

# ombudsman VICTORIAN

Annual report 2015

*'A bigger voice than our own'*



# 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*, my annual report of the Victorian Ombudsman's office for the year ended 30 June 2015 for presentation to Parliament.



Deborah Glass OBE

**Ombudsman**

6 October 2015

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## Our purpose

The Victorian Ombudsman exists to ensure fairness for all Victorians in their dealings with the public sector and to improve public administration.

## Our intent

Our actions follow these principles:

- ensuring fairness
- enhancing accountability
- fostering continuous improvement through collaboration
- protecting human rights.

## Our commitment

We commit to:

- providing accessible and responsive services
- educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector
- challenging poor public administration
- working constructively with the public sector to promote best practice
- providing authoritative and informative reports to the Victorian Parliament.

# 'A bigger voice than our own'

A comment from our survey of 1,000 Victorians  
February 2015

## The Victorian Ombudsman

*The Parliament of Victoria established the office of the Victorian Ombudsman on 30 October 1973, in recognition of the power imbalance between the individual and the state and the need for government transparency and accountability.*

*This report provides a summary of the office of the Victorian Ombudsman's performance for the 2014-15 financial year, in fulfilling our purpose and commitments.*



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# Year at a glance



approaches  
to our office  
increased to  
**38,980**

**6% more**  
approaches  
within our  
jurisdiction



**74%**  
of approaches  
were made  
by phone

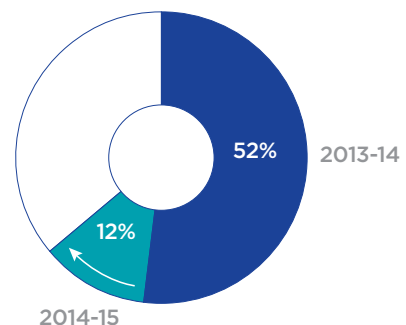
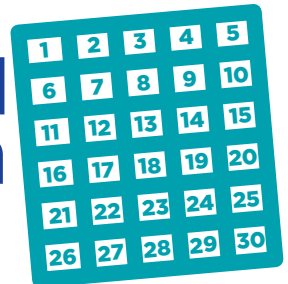


**3,256**

formal  
enquiries and  
investigations  
completed

**92%**

approaches  
closed  
within  
30 days



proportion of  
closed cases within  
our jurisdiction  
**up 12%**

# 2014-15



# Ombudsman's foreword



*'The Ombudsman reports to Parliament and it is essentially the disclosures in his reports which lead to the censure of public opinion. It is difficult to prove but one can assume ... this inhibits the actions of public servants. They know that what they do will be open to scrutiny in a way in which they could not be scrutinised by a court.'*

*Hansard: Ombudsman Bill debate, March 1973*

This is my first full year as Victorian Ombudsman. As only the fifth occupant of the role since it was created in 1973, I am aware of the great privilege and responsibility of being one of only three independent statutory officers of Parliament enshrined in our Constitution.

My 10-year term provides a rare opportunity within the public sector to map a long-term strategy. My office has recently developed a new strategic framework – setting out a plan to ensure fairness for Victorians in their dealings with the public sector and improve public administration. This framework is captured in a quote from a member of the public in the research we undertook on public perceptions of the office – that the Ombudsman is ‘... a bigger voice than our own’.

My office has the capacity to escalate concerns – to be a bigger voice – on individual matters and systemic ones. What has become clear, however, is that many Victorians are not aware of the Ombudsman's services, and do not know how to access them or what to expect if they do. This is particularly apparent among disadvantaged groups – all too often, those with the greatest need for Ombudsman services are the least likely to use them. Addressing this and making my office much more accessible – including to rural and regional Victoria – is a central aspect of my vision.

I want to see a system that is accessible to all, as well as timely and fair. Not all complaints require investigation, and many can be resolved quickly and informally. But whether or not they are investigated, all complaints contribute to a picture of dissatisfaction, which can be used to drive improvements in public administration. I want to be able to use that data to identify systemic issues that may require investigation, and to feed back to departments and agencies so they can respond better to public concerns.



## Structure

A new strategy required a new structure. Responsibilities within my office are now divided between the Deputy Ombudsman, who leads on statutory functions, and the Assistant Ombudsman, who leads the services area, including initiatives in digital strategy and community engagement.

Deputy Ombudsman John Taylor, who had been in the role since 2004, retired in December 2014. He provided robust and courageous support to my predecessor, invaluable support to me and vital stability with the change of Ombudsman. He was succeeded in January 2015 by Megan Philpot, who had been Deputy Ombudsman in South Australia since 2009 and Acting Ombudsman of that state for half of 2014.

Stephen Mumford, who first joined the Ombudsman's office in 2000, was appointed Assistant Ombudsman in January 2015.

## Enquiries and investigations

The work of the Ombudsman can and does make a difference, and this report sets out some of the many ways we did so in the past year. Our workload continues to increase – 38,980 approaches, six per cent more jurisdictional approaches than last year – not, I would suggest, because the public sector has deteriorated, but as awareness of this office grows.

Growth inevitably produces challenges and we are working to ensure we are as efficient as possible in our daily work, while remaining professional and responsive. Last year my staff carried out 3,256 formal enquiries and investigations, covering many of the thousand or so entities over which the Ombudsman has jurisdiction.

This report presents a handful of examples of the thousands of complaints informally resolved, where outcomes can range from an apology or explanation, to loss or damage being rectified, money refunded or fines cancelled. In each of these cases, my staff consider whether an administrative action was fair and reasonable, and if not, whether there is a practical outcome we can achieve. We cannot, of course, please everyone, but in all cases we provide a service that is free, fair and independent.

Our major investigations last year covered the broad themes of fairness, accountability, collaboration and human rights, most of them initiated through my own motion powers, or without a complaint.

Very few complaints result in reports tabled in Parliament, but one that did was our investigation into the former Department of Health's oversight of the Supported Residential Service, Mentone Gardens, described on page 34. It would be hard to find a more powerful illustration of unfairness than the plight of a group of very elderly people, many of whom lost their life savings in their reliance on government oversight.

Accountability is, and will remain, a core theme in Ombudsman work. Examples in the past year include the investigation into the now-defunct Office of Living Victoria, and our investigation into VicRoads officers writing off their speeding infringements.

Human rights is an area of Ombudsman work that has been implicit, rather than explicit in the past but is now a clear area of focus. My office has a specific function to investigate breaches of the Charter of Human Rights and Responsibilities legislation and many of the complaints we receive, particularly from prisoners, allege breaches of human rights. Through the lens of the Charter, we examined allegations of excessive force by authorised officers on the public transport network and some specific rights of people with mental illness. We also put our view to the Victorian Government's scheduled review of the Charter.

I commenced two major own motion investigations with a strong human rights focus this year – rehabilitation and reintegration of prisoners, and the reporting and investigation of abuse in the disability sector. As part of the prisons investigation, we received helpful responses from many interested parties to my discussion paper, and expect to table the final report soon<sup>1</sup>. The first part of the disability investigation was tabled in June 2015 with a view to contributing to policy development in this area through the Victorian parliamentary inquiry and the National Disability Insurance Scheme. The second part will be completed shortly.

What may be surprising to some is the degree to which I seek to collaborate with the public sector. Collaboration does not compromise my independence, which remains sacrosanct. No-one instructs me what or how to investigate, what my findings or recommendations should be, or what I table in Parliament. But if my investigations are to have impact and achieve real improvement in public administration, the problems they identify need to be owned by departments and agencies. Only they can make the practical, operational or cultural changes that may be needed to address them.

It was with this in mind that we launched an investigation into complaint handling by local councils, which resulted in a good practice guide to help them do it better. We worked in collaboration with all 79 councils in Victoria, and early feedback is that this generated opportunity for real change in this sector. Similarly, collaboration with Public Transport Victoria resulted in recommendations that may yet see systemic change with authorised officers.

Our formal investigations are, however, relatively few, and remain dominated by protected disclosures referred by IBAC, which the law at present requires me to investigate. While some of these raise serious issues that should be independently investigated, many involve relatively minor matters that could have been dealt with more efficiently without formal investigation.

### Community engagement and digital strategy

Our growing caseload is partly the result of small steps over the past year to engage more widely with the people of Victoria. Some of that outreach is personal – I have begun to visit regional Victoria, talking to local media, public servants and community groups, such as community legal centres and advocates. For the first time in recent history, these visits now also include complaint sessions for the public, so people in regional Victoria do not need to call us or come to Melbourne to make a complaint. From the many people I have talked to during these visits, it is clear that there is a considerable appetite for the Ombudsman to provide this service across Victoria.

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<sup>1</sup> The report, *Investigation into the rehabilitation and reintegration of prisoners in Victoria*, was tabled in Parliament on 17 September 2015.



Greater awareness should lead to more complaints. With the inevitability of limited resources, we need to work smarter, to use the data from complaints to identify themes and trends that can drive improvements. This is a core feature of the digital strategy we have begun to develop, and will be testing over the coming year.

## Reform

I set out last year my views on the need for legislative change, and have now written to two successive governments on what is needed to ensure the role of the Ombudsman is fit for the 21st century.

I have previously noted the resourcing challenges with regard to protected disclosures. It remains frustrating that much of my limited investigative capacity continues to be spent in this area and I continue to seek changes to the law to give me the ability to deal more flexibly with such cases.

The need for a review of the confidentiality provisions in the Ombudsman Act grows increasingly apparent. I will be unable to fulfil my aspirations to provide valuable feedback to the public sector or to engage fully with the Victorian public without legislative change permitting greater communication in the public interest. I have received an assurance from the government that some of the changes I have requested will be before the Parliament this year, and I wait to see.

Developing the new vision for the office will take additional resources and I am grateful to the Department of Premier and Cabinet for providing initial funding to allow me to develop the community engagement and digital initiatives. Next year I will be seeking long-term funding in the interests of better, smarter public administration.

As an independent officer of Parliament, however, I believe that my budget should not be reliant on the executive – over whom I have jurisdiction. Budgets must always be subject to appropriate independent scrutiny and there are independent agencies receiving an appropriation direct from the Parliament to which they are accountable. This arrangement would be in the best long-term interests of my office, Parliament and the public.

The work and the vision are of course only possible through my staff – from the intake team, who patiently respond to thousands of phone calls each year from people who can be anxious, distressed and occasionally abusive; investigation officers, who make thousands of enquiries of agencies to resolve complaints and investigate systemic issues and improper conduct; those who ensure we capture and analyse the data from complaints; arrange outreach to regional Victoria; to those who provide the daily support to do the job at hand. It is a pleasure to work with people who so resoundingly support the values of fairness and integrity, and who demonstrate their commitment to those values on a daily basis. Many of them have worked tirelessly on individual cases and projects and I thank everyone for their dedication and hard work.

Deborah Glass  
**Ombudsman**

# About the Victorian Ombudsman

The Victorian Ombudsman works to improve public services in Victoria and to ensure decision making is lawful, reasonable and fair.

We provide a free, fair and independent service to people with complaints about the decisions or actions of over 1,000 Victorian state government departments and agencies.

The Ombudsman can also start her own investigations into government bodies in the public interest, without a complaint.

## Legislation

Four pieces of legislation guide our operations:

- *Ombudsman Act 1973*
- *Protected Disclosure Act 2012*
- *Charter of Human Rights and Responsibilities Act 2006* (Charter of Human Rights)
- *Constitution Act 1975*.

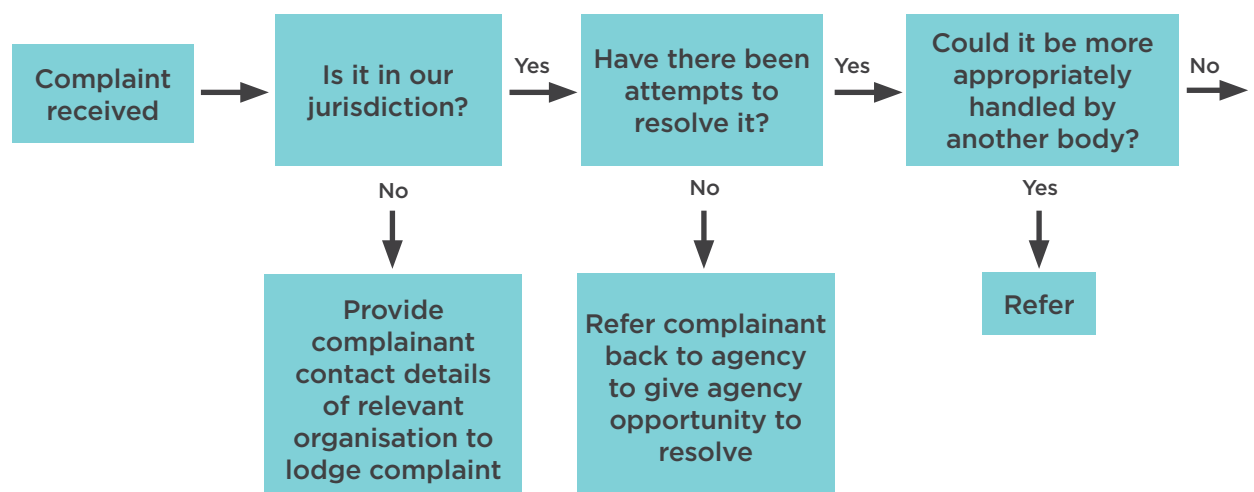
## Our responsibilities

Under the Ombudsman Act, our principal function is to investigate administrative actions taken by or in an authority.

An authority can be a state government department or administrative office or another public body, such as a:

- private or public prison
- statutory authority, for example, WorkSafe or the Transport Accident Commission

Figure 1: Complaint flow chart



- local council
- child protection or family support service.

We can also investigate administrative actions taken by or in a body that is not an authority, but which has been given functions or instructions by an authority.

We also have the function to enquire into or investigate whether an administrative action is compatible with the Charter of Human Rights and to investigate protected disclosure complaints.

We can investigate the following actions<sup>2</sup>:

- a decision or an act
- refusing or failing to make a decision or to perform an act
- the formulation of a proposal or an intention
- the making of a recommendation (including to a Minister).

We can make enquiries or start an investigation where the action is:

- against the law

- unreasonable, unjust, oppressive or discriminatory
- taken for an improper purpose or on irrelevant grounds
- about a decision that was made but the reasons for the decision were not given or they were based on a mistake of law or fact
- wrong.

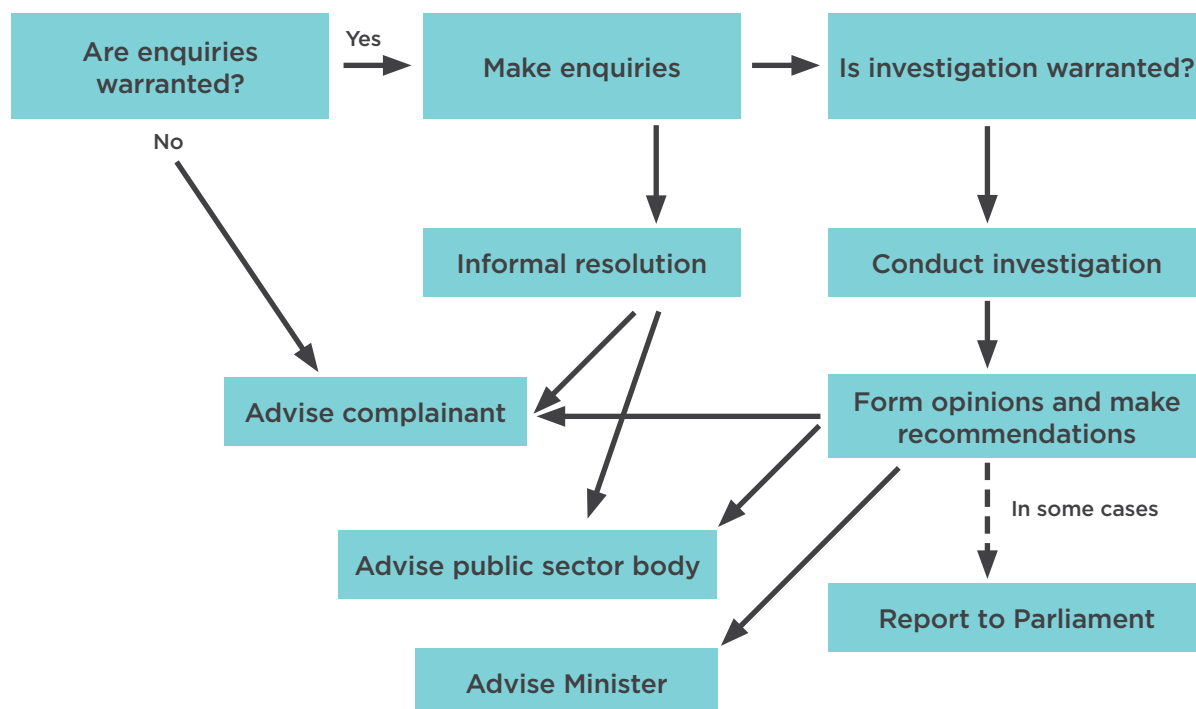
Where people approach us, but their complaint does not involve a public authority, administrative actions or meet our jurisdiction to investigate, we help them access the right agency or avenue for their complaint.

After an investigation, we can report to the authority involved, the responsible Minister or directly to Parliament. In our reports, we can make recommendations to improve processes and to address complaints about individuals.

## Our accountabilities

To ensure we are accountable, we are subject to oversight by the Victorian Parliament and its Accountability and Oversight Committee, and the Victorian Inspectorate.

<sup>2</sup> We cannot investigate actions that appear to involve corrupt conduct, or that are taken under the *Freedom of Information Act 1982*.



# Our work

## **Our work is better targeted and more efficient for Victorians:**

- the number of approaches that we could help with was up 6%
- we closed (completed) 3,256 approaches through enquiries and investigations – over 500 more than last year
- our redirection services have worked well, helping people find the right agency to complain to
- we are spending more time on matters we can help with.

Our work falls into three main categories:

1. enquiries and investigations generated by complaints
2. own motion enquiries and investigations
3. investigation of protected disclosure complaints.

Enquiries and investigations may also be prompted by our functions in relation to the Charter of Human Rights.

## **1. Enquiries and investigations generated by complaints**

We collect data on:

- the total number of approaches made to our office
- the number of approaches closed in a 12-month period.

### **Approaches**

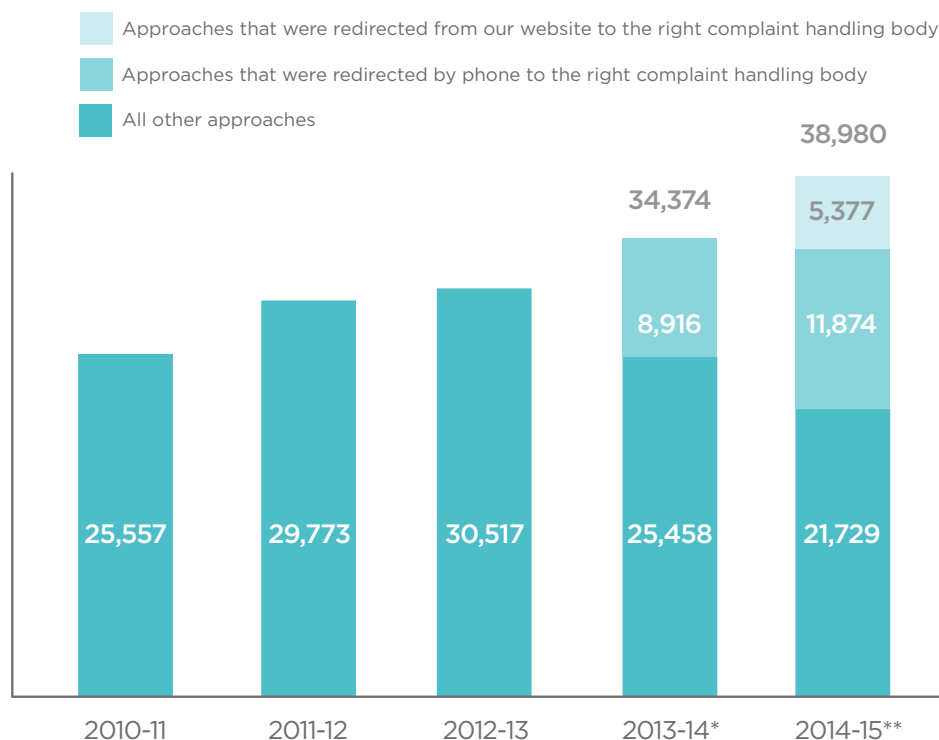
This year, the total number of approaches made to our office was 38,980. This is an increase from last year, and continues a five-year upwards trend.

‘Approaches’ covers all complaints, whether or not they are within our jurisdiction, as well as requests for information. We receive approaches via phone, email, our online complaint form, letter, in person and fax.

Over the last 18 months, we have introduced redirection services to make it easier for people to find the right agency for their complaint. We made these changes because we know that many people contact us because they do not know which agency to complain to.

In November 2013 we introduced a redirection service for phone callers and in December 2013 redirection options for visitors to our website. If we cannot help with a complaint because the agency concerned is not within our jurisdiction, these services automatically redirect people to the right complaint handling agency. This year was the first full year both these services have been in place.

**Figure 2: Number of approaches received 2010-15**



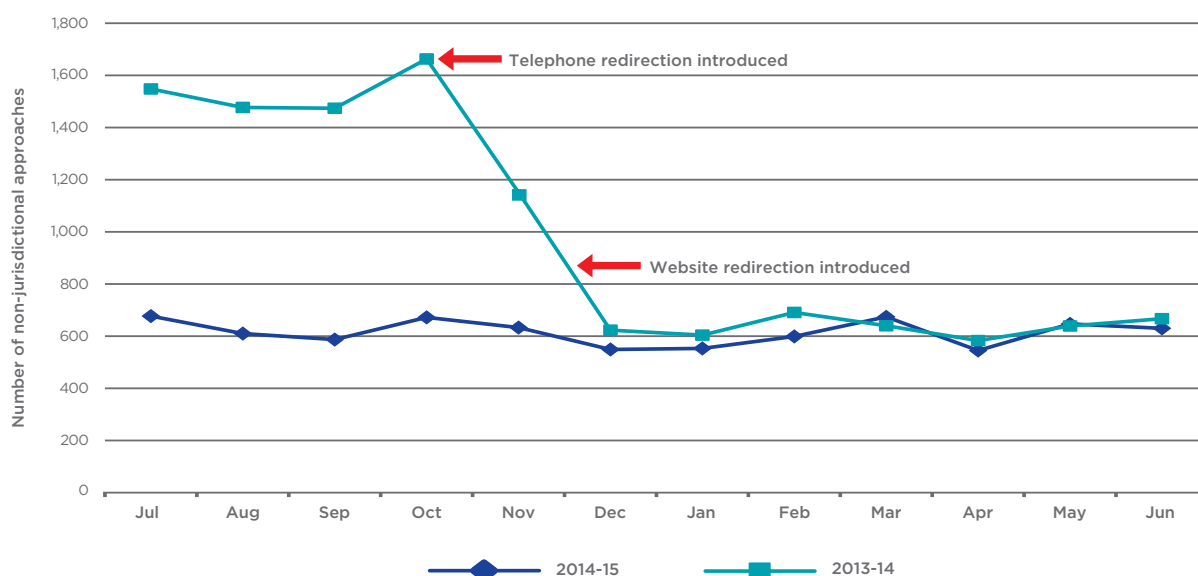
\*Seven months of telephone auto-transfer.

\*\* Data about web auto-transfer available for 2014-15 only.

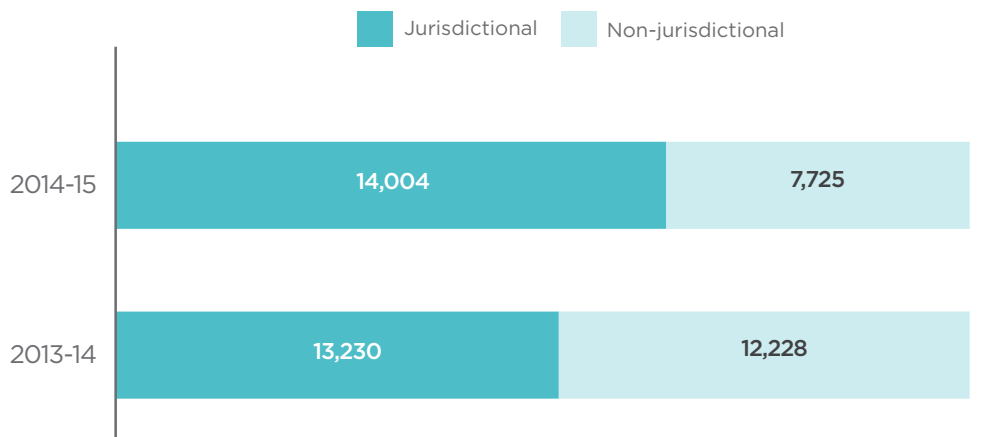
As shown in Figure 3, as soon as we introduced our redirection services, the number of non-jurisdictional approaches that needed to be handled by an officer dropped by more than half.

Our redirection services not only save staff time but mean people are connected to the right agency for their complaint more quickly.

**Figure 3: Impact of redirection services 2013-15**



**Figure 4: Jurisdictional and non-jurisdictional approaches received and handled by an officer 2013-15**



As shown in Figure 4, of the approaches that required handling by an officer, there was a six per cent increase about agencies within our jurisdiction on the previous year.

This means our time is increasingly spent on matters we can assist with, though there is still a commitment to respond to those outside our jurisdiction and advise people of the best course of action.

We are now looking at other ways to ensure Victorians can navigate this landscape and make complaints to the right agency.

### How we received approaches

Consistent with previous years, most people contacted us by phone, as shown in Figure 5. We received:

- 74 per cent of approaches by phone
- 12 per cent by email (a slight increase of four per cent from last year)
- eight per cent online (down slightly from 10 per cent last year)
- five per cent by letter and fax.

In cases where a matter appears to be within our jurisdiction but has come in by phone, under the Ombudsman Act we must advise people to set out the details in writing. This additional step may discourage complainants from lodging their concerns with us, and as a result, poor administrative actions may go unchallenged.

We are aware of 667 cases this year where we were contacted but a subsequent complaint was not received. We have put a case for change to this legislation to the Victorian Government.



### Case study: improving accessibility

A complainant suffering from a number of physical disabilities, which made it difficult to write, applied to increase his subsidised taxi travel. He complained to us because the Taxi Services Commission insisted he could only apply by filling out a form.

We contacted the Commission to see whether there were other options for it to obtain the information it needed.

A manager from the Commission called the complainant and he was able to provide the necessary information over the phone, so his application could be progressed.

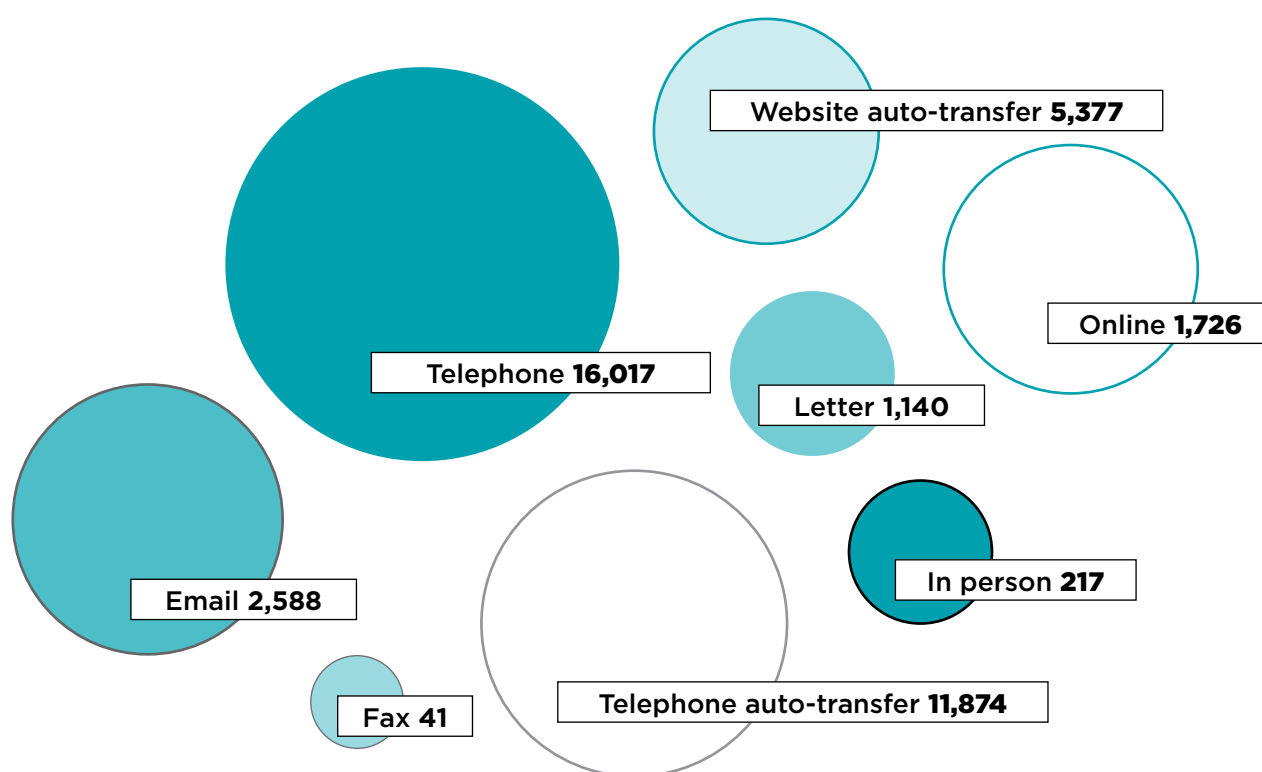
### Case study: lost paperwork

A prisoner in a Victorian jail contacted us asking why he had been denied permission to attend his mother's funeral. His brother, also held at the same prison, had been granted permission.

After we asked that a member of staff at the prison explain to the complainant why he couldn't attend, the prison advised that paperwork from the prisoner requesting permission to attend the funeral had been lost.

The prison advised that they would prioritise the prisoner's request and that unless security issues were raised, he would be able to attend his mother's funeral.

Figure 5: How people approached us in 2014-15



## Approaches closed

This year, we closed 21,587 approaches<sup>3</sup>. Of these, we closed 3,256 (compared to 2,742 in 2013-14) through enquiries and investigations with departments and agencies, an increase of over 500 on last year. The rest were closed by providing advice and where appropriate, referring the complainant to the agency concerned or suggesting another avenue.

As shown in Figure 6, the proportion of approaches we closed within our jurisdiction (matters we could deal with) increased by 12 per cent from 2013-14, which shows a more efficient use of our time.

<sup>3</sup> This excludes auto-redirected approaches.

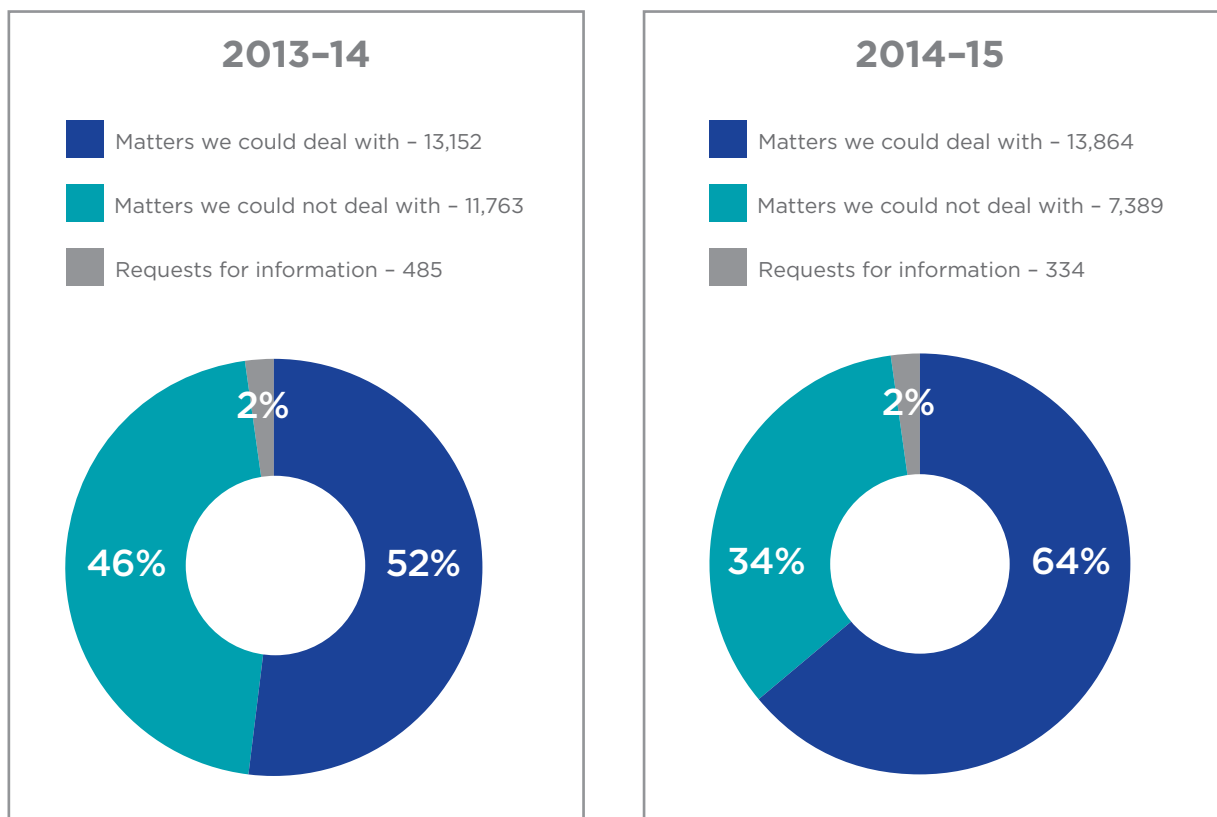
## Case study: timeliness

A student at a university had a complicated situation involving fees she had paid, a university that said she hadn't paid the fees, and an unpaid tax assessment that was gathering interest.

We made enquiries in this very complex matter and found that the student had made errors in how she had handled it, but so had the university.

Through open dialogue and reflecting on the positions of both the student and the university, we arrived at a resolution where the student got some recompense that took account of the shared responsibility.

**Figure 6: Number of approaches closed 2013-14 and 2014-15**



This year we started 37 investigations and completed 34 – these included major own motion investigations, protected disclosures referred by the Independent Broad-based Anti-corruption Commission (IBAC), as well as some complaints that were more complex and required more time.

Every year is different in the number and scale of investigations undertaken.

2013-14 was the first full year that IBAC was in operation. There was a large number of whistleblower cases and a significant spike in protected disclosure complaints referred by IBAC, which we were required to investigate. This year, the protected disclosure regime is better understood, and there have been fewer disclosures assessed as requiring investigation.

This year, our two major own motion investigations, into prisons and abuse in the disability sector, had a significant impact on resources. These landmark investigations took more than half of the resources in our Strategic Investigations area, which meant less capacity to work on other investigations.

Table 1 shows the time we took to close all approaches in 2014-15. Consistent with spending more time on cases we can help with, the data shows that we are taking slightly longer to close cases. As mentioned earlier, more approaches have been closed by enquiries and investigations. Just under 80 per cent are finalised within a week.

Table 1: Time taken to close all approaches 2014-15				
	2013-14 (number)	2013-14 (per cent)	2014-15 (number)	2014-15 (per cent)
On day received	17,559	69.1%	13,196	61.1%
1 to 7 days	3,993	15.7%	3,846	17.8%
8 to 30 days	2,761	10.9%	2,819	13.1%
1 to 3 months	857	3.4%	1,352	6.3%
3 to 6 months	177	0.7%	310	1.4%
After 6 months	53	0.2%	64	0.3%
<b>Total</b>	<b>25,400</b>	<b>100%</b>	<b>21,587</b>	<b>100%</b>

### **Case study: navigating the system**

A prisoner was examined by a podiatrist and had been recommended orthotic inserts and custom orthotic shoes almost six months prior to writing to us. He told us that Corrections Victoria had been aware of this request, but had refused to purchase the shoes for him.

We made enquiries with various agencies to determine which one was responsible, establishing that the State Wide Equipment Program, a division of Ballarat Health funded by the Department of Health and Human Services, was to provide the inserts and shoes. We confirmed that the complainant was on the waiting list but funding had not yet been allocated, and that people can be on the waiting list for up to 12 months.

We closed the case after a month and one week. The complainant wrote to us shortly after we sent him our outcome letter to tell us his concerns were now resolved.

Each complaint is different, and our enquiries differ greatly in length, complexity and detail. One enquiry may involve several interactions with an agency and the complainant as well as reviewing many documents, while another may involve making a single phone call to resolve a complaint.

### **Case study: a thorough process**

A person contacted us about a port authority's decision to increase its annual fees. He raised concerns about the reasons the authority had given for the increase, and its lack of clarity about whether the fees would keep rising. He also complained that the authority had not been responsive to other complaints he had made about wasting key resources.

We first needed to establish that we had jurisdiction to consider the complaint. Legal advice concluded that we did, so we made enquiries.

We received extensive and detailed information from the authority about the reasons for the fee increase, as well as copies of its responses to the complainant and useful background information to its decisions.

We concluded that there appeared to be a reasonable basis for the fee increase and that the authority had taken appropriate action in responding to the complainant. This enquiry took just under five months to resolve.

## **2. Own motion enquiries and investigations**

Under the Ombudsman Act, we have powers to look into administrative actions under our own motion; that is, without receiving a complaint.

An own motion enquiry or investigation starts when we consider a particular issue is in the public interest or is systemic. We also use this power when an approach requires an urgent response, and we cannot wait for a complaint in writing (as required under our Act).

### Case study: clean result

We received a call from a prisoner saying he had been in a management unit<sup>4</sup> for three weeks and his property had been confiscated. He complained that he had no clean clothes and had been in the same clothes and underwear for the three weeks.

We made own motion enquiries and as a result, the prison found the prisoner's property. It determined that he did not have enough clothing to last him for another week, so it contacted the Salvation Army to obtain more. We were able to close this approach in one day.

### Case study: out of hot water

A client of State Trustees contacted us, concerned that she had not had a response from State Trustees two weeks after requesting access to funds. The client had not had any hot water for over two weeks, and needed the money for a new hot water system.

We made own motion enquiries with State Trustees to assess whether it was able to take any action to resolve this issue.

State Trustees were unable to loan the money but it was able to engage a plumber to install a new service. It assisted its client to get access to money to cover the costs of the new service.

To avoid putting its client under additional financial stress, State Trustees also arranged a payment plan to ensure that her savings were re-built and daily living expenses would be available.

Examples of our own motion investigations include:

- the alleged excessive force used by authorised officers on Melbourne public transport (refer to page 42)
- investigation into how allegations of abuse are handled in the disability sector (refer to page 45)
- how local councils managed complaints (refer to page 41).

Table 2: Use of own motion powers 2014-15

Closed own motion enquiries (s13A)*	Closed own motion investigations (s16A)*	Closed own motion cases**	Total
14	4	997	1,015

\* Instigated by us, without receiving a complaint.

\*\* Cases where we received a complaint, including urgent matters where we could not wait for the complaint to be put to us in writing.

4 Prisoners are usually only housed in a management unit for disciplinary issues or for short-term protection if there is no room in a protection unit.

### 3. Protected disclosure complaints

Our office plays a role in assessing and managing protected disclosure complaints. This includes:

- receiving disclosures directly about people and agencies within our jurisdiction, as well as disclosures about local government councillors and other entities<sup>5</sup>
- notifying IBAC if the Ombudsman considers that we have received an assessable disclosure<sup>6</sup>.

When a protected disclosure has been referred to us by IBAC, we determine whether the disclosure warrants investigation under the provisions of the Ombudsman Act and, where appropriate, investigate.

Table 3 outlines action taken on protected disclosure complaints.

We dismissed five disclosures for reasons including that the disclosure:

- was known by the discloser for over 12 months
- was frivolous, vexatious or untrue
- had been appropriately investigated by another relevant agency
- was about a person or agency outside our jurisdiction or authority to investigate under the Ombudsman Act.

**Table 3: Action on protected disclosure complaints 2014-15**

Category	Number of complaints
Number of assessable disclosures notified to IBAC	68
Number of protected disclosure complaints referred by IBAC	26
Number of protected disclosures investigated by Ombudsman	21
Number of disclosures dismissed	5
Number of applications for an injunction made by Ombudsman	0

<sup>5</sup> *Ombudsman Act 1973* section 2.

<sup>6</sup> An 'assessable disclosure' is a disclosure that we think may be a protected disclosure. We notify IBAC, so it can assess whether it is a protected disclosure.



## What people approached us about

Our office has jurisdiction to take complaints about more than 1,000 state government agencies and local councils. As these agencies cover a wide range of issues and responsibilities, we group them into portfolios. This also helps us identify systemic issues.

This year, of the approaches closed that were within our jurisdiction, the greatest number related to the Corrections, Justice and Regulation portfolio – over 30 per cent of our finalised approaches. Local government represented over 24 per cent, followed by Health and Human Services<sup>7</sup> with just over 15 per cent.

### Case study: changing local government practices

Lucky the dog had bitten a two-year-old child and was deemed dangerous and destroyed by the local council.

The complainant was unhappy with the speed with which the council assessed Lucky as dangerous and believed they were forced to surrender Lucky or face prosecution.

As a result of our enquiries, the council reviewed their procedures around the investigation of dog attacks and implemented a 48-hour ‘cooling off period’ following the surrender of an animal before it is destroyed.

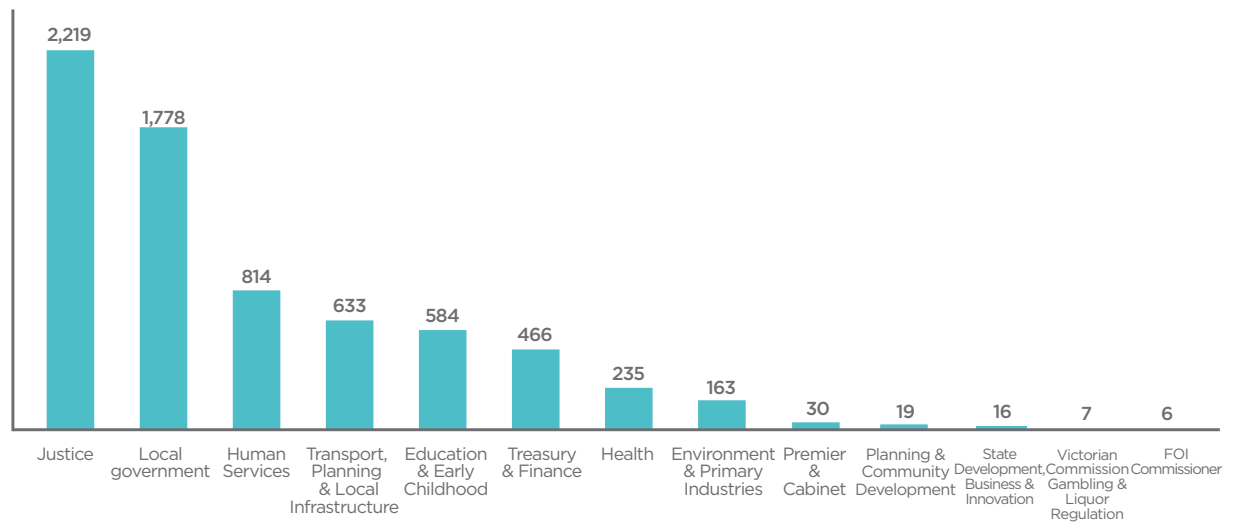


<sup>7</sup> This is the combined number of complaints from the previous portfolios of Health, Human Services and the current portfolio of Health and Human Services, due to machinery of government changes to department structures.

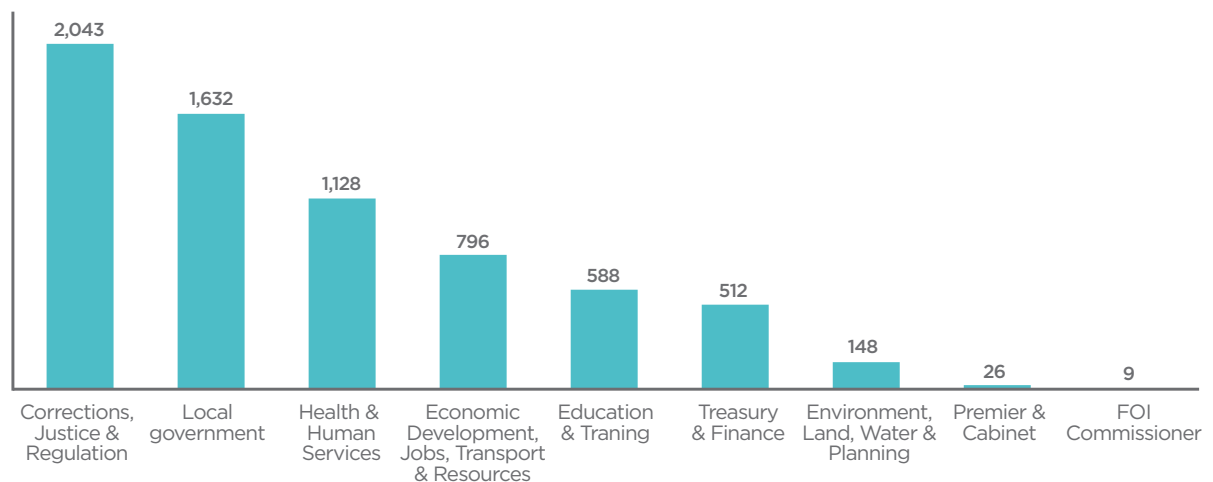
Changes made by the incoming government effective 1 January 2015 meant that some departments changed composition, merged or changed their jurisdiction.

To reflect these changes and to accurately present our data, we have split our portfolio information into two halves of the financial year.

**Figure 7: Closed jurisdictional approaches by portfolio Jul-Dec 2014  
(before machinery of government changes)**



**Figure 8: Closed jurisdictional approaches by portfolio Jan-Jun 2015  
(after machinery of government changes)**



The 10 most frequently complained about issues across all portfolios this year were:

1. failure of a department or authority to act or provide a service
2. failure to appropriately manage the health needs of persons in custody
3. assistance to families and children
4. delays in complaint handling
5. inadequate solutions to complaints
6. inadequate processes for handling complaints
7. quality of service delivery by departments and authorities
8. drawing the wrong conclusion to resolve a complaint
9. unreasonable enforcement of regulation by local government
10. management of property in custodial services.

### Case study: improving communication

A complainant alleged that WorkSafe had failed to investigate his concerns about occupational health and safety in a theatre he had recently performed in. He complained about a stage having exposed steel framework and incomplete electrical wiring, the 'exit' signs not working and other hazards.

We made enquiries with WorkSafe. It provided evidence to show that it had investigated the concerns, including conducting an inspection on the same day it received the complaint. They had formed a view that remedial action was not required.

We advised the complainant that on the basis of this evidence, we were satisfied that WorkSafe had taken appropriate action in response to his complaint. However, if WorkSafe had communicated better with the complainant about its investigation and outcomes, he may not have felt the need to escalate his complaint to us.



## Corrections, Justice and Regulation portfolio

This portfolio relates to complaints about:

- Corrections Victoria: the overarching body responsible for managing Victoria's prisons and correctional facilities
- Department of Justice and Regulation (formerly the Department of Justice)
- Justice Health: responsible for delivering health services in Victoria's public prisons
- Civic Compliance Victoria
- the Sheriff's Office
- Victorian Commission for Gambling and Liquor Regulation.

This portfolio is the subject of more complaints than any other, largely as a result of dedicated, free call lines in prisons, and high levels of awareness of our work in prisons.

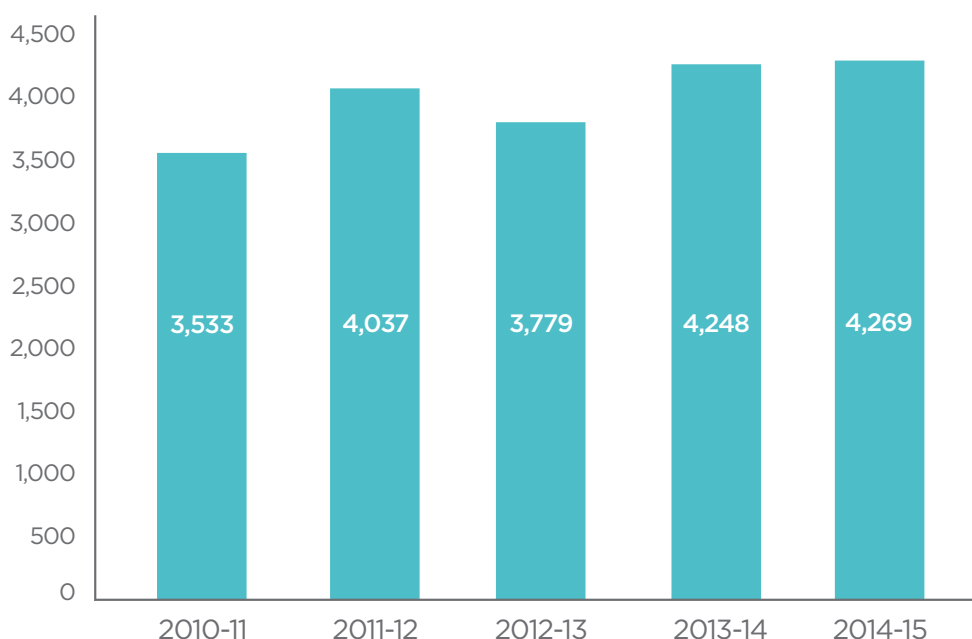
### Case study: hygiene in prison

A prisoner in a Victorian jail rang to complain about a lack of washing facilities in their unit. Prisoners were being forced to wash underwear in the same showers and sinks they used to brush their teeth and fill kettles.

We made enquiries, questioning whether this practice was consistent with section 22 of the Charter of Human Rights, which refers to the right to humane treatment while deprived of liberty.

As a result, the prison confirmed that it would be allocating resources to manage the personal laundry of prisoners in the unit.

**Figure 9: Closed jurisdictional approaches for Corrections, Justice and Regulation 2010-15**



Of the 4,269 approaches we resolved about Corrections, Justice and Regulation this year, 68 per cent involved prison matters. This was a seven per cent drop on last year (75 per cent for prison matters); however, prison issues still made up nine of the 10 most common reasons for complaints in this portfolio.

We finalised 561 approaches regarding Civic Compliance Victoria and the Sheriff's Office, 13 per cent of the total approaches in this portfolio.

Our work in this portfolio ranged from addressing the complaints of individual prisoners to investigating systemic issues.

**Table 4: Most common reasons for complaint in Corrections, Justice and Regulation portfolio 2014-15**

Issue	Number of complaints
Prisoner health services	627
Prisoner property	316
Prisoner placement and location	219
Prisoner buildings and facilities	194
Prisoner management and security	164
Delays in handling complaints about prison matters	159
Prisoner visits	157
Prisoner telephone/access services	139
Prisoner funds	121
Fines or charges by road traffic authorities	111

## **Investigation into the rehabilitation and reintegration of prisoners**

On 14 July 2014, we announced an investigation into the rehabilitation and reintegration of prisoners in Victoria. This was prompted by the growth in prisoner numbers, and concerns with rates of reoffending and its impact on the Victorian community, in terms of both public safety and cost.

The welfare of those in closed environments, including prisons, has been a focus of this office since its inception. What had not been previously considered, however, is whether the corrections system ensures that prisoners receive rehabilitation and post-release support to prevent further offending, with its attendant cost and risk to the community. With the strain on prison resources, the question of whether the system is working to reduce re-offending becomes even more important.

Of particular concern was the position of women and Indigenous prisoners. A common observation is that when systems come under stress, these groups seem to bear a disproportionate amount of the burden. We wanted to look not only at the system, but how it was working in practice.

On 29 October 2014, we released a discussion paper outlining the issues emerging in the investigation and calling for submissions. We received 34 submissions from current and former prisoners, advocacy groups, professional and community service organisations and academics.

In these submissions, we heard strong endorsement for the position put in our discussion paper that the growth in Victoria's prison population is having a significant impact on the rehabilitation and reintegration of prisoners.

Although an extensive building program has been underway to increase bed capacity across the prison system, the expansion in prisoner numbers has resulted in backlogs in assessment, and affected the availability of programs and support, both before and after release.

It is also apparent that reforms to the parole system are having an effect. It is now harder to obtain parole, so more prisoners are leaving without it at the end of their full sentences, and therefore without the monitoring and reporting requirements that parole would impose. Nor will they necessarily have attended programs designed to reduce offending behaviour – often one of the requirements for parole.

Our investigation was conducted in 2014-15, with the report to be tabled in the second half of 2015.





## Local government portfolio

Local government generated a high number of complaints to us; as in previous years, it was second only to Corrections, Justice and Regulation. This is understandable, given it is the tier of government many in the community interact with the most.

### Case study: what is reasonable?

After receiving a parking fine, a driver complained that the infringement was unfair because the council's signs were confusing and unclear. He complained to the council and received an explanation of the parking restrictions, but was not satisfied that the signs clearly conveyed these restrictions.

We considered the clarity of the signs and whether it was reasonable to expect an ordinary person to be able to correctly interpret the applicable restrictions.

We made enquiries with the council, and raised concerns about the clarity of the signs and the complexity of the restrictions.

The council noted our concerns and agreed to conduct a review of the signs. Early in 2015, the council commenced work to change all signs in the municipality with a new, clearer sign.



### Case study: making contact

A financial advisor contacted us on behalf of his client, who was in financial hardship. The client had received a notice from her local council that legal action would start in seven days to collect outstanding rates.

The financial advisor said that the council would not deal with him because the matter was now in a 'legal action phase'.

When we made enquiries with the council, staff said they had tried to contact the resident to discuss payment options, but had not received any response. Because she did not make contact with them, they escalated the matter.

Council staff offered to put the legal action on hold if the resident contacted them, and said they would negotiate a payment plan to assist her.

The number of complaints about local government has remained relatively constant over the last five years. In 2014-15, we closed 3,410 jurisdictional approaches about local government: almost 25 per cent of all jurisdictional approaches finalised.

**Table 5: Common areas of complaint about local government**

Issue	Number of complaints
Unreasonable enforcement of parking regulations	363
Providing an inadequate remedy to address a complaint	280
Delay in complaint handling	221
Inadequate processes for complaint handling	185
Matters concerning the use of roads or streets	117

**Case study: time taken to act**

We received a complaint from a resident about the condition of a public road between his home and farm, which he said was unusable in wet conditions and most of winter.

He said he had tried to resolve his concerns with his local council for over 12 months, but despite assurances that the council would repair the road, it remained unusable.

We made enquiries with the council to establish its obligations to maintain the road and what it had done to resolve the complaint.

The council said that the developers of a nearby site and a water company had caused the damage to the road and it was Council's view that they were responsible for repairing the damage. However, the council acknowledged that attempts to have these parties repair the road had been unsuccessful.

The council agreed to do further works on the road and meet with the complainant to ensure that the issues were resolved.

Other common areas of complaint were:

- enforcement and regulatory activities in areas such as building, planning and animals
- rubbish and recycling collection services
- facilities owned or controlled by councils.

**Case study: double payment**

A council had deducted a payment plan instalment from a complainant's bank account twice. The council told her it wouldn't process the refund until it had a number of similar requests, so its finance department could process them all at once.

The complainant told us she was a single mother on a pension and now had only \$14 left in her bank account.

We made own motion enquiries and the council agreed to issue a cheque that day and to speak to its bank to speed up its clearance.

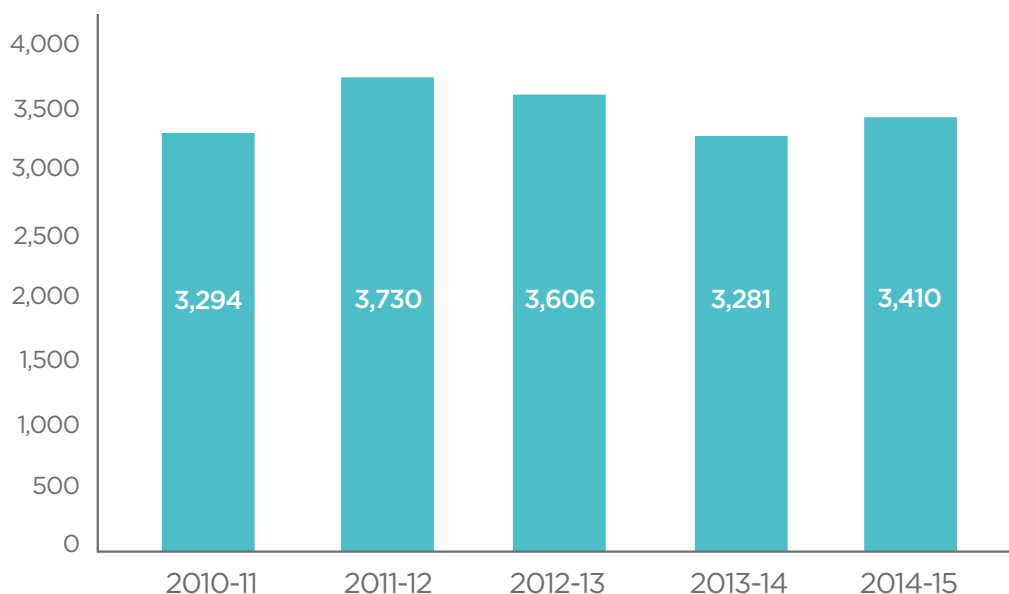
All 79 Victorian councils were subject to at least one complaint this year, however the number of complaints varied widely across municipalities.

This may in part be due to differences in population, services provided and how complaints are monitored.

Table 6 overleaf lists the number of approaches we closed about each council. It is important to note that not all complaints were substantiated.

We received another 44 approaches where the complainant did not name the council they were complaining about.

**Figure 10: Closed jurisdictional approaches for local government 2010-15**

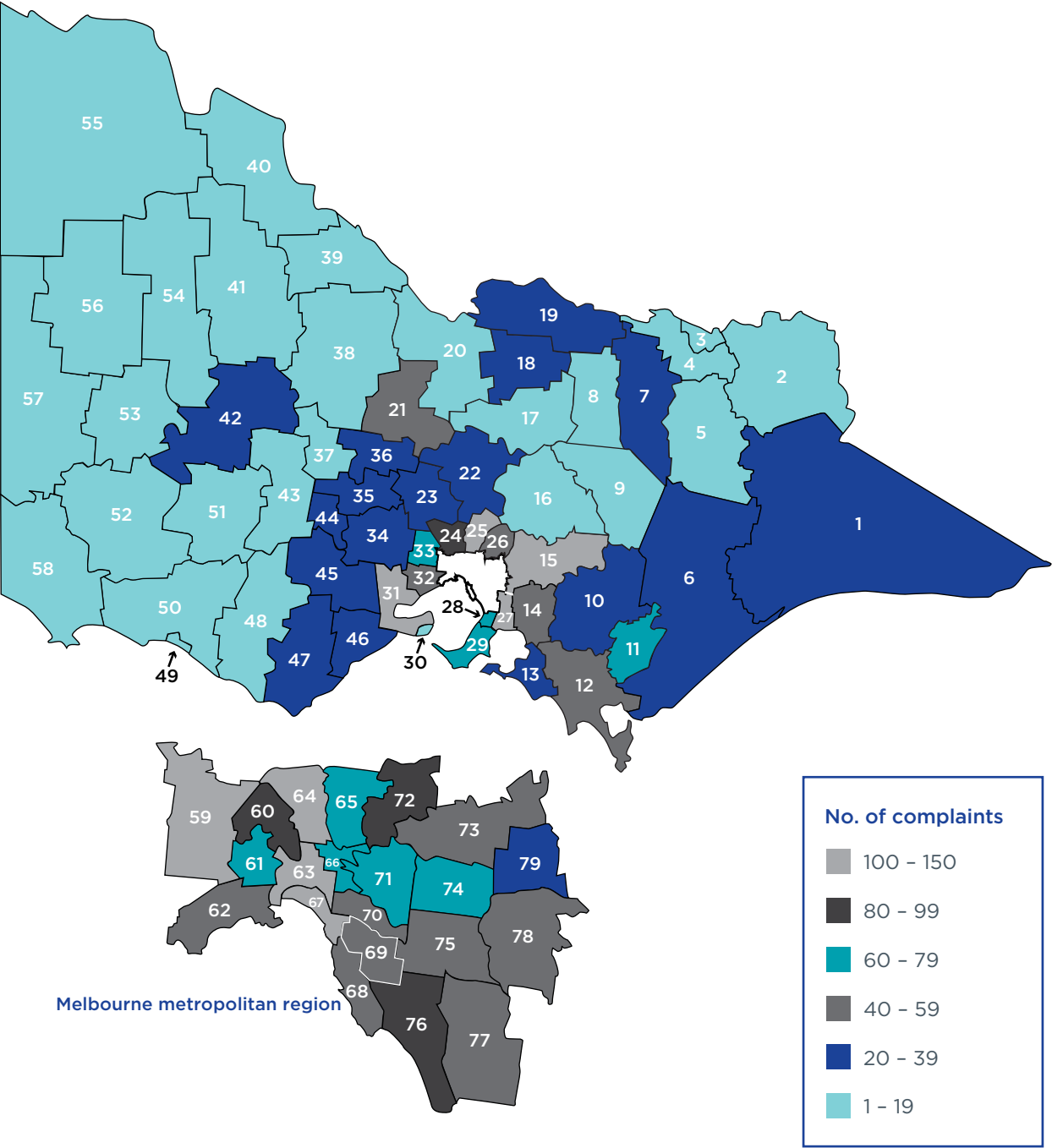


**Table 6: Closed jurisdictional approaches for Victoria's 79 local councils\***

Local council	Total	Map no.	Local council	Total	Map no.
Melbourne City Council	149	63	Maroondah City Council	30	79
Yarra Ranges Shire Council	131	15	Moorabool Shire Council	29	34
Casey City Council	130	27	Macedon Ranges Shire Council	27	23
Port Phillip City Council	118	67	Wellington Shire Council	25	6
Whittlesea City Council	115	25	Golden Plains Shire Council	25	45
Moreland City Council	114	64	Wangaratta Rural City Council	24	7
Brimbank City Council	107	59	Baw Baw Shire Council	24	10
Greater Geelong City Council	102	31	Colac-Otway Shire Council	23	47
Banyule City Council	95	72	Surf Coast Shire Council	21	46
Hume City Council	91	24	Greater Shepparton City Council	21	18
Kingston City Council	91	76	Mount Alexander Shire Council	21	36
Moonee Valley City Council	81	60	Northern Grampians Shire Council	20	42
Maribyrnong City Council	78	61	Mildura Rural City Council	19	55
Yarra City Council	78	66	Wodonga City Council	18	3
Mornington Peninsula Shire Council	77	29	Moyne Shire Council	17	50
Melton City Council	75	33	Loddon Shire Council	14	38
Darebin City Council	75	65	Campaspe Shire Council	12	20
Whitehorse City Council	72	74	Pyrenees Shire Council	11	43
Boroondara City Council	71	71	Buloke Shire Council	11	41
Frankston City Council	64	28	Indigo Shire Council	11	4
Latrobe City Council	62	11	Swan Hill Rural Council	10	40
Glen Eira City Council	57	69	Hindmarsh Shire Council	9	56
Bayside City Council	57	68	Warrnambool City Council	9	49
Cardinia Shire Council	56	14	Glenelg Shire Council	8	58
Monash City Council	55	75	Mansfield Shire Council	8	9
Wyndham City Council	52	32	Towong Shire Council	8	2
Knox City Council	50	78	Strathbogie Shire Council	8	17
Greater Bendigo City Council	50	21	Queenscliffe (Borough of)	8	30
Stonnington City Council	49	70	Southern Grampians Shire Council	7	52
South Gippsland Shire Council	49	12	Ararat Rural City Council	7	51
Hobsons Bay City Council	48	62	Alpine Shire Council	7	5
Greater Dandenong City Council	48	77	Corangamite Shire Council	5	48
Manningham City Council	47	73	Gannawarra Shire Council	4	39
Nillumbik Shire Council	40	26	Central Goldfields Shire Council	4	37
Mitchell Shire Council	38	22	West Wimmera Shire Council	4	57
Ballarat City Council	38	44	Benalla Rural City Council	4	8
East Gippsland Shire Council	38	1	Murrindindi Shire Council	3	16
Bass Coast Shire Council	37	13	Yarriambiack Shire Council	2	54
Moira Shire Council	31	19	Horsham Rural City Council	2	53
Hepburn Shire Council	30	35			

\* Not all complaints were substantiated.

Figure 11: Complaints about local councils 2014-15



We worked in collaboration with all 79 Victorian councils to publish *Councils and complaints – A good practice guide* in February 2015. The guide helps councils improve their complaint handling in the first instance and may reduce the need for people to contact our office. For more information on the guide, refer to page 41.

### **Case study: explaining decisions**

A complainant was dissatisfied that his local council had directed him to leave his rubbish bins out for collection in a marked area outside his neighbour's house – 15 metres from his property.

He provided a copy of the response he had received from the council's Chief Executive Officer, which explained that the change in the collection location was to ensure safety and minimise the need for collection trucks to reverse. Council officers had also met with the complainant to discuss the matter with him.

We advised the complainant that we considered that the council had explained the reasons for its decision, which had been made in the interests of public safety and following consultation with truck drivers. We concluded this decision was open to the council to make, and it had adequately responded to the complainant.



## Health and Human Services portfolio

The Health and Human Services portfolio ranked third for the number of closed approaches. Prior to January 2015, Health and Human Services were separate portfolios. Human Services alone had ranked third for five consecutive years, but was trending downwards. The amalgamation of these two departments in January means this year's data is not comparable with previous years. To make some assessment of trend for this new portfolio, we have combined approaches closed about both the Departments of Health and Human Services from the previous four years.

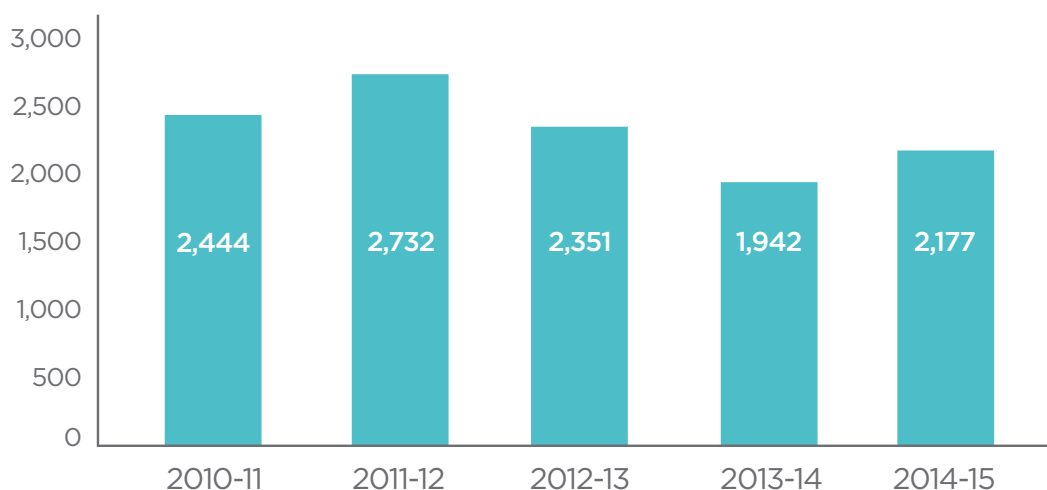
### Case study: change without notice

A kinship carer complained that her payments, which helped her to care for her four grandchildren, were reduced without notice. There were also delays in the Department of Human Services reimbursing her for other costs.

The department was in the process of reviewing the matter. We made enquiries to clarify the status of the review and when the complainant could expect a decision.

In response, the department reinstated the higher rate of kinship carer payments, backdating them to the date they had been incorrectly changed, and provided reimbursement for other agreed costs.

**Figure 12: Closed jurisdictional approaches for Health and Human Services 2010-15**





The most common complaints about Health and Human Services were about service delivery and complaint handling, including:

- failure to act or provide a requested service
- quality of service delivery
- inadequate remedy in response to a complaint
- inadequate complaint handling processes
- delays in complaint handling.

Issues in this portfolio covered a wide range of concerns, as shown in the case studies below.

#### **Case study: using powers of discretion**

A complainant contacted us with concerns about fleas, spiders and ants infesting his Office of Housing residence. The pests were particularly concerning him as there were three young children living at the residence.

The complainant said he had made a number of complaints to the department and the problem had been going on for over 18 months. The Office of Housing had declined to arrange pest control services, as it was not considered a maintenance issue and tenants were responsible for any pest control measures.

We made enquiries with the department about the decision not to fumigate the residence. The department repeated to us that this was something tenants were responsible for. However, the department did have discretionary decision making options. After our enquiries, they agreed to fumigate the residence.

#### **Case study: understanding responsibilities**

A complainant wanted to repatriate his father's ashes to Italy, his home country. In order to do this, he needed a certificate from the Cemeteries and Crematoria Unit of the Department of Health and Human Services. A certificate is issued if the department has no objection to the removal of the remains from Victoria, and the remains do not harbour a serious disease.

The complainant and his brother signed a Terms of Settlement. They agreed that the complainant would be responsible for taking the ashes back to Italy. However, the brother later changed his mind, and when contacted by the Cemeteries and Crematoria Unit as it prepared the certificate, advised it that he objected to the repatriation. The Unit declined to provide the certificate on this basis. The complainant argued that the purpose of the certificate was not to certify if there were any objections at all, but rather that the department did not object.

We made enquiries with the department, but were not satisfied with the response. We met with department staff to discuss the matter further. Following this, the department agreed to seek legal advice, and as a result wrote to both brothers advising of its intention to issue the repatriation certificate.

# How we deliver

Under our *Strategic Framework 2014-17*, we have four principles that guide our work.

**Figure 13: Principles from our *Strategic Framework 2014-17***



The following sections provide examples of how we have delivered our objectives according to these principles.

Our enquiries and investigations resulted in a range of positive outcomes, from solutions to local problems, to state-wide changes.

# Fairness

Historically, an Ombudsman's work is about rebalancing power between the individual and the state. Ensuring fairness for people in their dealings with the public sector is core to our work. Supporting vulnerable Victorians is a particular focus of ours.

Fairness comes in a variety of forms and in this section we set out a few examples.

In April 2015, we tabled a report into the former Department of Health's oversight of a Supported Residential Service in Melbourne, Mentone Gardens. The report looked at the plight of a number of aged people who had put their trust in government regulation.

Our investigation uncovered a litany of failings by the department over an extended period of time. As a consequence, the residents, many of them already frail, lost their dignity, their independence and their peace of mind.

## Report: Mentone Gardens

***'Where is the fairness? Why do the elderly need to fight so desperately for the return of their life savings when such an injustice is done?'***

Granddaughter of former Mentone Gardens resident

Across Victoria, 143 Supported Residential Services (SRS) care for more than 5,000 frail elderly people, and people with disability or illness. SRS are private businesses, registered and regulated by the Department of Health and Human Services (previously the Department of Health).

As the sector's regulator, the department registered Mentone Gardens and was responsible for monitoring:

- the standard of care received by residents
- the financial capacity of the company operating the facility
- considering and responding to complaints from service users and their families.

When Mentone Gardens went into liquidation in September 2013, residents and families learned that they had lost more than \$4.5 million in bonds and deposits.

Residents claimed they were owed between \$50,000 and \$250,000, with one couple owed \$400,000. Many of the residents had sold their homes to pay for their care, but the impact of their loss was more than monetary.

***'Since being advised that her life savings are no longer, she has been forced to move to another facility and suffers the indignity each day that she is now fully dependent on other people's money ... she is 96 years of age and dreads waking each day as she resents being what she considers to be a burden on society.'***

Granddaughter of former resident

For their families, the bureaucratic stonewalling of departmental representatives exacerbated the loss.

***'We got nowhere. We'd go through every department and we'd just get pushed around.'***

Former resident

***'I can scarcely describe the tumult which has been caused to my 101 year old mother-in-law by this matter and by the subsequent lack of acknowledgement or acceptance of departmental failings.'***

Son-in-law of former resident

A former resident complained to us and after our initial enquiries raised serious concerns about the department's oversight, we launched an investigation in September 2014. A further 17 former residents and family members came forward with similar complaints.

We found that the director of Mentone Gardens had repeatedly assured residents and families that their bonds were refundable and held in trust. This was not true. The liquidator was clear: the money had disappeared, the insolvency having been caused by 'misappropriation of funds'.

We uncovered a long list of failings by the department over an extended period. Despite having no proper financial records for its entire 25-year operation, numerous complaints about both the care of residents and financial management, as well as two prosecutions by the department, Mentone Gardens had its registration renewed 11 times.

Our investigation revealed that the department failed to monitor and regulate Mentone Gardens in a number of respects, and did not see financial oversight as its responsibility.

The department did not use its enforcement powers because of a long-standing view that financial matters were not its responsibility. However, this stance contradicted previous actions by the department evidenced in public records. These records showed that the department had previously prosecuted at least one SRS for financial impropriety.

It did not have a consolidated suite of policies and procedures for compliance and enforcement, and lacked rigorous processes to identify issues in SRS.

Authorised officers responsible for compliance reviews did not have the skills or qualifications to analyse trust accounting until the department organised training in 2014. The department knew its officers would be required to fulfil this function from July 2012, and had notice of the function since 2010.

***'My father lived a frugal and happy life but the news of the loss of his Mentone Gardens deposit disturbed and confused him over his last few months. He deserved a far more peaceful ending to his life.'***

Son of former resident

On 15 April 2015, we tabled our report in Parliament. The recommendations addressed the systemic failing, as well as redress for the former residents, including:

- the Victorian Government make ex gratia payments to affected people or their estates by 30 June 2015
- the Victorian Government amend legislation to require proprietors of SRS to be audited by an independent auditor
- the Department of Health and Human Services strengthen its procedures regulating SRS
- the Department of Health and Human Services carry out enforcement action when required.

The Victorian Government and the department accepted all the recommendations in principle.

We requested a response to the recommendations by 1 May 2015.

On 1 May 2015, the department advised my office that it was preparing specifications for an ex gratia payment scheme. It said it would write to former residents or their representatives with a view to making payments by 30 June 2015.



Image: The Ombudsman Deborah Glass presenting our report to former residents of Mentone Gardens and their families.

In Mentone Gardens, the unfairness was the result of the department's failure to properly act. In other cases, a decision may be unfair if a law or by-law is strictly applied, without considering the unique circumstances of a situation.

### **Case study: encouraging discretion**

A homeless person with a learning disability had driven a friend, who also had a disability, to a conference at a local church. He parked in a designated disabled parking bay, displaying a valid permit.

The driver knew he needed to move the car after two hours, which he did. However, a trailer was blocking the only other disabled parking bay. He had to stay with his friend at the conference, so he parked in a permit zone.

While parked in the permit zone, he received an \$87 parking fine. He asked the council twice for an internal review of the matter. The council declined both times because a disabled parking permit did not allow a person to park in a permit zone.

The council said it was acting within the law. The driver contacted us to see if we could help because he could not afford to challenge the council's decision.

Normally, this matter would proceed to court, but in this instance, we contacted the council because it wasn't reasonable to expect this person to take legal proceedings when he was homeless and had a learning disability.

The council in question had acted within its powers: technically, the car was parked illegally.

However, we asked the council to reconsider its position on the fine in light of the driver's circumstances, and it agreed to do so.

Sometimes, our enquiries can result in quick and positive outcomes for people who have been dealing with an agency for a long time without resolution.

### Case study: lengthy delays

An elderly resident, with limited capacity to write in English, complained to us that her council was not taking action to finish removing a tree.

In August 2014, the council had removed a tree that bordered her property, but left a large stump and damage to her fence, promising to finish the works and repair the fence later.

Because of her poor literacy, the resident had been unable to make a formal complaint to council in writing.

She had visited the council several times to ask when the repairs would be done, but nothing happened. She called us in March this year, seven months later.

We made enquiries with the council to find out when it intended to complete the work.

A few days later, council officers removed the stump and installed a temporary fence to stop people falling into the large hole left by the stump. Shortly after that, the hole was filled and the fence repaired.

There are occasions where we need to act quickly to avoid negative consequences.

### Case study: university recognition

A student was unhappy with a university's delay in assessing her application for recognition of prior learning for three subjects.

A month had passed since she had made her application. The student had followed up with the university three times on the status of her application, but had not received an answer.

When she complained to us, she was concerned that if her application was not assessed before the subject census date of 30 March 2015 – in two days – she would have to pay for the subjects, even if her application was eventually approved.

Given the urgency, we called the university to make enquiries.

Under the university's advanced standing procedure, a faculty is required to send a formal outcome letter to a student within two weeks of receiving the application. This had not occurred. The university's academic registrar found her application and forwarded it to the relevant faculty for urgent assessment.

The faculty approved the application for two of the three subjects. The registrar advised us that the university would look at how the application had been overlooked and how it could improve its procedures.



# Accountability

The accountability of government agencies is another theme of our work.

*The public has the right to expect transparency, fairness, value for money and accountability within the public sector. It is incumbent on senior executives in government to set the example, to establish an internal framework of effective business practices and to foster attitudes and a culture which adopts and supports those principles<sup>8</sup>.*

This year we have dealt with a number of cases where this culture has been lacking.

Government procurement policies exist to protect the public purse. Poorly managed conflicts of interest can fundamentally undermine the integrity of public administration.

In August 2014, we tabled a report about the statutory authority Office of Living Victoria (OLV). We found that there was ongoing failure by OLV to comply with government procurement policies and conflicts of interest were poorly handled.

## Report: compliance failures

We received a protected disclosure complaint (a 'whistleblower' complaint) alleging improper conduct by staff of OLV in relation to procurement, recruitment and contract management.

The allegations included that contracts were 'split' to avoid compliance with procurement practice when tendering for services.

'Contract splitting' involves dividing contracts into small amounts to avoid open competition or scrutiny by another authority. Under state government guidelines, contracts over \$100,000 require a request for tender plus approval.

We launched a formal investigation, finding the standard of record keeping so poor that it was difficult to have confidence in the records we reviewed.

There were numerous examples of:

- poor or completely missing paperwork
- post-dated approvals
- cost overruns
- unsigned contracts.

We found many examples of OLV engaging consultants through below threshold (\$99,000) contracts over a period of time.

OLV also re-engaged consultants without changing their scope of work or holding a separate selection process, denying others an opportunity to compete for the work.

When staff sought approval to spend more than \$100,000, they avoided having to advertise or go to market by requesting variations on the grounds of expediency or specialist expertise. There was evidence that this led not only to a lack of fair competition, but also to direct conflicts of interest.

In recruitment, there was little evidence of positions being advertised or interviews and background checks being conducted.

<sup>8</sup> Victorian Ombudsman, *Investigation into allegations of improper conduct in the Office of Living Victoria*, August 2014, page 62.

Overall, we found that OLV failed to respect public sector values and be accountable for its use of public funds.

In response to our draft report, the department responsible for OLV assured us that it would address the issues raised.

In our final report, we made recommendations to the Department of Treasury and Finance and the Victorian Government Purchasing Board to:

- review the operation of the Staffing Services State Purchase Contract
- consider options to ensure that all administrative offices are obliged to adhere to supply policies.

We referred the financial management of OLV, including its grants assessment and approval process, to the Auditor-General for audit.

While we were finalising our report, the Victorian Government abolished OLV and the CEO resigned.

The culture of agencies and departments is often a critical factor when poor accountability and conflicts of interest proliferate.

### Report: staff exemptions from fines

In October 2014, IBAC referred a protected disclosure complaint about VicRoads to us for investigation.

The complaint related to the conduct of officers in the Transport Safety Services (TSS) unit of VicRoads. The disclosure alleged that it was 'normal practice' that when TSS staff received speeding infringements while driving VicRoads enforcement vehicles, they were declared exempt without proper investigations being conducted.

We investigated the allegations – examining infringements recorded against VicRoads officers from one office over a two-year period – and found them substantiated.

Our investigation highlighted a culture of entitlement among the TSS officers, who were breaking the very regulations they were responsible for upholding and enforcing. One TSS officer told us they 'can't do their jobs' if they did not break the law.

Further, some VicRoads staff placed the public at risk by routinely breaking the speed limit in enforcement vehicles without using warning lights and sirens.

VicRoads' investigation process was shown to be seriously deficient:

- VicRoads officers were not required to conduct an investigation into a speeding infringement in order to declare an officer exempt
- VicRoads were not asking officers any questions, including whether lights or sirens were displayed
- VicRoads staff were relying on irrelevant case law from the Northern Territory about police to justify lights or sirens not being required.

Our recommendations included:

- creating a policy and procedure for considering infringement exemption requests
- training for all VicRoads officers
- auditing all infringement exemptions granted across all offices between 2012 and 2015.

VicRoads accepted all our recommendations.



# Collaboration

We place a strong emphasis on working with agencies to improve public administration.

Complaints are one of the most valuable sources of data available to agencies. They represent free feedback and, if used effectively, are a catalyst for improving services.

Good complaint handling increases confidence in the public sector, reducing the need for people to look for help from an independent authority such as ours.

## Case study: explaining processes

A complainant was concerned about information on a birth certificate issued by the Registry of Births, Deaths and Marriages for the complainant's daughter. The complainant's daughter had died shortly after birth.

The complainant was dissatisfied that the Registry had refused to remove a notation that her daughter was deceased from the birth certificate. She wanted the certificate to remind her of the birth of her daughter, not her death.

The complainant also raised concerns about the adequacy of the Registry's complaint process, particularly the lack of relevant information on the Registry's website.

We made enquiries and found that while the official birth certificate was marked, the Registry had also issued a commemorative certificate of birth, which was unmarked. The Registry informed my officers that the commemorative certificate serves as an official birth record, but cannot be used for identification purposes.

The Registry explained that it marked birth certificates with the word 'deceased' to prevent fraud. Some individuals attempt to commit fraud by presenting a birth certificate, and all Australian state and territory registries agreed in 2001 to mark birth certificates in this way.

The Registry's computer system automatically links a birth record and a death record to ensure that when a birth certificate is issued, it correctly reflects the status of the person.

In light of this, we were satisfied that the Registry had a valid reason for continuing its use of the marking practice, which is to reduce the likelihood of fraud. The Registry advised us that it intends to provide information about this practice on its website by the end of this year.

The Registry also advised that it would update its website to address the lack of information about making a complaint.

We share lessons learned from our enquiries and investigations. We also find solutions to systemic issues, such as the differing approaches to complaint handling among Victoria's local councils.

## Report: complaint handling by councils

In 2014, staff in my office identified that one of the main causes of complaints about local councils was the way they dealt with complaints. As a result, we launched an enquiry into complaint handling in local government.

All too often, complaints made to councils were seen as a nuisance, provoking a defensive, bureaucratic or unhelpful response. From the other side, councils were approaching us for feedback on how their complaint handling performance compared to other councils.

In researching our report, we discovered that 'complaint' was defined differently by different councils. As a result, there were wide variations in the response to complaints and the data collected.

We recommended to Parliament that an amendment be legislated to set a single definition of complaint. This would create consistency and enable better evaluation of complaints, which councils could use to improve their services.

We also recommended that all councils be required to have an internal review function for complaints.

In conjunction with the report, we developed a good practice guide, a practical tool to help councils improve their complaint handling.

We surveyed all 79 Victorian councils on their complaint handling practices and where they wanted guidance. We also consulted a range of people and organisations in the local government sector. The feedback was incorporated into the guide, which has been well received in local government.

## Data sharing pilot

Sharing the complaint data we collect with agencies is a valuable way to improve how state government agencies operate.

This year we trialled new methods and software to enhance the data we can report back to government.

We worked with Barwon Prison on a pilot, to help the prison identify areas that need attention and how well they are handling complaints.

Working with the prison and Corrections Victoria to understand how it operates and what data would be useful, we analysed our data in depth, including the reasons for complaints and the outcomes of our enquiries. This data enabled the prison to assess the seriousness of individual complaints.

In addition, the prison shared some of its data with us, further improving our insights.

We have received positive feedback on the pilot, and in 2015-16 will expand the trial.

We hope to offer this level of tailored data to more agencies over time, funds and changes to legislation permitting.

# Human rights

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 of Human Rights.

The majority of our closed approaches this year invoking human rights were about the treatment of persons when deprived of their liberty.

***All persons deprived of liberty must be treated with humanity and with respect for the inherent dignity of the human person<sup>9</sup>.***

People held in closed environments like prisons and mental health facilities are the most likely to generate concerns of this kind. This year, we identified 2,169 such complaints.

Human rights are at risk when those in authority overstep or misuse their legitimate powers to unduly restrict people's liberty. This can happen outside closed environments too.

We published a report in February 2015 that criticised heavy-handed actions by authorised officers working on Melbourne public transport. It was our third report in four years about enforcement on the public transport network.

## **Report: excessive use of force**

In July 2013 at Flinders Street Station, authorised officers restrained a 15 year old girl suspected of not holding a valid ticket. CCTV and witness footage of the incident was widely released in December 2013 and received extensive media coverage. People in the community and Members of Parliament expressed concern at the officers' actions and that the department had not taken any action against them. A public petition was signed by 20,000 people.

The footage showed the teenager being 'spear tackled' and held face down by three authorised officers for around eight minutes, until police arrived.

After reviewing the footage, we started an own motion investigation into the conduct of the authorised officers.

We found that the force used by one of them was excessive and amounted to degrading treatment of the teenage girl – a breach of the Charter of Human Rights and then Department of Transport, Planning and Local Infrastructure's own policies and procedures.

We also investigated the department's internal review of the incident. Their review had concluded that the officers involved had complied with training methods and done nothing wrong.

We found that the internal review lacked rigour: it did not include interviews with the girl concerned or any independent witnesses. It also lacked independence, as it was conducted by the same unit that had done the initial investigation.

While the department had accepted the recommendations from our two previous reports on enforcement on the public transport network, this incident suggested that the culture and behaviour of authorised officers had not improved.

Before finalising our report, we met with representatives from the department, Public Transport Victoria (PTV) and the Public Transport Ombudsman to discuss our findings and how to ensure lasting change.

<sup>9</sup> Charter of Human Rights and Responsibilities Act 2006 section 22.

We tabled our report in February 2015, recommending the transfer of responsibility for authorised officers from the now Department of Economic Development, Jobs, Transport and Resources to PTV.

We recommended that PTV review authorised officer training, with an emphasis on customer service and defusing and de-escalating conflict. We also recommended that PTV engage an external agency to review serious incidents involving authorised officers.

At 30 June 2015:

- all private operators of public transport in Victoria had issued policy guidance on de-escalation and the use of authorised officers' powers of arrest
- PTV had engaged an external consultant to conduct an industry-wide review of authorised officer training, to create a more customer-focused approach.

Excessive use of force was also at the centre of a number of other complaints, as the following examples illustrate.

### Case study: unreasonable force

A man detained at the Melbourne Custody Centre (MCC) complained to us that officers had used excessive force to restrain him, after he had requested to speak to our office.

While he did not directly raise the issue of human rights, we had concerns about whether he had been treated humanely while deprived of his liberty, according to the Charter of Human Rights.

We made enquiries with the MCC, who advised us that the complainant had refused to move from his cell for transfer to another cell. The MCC said that staff used force to move the complainant to his new cell, and that CCTV footage showed that staff used reasonable force. We requested to view the CCTV footage.

When we reviewed the footage, it showed an officer deliberately putting his knee into the complainant's lower back. The footage also showed the complainant restrained with his hands behind his back, his head pushed down and four officers restraining him during the walk from one cell to the other.

There was no incident report provided to explain the complainant's concerns or the incident.

While the use of four officers to move the complainant to a new cell may have been warranted if the complainant was resisting or abusive, we considered the kneeing was unreasonable force.

We met with MCC management, who also expressed concern about the incident, stating that it was 'atrocious and unacceptable'. They said they hadn't seen the kneeing incident when they previously viewed the footage.

Soon after, we received a copy of a letter from the MCC to the officer involved, outlining his breaches of the Code of Conduct, including providing decent treatment and behaving professionally.

The letter said that the MCC would not tolerate this behaviour, and issued a first and final warning to the officer.

***All agencies that provide services in the [health, care or disability] sectors must meet their legal obligations under the Charter of Human Rights and Responsibilities Act 2006<sup>10</sup>.***

We launched an investigation into possible breaches of human rights when a Community Visitors annual report raised concerns about the care of mental health patients at an acute psychiatric facility.

Community Visitors have a role under state legislation to enquire into the treatment and care of people with mental illness in public mental health facilities. They are volunteers who seek to protect and promote the interests, rights and dignity of people in these facilities by:

- responding to complaints
- making unannounced visits to facilities and making enquiries of residents and staff
- examining documentation.

### **Report: human rights of people with mental illness**

The Community Visitors *Annual Report 2012-2013* detailed patient complaints about staff using excessive force in a psychiatric facility.

The agency operating the facility had refused to give Community Visitors access to incident reports relating to patient injuries, despite having patient consent to see the reports.

In refusing access, the agency cited staff confidentiality concerns and a belief that incident reports were not medical records and therefore not required to be made available to Community Visitors. It also said that the legislation did not require them to keep incident reports.

This meant that Community Visitors could not establish whether the issues raised by patients were appropriately recorded or investigated. They could therefore not reassure patients that their concerns had been taken seriously.

We launched an own motion investigation into this and other issues raised in the Community Visitors report.

We confirmed that the agency had either refused to provide the incident reports, or did so only after long delays.

The facility's poor record keeping prevented us from reaching conclusions about allegations of the use of excessive force. Only one of five patients who had complained of injury had an incident report.

This left the complaints of excessive force unresolved for all parties – patients, Community Visitors, staff and the facility.

The absence of incident reports was a lost opportunity to analyse and understand the factors that contribute to incidents and to improve practices and training for staff.

We tabled our report in October 2014. As a result of our investigation, the agency took a number of steps, including:

- reiterating to all staff their obligation to support patients making complaints and to assure them that their complaints would be taken seriously
- reminding staff that complaints need to be managed in line with the facility's policy, which includes preparing an incident report
- improving staff training by extending training time, delivering it face-to-face and including role play.

<sup>10</sup> Victorian Ombudsman, *Investigation following concerns raised by Community Visitors about a mental health facility*, October 2014, page 3.

The Community Visitors report also raised agencies' failure to provide treatment plans to patients. Our random sample of 21 patient files revealed that only half contained a treatment plan.

The agency accepted our recommendation to randomly audit treatment plans to ensure they are completed in a timely manner.

In an update in May 2015, the agency advised us that it had implemented:

- regular random audits of bedded services
- formal and informal feedback and education by the executive
- a review and update of policies and treatment plans
- an update of the electronic handover system
- sharing audit results with staff, consumers and senior management
- asking for feedback from patients about treatment plans.

It reported that 96 per cent of patients now had treatment plans, compared to 14 per cent six months earlier.

Our investigation highlighted several issues that agencies providing mental health services should consider to ensure they meet their obligations under the Charter of Human Rights, including:

- maintaining current, individual and interdisciplinary treatment, care and recovery plans
- making a greater effort to reduce the use of restrictive practices, restraints and seclusion.

## Report: human rights of people with disability

In December 2014, prompted by concerns in the community, the disability sector and the media, we launched an investigation into how allegations of abuse in the disability sector are reported and investigated.

We split our investigation into two phases, so we could report on oversight systems in time to contribute to the development of safeguards for the National Disability Insurance Scheme. This also allowed us to have input into the Victorian Parliamentary Inquiry into Abuse in Disability Services.

We called for submissions from people who had experience of reporting abuse, receiving 78 submissions from clients, family members and staff in the sector. This was invaluable in shaping our understanding of the extent of the problems.

The Phase 1 report was released in June 2015. In it, we identified some areas of good practice that Victoria can build on, but we also found a number of serious issues.

The overwhelming conclusion is that oversight arrangements in Victoria are fragmented, complicated and confusing. There is a lack of ownership of the problem, little clarity about who is responsible for what, overlapping responsibilities and gaps.

This means that the system is fundamentally failing to deliver protection in a coherent and consistent way.



People with disability may not report abuse, for fear they will either not be believed, nothing will happen, or they will suffer repercussions.

The key recommendation in the report is that a single independent body be established to oversee reports of abuse in the disability sector.

Our recommended framework includes mandatory reporting, powers to investigate both individual complaints and systemic issues, public reporting on trends, and the ability to share information with police and other bodies as appropriate.

The report also recognised the critical role of advocates in assisting people with disability. This is especially the case when dealing with allegations of abuse, where people may be afraid to complain or may not have the capacity to complain on their own behalf.

Phase 2 of the investigation, to be delivered later in 2015, will look in greater depth at the process for reporting and investigating abuse, drawing on the experience of individuals.

## Human rights portfolio

The human rights portfolio is responsible for implementing our internal human rights policy, engaging with stakeholders on Charter issues and monitoring developments within the sector.

This year the portfolio has:

- built relationships with human rights stakeholders to inform our position on the operation of the Charter
- responded to the Victorian Government's 2015 review of the Charter<sup>11</sup>
- contributed to the Victorian Equal Opportunity and Human Rights Commission's 2014 Charter review
- supported our Portfolios and Administrative Improvement team to refine internal policies and resources, to help our investigation officers identify, record and report human rights issues.

<sup>11</sup> Our submission is available on our website at <[www.ombudsman.vic.gov.au/Publications/Submissions](http://www.ombudsman.vic.gov.au/Publications/Submissions)>.

# Our performance

## Introduction

This section outlines our performance against our Interim Corporate Services Business Focus, our *Strategic Framework 2014-17* commitments and the Department of Treasury and Finance's *Budget Papers No. 3 Service Delivery* (BP3) targets.

With 2014-15 being the current Ombudsman's first full year in office, and following changes to our leadership team, it was the right time to review how we would deliver services, in both the medium and long term.

We identified four focus areas:

- engaging with the community
- developing a more accessible and efficient complaint handling system for Victorians
- turning complaint data into knowledge
- achieving recognition as a leader for our expertise and excellence in complaint handling.

We developed the *Interim Corporate Services Business Focus* to maintain momentum around our priorities.

Appendix 1 provides more detail on initiatives in these four areas and our progress. Our program was ambitious, and included a restructure of corporate services.

Staff were consulted in the development of the strategic framework, which was finalised in September 2014 (refer to Appendix 2).

The strategic framework sets out a number of commitments, covering service provision, education and awareness, and our accountability.

### We commit to:

- providing accessible and responsive services
- educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector
- challenging poor public administration
- working constructively with the public sector to promote best practice
- providing authoritative and informative reports to the Victorian Parliament.

## Providing accessible and responsive services

We commit to services being:

- free, fair and independent
- 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.

## Regional Victoria

This year, we visited more people and organisations in regional Victoria. We wanted to let people know that our service is available to all Victorians, no matter where they live.

We went to Wangaratta, East Gippsland, Geelong and Warrnambool, meeting staff from government agencies, community service organisations and Members of Parliament.



## Digital developments

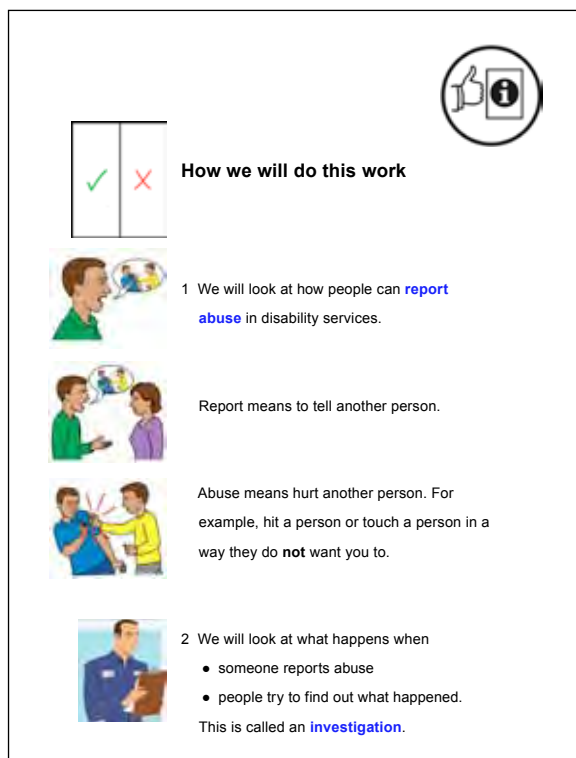
In May this year, we finalised our *Digital Strategy 2015-18* which aims to make it easier for people to lodge and track their complaint, and enable us to provide better service.

As part of the strategy, we are developing a 'virtual assistant' on our website, which will help guide people through the complaint process and answer their individual questions.

## People with disability

As part of our investigation into allegations of abuse in the disability sector, we produced information in accessible formats, such as Easy English fliers and presentations, and video and audio. Our website is also now compliant with accessibility standards and we are increasingly mindful of making our materials user-friendly for Victorians of all abilities.

**Figure 14: Image of Easy English document produced by Scope for our investigation into allegations of abuse in the disability sector\***



\*The Easy English document produced by Scope (2015) uses The Picture Communication Symbols ©1981-2010 with permission from Mayer-Johnson. All Rights Reserved Worldwide.

## *Educating Victorians on the role of the Ombudsman, how to complain and what they should expect from their dealings with the public sector*

People most in need of help, particularly those who are vulnerable because of health, age, disability or language, are often the least likely to know about or contact us. We want this to change.

### Research: understanding our community

To get a picture of what people know about us, we commissioned independent market research. In February 2015, 1,000 people completed an online survey. The survey sample was representative of the Victorian population for age, income, location and language spoken at home.

We found that 86 per cent of Victorians value the work of our office as an important part of our democracy.

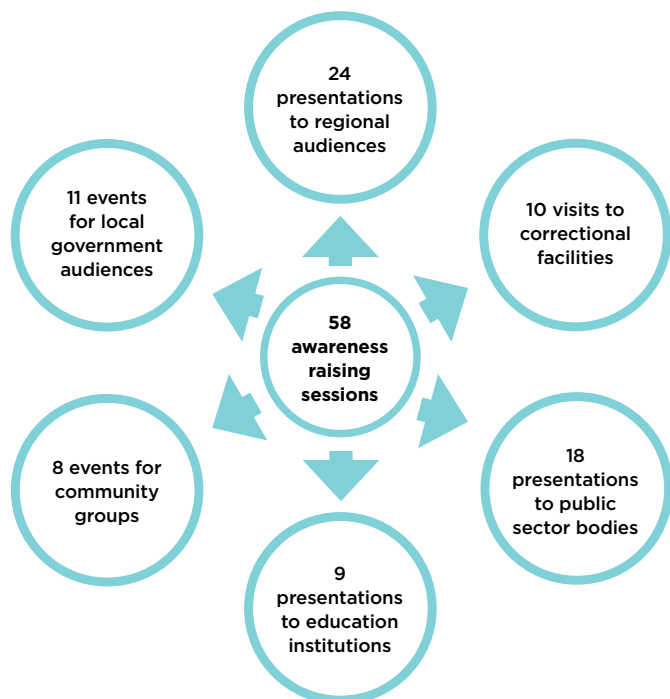
The findings included that younger people were less likely to have heard of the Ombudsman and that older people were more likely to complain to us.

While 67 per cent of respondents said they would be likely to complain first to the agency involved, only 41 per cent had confidence that their complaint would be handled well by the agency. This emphasises the need for agencies to have a positive culture around complaints and to respond effectively to the complaints they receive.

Only seven per cent of respondents had made a complaint or had made contact with our office, but of them, 86 per cent found the experience satisfactory/positive.

Just under 40 per cent of people said they would bring a complaint to us, which means we have work to do in raising awareness about our service. The survey has given us a useful benchmark against which to measure change in public understanding.

**Figure 15: How we raised awareness of our office in 2014-15**



We engaged with over 25 public sector agencies and community groups through:

- education sessions
- presentations and workshops on our role, good practice in complaint handling and upholding people's rights
- board discussions
- sponsored events
- meetings
- information sharing.

These occurred at both metropolitan and regional locations.

Demand for us to present remains high, and we are committed to meeting these requests wherever possible.

In partnership with IBAC and the Victorian Auditor-General's Office, we published *Safeguarding Integrity: a guide to the integrity system in Victoria*, to help public sector employees and the community understand Victoria's integrity system and its key agencies.

## *Courage in challenging poor public administration*

This year, we made 50 formal recommendations to departments and agencies. Our enquiries and investigations identified some common and persistent issues:

- a lack of coordination within departments, especially when handling complaints (refer to disability abuse investigation on page 45)
- poor record keeping practices (refer to investigation of a mental health facility on page 44)
- lack of understanding of and addressing conflicts of interest (refer to Office of Living Victoria investigation on page 38)
- breaches of the Charter of Human Rights (refer to authorised officers investigation on page 42).

We will continue to bring these issues to public and parliamentary attention.

## *Working constructively with the public sector to promote best practice*

Our data sharing pilot is helping Corrections Victoria address the issues underlying complaints (refer to Collaboration section on page 41).

The pilot is an example of collaboration that builds the capacity of an agency without compromising our independence.

Our good practice guide for council complaint handling (discussed on page 41) was prepared in consultation with all 79 Victorian councils. It provides practical and useful advice to help councils deal with complaints fairly and efficiently.

In collaboration with ombudsman offices in Australia and New Zealand, we published the *Australasian best practice guidelines for complaint handling at universities*. The guidelines set out best practice, tailored to universities' unique procedures.

## Diploma of Government (Investigation)

We prepare and deliver high-level training to public servants through the Diploma of Government (Investigation).

This year, we hosted 22 participants from a range of offices including:

- Legal Services Commissioner
- New South Wales Ombudsman
- New Zealand Ombudsman
- Queensland Ombudsman
- Victorian Ombudsman
- Public Transport Ombudsman
- Local Government Investigation and Compliance Inspectorate
- Commission for Children and Young People.

We have recently revised the program to make it more effective, shorter and cheaper for participants.

## Providing authoritative and informative reports to the Victorian Parliament

We tabled eight reports in Parliament, making recommendations to improve public sector policy, processes and systems.

**Table 7: Reports tabled in Parliament 2014-15**

<i>Investigation into allegations of improper conduct in the Office of Living Victoria, 5 August 2014</i>
<i>Victorian Ombudsman 2013-14 Annual Report, 4 September 2014</i>
<i>Investigation following concerns raised by Community Visitors about a mental health facility, 15 October 2014</i>
<i>Investigation into an incident of alleged excessive force used by authorised officers, 12 February 2015</i>
<i>Councils and complaints – A report on current practice and issues, 25 February 2015</i>
<i>Investigation into Department of Health oversight of Mentone Gardens, a Supported Residential Service, 15 April 2015</i>
<i>Investigation of allegations of improper conduct by officers of VicRoads, 10 June 2015</i>
<i>Investigation into disability abuse reporting: Phase 1 – the effectiveness of statutory oversight, 25 June 2015</i>

## Complaints about us

There are times when people are dissatisfied with our service.

These complaints are handled through an internal review process, and/or review by IBAC (for complaints about corrupt conduct) or the Victorian Inspectorate (for complaints about staff conduct).

This year, there were 62 requests from complainants for internal review of our handling of their complaint. In response:

- in 23 cases, an internal review overseen by the Deputy Ombudsman was undertaken by an officer not involved in the initial matter
- in 22 cases, we clarified or provided supporting detail of our decision to the complainant
- in 13 cases, we made further enquiries on the basis of the complainant's concerns
- in four cases, the complainant did not respond to requests for further information or they requested a review before we had provided them with an outcome.

We finalised 24 requests for internal review (this included requests raised in the previous year, which carried over into 2014-15). In 18 cases, the original findings were upheld. In six cases, the initial finding was amended.

In 2014-15, the Victorian Inspectorate sought information from us in relation to 10 complaints he had received about our complaint handling. These included allegations that our staff had been unjust or unreasonable in their consideration of a complaint, or that there had been a delay in providing an outcome.

In all cases, we provided the information the Inspectorate requested for his office's review. In response, the Inspectorate advised that he would be taking no further action on these matters.

# Our organisation



**Executive team, left to right: Assistant Ombudsman Stephen Mumford; Ombudsman Deborah Glass; Deputy Ombudsman Megan Philpot**

This year we commenced building solid foundations for the future.

We finalised organisational and governance reviews and renewed our focus on quality in our communications, interactions and investigations.

We are updating policies and procedures, and building staff confidence in using our legislation to best effect.

## Organisational structure

To improve efficiency, we started a review of our core operations area, naming it Statutory Functions.

Within this area, we renamed Complaint Resolution as 'Enquiries and Investigations', which better aligns with the language in the Ombudsman Act. This area performs the majority of our work under the Act, and includes the Intake (call centre) area. It was led by Therese Quin, who was acting in this role while Joy Patton was on secondment.

To more accurately reflect the nature of our own motion function, we renamed our Major Investigations area 'Strategic Investigations'. This area's responsibility is to conduct investigations into systemic issues and protected disclosure complaints, which often take longer and are more resource-intensive. This function is led by Jenny Hardy.

We established a new area called Portfolios and Administrative Improvement. Led by Cassandra Mertono, its objective is to coordinate portfolios across the office and provide direction to them on liaising with agencies.

This area has focused on reviewing all our policies, procedures and internal guidance material, including for dealing with human rights breaches and exercising our discretion.

All these functions are headed by the Deputy Ombudsman, Megan Philpot.

The previously named Corporate Services is now called the 'Services Division'. With the name change came a restructure, completed in February 2015. Under the Assistant Ombudsman Stephen Mumford, it comprises three branches:

- Communication and Culture
- Finance and Business Improvement
- Knowledge and Technology.

Communication and Culture, led by Lynne Haultain, is made up of two teams:

- People and Strategy: focuses on how we develop the organisation through our people, and on strategic and business planning
- Communication and Engagement: a new function that supports our commitment to raise awareness of our service with all Victorians, and make it easier to complain.

Finance and Business Improvement is led by John Morison. As well as financial oversight and planning, this year it focussed on improving our business processes and support services.

Knowledge and Technology, led by Henry Chung Yan, has three teams:

- IT Operations
- Data Analytics and Digitisation
- Innovation.

This area has become more externally directed, with mandates to deliver our priority initiatives such as a single complaints portal for Victorian complaint handling bodies, user-centric data analysis and broader use of digital services.

The new structure builds our capability and creates more opportunities for cross-office collaboration. Our current organisation chart is at Appendix 3.

## Governance framework

We have strengthened our governance framework to better assess the performance of the office and our compliance with legislative requirements, relevant standards, and community expectations of probity and openness.

More detail is in Appendix 4 and at page 60.

## Results of People Matter Survey

The People Matter Survey is an employee opinion survey run by the Victorian Public Sector Commission from March to May each year.

The survey provides valuable feedback on the application of the public sector values and employment principles. The survey measures other aspects of the workplace, such as how engaged and satisfied employees are, workplace wellbeing, employee commitment and perceptions of how well change is managed.

The survey is designed for the Victorian public sector, with more than 140 organisations participating each year. The information collected is used by participating organisations to identify their strengths and weaknesses. It helps organisations measure their progress in embedding the public sector values and employment principles in their work culture<sup>12</sup>.

Seventy-two staff members completed the survey – an 84 per cent response rate, compared to the average response rate of around 32 per cent<sup>13</sup>.

The survey identified that:

- public sector values are embedded in our culture
- staff are supportive and feel supported
- there was an increase in equal employment opportunity results compared to the previous year.

It highlighted areas we are working on improving, including occupational health and safety, communication around change and job security.

<sup>12</sup> <[www.vpsc.vic.gov.au/ethics-behaviours-culture/people-matter-survey/](http://www.vpsc.vic.gov.au/ethics-behaviours-culture/people-matter-survey/)> viewed on 18 September 2015.

<sup>13</sup> As reported by the Victorian Public Sector Commission.



## Our people



We are a diverse office, consisting of 86 staff with varying backgrounds and experience. Seventy per cent of our full time equivalent staff are female and 79 per cent of staff are 44 years of age or under. See Tables 8 and 9 for our staff profile.

## Learning and development

Staff learning and development activities are planned with managers to determine the needs of individual staff, each area and the office overall. The 2014-15 program covered the following topics:

- phone interview skills
- dealing with challenging behaviours
- case and time management
- presentation skills
- written communication skills
- management training.

We also delivered a rolling program of informal sessions for all staff to improve their knowledge of relevant legislation and its application.

## Certificate IV in Government (Investigation)

In addition to the Diploma of Government (Investigation) (refer to page 50), we offer eligible investigation officers an opportunity to complete the Certificate IV in Government (Investigation), an accredited Vocational Education and Training course.

The certificate is tailored to the needs of our office, and is delivered in partnership with Box Hill Institute of TAFE. Eight staff completed the certificate in 2014.

**Table 8: Staff profile by employment status at 30 June 2015\***

Ongoing		Fixed term		Casual		Total	
Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE
57	55.10	22	21.40	7	3.59	86	80.09

\*Employees have been correctly classified in workforce data collections.

**Table 9: Staff profile by age, gender and employment status as at 30 June 2015\***

	June 2014			June 2015		
	Ongoing Employees		Fixed term and casual	Ongoing Employees		Fixed term and casual
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
<b>Gender</b>						
Male	21	20.80	5.79	15	15.00	8.42
Female	37	35.30	10.41	42	40.10	16.57
<b>Total</b>	<b>58</b>	<b>56.10</b>	<b>16.2</b>	<b>57</b>	<b>55.10</b>	<b>24.99</b>
<b>Age</b>						
Under 25	6	6.00	2.42	2	2.00	4.00
25-34	22	21.40	3.59	25	25.00	11.46
35-44	16	14.70	4.40	20	18.30	3.40
45-54	9	9.00	1.00	6	5.80	3.00
55-64	3	3.00	2.00	4	4.00	3.00
Over 64	2	2.00	2.79	0	0.00	0.13
<b>Total</b>	<b>58</b>	<b>56.1</b>	<b>16.2</b>	<b>57</b>	<b>55.1</b>	<b>24.99</b>
<b>Classification</b>						
EO 2	0	0.00	2.00	0	0.00	1.00
EO 3	0	0.00	0.00	0	0.00	1.00
Other	0	0.00	1.00	0	0.00	1.13
Senior Specialist	5	5.00	0.00	4	4.00	1.00
VPS 2	1	1.00	2.41	0	0.00	3.46
VPS 3	19	18.30	3.00	9	8.80	6.40
VPS 4	12	11.40	2.00	22	21.60	5.00
VPS 5	17	16.40	4.00	16	14.70	4.00
VPS 6	4	4.00	1.79	6	6.00	2.00
<b>Total</b>	<b>58</b>	<b>56.1</b>	<b>16.2</b>	<b>57</b>	<b>55.1</b>	<b>24.99</b>

\*Excludes staff on leave without pay, volunteers, contractors and consultants. Employees reported as 'secondees' are included in the 'fixed term' counts.



# Statutory disclosures

Under the Standing Direction 4.2 Reporting Requirements for the Department of Treasury and Finance and the *Financial Management Act 1994*, we are required to report on a number of statutory disclosures. The disclosure index is at Appendix 5.

## 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 office for the year ended 30 June 2015.



Deborah Glass OBE  
**Ombudsman**

19 September 2015

## 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 10 outlines the outputs our office provided to the government.

**Table 10: Output statement for 2014-15**

Output	Unit of measure	2013-14 target	2013-14 actual	2014-15 target	2014-15 actual
<b>Quantity measures</b>					
<b>Jurisdictional complaints finalised</b>	<b>number</b>	<b>14,000</b>	<b>13,152</b>	<b>14,000</b>	<b>13,864</b>
<b>Comment:</b> The quantity measure results are contingent on circumstances which arise during the year including the number of approaches.					
<b>Reports tabled in Parliament</b>	<b>number</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>8</b>
<b>Comment:</b> The number of reports tabled in any year is contingent on a range of circumstances, including the length of the investigative and reporting process, the complexity of the subject matter and the parliamentary timetable. This year we undertook two major reports for which we took submissions and this lengthened the process. The Ombudsman is seeking changes to legislation to enable her to table reports when Parliament is not sitting, in line with other similar agencies.					
<b>Quality measures</b>					
<b>Proportion of jurisdictional complaints where the original outcome is set aside by a review undertaken in accordance with the Ombudsman's internal review policy</b>	<b>per cent</b>	<b>Not measured</b>	<b>n/a</b>	<b>&lt;1.5%</b>	<b>0.04%</b>
<b>Comment:</b> The office exceeded its target for this quality measure.					
<b>Recommendations accepted by agencies upon completion of investigations</b>	<b>per cent</b>	<b>80</b>	<b>86</b>	<b>90</b>	<b>96</b>
<b>Comment:</b> The 2014-15 result exceeds the target due to the Ombudsman's office putting much effort into ensuring that its investigations are thorough and fair. This includes seeking input from agencies subject to investigation to ensure that recommendations are well founded and achievable.					
<b>Timeliness measures</b>					
<b>Complaints resolved within 30 calendar days of receipt</b>	<b>per cent</b>	<b>95</b>	<b>92</b>	<b>95</b>	<b>88</b>
<b>Comment:</b> The under-target outcome for the timeliness measure is a result of an increased workload due to: <ul style="list-style-type: none"> <li>increase in jurisdictional cases handled by the office</li> <li>increase in the number of complaints the Ombudsman enquired into or investigated, improving outcomes for more people</li> <li>impact of completing the Ombudsman's investigation into <i>Reporting and investigation of allegations of abuse in the disability sector: Phase 1 – the effectiveness of statutory oversight</i> within tight timeframes to inform the Victorian Parliamentary Inquiry into Abuse in Disability Services and the quality and safeguarding framework of the National Disability Insurance Scheme.</li> </ul>					

## Employment and conduct principles

The office of the Victorian Ombudsman is committed to applying merit and equity principles when appointing staff. Our selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination.

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

### Public sector employment principles

We embrace the public sector employment principles established under section 66 of the Public Administration Act. We ensure that:

- 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 public service is fostered.

We also ensure that human rights, as set out in the Charter of Human Rights, are upheld.

## Workforce information

Refer to Tables 8 and 9 on page 55 for our office's comparative workforce data.

## Workforce inclusion

We are committed to providing a working environment where equal opportunity and diversity are valued. Our workforce inclusion practices have resulted in 30 per cent male and 70 per cent female ongoing, fixed term or casual employees this financial year. Three quarters of our senior level staff (VPS 6 and above) are female.

Our commitment to equal opportunity extends back many decades. One of the legacies of Mr Norman Geschke, who served as Victorian Ombudsman from 1980 to 1994, was employing more female investigation officers. This progressive approach continues, with a new focus on accommodating more flexible work arrangements.

### Disability Action Plan

In compliance with section 38 of the *Victorian Disability Act 2006*, we have a Disability Action Plan.

In 2014-15 we implemented some new strategies to reduce the barriers to people with disability accessing our services. We produced more information in accessible formats, such as Easy English fliers and presentations, video and audio. We used these formats when calling for public submissions as part of the investigation into allegations of abuse in the disability sector.

We encourage new employees to confidentially disclose any disability, so that we may assist with any ongoing support needs.

### Occupational health and safety

Under section 25 of the *Occupational Health and Safety Act 2004*, employees must take reasonable care for their own 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.

We continued to make stress management and psychological and physical wellbeing programs available to staff over the year.

In June 2015, we engaged the Victorian Equal Opportunity and Human Rights Commission to deliver training on equal opportunity, discrimination, bullying and harassment, and on our Valuing Staff policy and Issue and Dispute Resolution policy.

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

**Table 11: Performance against Occupational Health and Safety management measures**

Measure	Key Performance Indicator	2013-14	2014-15
Incidents	No. of reported incidents	1	3
Claims*	No. of standard claims**	1	2
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim	\$85	\$6,924***
Return to work	Percentage of claims with return to work plan <30 days	N/A	N/A
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS and OHS plans	Completed	Completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	Completed	Completed
	Compliance with agreed structure of DWGs, HSRs and IRPs	Completed	Completed
Risk management	Percentage of internal audits/inspections conducted as planned	100%	100%
	Percentage of issues resolved arising from: - internal audits and inspections - HSR Provisional Improvement Notices (PINs) - WorkSafe Notices	100%	100%
Training	Percentage of staff that have received OHS training:		
	- induction	100%	100%
	- contractors and temporary staff	100%	100%
	Percentage of health and safety representatives trained:		
	- on acceptance of role	100%	100%
	- on reporting of incidents and injuries	100%	100%

\*Data for standard claims, time lost claims and fatality claims are at 30 June for the year shown.

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

\*\*\*This increased cost reflects the nature of one injury claimed for, requiring hospitalisation, extensive physiotherapy and two weeks absence from work.

## 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 2014-15 our office had no procurements or projects to which the policy applied.

## Corporate governance

The corporate governance structure is set out at Appendix 4.

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 of the Ombudsman to the Ombudsman personally. Employees or executive staff exercise only the powers and functions that the Ombudsman delegates to them.

The Ombudsman's stewardship is supported by two committees – the Governance Committee and the Audit and Risk Committee. Each committee:

- has terms of reference that are approved by the Ombudsman stating:
- the purpose and membership
- meeting frequency<sup>14</sup>
- record keeping obligations
- reporting obligations
- may coopt expertise from across the office as required
- receives appropriate secretariat support
- reviews performance against purpose at least annually.

## Governance Committee

While the governance framework has many elements, the key internal mechanism is the Governance Committee. Consisting of the Ombudsman, the Deputy Ombudsman and the Assistant Ombudsman, the committee reviews the following prior to the Ombudsman's formal approval:

- the strategic framework
- annual business plan
- new policies
- substantive revisions to existing policies
- strategies and plans that commit significant resources
- information systems changes.

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<sup>14</sup> Which may be that the committee meets as frequently as it sees fit.

The committee regularly reviews the status of the Victorian Ombudsman's:

- budget
- compliance obligations
- strategic risks
- business continuity planning
- information management governance
- Privacy and Data Protection Act standards and requirements including our information security management
- key performance indicators
- quality assurance reports
- workforce metrics
- annual business plan.

## Audit and Risk Committee

The *Standing Directions of the Minister for Finance* state<sup>15</sup>:

Each public sector agency must, unless an exemption has been obtained, appoint an audit committee to oversee and advise the public sector agency on matters of accountability and internal control affecting the operations of the public sector agency.

Our Audit and Risk Committee membership is shown in Table 12.

Table 12: Audit and Risk Committee membership	
Independent member and Chairperson	<b>Adam Awty</b> Chief Financial Officer and Company Secretary CPA Australia
Independent member	<b>Andrew Dell</b> Head of IT Security Services Operations National Australia Bank
Victorian Ombudsman representative (ex officio)	<b>Megan Philpot</b> Deputy Ombudsman Office of the Victorian Ombudsman
Victorian Ombudsman representative (ex officio)	<b>Stephen Mumford</b> Assistant Ombudsman Office of the Victorian Ombudsman

The committee's role is to review and advise our executive about all matters of financial accountability, internal financial control and risk management, including:

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

The committee met four times in 2014-15.

## Attestation for Compliance with Standing Direction 4.5.5 Risk management framework and processes

I, Deborah Glass, certify that the office of the Victorian Ombudsman has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes.

The Victorian Ombudsman Audit and Risk Committee verifies this.



Deborah Glass OBE  
**Ombudsman**

19 September 2015

15 Direction 2.2, procedure 'e'.

## Strategically focussed

Our Corporate Planning Framework is based on the six core elements of the Victorian Government's Strategic Management Framework<sup>16</sup>:

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

Key outputs from the Corporate Planning Framework are:

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

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

## Transparent and accountable

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

Our actions are also accountable through:

- publishing our policies on our website
- tabling reports in Parliament
- internal review and complaint processes
- establishing performance criteria for every member of staff
- our Audit and Risk Committee.

## Committed to compliant practices

We are committed to ensuring compliance with all relevant obligations, internal and external. We maintain a compliance register to ensure there is a clear line of accountability for meeting these requirements. We also use quality assurance and internal audit programs to monitor our compliance.

## Ethical culture

Good governance practices are only fully 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 allows our office to lead the public sector by example.

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

- role 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 the Conflict of Interest Policy and the Financial Code of Practice.

## 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.

<sup>16</sup> Department of Treasury and Finance, *Strategic Management Framework*, May 2011.



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.

## Procurement

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

- a governance framework, which establishes processes, authorities, accountabilities and relationships for us to manage our procurement function
- an assessment of capability within our organisation to ensure that we are able to manage the scope and complexity of our procurement activities
- a policy for managing complaints about our procurements.

We received no complaints about our procurement activities in 2014-15.

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 \$150,000 or greater on government advertising expenditure. Accordingly, I make a nil report statement against this requirement.

## Consultancy expenditure

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 this context, we engaged four consultants in 2014-15 where the total fee was in excess of \$10,000, as shown in Table 13.

We also engaged one consultant where the total fees payable to the individual consultancy was less than \$10,000. The total expenditure incurred during 2014-15 in relation to this consultant was \$6,252 (excluding GST).

**Table 13: Consultants engaged where fee was over \$10,000**

Consultant	Purpose	Start date	End date	Total fee (ex GST)	Expenditure in 2014-15 (ex GST)	Future expenditure (ex GST)
Blueprint Information Security P/L	Develop an information security management system	April 2014	April 2015	\$71,100	\$16,600	Nil
Business as Usual	Business continuity planning and training	April 2014	March 2015	\$42,252	\$6,252	Nil
LAG Consulting	Develop an organisational structure strategy and supporting arrangements	June 2014	September 2014	\$27,000	\$15,000	Nil
Lynne Haultain	Develop a communication and engagement strategy	July 2014	October 2014	\$25,600	\$25,600	Nil



## Declaration of private interests

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

## Compliance with the *Building Act 1993*

We do not own or control any government buildings and 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.

## Office-based environmental impacts

We continue to monitor our impact on the environment. Our use of electrical power, paper and office vehicles over the last five years is outlined below.

### Waste

In 2014-15 we continued to recycle all recyclable materials including paper, cardboard, plastics and glass. The materials are placed in segregated recycling bins throughout the office. The bin contents are cleared daily and deposited into communal recycling facilities serving all tenants in the building. Printer consumable wastes are now separately collected.

### Electrical power

In 2014-15 electricity use was two per cent lower than in 2013-14, when measured on a per FTE staff member basis. Emissions of greenhouse gas in 2014-15 per FTE staff member were lower than the previous four years due to:

- continuing substitution of some power needs with government accredited green power sources
- volume dilution, as we employed more FTE staff members than the previous year.

Table 14: Electricity usage since 2010-11

	2010-11	2011-12	2012-13	2013-14	2014-15
Total electricity used in the office (gigajoules)	312	305	320	362	394
Electricity used per FTE staff member (megajoules)	4,521	4,696	4,792	5,003	4,917
Electricity used per m <sup>2</sup> office space (megajoules)	249	243	255	288	314
Net greenhouse emissions	96	90	94	101	109
Net greenhouse emissions per FTE staff member (tonnes)	1.39	1.39	1.40	1.40	1.37

## Water

There are no separate water metering facilities for individual tenancies in the building occupied by the office. However, we use water efficient appliances wherever possible and have signage in our kitchens and bathrooms reminding staff to save water.

## Paper

In 2014-15, our paper use – both in total and per FTE staff member – was below 2013-14 figures.

We calculate reams of paper used from the amount of paper purchased. In 2014-15 the decrease is partly due to a reduction in paper purchased this year and staff using paper accumulated from previous years' purchases. We have notified our paper supplier to reduce the number of reams ordered accordingly.

**Table 15: Paper usage since 2010-11**

	2010-11	2011-12	2012-13	2013-14	2014-15
Total paper used in office (reams)	1,227	1,165	1,195	1,121	893
Paper used per FTE staff member (reams)	17.78	17.95	17.88	15.50	11.15

**Table 16: Vehicle usage since 2010-11**

	2010-11	2011-12	2012-13	2013-14	2014-15
<b>Passenger vehicle trips</b>					
Total kilometres driven	35,589	31,865	36,346	31,390	36,397
Kilometres driven per FTE staff member	516	491	544	434	454
<b>Greenhouse gas emissions associated with vehicles</b>					
Total tonnes CO <sub>2</sub> -e emitted	6.93	6.20	5.59	4.46	5.17
Tonnes CO <sub>2</sub> -e emitted per FTE staff member	0.10	0.10	0.08	0.06	0.06

## Vehicles

We use public transport for official business rather than office cars where feasible. We have three vehicles, which are all hybrid electric/petrol vehicles. The increase in total kilometres driven and kilometres per FTE staff member for 2014-15, compared to 2013-14, is due to our commitment to engage more with the community by visiting rural and regional areas. This also led to an increase in vehicle carbon emissions in 2014-15.

## Freedom of Information

This section contains information about our obligations under Part II of the *Freedom of Information Act 1982* (the FOI Act).

The FOI Act creates a right for the public to access certain documents held by public sector agencies, including the Victorian Ombudsman.

In 2014-15 we received three FOI requests for documents.

## Categories of documents held

The Victorian Ombudsman holds the following categories of documents:

- reports dealing with issues of public interest, which are tabled in Parliament and posted on our website
- internal administrative and operational documents
- internal policy and procedural documents
- documents concerning the development or implementation of policy and legislation
- personnel and human resources documents
- financial records
- legislation and law reports
- documents obtained or created in the course of conducting investigations or making enquiries, including complaints, correspondence, file notes and reports
- documents relating to our functions under the Protected Disclosure Act
- background material, records of conversation, analysis and advice
- fact sheets, brochures and promotional material.

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

The FOI Act does not apply to documents that disclose information about:

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

## Publicly available information

The following materials are on our website:

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

This material can also be requested by phone or in writing.

Level 1 North Tower  
459 Collins 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 a Freedom of Information request

### Access to records

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

### Forms of request for access

The FOI Act requires applications in writing. A letter clearly describing the document or documents sought is sufficient. The letter should specify that the application is a request made under the FOI Act and should not form part of a letter on another subject. The applicant should provide the following information:

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

A request for a correction or amendment of personal information contained in a document held by us must be made in writing. It should specify particulars of how and why the person making the request believes the information to be incorrect, incomplete, misleading or out of date and specify the amendments that they wish to have made.

Requests should be made to:

FOI Officer  
Victorian Ombudsman  
Level 1 North Tower  
459 Collins Street  
Melbourne VIC 3000

An authorised officer can be contacted by telephone on (03) 9613 6222 or toll free for regional callers on 1800 806 314 to answer questions about making an application.

## Charges

An application fee of \$27.20 is required unless an authorised officer, satisfied that the payment of the fee would cause hardship, waives that fee.

## Appeals

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

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

Further information about the FOI Act is available online at [www.foi.vic.gov.au](http://www.foi.vic.gov.au).

## DataVic Access Policy

The intent of the government's *DataVic Access Policy* is to enhance public access to the vast range of information held by Victorian government agencies. Access is available at [www.data.vic.gov.au](http://www.data.vic.gov.au).

In 2014-15, we began work on assessing a range of categories of datasets that may be suitable for broader use, including at DataVic. These initial datasets are the ones that have been made available to the general public through this annual report. We will further assess datasets for this purpose in 2015-16, as part of a data analytics project being undertaken as part of our *Digital Strategy 2015-18*.

Comprehensive information about our office is already available on our website at: [www.ombudsman.vic.gov.au](http://www.ombudsman.vic.gov.au).

# Financial statements

**VAGO**

Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
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Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## INDEPENDENT AUDITOR'S REPORT

### To the Victorian Ombudsman, Office of the Ombudsman

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 of the Victorian Ombudsman which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Accountable Officer's and Chief Financial Officer's declaration has been audited.

#### *The Victorian Ombudsmans' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Victorian Ombudsman, as well as evaluating the overall presentation of the financial report.

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



## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Office of the Ombudsman as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE  
18 September 2015

  
 for John Doyle  
 Auditor-General

## OFFICE OF THE OMBUDSMAN

### *Comprehensive operating statement For the year ended 30 June 2015*

	Notes	2015 \$	2014 \$
<b>Income from transactions</b>			
Grants	2	<u>11,993,618</u>	<u>11,199,391</u>
<b>Total income from transactions</b>		<u>11,993,618</u>	<u>11,199,391</u>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	9,276,582	8,147,522
Depreciation	3(b)	139,864	142,336
Finance lease interest		870	4,005
Capital asset charge	1(f)	184,000	179,000
Supplies and services	3(c)	<u>2,425,514</u>	<u>2,668,994</u>
<b>Total expenses from transactions</b>		<u>12,026,830</u>	<u>11,141,857</u>
<b>Net result from transactions</b>		<u>(33,212)</u>	<u>57,534</u>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on disposal of property, plant and equipment		(5,312)	1,815
Net loss arising from revaluation of leave liabilities		<u>(9,385)</u>	<u>(1,725)</u>
<b>Total other economic flows included in net result</b>		<u>(14,697)</u>	<u>90</u>
<b>Net result</b>		<u>(47,909)</u>	<u>57,624</u>
<b>Other economic flows – other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Comprehensive result</b>		<u>(47,909)</u>	<u>57,624</u>

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



## OFFICE OF THE OMBUDSMAN

### *Balance sheet* *As at 30 June 2015*

	Notes	2015 \$	2014 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash on hand		1,000	1,000
Receivables	4	<u>1,156,118</u>	<u>1,400,985</u>
<b>Total financial assets</b>		<u>1,157,118</u>	<u>1,401,985</u>
<b>Non-financial assets</b>			
Prepayments		51,773	52,284
Property, plant and equipment	5	441,125	501,289
Intangible assets	6	<u>22,405</u>	<u>37,194</u>
<b>Total non-financial assets</b>		<u>515,303</u>	<u>590,767</u>
<b>Total assets</b>		<u>1,672,421</u>	<u>1,992,752</u>
<b>Liabilities</b>			
Payables		240,457	432,297
Provisions	7	1,676,857	1,765,454
Borrowings	8	<u>91,434</u>	<u>83,419</u>
<b>Total liabilities</b>		<u>2,008,748</u>	<u>2,281,170</u>
<b>Net liabilities</b>		<u>(336,327)</u>	<u>(288,418)</u>
<b>Equity</b>			
Contributed capital		513,376	513,376
Accumulated deficit		<u>(849,703)</u>	<u>(801,794)</u>
<b>Total equity / (deficit)</b>		<u>(336,327)</u>	<u>(288,418)</u>

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

## OFFICE OF THE OMBUDSMAN

### *Statement of changes in equity* *For the year ended 30 June 2015*

	Contributed capital \$	Accumulated deficit \$	Total \$
Balance at 1 July 2013	513,376	(859,418)	(346,042)
Net result for the year		57,624	57,624
<b>Balance at 30 June 2014</b>	<b>513,376</b>	<b>(801,794)</b>	<b>(288,418)</b>
Net result for the year		(47,909)	(47,909)
<b>Balance at 30 June 2015</b>	<b>513,376</b>	<b>(849,703)</b>	<b>(336,327)</b>

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

## OFFICE OF THE OMBUDSMAN

### *Cash flow statement* *For the year ended 30 June 2015*

	Notes	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from government		12,420,178	11,155,614
Payments to suppliers and employees		(12,173,100)	(10,827,342)
Capital asset charge paid		(184,000)	(179,000)
Interest and other finance costs paid		(870)	(4,005)
<b>Net cash flows from operating activities</b>	16	<b>62,208</b>	<b>145,267</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(41,269)	(121,632)
Proceeds from disposal of property, plant and equipment		37,091	13,545
<b>Net cash flows used in investing activities</b>		<b>(4,178)</b>	<b>(108,087)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases		(58,030)	(37,180)
<b>Net cash flows used in financing activities</b>		<b>(58,030)</b>	<b>(37,180)</b>
<b>Net increase in cash held</b>		<b>-</b>	<b>-</b>
Cash at the start of the year		1,000	1,000
<b>Cash at the end of the year</b>		<b>1,000</b>	<b>1,000</b>

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

## Note 1. Summary of significant accounting policies

### (a) Statement of compliance

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

### (b) Basis of preparation

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision.

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

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

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

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

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

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

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

### (c) Reporting entity

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

Level 1, 459 Collins Street  
Melbourne Victoria 3000

## Notes to the financial statements

30 June 2015

FOREWORD

ABOUT  
THE VO

OUR  
WORK

FAIRNESS

ACCOUNTABILITY

COLLABORATION

HUMAN  
RIGHTS

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PERFORMANCE

OUR  
ORGANISATION

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### *Objectives and funding*

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

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

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

### **(d) Scope and presentation of financial statements**

#### *Comprehensive operating statement*

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

#### *Balance sheet*

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

#### *Statement of changes in equity*

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

#### *Cash flow statement*

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

### **(e) Income from transactions**

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

#### *Grants*

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

### **(f) Expenses from transactions**

#### *Employee benefits*

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

## Notes to the financial statements

30 June 2015

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

The Department of Treasury and Finance (DTF) centrally recognises, on behalf of the State as the sponsoring employer, the defined benefit liability or surplus of most Victorian government employees in such funds. Refer to DTF's annual financial statements for more detailed disclosures in relation to these plans.

### *Depreciation*

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

Intangible produced assets with finite useful lives are depreciated as an expense from transactions on a straight-line basis over the asset's useful life. Depreciation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives, residual values and depreciation method are reviewed at least annually. Typical estimated useful lives applicable for the years ended 30 June 2015 and 30 June 2014 are as follows:

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

### *Finance lease interest*

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

### *Capital asset charge*

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

### *Supplies and services*

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

## **(g) Other economic flows included in net result**

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

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

### *Disposal of non-financial assets*

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

### *Impairment of non-financial assets*

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

## Notes to the financial statements

30 June 2015

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

### *Impairment of financial assets*

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

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

### *Other gains/(losses) from other economic flows*

Other gains/(losses) from other economic flows include the gains or losses from:  
the revaluation of the present value of leave liabilities due to changes in bond interest rates.

## **(h) Financial assets**

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

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

### *Cash and deposits*

Cash and deposits comprise cash on hand and cash at bank, deposits at call and short term deposits that are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

### *Receivables*

Receivables consist of:

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

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

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

## **(i) Non-financial assets**

### *Prepayments*

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

### *Property, plant and equipment*

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



The initial cost for non-financial physical assets under a finance lease (see note 1(k)) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

#### *Intangible assets*

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

### **(j) Liabilities**

#### *Payables*

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

#### *Provisions*

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

#### *Employee benefits*

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

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

#### *Borrowings*

Borrowings of the Office relate to finance leases on motor vehicles - see note 1(k).

### **(k) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

## Notes to the financial statements

30 June 2015

Operating lease payments are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

### (l) Goods and services tax

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

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

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

### (m) Contributed capital

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

### (n) Commitments

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

### (o) Contingent assets and contingent liabilities

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

### (p) Going concern basis

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

### (q) New accounting standards and interpretations

Subsequent to the 2013-14 reporting period, the following new and revised Australian Accounting Standards have been adopted in the current period with their financial impact detailed as below.

AASB 10 *Consolidated Financial Statements* provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The approach requires the satisfaction of all three criteria for control to exist over another entity for financial reporting purposes:

- (a) The investor has power over the investee;
- (b) The investor has exposure, or rights to variable returns from its involvement with the investee; and
- (c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the criteria prescribed in AASB 10, the Office has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the financial statements. The Office has concluded that no entity has met the control criteria.

AASB 12 *Disclosure of Interests in Other Entities* prescribes the disclosure requirements for an entity's interests in subsidiaries, associates, joint arrangements and extends to the entity's association with unconsolidated structured entities.

The Office has reviewed its current contractual arrangements to determine if there are any unconsolidated structured entities that the Office has involvement with. The review did not identify any unconsolidated structured entities requiring disclosure.

**(r) Accounting standards issued but not yet effective**

As at 30 June 2015, the following standards and interpretations, applicable to the Office, had been issued but were not mandatory for the 30 June 2015 reporting period.

*AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*, applicable for reporting periods commencing 1 July 2016. This standard provides scope-limited relief for not-for-profit public sector entities from making certain specified disclosures about the fair value measurement of assets within the scope of AASB 116 Property, Plant and Equipment. In accordance with FRD 7A *Early adoption of authoritative accounting pronouncements*, the Office has elected to early adopt AASB 2015-7 for the 2014-15 reporting period. Specifically, for fair value measurements that have been categorised within Level 3 of the fair value hierarchy, the Office is no longer required to provide quantitative information about the ‘significant unobservable inputs’ used in the fair value measurement.

The Office has elected not to early adopt the following standards.

*AASB 9 Financial Instruments*. The key changes include 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. Applicable for annual reporting periods beginning on 1 January 2018. The assessment has identified that the financial impact of available for sale assets will now be reported through other comprehensive income and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

*AASB 15 Revenue from Contracts with Customers*. The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Applicable for annual reporting periods beginning on 1 January 2017. (Exposure Draft 263 – potential deferral to 1 January 2018). 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.

*AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]*. Amends AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets* to:

- establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset;
- prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.

Applicable for annual reporting periods beginning on 1 January 2016. There is no expected impact as the revenue-based method is not used for depreciation and amortisation.

*AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]*. The amendments extend the scope of AASB 124 *Related Party Disclosures* to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities. Applicable for annual reporting periods beginning on 1 January 2016. The amending standard will result in extended disclosures on the Office's key management personnel, and related party transactions.

Notes to the financial statements  
30 June 2015

	2015 \$	2014 \$
<b>Note 2. Income from transactions</b>		
<b>Grants</b>		
Grants from Department of Premier and Cabinet	11,993,618	11,199,391
<b>Total income from transactions</b>	<b>11,993,618</b>	<b>11,199,391</b>
<b>Note 3. Expenses from transactions</b>		
Expenses from transactions includes:		
<b>(a) Employee expenses</b>		
Salaries and wages	7,279,842	6,277,259
Superannuation		
- Defined contribution plans	630,412	530,767
- Defined benefits plans	56,167	72,876
Annual and long service leave expense	861,611	857,117
On-costs	448,550	409,503
Total employee expenses	9,276,582	8,147,522
<b>(b) Depreciation</b>		
Building fitouts	51,904	41,796
Office furniture and equipment	51,426	51,373
Motor vehicles under finance lease	21,744	25,801
Capitalised software development	14,790	23,366
Total depreciation	139,864	142,336
<b>(c) Supplies and services</b>		
Purchase of services	485,243	342,102
Lease rentals and outgoings	707,473	712,362
Information technology costs	658,756	980,805
Other supplies and services	574,042	633,724
Total supplies and services	2,425,514	2,668,994
<b>Note 4. Receivables</b>		
<b>Current:</b>		
<b>Contractual</b>		
Other receivables	-	12,474
	-	12,474
<b>Statutory</b>		
GST recoverable	3,050	30,648
Amounts receivable from Victorian government departments	914,150	1,138,048
	917,200	1,168,696
<b>Total current</b>	<b>917,200</b>	<b>1,181,170</b>
<b>Non-current:</b>		
<b>Statutory</b>		
Amounts receivable from Victorian government departments	238,918	219,815
	238,918	219,815
<b>Total receivables</b>	<b>1,156,118</b>	<b>1,400,985</b>

**Notes to the financial statements**  
30 June 2015

	2015 \$	2014 \$
<b>Note 5. Property, plant and equipment</b>		
Building fitouts at fair value	588,376	528,441
Less: accumulated depreciation	<u>(302,417)</u>	<u>(259,885)</u>
	<u>285,959</u>	<u>268,556</u>
Office furniture and equipment at fair value	503,904	589,612
Less: accumulated depreciation	<u>(439,054)</u>	<u>(438,829)</u>
	<u>64,850</u>	<u>150,783</u>
Motor vehicles under finance lease at fair value	123,157	129,009
Less: accumulated depreciation	<u>(32,841)</u>	<u>(47,059)</u>
	<u>90,316</u>	<u>81,950</u>
<b>Total property, plant and equipment</b>	<u><u>441,125</u></u>	<u><u>501,289</u></u>
<b>Reconciliation of carrying amounts</b>		
<i>Building fitouts</i>		
Carrying amount at start of year	268,556	243,306
Additions	28,779	67,046
Disposals	(6,468)	-
Transfers between classes	46,996	-
Depreciation expense (note 3(b))	<u>(51,904)</u>	<u>(41,796)</u>
Carrying amount at end of year	<u>285,959</u>	<u>268,556</u>
<i>Office furniture and equipment</i>		
Carrying amount at start of year	150,783	147,570
Additions	12,489	54,586
Transfers between classes	(46,996)	-
Depreciation expense (note 3(b))	<u>(51,426)</u>	<u>(51,373)</u>
Carrying amount at end of year	<u>64,850</u>	<u>150,783</u>
<i>Motor vehicles under finance lease</i>		
Carrying amount at start of year	81,950	107,751
Additions	66,044	-
Disposals	(35,934)	-
Depreciation expense (note 3(b))	<u>(21,744)</u>	<u>(25,801)</u>
Carrying amount at end of year	<u>90,316</u>	<u>81,950</u>

	Carrying amount	Fair value measurement using:		
		Level 1	Level 2	Level 3
Fair value measurement hierarchy* at 30 June 2015	\$	\$	\$	\$
Building fitouts	285,959	-	-	285,959
Office furniture and equipment	64,850	-	-	64,850
Total at fair value	<u>350,809</u>	-	-	<u>350,809</u>
Fair value measurement hierarchy* at 30 June 2014				
Building fitouts	268,556	-	-	268,556
Office furniture and equipment	150,783	-	-	150,783
Total at fair value	<u>419,339</u>	-	-	<u>419,339</u>

\* See fair value hierarchy in note 1(b)

There have been no transfers between levels during the period.

## Notes to the financial statements

30 June 2015

### Reconciliation of Level 3 fair value

	Building fitouts	Office furniture and equipment
	\$	\$
<b>2015</b>		
Opening balance	268,556	150,783
Purchases	28,779	12,489
Disposals	(6,468)	
Reclassification	46,996	(46,996)
Depreciation	(51,904)	(51,426)
Closing balance	285,959	64,850
<b>2014</b>		
Opening balance	243,306	147,570
Purchases	67,046	54,586
Depreciation	(41,796)	(51,373)
Closing balance	268,556	150,783

### Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant Unobservable Inputs
Building fitouts	Depreciated replacement cost	Cost per item Useful life
Office furniture and equipment	Depreciated replacement cost	Cost per unit Useful life

As disclosed in note 1(r), the Office has elected to early adopt AASB 2015-7 for the 2014-15 reporting period. Accordingly, the Office is no longer required to provide quantitative information about the 'significant unobservable inputs' used in the fair value measurements of assets categorised within Level 3 of the fair value hierarchy.

	2015	2014
	\$	\$
<b>Note 6. Intangible assets</b>		
Capitalised software development – at cost	104,750	104,750
Less: accumulated depreciation	(82,345)	(67,555)
	22,405	37,195
Carrying amount at start of year	37,195	60,561
Depreciation expense (note 3(b))	(14,790)	(23,366)
Carrying amount at end of year	22,405	37,195

**Notes to the financial statements**  
30 June 2015

	2015 \$	2014 \$
<b>Note 7. Provisions</b>		
<b>Current:</b>		
Employee benefits		
- Annual leave		
Expected to be paid within 12 months	536,366	426,779
Expected to be paid after 12 months	88,036	105,199
- Long service leave		
Expected to be paid within 12 months	184,516	90,577
Expected to be paid after 12 months	469,868	751,125
- Performance bonus	30,000	49,000
Restoration costs	122,959	122,959
	<u>1,431,745</u>	<u>1,545,639</u>
<b>Non-current:</b>		
Employee benefits		
- Long service leave	245,112	219,815
	<u>245,112</u>	<u>219,815</u>
<b>Total provisions</b>	<u>1,676,857</u>	<u>1,765,454</u>

**Note 8. Borrowings**

<b>Secured</b>		
Current lease liabilities	45,380	32,386
Non-current lease liabilities	46,054	51,033
	<u>91,434</u>	<u>83,419</u>
<b>Total borrowings</b>	<u>91,434</u>	<u>83,419</u>

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

***Assets pledged as security***

The carrying amounts of non-current assets pledged as security are:

Motor vehicles under finance lease	90,316	81,950
	<u>90,316</u>	<u>81,950</u>

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



## Notes to the financial statements

30 June 2015

### Note 9. Financial instruments

#### (a) Significant accounting policies

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

#### (b) Categorisation of financial instruments

		Carrying amount	
		2015	2014
		\$	\$
<b>Financial assets</b>	<b>Note</b>		
Cash on hand		1,000	1,000
Receivables *	4	-	12,474
		<u>1,000</u>	<u>13,474</u>
<b>Financial liabilities</b>			
Payables		240,456	432,297
Borrowings	8	91,434	83,419
		<u>331,890</u>	<u>515,716</u>
Net holding gain/(loss) on financial instruments by category:			
<b>Financial liabilities</b>			
Payables		-	-
Borrowings		(870)	(4,005)
		<u>(870)</u>	<u>(4,005)</u>

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

- The net holding gains or losses disclosed for financial liabilities are measured at amortised cost, the net gain or loss is the related interest expense.

#### (c) Credit risk

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

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

Financial assets that are either past due or impaired:

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

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

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. There are no financial assets that are past due but not impaired.

**(d) Liquidity risk**

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

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

The contractual maturity analysis of financial liabilities is as follows:

	Carrying amount \$	Nominal amount \$	Maturity dates *			
			Less than 1 month \$	1-3 months \$	3 months – 1 year \$	1-5 years \$
<b>2015</b>						
Payables	240,456	240,456	240,456			
Borrowings	91,434	97,806	2,404	4,808	42,183	48,411
	<b>331,890</b>	<b>338,262</b>	<b>242,860</b>	<b>4,808</b>	<b>42,183</b>	<b>48,411</b>
<b>2014</b>						
Payables	432,297	432,297	432,297			
Borrowings	83,419	89,290	2,661	5,322	28,696	52,611
	<b>515,716</b>	<b>521,587</b>	<b>434,958</b>	<b>5,322</b>	<b>28,696</b>	<b>52,611</b>

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

**(e) Market risk**

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

**(f) Fair value**

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

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

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

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

Notes to the financial statements  
30 June 2015

**Note 10. Commitments for expenditure**

	2015 \$	2014 \$
<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	504,734	490,032
Later than one year but not later than five years	93,937	581,232
	<u>598,671</u>	<u>1,071,264</u>
<b>Outsourcing commitments</b>		
Commitments under outsourcing contracts for human resources services payable:		
Within one year	107,470	87,295
Later than one year but not later than five years	224,569	276,349
	<u>332,039</u>	<u>363,644</u>
<b>Finance lease liabilities</b>		
Commitments in relation to finance leases are payable as follows:		
Within one year	49,395	36,680
Later than one year but not later than five years	48,411	52,611
Minimum lease payments	97,806	89,291
Less: future finance charges	(6,372)	(5,872)
Total lease liabilities	<u>91,434</u>	<u>83,419</u>
Shown in the financial statements (note 8) as:		
Current	45,380	32,386
Non-current	46,054	51,033
	<u>91,434</u>	<u>83,419</u>

**Note 11. Contingent liabilities and contingent assets**

There are no contingent liabilities or contingent assets for the Office at 30 June 2015 or at 30 June 2014.

**Note 12. Responsible persons**

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

Responsible Minister	The Hon Daniel Andrews, MP, Premier (from 4 December 2014) The Hon Dr Denis Napthine, MP, Premier (to 4 December 2014)
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 income bands shown below:

Income band	2015 No.	2014 No.
\$110,000 - \$119,999	-	1
\$400,000 - \$409,999	-	1
\$470,000 - \$479,999	1	-

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

**Other transactions**

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

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

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

Income band	Total remuneration		Base remuneration	
	2015 No.	2014 No.	2015 No.	2014 No.
\$130,000 - \$139,999	1	-	1	-
\$150,000 - \$159,999			1	-
\$170,000 - \$179,999			1	-
\$180,000 - \$189,999	1	-	1	-
\$210,000 - \$219,999	1	-		
\$260,000 - \$269,999			-	1
\$270,000 - \$279,999			-	1
\$290,000 - \$299,999	-	1		
\$330,000 - \$339,999	1	1		
Total numbers	4	2	4	2
Total amount (\$)	\$880,387	\$632,563	\$654,774	\$539,650
Total annualised employee equivalent	2.0	2.0	2.0	2.0

Notes to the financial statements  
30 June 2015

**Note 14. Remuneration of auditors**

	2015 \$	2014 \$
<b>Audit fees paid or payable to the Victorian Auditor-General's Office</b>		
Audit of the annual financial statements	14,800	14,400

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

**Note 15. Superannuation**

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

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

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

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

<b>Defined benefit funds</b>	Emergency Services and State Super
	- New Scheme
<b>Accumulation funds</b>	VicSuper

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

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

	2015 \$	2014 \$
Net result	(47,909)	57,624
<i>Non-cash movements</i>		
Depreciation	139,864	142,336
(Gain)/Loss on disposal of non-current assets	5,312	(1,815)
Change in operating assets and liabilities		
(Increase)/decrease in receivables	244,867	(284,384)
(Increase)/decrease in prepayments	511	(4,555)
Increase/(decrease) in payables	(191,840)	(16,728)
Increase/(decrease) in provisions	(88,597)	252,789
Net cash flows from operating activities	62,208	145,267

## Note 17. 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 2015, net administered assets amounted to \$6,393 (2014 - nil).

## Note 18. Glossary of terms

### *Annualised employee equivalent*

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

### *Comprehensive result*

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

### *Capital asset charge*

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

### *Commitments*

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

### *Depreciation*

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

### *Employee benefits expenses*

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

### *Financial asset*

A financial asset is any asset that is:

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

### *Financial instrument*

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

## Notes to the financial statements

30 June 2015

### *Financial liability*

A financial liability is any liability that is:

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

### *Financial statements*

A complete set of financial statements comprises:

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

### *Grants*

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

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

### *Interest expense*

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

### *Net result*

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

### *Net result from transactions*

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



*Non-financial assets*

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

*Other economic flows included in net result*

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

*Other economic flows - other comprehensive income*

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

*Payables*

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

*Receivables*

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

*Sales of goods and services*

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

*Supplies and services*

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

*Transactions*

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

## OFFICE OF THE OMBUDSMAN

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

The attached financial statements for the Office of the Ombudsman have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of the Office as at 30 June 2015.

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 16 September 2015.



Joe Bonnici  
Chief Financial Officer  
Department of Premier and Cabinet

Melbourne  
16 September 2015



Deborah Glass OBE  
Ombudsman  
Office of the Ombudsman

Melbourne  
16 September 2015

## Appendix 1: Interim Corporate Business Focus progress report

Focus area	Activity	Progress	Notes
<b>Strategic Planning</b>	• Develop a Communication and Engagement Strategy	Complete	The Communications Strategy 2014-17 was finalised in March 2015, comprising community engagement, media and communications plans.
	• Develop a Digital Strategy	Complete	The Digital Strategy was endorsed by the Governance Committee in June and will be reviewed every 12 months.
	• Develop a Workforce Strategy	Rescheduled	Work on the Strategy will inform the 2015-16 Annual plan.
	• Conduct Corporate Services transition	Complete	We restructured our Corporate Services division to meet the needs of the new strategic framework and the Ombudsman's vision. The new structure started February 2015.
	• Conduct Business Process Improvement Project	Complete	A range of business improvement initiatives were identified and completed in 2014-15 targeting energy efficiency and streamlining administrative procedures.
<b>Engaging with the Community</b>	• Develop a 2015 Outreach Plan	Complete	The Community Engagement Plan 2015 sets out actions to increase awareness and understanding of our work across Victoria.
	• Develop a plan for engaging members of the 58th Parliament regarding the role of the Ombudsman	Complete	With the change of government, we contacted all ministers and members of the Victorian Parliament to provide a point-of-contact and invite further dialogue.  A number of MPs and/or their staff have been briefed on the role of the Victorian Ombudsman (VO), the nature of the parliamentary ombudsman system, and how the VO can assist with some constituent complaints. As part of the VO's regional forum schedule, meetings have been conducted with MPs in their local areas, and a schedule of visits to Melbourne-based MPs is also in hand.
	• Identify further engagement activities	Complete	Our Communications Strategy 2014-17 (see first item) focusses our engagement on three target groups: <ul style="list-style-type: none"> <li>• people in rural and regional Victoria</li> <li>• people with disability</li> <li>• Aboriginal and Torres Straits Islander people.</li> </ul>
<b>A more accessible and efficient complaints handling system for Victorians</b>	• Submit funding application for the first phase of the 'common portal'	Complete	The first phase of the common complaint portal will be funded within the VO's 2015-16 budget.
	• Implement the first phase of the common portal	In progress	The Ombudsman has approved deployment of a virtual assistant as a proof-of-concept project as the first phase and centrepiece of a much larger project that will see the development and roll-out of a best practice, single complaint-handling portal in Victoria.
	• Funding and implementation of an online educational tool for referral agents	In progress	The 'How we can help' animated video is in development. We expect to publish it on our website and on the Ombudsman YouTube channel early in 2015-16.
	• Develop a project brief for the full implementation of digital record management	In progress	Preliminary work has commenced to identify where paper records are generated, the reasons why and the costs, timeframes and effort required for these processes. This will be rolled into a 2015-16 annual plan project to scope the work and build a business case.
	• Engage a process expert to support our full transition from paper-based to digital record keeping systems	In progress	Preliminary work has commenced to ensure internal infrastructure and applications support the transition and meet higher demands. This will support the 2015-16 annual plan project on scope and business case.
	• Review current workforce management practices and prepare a report and recommendations for the Executive Planning workshop	Complete	The report was completed in January 2015 and has informed VO's workforce planning.
	• Identify early improvements to business processes and implement	Complete	In 2014-15 we identified a number of initiatives including establishing fleet vehicle self-manage kits and automating some processes in our electronic document and records management system.

Focus area	Activity	Progress	Notes
Turning data into knowledge	• Development of business intelligence application capabilities	In progress	The prototype of a data analytics tool has been developed. A pilot project with Corrections Victoria has commenced to show specific reporting and analytics capability.
	• Develop a short-term strategy to disseminate information products based on existing capability and data	Rescheduled	Preliminary work undertaken and rolled into a 2015–16 annual plan project.
	• Commence distributing information products to agencies	In progress	Pilot project with Corrections Victoria commenced.
	• Deliver the Diploma of Investigation	Complete	We continued our partnership with Swinburne University to deliver the Diploma of Government (Investigation). This Diploma is a nationally accredited qualification, acknowledging the practical skills and professional knowledge also gained in students' workplaces.
	• Promote the Diploma of Investigation for Ombudsman-like bodies	Complete	This year, there were 22 students from a range of agencies including the Legal Services Commissioner, New South Wales Ombudsman, New Zealand Ombudsman, Commission for Children and Young People, Queensland Ombudsman, the Local Government Investigations and Compliance Inspectorate, Public Transport Ombudsman and participants from our own office.
	• Settle on a model for delivering training to agencies on complaint handling. Commence work on procuring a partner provider and accreditation	Rescheduled	Rolled into a 2015–16 annual plan project: build the business case for public sector education.
	• Explore opportunities for developing a program in complaint handling that can be delivered to public sector agencies	Rescheduled	Rolled into a 2015–16 annual plan project: build the business case for public sector education.
	• Update the office's privacy framework to reflect the strategic framework	In progress	In March 2015 the Ombudsman wrote to the government outlining her request for amendments to the legislation to support the direction of her office, as described in the strategic framework. This included proposed amendments to confidentiality and information sharing provisions.
	• Refresh the risk register to reflect the strategic framework	In progress	As part of VO's commitment to its risk management framework, VO is in the process of identifying both its strategic and tactical risks. The results of that process will be reported to the VO Risk and Audit Management Committee in 2015–16.

## Appendix 2: Strategic Framework 2014-17

The *Strategic Framework 2014-17* sets out our purpose, intent and commitments. All our activity has regard to it.

### our intent

#### **ensure Fairness**

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

#### **enhance Accountability**

- model transparency and openness
- conduct independent investigations into the most serious matters

#### **foster Continuous Improvement**

- share lessons learnt from complaints and investigations
- investigate systemic issues and identify solutions

#### **protect Human Rights**

- ensure human rights are respected.
- make it easier for vulnerable people to complain.

### our purpose

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

### our commitment

#### **To provide accessible and responsive services that are**

- free, independent and impartial
- open and transparent
- evidence based
- focused on practical and meaningful outcomes to address injustice
- sensitive to the circumstances of individuals and communities with specific needs.

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

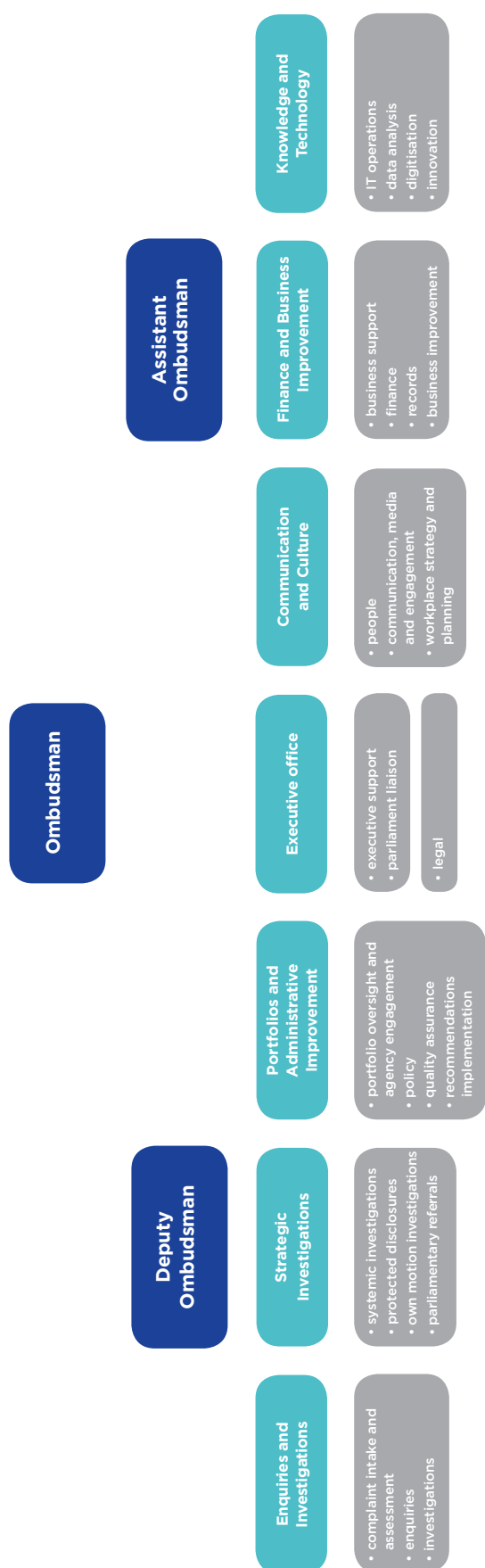
To be courageous in challenging poor public administration.

To work constructively with the public sector to promote best practice.

To provide authoritative and informative reports to the Victorian Parliament.

## STRATEGIC FRAMEWORK 2014-17

## Appendix 3: Organisational chart



## Appendix 4: Governance framework

We have two formal committees, which are supported by informal groups.

### Formal committees

#### Governance Committee

- membership: the Ombudsman, Deputy Ombudsman and Assistant Ombudsman, supported by the Executive Officer
- meets in the last week of each month
- oversees the office's budget, our progress in implementing the business plan, our workforce strategy and our overall performance
- monitors our compliance with the various legislative obligations that apply to all public sector offices

#### Audit and Risk Committee

- includes independent scrutiny
- advises on the effectiveness of our financial controls and our system for managing the risks we encounter in doing our business

### Informal groups

#### Leadership Group

- replaced the Executive Management Team
- membership: the Ombudsman, Deputy Ombudsman, Assistant Ombudsman and the Directors
- meets each Monday to discuss immediate issues affecting the office and ensure management is working well as a team

#### Operations Coordination Group

- replaced the Operations Management Committee
- membership: all Assistant Directors
- facilitates communication and cooperation for smooth operation of the office
- provides feedback on issues such as:
  - developing policies and procedures
  - considering changes to support services
  - planning for future accommodation requirements.

### Annual plan

The annual plan provides a high-level description of the activities we will undertake each financial year. These activities align with our strategic focus areas – where we will concentrate our effort over the three years of each strategic framework.

### Risk register

The risk register identifies the risks to meeting the objectives in the strategic framework.

The probability and consequences of each risk is documented. Risks are controlled through 'treatment strategies'. A staff member is assigned responsibility for monitoring each risk and oversees the implementation and effectiveness of treatments.



## Appendix 5: Disclosure index

This annual report has been prepared in accordance with all relevant Ministerial directions and legislation. Financial Reporting Direction 10 requires entities to include a disclosure index in their annual reports. This index identifies our compliance with the statutory disclosure requirements by providing:

- a list identifying the relevant clauses of Victorian legislation with statutory requirements that the Victorian Ombudsman has to comply with
- a short description of the relevant requirements
- the page in our annual report where the disclosure for each requirement is made.

Table 17: Ministerial directions		
Legislation	Requirement	Page ref.
<b>Report of Operations</b>		
<b>Charter and purpose of office</b>		
FRD 22F	Manner of establishment and the relevant Ministers	1, 8
FRD 22F	Purpose, functions, powers and duties	8, inside cover
FRD 8C	Departmental objectives, indicators and outputs	47
FRD 22F	Initiatives and key achievements	2
FRD 22E	Nature and range of services provided	8
<b>Management and structure</b>		
FRD 22F	Organisational structure	97
<b>Financial and other information</b>		
FRD 8C, SD4.2(k)	Performance against output performance measures	57
FRD 8C	Budget portfolio outcomes	70-73
FRD 10	Disclosure index	99
FRD 12A	Disclosure of major contracts	n/a
FRD 15B	Executive officer disclosures	88
FRD 22F	Employment and conduct principles	58
FRD 22F	Occupational health and safety policy	58
FRD 22F	Summary of the financial results for the year	70-74
FRD 22F	Significant changes in financial position during the year	73
FRD 22F	Major changes or factors affecting performance	n/a
FRD 22F	Subsequent events	n/a
<b>Financial Report</b>		
FRD 22F	Application and operation of <i>Freedom of Information Act 1982</i>	66
FRD 22F	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	64
FRD 22F	Statement on National Competition Policy	64
FRD 22F	Application and operation of the <i>Protected Disclosure Act 2012</i>	18
FRD 22F	Application and operation of the <i>Carers Recognition Act 2012</i>	n/a
FRD 22F	Details of advertising expenditure over \$150,000	63
FRD 22F	Details of consultancies over \$10,000	63
FRD 22F	Details of consultancies under \$10,000	63
FRD 22F	Statement of availability of other information	66
FRD 24C	Reporting of office based environmental impacts	64
FRD 25B	Victorian Industry Participation Policy disclosures	60

Table 17: Continued		
FRD 29A	Workforce Data disclosures	58
SD 4.5.5	Risk management compliance attestation	61
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	61
SD 4.2(g)	Specific information requirements	10-51
SD 4.2(j)	Sign-off requirements	inside cover
<b>Financial statements required under Part 7 of the FMA</b>		
SD4.2(a)	Statement of changes in Equity	72
SD4.2(b)	Operating statement	70
SD4.2(b)	Balance sheet	71
SD4.2(b)	Cash flow statement	73
<b>Other requirements under Standing Directions 4.2</b>		
SD4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	74
SD4.2(c)	Compliance with Ministerial Directions	74
SD4.2(d)	Rounding of amounts	n/a
SD4.2(c)	Accountable officer's declaration	93
SD4.2(f)	Compliance with Model Financial Report	74
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	89
FRD 11A	Disclosure of Ex Gratia Expenses	n/a
FRD 13	Disclosure of Parliamentary Appropriations	75
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	88
FRD 102	Inventories	n/a
FRD 103D	Non financial Physical Assets	82
FRD 104	Foreign Currency	86
FRD 106	Impairment of Assets	76
FRD 109	Intangible Assets	83
FRD 107	Investment Properties	n/a
FRD 110	Cash Flow Statements	73
FRD 112D	Defined Benefit Superannuation Obligations	89
FRD 113	Investments in Subsidiaries, Jointly Controlled Entities and Associates	n/a
FRD 114A	Financial Instruments – General Government Entities and Public Non Financial Corporations	85
FRD 119A	Transfers through Contributed Capital	n/a
<b>Legislation</b>		<b>Page ref.</b>
<i>Ombudsman Act 1973</i>		8
<i>Freedom of Information Act 1982</i>		66
<i>Building Act 1993</i>		64
<i>Protected Disclosure Act 2012</i>		18
<i>Victorian Industry Participation Policy Act 2003</i>		60
<i>Financial Management Act 1994</i>		74