities known publicly through our Strategic Framework. Performance targets are set and published in the performance statement included in our annual report (see page 73). The Accountability and Oversight Committee of Parliament reviews our annual report and can hold public hearings where the Ombudsman gives evidence.

We also ensure we are accountable by:

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

## Committed to compliant practices

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

## Ethical culture

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

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

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

Ethical decision making is also supported by:

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

In 2017 we introduced a new Conflict of Interest policy based on full disclosure of all interests that may be either a perceived, potential or actual conflict of interest. This new policy is supported by regular scheduled conversations between managers and staff when these issues are discussed.

## Procurement

We have a procurement governance strategy and governance framework for managing the purchase of goods and services.

The governance framework establishes the processes, authorities, accountabilities and relationships for managing an efficient and effective procurement function. It enables us to analyse our procurement spend and how we will build our capability and implement procurement reform.

We received no complaints about our procurement activities in 2016-17. Our governance framework and complaint management policy are available on our website.

## Advertising expenditure

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

## Consultancies

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

In 2016-17 we did not incur any consultancy expenses and make a nil statement.

## Declaration of private interests

Declarations of private interest are now incorporated into our Conflict of Interest policy. Deputy Ombudsmen and all other relevant staff have lodged declarations of pecuniary and other interests with the Ombudsman. The Ombudsman has declared her interests with the external Chair of the Audit and Risk Committee and to the Department of Premier and Cabinet.

## Compliance with the Building Act 1993

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

## National Competition Policy

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

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

## Gifts, benefits and hospitality

We have gifts, benefits and hospitality policies and procedures consistent with the requirements and accountabilities in the Gifts, Benefits and Hospitality Policy Framework for the Victorian Public Sector issued by the Victorian Public Sector Commission.

These policies and procedures are reviewed at least annually. They are provided to the Audit and Risk Committee, together with the register of any gifts offered to or received by our staff, during each reporting period.

## ICT expenditure

Our ICT expenditure comprises:

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

We received a state contribution toward our relocation to new premises. Of this, we spent \$1,233,344 in 2016–17 on ICT, made up of operating and capital expenses.

**Table 12: ICT expenditure – relocation**

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital Expenditure)		
\$0	\$1,233,344	\$852,117	\$381,227

**Table 13: ICT expenditure – not related to relocation**

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and Capital Expenditure)		
\$1,763,754	\$55,300	\$55,300	\$0

## Office-based environmental impact

The use of electrical power, paper and office vehicles over the five years since 2012-13 is outlined below.

### Electricity use

In 2016-17 electricity use was 17 per cent higher than 2015-16. Greenhouse gas emissions per FTE staff member were also higher than the previous four years. Usage was, however, less per square metre in our new premises than our previous premises.

### Waste

In 2016-17 we continued to use recycling bins throughout the office for recyclable materials including paper, cardboard and plastics. The bins are emptied daily and deposited into communal recycling facilities serving all tenants in the building. Printer consumable wastes are now separately collected. In our new office, recycling, general waste and food waste are collected separately.

### Paper use

Paper use in 2016-17 per FTE staff member decreased from 2015-16.

**Table 14: Electricity usage since 2012-13**

	2012-13	2013-14	2014-15	2015-16	2016-17
Total electricity used in the office (gigajoules)	320	362	394	430	505
Electricity used per FTE staff member (megajoules)	4,792	5,003	4,917	5,624	5,279
Electricity used per m2 office space (megajoules)	255	288	314	343	244
Net Greenhouse emissions (tonnes)	94	101	109	118	144
Net Greenhouse emissions per FTE staff member (tonnes)	1.40	1.40	1.37	1.55	1.63

**Table 15: Paper use from 2012-13**

	2012-13	2013-14	2014-15	2015-16	2016-17
Total paper used in office (reams)	1,195	1,121	893	952	893
Paper used per FTE staff member (reams)	17.88	15.50	11.15	12.45	10.14

## Water

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

## Transportation

Where possible, we encourage our staff to use public transport for official business instead of office cars. The office has two vehicles available for staff; both are hybrid electric/petrol cars. One executive vehicle is also available during business hours. This year, kilometres travelled increased by three per cent.

Table 16: Vehicle usage since 2011-12					
	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Passenger vehicle trips</b>					
Total kilometres driven	36,346	31,390	36,397	20,546	21,159
Kilometres driven per FTE staff member	544	434	454	269	240
<b>Greenhouse gas emissions associated with vehicles</b>					
Total tonnes CO <sub>2</sub> -e emitted	5.59	4.46	5.17	2.92	3
Tonnes CO <sub>2</sub> -e emitted per FTE staff member	0.08	0.06	0.06	0.04	0.03

## Freedom of information

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

In 2016–17 we received four freedom of information (FOI) requests.

### Categories of documents held

We hold several categories of documents:

- investigation reports, tabled in Parliament and posted on our website
- internal administrative and operational documents
- internal policy and procedural documents
- documents about developing or implementing policy and legislation
- human resources documents
- financial records
- documents obtained or created in the course of conducting investigations or making enquiries, including complaints, correspondence, file notes and reports
- documents relating to our functions under the Protected Disclosure Act
- background material, records of conversation, analysis and advice
- documents related to our inspection function under the Domestic Animals Act
- fact sheets, brochures and promotional material.

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

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

- a complaint, a referred complaint, a referred matter or a matter referred to the Ombudsman by Parliament

- an enquiry or investigation under the Ombudsman Act
- a recommendation made by the Ombudsman under the Ombudsman Act
- a report or draft report made under the Ombudsman Act.

### Publicly available information

The following information is available on our website:

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

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

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

Media releases are also available by subscription, via the 'News' section of our website.

## Making an FOI request

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

- completing an online form and paying the application fee at <http://foicommissioner.vic.gov.au/>
- sending a letter and enclosing a cheque for the application fee to:

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

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

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

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

## Fees

An application fee of \$28.40 is required unless an authorised officer, satisfied that the payment of the fee would cause hardship, waives that fee.

## Reviews

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

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

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

## Complaints

A person may complain to the FOI Commissioner about certain matters, including about:

- an action taken or not taken by an agency in relation to its FOI functions
- a decision by an agency that a document does not exist or cannot be found.

For more information on complaining to the FOI Commissioner, visit: <http://foicommissioner.vic.gov.au/home/complaints/>

Further information about the FOI Act is available online at <http://foicommissioner.vic.gov.au/>

## DataVic Access Policy

The intent of the Victorian Government's DataVic Access Policy 2012 is to enhance public access to the vast range of information held by Victorian Government agencies. Comprehensive information about our office is available on our website: [www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au). Publicly available information is listed at page 85 of this report.

Consistent with the DataVic Access Policy, data for all tables and charts included in this Annual Report will be available at <http://www.data.vic.gov.au/> in electronic readable format.



# Financial statements

# Financial statements



## Independent Auditor's Report

### To the Victorian Ombudsman

<b>Opinion</b>	<p>I have audited the financial report of the Victorian Ombudsman which comprises the:</p> <ul style="list-style-type: none"><li>• balance sheet as at 30 June 2017</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• Accountable Officer's and Chief Financial Officer's declaration.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the Victorian Ombudsman as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the financial report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Victorian Ombudsman in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Ombudsman's responsibilities for the financial report</b>	<p>The Ombudsman is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Ombudsman determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Ombudsman is responsible for assessing the Victorian Ombudsman's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

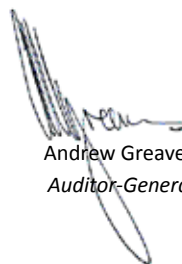
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and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

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

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

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

MELBOURNE  
25 September 2017



Andrew Greaves  
Auditor-General

## OFFICE OF THE OMBUDSMAN

### *Comprehensive operating statement For the financial year ended 30 June 2017*

	Notes	2017 \$	2016 \$
<b>Continuing operations</b>			
<b>Income from transactions</b>			
Grants	2.2	16,416,415	14,070,271
Provision of services	2.3	71,962	-
<b>Total income from transactions</b>		<b>16,488,377</b>	<b>14,070,271</b>
<b>Expenses from transactions</b>			
Employee benefit expenses	3.1.1	11,529,977	10,115,016
Depreciation	4.3	517,751	524,777
Capital asset charge	3.2	187,864	184,000
Interest expense		-	1,782
Other operating expenses	3.3	4,524,842	3,492,322
<b>Total expenses from transactions</b>		<b>16,760,434</b>	<b>14,317,897</b>
<b>Net result from transactions (net operating balance)</b>		<b>(272,057)</b>	<b>(247,626)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on disposal of property, plant and equipment		(11,498)	2,908
Net gain/(loss) arising from revaluation of leave liabilities		34,313	(39,746)
<b>Total other economic flows included in net result</b>		<b>22,815</b>	<b>(36,838)</b>
<b>Net result</b>		<b>(249,242)</b>	<b>(284,464)</b>
<b>Comprehensive result</b>		<b>(249,242)</b>	<b>(284,464)</b>

The accompanying notes form part of these financial statements.

## OFFICE OF THE OMBUDSMAN

*Balance sheet*  
*As at 30 June 2017*

	Notes	2017 \$	2016 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash	6.1	-	400
Receivables	5.1	4,434,578	1,383,989
<b>Total financial assets</b>		<b>4,434,578</b>	<b>1,384,389</b>
<b>Non-financial assets</b>			
Prepayments	5.4	225,558	4,686,488
Property, plant and equipment	4.1	4,407,521	383,051
Intangible assets	4.2	4,556	13,742
<b>Total non-financial assets</b>		<b>4,637,635</b>	<b>5,083,281</b>
<b>Total assets</b>		<b>9,072,213</b>	<b>6,467,670</b>
<b>Liabilities</b>			
Payables	5.2	407,375	433,356
Employee related provisions	3.1.2	2,003,580	1,828,108
Other provisions	5.5	413,600	310,000
Borrowings	6.2	62,047	56,980
Deferred lease incentive	5.3	2,779,449	-
<b>Total liabilities</b>		<b>5,666,051</b>	<b>2,628,444</b>
<b>Net Assets</b>		<b>3,406,162</b>	<b>3,839,226</b>
<b>Equity</b>			
Accumulated deficit		(1,383,409)	(1,134,167)
Contributed capital		4,789,571	4,973,393
<b>Net worth</b>		<b>3,406,162</b>	<b>3,839,226</b>

The accompanying notes form part of these financial statements.

## OFFICE OF THE OMBUDSMAN

### *Cash flow statement*

*For the financial year ended 30 June 2017*

	Notes	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		13,691,484	14,164,149
Lease incentive		2,932,126	-
<b>Total receipts</b>		<b>16,623,610</b>	<b>14,164,149</b>
<b>Payments</b>			
Payments to suppliers and employees		(16,130,757)	(18,136,441)
Capital asset charge payments		(187,864)	(184,000)
Interest and other costs of finance paid		-	(1,782)
<b>Total payments</b>		<b>(16,318,621)</b>	<b>(18,322,223)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.1.1	<b>304,989</b>	<b>(4,158,074)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(114,248)	(285,453)
Proceeds from disposal of property, plant and equipment		37,909	17,364
Proceeds from disposal of intangible assets		5,238	-
<b>Net cash flows used in investing activities</b>		<b>(71,101)</b>	<b>(268,089)</b>
<b>Cash flows from financing activities</b>			
Return of owner contributions to Department of Premier and Cabinet		(183,822)	4,460,017
Repayment of finance leases		(50,466)	(34,454)
<b>Net cash flows from/(used in) financing activities</b>		<b>(234,288)</b>	<b>4,425,563</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(400)</b>	<b>(600)</b>
Cash and cash equivalents at the beginning of the financial year		400	1,000
<b>Cash and cash equivalents at the end of the financial year</b>		<b>-</b>	<b>400</b>

The accompanying notes form part of these financial statements.

## OFFICE OF THE OMBUDSMAN

*Statement of changes in equity*  
*For the financial year ended 30 June 2017*

	Contribution by owner	Accumulated deficit	Total
	\$	\$	\$
Balance at 1 July 2015	513,376	(849,703)	(336,327)
Owner contributions from Department of Premier and Cabinet	4,460,017		4,460,017
Net result for the year		(284,464)	(284,464)
<b>Balance at 30 June 2016</b>	<b>4,973,393</b>	<b>(1,134,167)</b>	<b>3,839,226</b>
Return of owner contributions to Department of Premier and Cabinet	(183,822)		(183,822)
Net result for the year		(249,242)	(249,242)
<b>Balance at 30 June 2017</b>	<b>4,789,571</b>	<b>(1,383,409)</b>	<b>3,406,162</b>

The accompanying notes form part of these financial statements.



## 1. About this report

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

Its principal address is:

Level 2, 570 Bourke Street  
Melbourne Victoria 3000

A description of the nature of its operations and its principal activities is included in the “**Report of operations**” which does not form part of these financial statements.

### Basis of preparation

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

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

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

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

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

### Financial dependency

The Office is wholly dependent on the continued support of the State Government of Victoria through the portfolio department being the Department of Premier and Cabinet.

The Office’s financial performance and position has declined since the previous year, reporting a net deficit from transactions of \$0.3 million (2016: deficit of \$0.2 million) and a decrease in net assets from \$3.8 million in 2016 to \$3.4 million in 2017.

The Department of Premier and Cabinet has provided confirmation that it will provide the Office with adequate cash flow support to meet its current and future obligations as and when they fall due for the period up to September 2018. On the basis of this confirmation, the financial statements have been prepared on a going concern basis.

### Compliance information

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

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



Notes to financial statements  
30 June 2017**2. Funding delivery of our services****Introduction**

The Office handles complaints concerning administrative actions taken by Victorian Government departments, Victorian statutory authorities and local councils under the *Ombudsman Act 1973*.

Apart from the above, the Office also:

- 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; and
- 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 compliance by certain categories of authorised officers with the *Domestic Animals Act 1994*.

The Office aims to improve the accountability of State and local government agencies to the public and the Parliament as well as 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.

**Structure**

- 2.1 Summary of income from transactions
- 2.2 Grants
- 2.3 Provision of services

**2.1 Summary of income from transactions**

	Notes	2017 \$	2016 \$
Grants	2.2	16,416,415	14,070,271
Provision of services	2.3	71,962	-
<b>Total income from transactions</b>		<b>16,488,377</b>	<b>14,070,271</b>

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

## 2.2 Grants

	2017 \$	2016 \$
Grants from Department of Premier and Cabinet	16,416,415	14,070,271
<b>Total income from grants</b>	<b>16,416,415</b>	<b>14,070,271</b>

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.

## 2.3 Provision of services

	2017 \$	2016 \$
Public sector education program	71,962	-
<b>Total income from provision of services</b>	<b>71,962</b>	<b>-</b>

Income from the public sector education program is recognised with reference to the stage of completion of the services by the Office. The income is recognised when:

- the amount of the income and associated transaction costs incurred and to be incurred, can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Office.

## Notes to financial statements 30 June 2017

### 3. The cost of delivering services

#### Introduction

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

#### Structure

- 3.1 Expenses incurred in delivery of services
- 3.2 Capital asset charge
- 3.3 Other Operating expenses

#### 3.1 Expenses incurred in delivery of services

	Notes	2017 \$	2016 \$
Employee benefit expenses	3.1.1	11,529,977	10,115,016
Capital asset charge	3.2	187,864	184,000
Other operating expenses	3.3	4,524,842	3,492,322
<b>Total expenses incurred in delivery of services</b>		<b>16,242,683</b>	<b>13,791,338</b>

#### 3.1.1 Employee benefit expenses in the comprehensive operating statement

	2017 \$	2016 \$
Salaries and wages, annual leave and long service leave	10,661,243	9,342,702
Superannuation		
- Defined contribution superannuation expense	823,837	730,314
- Defined benefits superannuation expense	44,897	42,000
<b>Total employee expenses</b>	<b>11,529,977</b>	<b>10,115,016</b>

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

#### 3.1.2 Employee benefits in the balance sheet

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

	2017 \$	2016 \$
<b>Current provisions:</b>		
Annual leave		
Unconditional and expected to be settled within 12 months	647,948	578,886
Unconditional and expected to be settled after 12 months	150,132	78,074
Long service leave		
Unconditional and expected to be settled within 12 months	134,369	113,053
Unconditional and expected to be settled after 12 months	658,687	542,349
Performance bonus	-	44,000
Redundancy provision	-	180,800
<b>Total current provisions for employee benefits</b>	<b>1,591,136</b>	<b>1,537,162</b>
<b>Non-current provisions:</b>		
Long service leave	412,444	290,946
<b>Total non-current provisions for employee benefits</b>	<b>412,444</b>	<b>290,946</b>
<b>Total employee related provisions</b>	<b>2,003,580</b>	<b>1,828,108</b>

**Notes to financial statements**  
**30 June 2017**

**Wages and salaries, annual leave and sick leave:** Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Office does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Office expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

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

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

**Unconditional LSL** is disclosed as a current liability as the Office does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if the Office expects to wholly settle within 12 months; or
- present value – if the Office does not expect to wholly settle within 12 months.

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

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

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

### 3.2 Capital asset charge

	2017	2016
	\$	\$
Capital asset charge	187,864	184,000
<b>Total capital asset charge</b>	<b>187,864</b>	<b>184,000</b>

A capital asset charge is a charge levied on the written-down value of controlled non-current physical assets in the Office's balance sheet. The capital asset charge is calculated on the budgeted carrying amount of applicable non-financial physical assets.

Notes to financial statements  
30 June 2017

3.3 Other operating expenses

	2017 \$	2016 \$
Purchase of services	1,508,176	1,370,999
Operating lease rentals	545,274	446,207
Other occupancy costs	479,431	265,681
Information technology costs	1,355,708	818,509
Other supplies and services	636,253	590,926
<b>Total other operating expenses</b>	<b>4,524,842</b>	<b>3,492,322</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and these are recognised as an expense in the reporting period in which they are incurred.

Operating lease rentals, including any contingent rentals, 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.



#### 4. Key assets available to support output delivery

##### Introduction

The Office controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Office to be utilised for delivery of those outputs.

##### Structure

- 4.1 Property, plant and equipment
- 4.2 Intangible assets
- 4.3 Depreciation

##### 4.1 Property, plant and equipment

	2017 \$	2016 \$
Leasehold improvements	4,408,644	828,417
Less: accumulated depreciation	(368,759)	(770,992)
<b>Net carrying amount</b>	<b>4,039,885</b>	<b>57,425</b>
Construction in progress	13,499	227,453
Office furniture and equipment at fair value	445,353	508,904
Less: accumulated depreciation	(152,964)	(467,121)
<b>Net carrying amount</b>	<b>292,389</b>	<b>41,783</b>
Motor vehicles under finance lease	83,659	94,601
Less: accumulated depreciation	(21,911)	(38,211)
<b>Net carrying amount</b>	<b>61,748</b>	<b>56,390</b>
<b>Total net carrying amount</b>	<b>4,407,521</b>	<b>383,051</b>

**Initial recognition:** Items of property, plant and equipment are measured initially at cost and subsequently revalued 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.

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

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Office furniture and equipment are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

**Impairment:** Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

Notes to financial statements  
30 June 2017

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

	2017 \$	2016 \$
<i>Leasehold improvements</i>		
Carrying amount at start of year	57,425	285,959
Additions	4,408,644	240,041
Transfers between classes	(946)	-
Depreciation expense	(425,238)	(468,575)
<b>Carrying amount at end of the year</b>	<b>4,039,885</b>	<b>57,425</b>
<i>Office furniture and equipment</i>		
Carrying amount at start of year	41,783	64,850
Additions	369,620	5,000
Disposals	(48,495)	-
Transfers between classes	946	-
Depreciation expense	(71,465)	(28,069)
<b>Carrying amount at end of the year</b>	<b>292,389</b>	<b>41,783</b>
<i>Motor vehicles under finance lease</i>		
Carrying amount at start of year	56,390	90,316
Additions	55,532	-
Disposals	(33,074)	(14,456)
Depreciation expense	(17,100)	(19,470)
<b>Carrying amount at end of the year</b>	<b>61,748</b>	<b>56,390</b>

## 4.2. Intangible assets

	2017 \$	2016 \$
Capitalised software	60,750	104,750
Less: accumulated depreciation	(56,194)	(91,008)
<b>Carrying amount at end of the year</b>	<b>4,556</b>	<b>13,742</b>
<b>Reconciliation of carrying amounts</b>		
Carrying amount at start of year	13,742	22,405
Disposals	(5,238)	-
Depreciation expense	(3,948)	(8,663)
<b>Carrying amount at end of the year</b>	<b>4,556</b>	<b>13,742</b>

Intangible assets (capitalised software) represent identifiable non-monetary assets without physical substance.

**Initial recognition:** Purchased 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. 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.

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

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

#### 4.3 Depreciation

##### Charge for the period

	2017	2016
	\$	\$
Leasehold improvements	425,238	468,575
Office furniture and equipment	71,465	28,069
Motor vehicles under finance lease	17,100	19,470
Capitalised software	3,948	8,663
<b>Total depreciation</b>	<b>517,751</b>	<b>524,777</b>

All plant and equipment and other non-current physical assets 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.

Capitalised software 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 current and prior year are as follows:

##### Useful life of assets

	Useful life (years)
Leasehold improvements	10 years
Office furniture and equipment	3-5 years
Motor vehicles under finance lease	3 years
Capitalised software	3-7 years



## Notes to financial statements 30 June 2017

### 5. Other assets and liabilities

#### Introduction

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

#### Structure

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

#### 5.1 Receivables

	2017 \$	2016 \$
<b>Contractual</b>		
Debtors	440	3,070
<b>Statutory</b>		
GST recoverable	15,404	14,339
Amounts owing from Victorian Government	4,418,734	1,366,580
<b>Total receivables</b>	<b>4,434,578</b>	<b>1,383,989</b>
Represented by:		
Current receivables	4,054,786	1,110,033
Non-current receivables	379,792	273,956

Receivables consist of:

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

Receivables that are contractual are classified as financial instruments and categorised as 'receivables and cash'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment. 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.

#### 5.2 Payables

	2017 \$	2016 \$
<b>Contractual</b>		
Creditors and accruals	407,375	433,356
<b>Total payables</b>	<b>407,375</b>	<b>433,356</b>

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

Notes to financial statements  
30 June 2017

**5.3 Deferred lease incentive**

	2017 \$	2016 \$
Current	384,879	-
Non-current	2,394,570	-
<b>Total deferred lease incentive</b>	<b>2,779,449</b>	<b>-</b>

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

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

**5.4 Prepayments**

	2017 \$	2016 \$
Prepayments	225,558	4,686,488
<b>Total prepayments</b>	<b>225,558</b>	<b>4,686,488</b>

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.

**5.5 Other provisions**

	2017 \$	2016 \$
Make-good provision	413,600	310,000
<b>Total other provisions</b>	<b>413,600</b>	<b>310,000</b>

Other provisions are recognised when the Office has a present obligation, 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.

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

**5.5.1 Reconciliation of movements in other provisions**

	2017 \$	2016 \$
Opening balance	310,000	122,959
Additional provisions recognised	413,600	187,041
Reductions arising from payments	(310,000)	-
<b>Closing balance</b>	<b>413,600</b>	<b>310,000</b>

## Notes to financial statements 30 June 2017

### 6. Financing our operations

#### Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional specific financial instrument disclosures.

#### Structure

- 6.1 Cash balances and cash flow information
- 6.2 Borrowings (Finance lease liabilities)
- 6.3 Commitments for expenditure

#### 6.1 Cash balances and cash flow information

	2017 \$	2016 \$
Cash <sup>(i)</sup>	-	400
<b>Balance as per cash flow statement</b>	<b>-</b>	<b>400</b>

Note:

<sup>(i)</sup> During 2017, the Office had relinquished the petty cash float of \$400 since this is no longer required.

#### 6.1.1 Reconciliation of net result for the period to cash flow from operating activities

	2017 \$	2016 \$
<b>Net result for the period</b>	<b>(249,242)</b>	<b>(284,464)</b>
<b>Non-cash movements</b>		
Depreciation	517,751	524,777
(Gain)/loss on disposal of non-current assets	11,498	(2,908)
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(3,050,589)	(227,873)
(Increase)/decrease in prepayments	146,630	(4,634,715)
Increase/(decrease) in payables	(25,981)	192,899
Increase/(decrease) in provisions	175,473	274,210
Increase/(decrease) in other liabilities	2,779,449	-
<b>Net cash flows from/(used in) operating activities</b>	<b>304,989</b>	<b>(4,158,074)</b>

Notes to financial statements  
30 June 2017

6.2 Borrowings (Finance lease liabilities)

	2017 \$	2016 \$
<b>Secured</b>		
Current lease liabilities	25,451	23,794
Non-current lease liabilities	36,596	33,186
<b>Total finance lease liabilities</b>	<b>62,047</b>	<b>56,980</b>
Lease liabilities are effectively secured as rights to the leased assets which revert to the lessor in the event of default		
<i>Assets pledged as security</i>		
The carrying amounts of non-current assets pledged as security are:		
Motor vehicles under finance lease	61,748	56,390
	<b>61,748</b>	<b>56,390</b>

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

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

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

**Defaults and breaches:** During the current and prior year, there were no defaults and breaches of any of the loans.

6.2.1 Maturity analysis of finance lease liabilities

	Carrying amount \$	Nominal amount \$	Less than 1 month \$	Maturity dates 1-3 months \$	3 months - 1 year \$	1-5 years \$
<b>2017</b>						
Motor Vehicle under Finance lease	62,047	64,307	1,547	3,094	22,300	37,366
<b>2016</b>						
Motor Vehicle under Finance lease	56,980	59,337	12,153	2,454	11,045	33,685



Notes to financial statements  
30 June 2017

### 6.3 Commitments for expenditure

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

	2017 \$	2016 \$
<b>Operating lease commitments</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases, not recognised as liabilities, are payable as follows:		
Within one year	633,397	94,529
Later than one year but not later than five years	2,905,725	-
Later than five years	3,742,290	-
<b>Total commitments (inclusive of GST)</b>	<b>7,281,412</b>	<b>94,529</b>
Less GST recoverable	661,947	8,594
<b>Total commitments (exclusive of GST)</b>	<b>6,619,465</b>	<b>85,935</b>
<b>Finance lease liabilities</b>		
Commitments in relation to finance leases are payable as follows:		
Within one year	26,941	25,652
Later than one year but not later than five years	37,366	33,685
Minimum lease payments	64,307	59,337
Less: future finance charges	(2,260)	(2,357)
	<b>62,047</b>	<b>56,980</b>
Shown in the financial statements (note 6.2) as:		
Current	25,451	23,794
Non-current	36,596	33,186
	<b>62,047</b>	<b>56,980</b>
<b>Outsourcing Commitments</b>		
Commitments under outsourcing contracts for human resources payable:		
Within one year	113,921	110,648
Later than one year but not later than five years	-	113,921
<b>Total commitments (inclusive of GST)</b>	<b>113,921</b>	<b>224,569</b>
Less GST recoverable	10,356	20,415
<b>Total commitments (exclusive of GST)</b>	<b>103,565</b>	<b>204,154</b>

## 7. Risks, contingencies and valuation judgements

### Introduction

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

### Structure

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

### 7.1 Financial instruments specific disclosures

#### Introduction

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

#### Categories of financial instruments

##### *Receivables and cash*

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

Receivables and cash includes trade receivables, but not statutory receivables.

##### *Financial liabilities at amortised cost*

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs.

Financial instrument liabilities measured at amortised cost include all of the Office's contractual payables.

##### *Derecognition of financial assets*

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

##### *Derecognition of financial liabilities*

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

##### *Offsetting financial instruments*

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

## Notes to financial statements

### 30 June 2017

#### 7.1.1 Categorisation of financial instruments

			Carrying amount	
			2017	2016
			\$	\$
<b>Financial assets</b>				
Cash	6.1	Receivables and cash	-	400
Contractual receivables	5.1	Receivables and cash	440	3,070
<b>Total financial assets</b>			<b>440</b>	<b>3,470</b>
<b>Financial liabilities</b>				
Contractual payables	5.2	Financial liabilities at amortised cost	407,375	433,356
Borrowings	6.2	Financial liabilities at amortised cost	62,047	56,980
<b>Total financial liabilities</b>			<b>469,422</b>	<b>490,336</b>

#### 7.1.2 Financial risk management objectives and policies

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

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

##### Financial instruments: Credit risk

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

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

##### Financial instruments: Liquidity risk

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

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

##### Financial instruments: 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.

## 7.2. Contingent liabilities and contingent assets

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

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

### Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

There were no contingent assets based on the above definitions relating to the Office at 30 June 2017 (30 June 2016: Nil).

### Contingent liabilities

Contingent liabilities are:

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

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

There were no contingent liabilities based on the above definitions relating to the Office at 30 June 2017 (30 June 2016: Nil).



## Notes to financial statements 30 June 2017

### 8. Other disclosures

#### Introduction

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

#### Structure

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

#### 8.1 Subsequent events

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

#### 8.2 Responsible persons

The persons who held the positions of Minister and Accountable Officer in the Office (from 1 July 2016 to 30 June 2017) were:

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

#### 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 range: \$550,000 – \$559,999 (\$490,000 – \$499,999 in 2015-16).

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

#### 8.3 Remuneration of executives

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

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

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

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

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

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

Notes to financial statements  
30 June 2017

Remuneration of executive officers

	2017 \$
Short-term employee benefits	566,557
Post-employment benefits	32,000
Other long-term benefits	27,356
Termination benefits	-
<b>Total remuneration</b>	<b>625,913</b>
<b>Total number of executives <sup>(i)</sup></b>	<b>2</b>
<b>Total annualised employee equivalents <sup>(ii)</sup></b>	<b>2</b>

Note:

- (i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under Financial Reporting Directions. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction.
- (ii) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for the reporting period.

8.4 Remuneration of auditors

	2017 \$	2016 \$
<b>Audit fees paid or payable to the Victorian Auditor-General's Office</b>		
Audit of the annual financial statements	15,600	15,200
<b>Total remuneration of auditors</b>	<b>15,600</b>	<b>15,200</b>

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

8.5 Related parties

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

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

**Significant transactions with government-related entities**

The Office received grant funding from the Department of Premier and Cabinet of \$16.4 million (2016: \$14.1 million).

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

	2017 \$
<b>Compensation of KMPs</b>	
Short-term employee benefits	515,257
Post-employment benefits	23,250
Other long-term benefits	14,126
Termination benefits	-
<b>Total <sup>(i)</sup></b>	<b>552,633</b>

Note:

- (i) Excludes higher duties paid for temporary acting arrangements.

## Notes to financial statements 30 June 2017

### Transactions with KMPs and other related parties

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

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

### 8.6 Other Accounting policies

#### Contribution by owners

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

Additions to net assets that have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

### 8.7 Australian Accounting Standards issued that are not yet effective

As at 30 June 2017, the following standards and interpretations (applicable to the Office) had been issued but were not mandatory for the 30 June 2017 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises the Office of their applicability and early adoption where applicable.

AASB 9 *Financial Instruments*, applicable for reporting periods commencing 1 January 2018. The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. While the Office's assessment has not identified any material impact arising from AASB 9, there will be changes to the way financial instruments are disclosed.

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*, applicable for reporting periods commencing 1 January 2018. The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows:

- the change in fair value attributable to changes in credit risk is presented in other comprehensive income; and
- other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

The assessment has indicated that there will be no significant impact for the Office.

AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*, applicable for reporting periods commencing 1 January 2018. Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018; as a consequence of Chapter 6; and to amend reduced disclosure requirements. This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*, applicable for reporting periods commencing 1 January 2018. Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9. The assessment has indicated that there will be no significant impact for the Office.

AASB 15 *Revenue from Contracts with Customers*, applicable for reporting periods commencing 1 January 2018. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance

## Notes to financial statements

### 30 June 2017

obligation by transferring a promised good or service to a customer. The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. The assessment has indicated that there will be no significant impact for the Office.

*AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15*, applicable for reporting periods commencing 1 January 2017. Amends the measurement of trade receivables. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when:

- the entity's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably.

The assessment has indicated that there will be no significant impact for the Office.

*AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15*, applicable for reporting periods commencing 1 January 2018. This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.

*AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15*, applicable for reporting periods commencing 1 January 2018. This Standard amends AASB 15 to clarify the requirement on identifying performance obligations, as follows:

- A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation;
- For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and
- For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).

The assessment has indicated that there will be no significant impact for the Office.

*AASB 16 Leases*, applicable for reporting periods commencing 1 January 2018. The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet. The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.

#### 8.8 Administered items

In addition to the specific operations of the Office which are included in the balance sheet, comprehensive operating statement and cash flow statement, the Office administers or manages activities on behalf of the State. The transactions relating to these activities are reported as administered in this note. Administered transactions reflect the operations of the Commuter Club. During the year ended 30 June 2017, net administered assets amounted to \$8,461 (2016 - \$8,461)

## OFFICE OF THE OMBUDSMAN

### Accountable Officer's and Chief Financial Officer's declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Office as at 30 June 2017.

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

We authorise the attached financial statements for issue on 19 September 2017.



Joseph Yeung  
Chief Financial Officer

Melbourne  
19 September 2017



Deborah Glass OBE  
Ombudsman

Melbourne  
19 September 2017

## Appendix 1: Disclosure index

Table 17: Disclosure index		
Legislation	Requirement	Page Ref
<b>Ministerial Directions &amp; Financial Reporting Directions</b>		
<b>Report of operations</b>		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	10
FRD 22H	Purpose, functions, powers and duties	10–12, 14
FRD 8D	Departmental objectives, indicators and outputs	68
FRD 22H	Key initiatives and projects	6,7, 118–120
FRD 22H	Nature and range of services provided	10–12, 14
<b>Management and structure</b>		
FRD 22H	Organisational structure	67
<b>Financial and other information</b>		
FRD 8D	Performance against output performance measures	73
FRD 8D	Budget portfolio outcomes	90–93
FRD 10A	Disclosure index	116
FRD 12B	Disclosure of major contracts	N/A
FRD 15D	Executive officer disclosures	111
FRD 22H	Employment and conduct principles	74
FRD 22H	Occupational health and safety policy	75
FRD 22H	Summary of the financial results for the year	90–93
FRD 22H	Significant changes in financial position during the year	92
FRD 22H	Major changes or factors affecting performance	N/A
FRD 22H	Subsequent events	N/A
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	85
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	81
FRD 22H	Statement on National Competition Policy	81
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	10, 48
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	N/A
FRD 22H	Details of consultancies over \$10 000	80
FRD 22H	Details of consultancies under \$10 000	80
FRD 22H	Disclosure of government advertising expenditure	80
FRD 22H	Disclosure of ICT expenditure	82
FRD 22H	Statement of availability of other information	85
FRD 24C	Reporting of office based environmental impacts	83
FRD 25C	Victorian Industry Participation Policy disclosures	75
FRD 29B	Workforce Data disclosures	66, 74
SD 5.2	Specific requirements under Standing Direction 5.2	72, 115

Table 17: Disclosure index – continued		
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SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	115
SD 5.2.3	Declaration in report of operations	72
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	115
NB: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure.		
Legislation		Page Ref
<i>Ombudsman Act 1973</i>		11
<i>Terrorism (Community Protection) Act 2003</i>		11
<i>Freedom of Information Act 1982</i>		85
<i>Constitution Act 1975</i>		10
<i>Building Act 1993</i>		81
<i>Protected Disclosure Act 2012</i>		10
<i>Carers Recognition Act 2012</i>		N/A
<i>Victorian Industry Participation Policy Act 2003</i>		75
<i>Financial Management Act 1994</i>		72
<i>Disability Act 2006</i>		74
<i>Public Records Act 1973</i>		77
<i>Occupational Health and Safety Act 2004</i>		75
<i>Public Administration Act 2004</i>		74



## Appendix 2: Annual Plan 2016-17


Table 18: Annual Plan 2016-17			
Focus area	Activity	Progress	Notes
A more accessible complaints handling system for Victorians	Work collaboratively with the community and other agencies to increase awareness of VO in regional and rural Victoria	Completed	Meetings with other Ombudsmen, integrity framework bodies, community organisations and most Victorian commissions were held to identify and deliver on opportunities to work together.  We were involved with a number of conferences in metro and regional areas, and considered how we could improve our demographic data.
	Develop and implement a Reconciliation Action Plan including outreach to Aboriginal and Torres Strait Islander communities	Completed	Our Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia and launched internally at an all staff meeting in March. The RAP has been published on Reconciliation Australia's online hub as well as our website. The working group will continue to meet quarterly to implement the plan.
	Develop and implement a new Disability Action Plan including outreach to people with disabilities	Completed	Our Accessibility Action Plan 2017-20 was launched on 1 August 2017. The plan aims to make our office more accessible to all. It will also introduce processes for people who require an adjustment to the way we operate to meet their needs.
	Set up warm referrals to and from agencies	In progress	We started stakeholder discussions and have now incorporated this project into our business as usual work.
	Increase awareness of VO through agencies referencing the office and how to complain	Completed	We wrote to heads of agencies with a copy of the <i>Investigation into the Registry of Births, Deaths and Marriages' handling of a complaint</i> in February 2017 noting the importance of referencing the office and how to complain and asking them to advise VO how they do so.
	Develop a plan and business case to implement a single responsive website	Not started	This project is on hold pending the outcome of a funding bid.
	Identify a funding source for the single complaints portal	Not started	This project is on hold pending the outcome of a funding bid.
Turn data into knowledge	Consolidate VO's capability to leverage data for internal planning and quality assurance and provide meaningful feedback to agencies	In progress	We introduced a data analytics tool for use by all staff, rolled out data support services across the office, established a Data Working Group and completed a data sharing pilot with VicRoads.  We have now transitioned some of these items to business as usual. Other items are on hold pending the outcome of a funding bid.



Focus area	Activity	Progress	Notes
	Consolidate VO's portfolio management system and own motion identification and scoping	Completed	Guidelines for portfolio management developed and training provided to staff on this and own motion identification and scoping. Own motion forward plan developed.
	Develop a plan to review and update VO's performance measurement system (KPIs)	Not started	Rolled over to 2017-18.
	Develop VO's workload and resource allocation modelling capacity	Not started	Project did not take place due to resourcing constraints.
	Implement VO's Information Security Management System, Business Continuity Plan, policy and compliance registers and records digitalisation plan	Partly completed	Information Security Management System policies approved and e-learn ISMS awareness training rolled out to all staff. Business Continuity Plan updated and new facilitators trained. Compliance registers established. Our digitisation project has been approved by the Public Records Office Victoria.
Recognised as a leader for our excellence and expertise in enquiries, investigations and improving public administration	Implement the public sector education pilot	Completed	Our Education Services team was established in September 2016. We held Masterclasses on good complaint handling, conflict of interest and human rights complaint handling. We run workshops at our office on good complaint handling and dealing with conflict of interest.
	Explore methods other than enquiries and investigations to improve public administration	Completed	Our <i>Apologies</i> report looked at the government's approach to this issue and recommended a change in the law. Our local government transparency report surveyed councils to highlight issues and contribute to reform in the legislation. In light of the Federal Government's proposed adoption of OPCAT, we developed systems to undertake a pilot inspection which was completed in July 2017.
	Publish an Ombudsman's casebook of enquiries and outcomes	Completed	<i>Ombudsman enquiries: Resolving complaints informally</i> was published in October 2016.
	Review and update VO's recommendations and proposals development, implementation and monitoring, including capturing outcomes	Completed	We developed a policy and procedure on recommendations and proposals development and monitoring. Our Portfolios and Administrative Improvement team is now responsible for monitoring the implementation of recommendations.

Focus area	Activity	Progress	Notes
	Develop an investigation selection criteria and matrix	Completed	We have incorporated investigation selection criteria into our practices.
	Develop a business case to optimise VO's investigation management systems and processes	Completed	This project is on hold pending the outcome of a funding bid.
Develop and support our people and provide a healthy and flexible working environment	Move to new accommodation and explore the cultural opportunities of this move	Completed	We moved into our new premises at 570 Bourke Street, Melbourne. A Cultural Committee was established to assist with the move. A Welcome to Country was given by local Aboriginal Elders when we moved in.
	Embed coaching and mentoring in VO's structures and practices	Completed	Staff Performance Development Plans have been amended to include goals for coaching and mentoring at the VPS5 and VPS6 levels.
	Review capabilities, role design, performance development plans and induction	Not completed	Not completed due to resourcing issues. Some of these projects rolled over to 2017-18.
	Implement technology to enable and support a mobile and flexible workforce	Completed	As part of the move to 570 Bourke Street, new notebook PCs, a corporate wifi solution and cloud based telephone system were implemented.
	Implement Learning Management System	Completed	Our Learning Management System has been implemented and is now used to manage staff training and participation and roll-out e-learn modules.





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