



2013–2014

ANNUAL REPORT





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Credits

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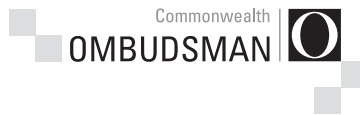
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Transmittal Certificate



26 September 2014

The Hon. Tony Abbott, MP
Prime Minister
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I have pleasure in submitting the thirty-seventh Commonwealth Ombudsman Annual Report for the year ended 30 June 2014, as required by s 19(1) of the *Ombudsman Act 1976*.

The report also contains the annual reports of the Defence Force Ombudsman, Postal Industry Ombudsman and Overseas Students Ombudsman in accordance with sections 19F(3), 19X and 19ZS of the Ombudsman Act, respectively.

In addition, the report includes my first annual report on the operation of the Public Interest Disclosure scheme in accordance with s 76 of the *Public Interest Disclosure Act 2013*.

I certify that this report has been prepared in accordance with the Requirements for Annual Reports for 2013–14 as approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the *Public Service Act 1999*.

Section 19(4) of the Ombudsman Act requires that the report be laid before each House of the Parliament within 15 sitting days of its receipt.

Yours sincerely

A handwritten signature in black ink, appearing to read "Colin Neave".

Colin Neave
Commonwealth Ombudsman

Guide to the report

Through the Commonwealth Ombudsman Annual Report, we meet parliamentary reporting requirements and provide information to the community about the complaints handled by our office and our other activities to improve public administration.

Our report contains information that is relevant for members of parliament, Australian Government departments and agencies, other ombudsman offices, the media, potential employees and consultants, and the wider public. As some parts of the report will be of more interest to you than others, this page may help direct you to the sections that will be the most useful. The Foreword provides a broad summary of the year.

The 2013–2014 Commonwealth Ombudsman Annual Report has two major sections: 'About us', which includes corporate information, and 'What we do', which provides information about our activities over the past year. This is supplemented by a References section (glossary, abbreviations and acronyms, list of figures and tables and indexes) and Appendixes (statistics, financial statements).

About us

This section describes the office's:

- roles and functions
- organisational structure
- Performance report – our objectives, deliverables, Key Performance Indicators (KPIs) and complaints overview

- senior management team
- corporate governance
- ecological and environmental performance
- external scrutiny
- people management
- financial management
- purchasing (suppliers)

What we do

This section provides information about our work in our major areas of responsibility, including:

- Department of Human Services – Centrelink and Child Support
- Postal Industry
- Australian Taxation Office
- Immigration
- Overseas Students Ombudsman
- Defence
- Law enforcement and inspections
- Public Interest Disclosure scheme
- International – our role within the international community of Ombudsmen.

Departments and agencies were given the opportunity to comment on the sections of this report that relate to their organisations.

Appendixes

The appendixes include information about:

- the Information Publication Scheme
- statistics on the number of approaches and complaints received about individual Australian Government agencies
- Additional Reporting on the Postal Industry Ombudsman
- agency resource statement
- financial statements.

A list of tables and figures contained in the body of the report is also included under References, while a glossary, and the address of each of our offices, is included towards the end of the report.

Contacting the Ombudsman

Enquiries about this report should be directed to the Director, Corporate Strategy and Communications, Commonwealth Ombudsman (by email to ombudsman@ombudsman.gov.au).

If you would like to make a complaint or obtain further information about the Ombudsman, you can do one of the following things:

Visit our website at:

www.ombudsman.gov.au where you can complete an online complaint form.

Phone:

1300 362 072 from 9am to 5pm
Monday to Friday

(Note: this is not a toll-free number and calls from mobile phones are charged at mobile phone rates.)

Write to:

GPO Box 442
Canberra ACT 2601

Send a fax to:

(02) 6276 0123

Visit one of our offices:

The Commonwealth Ombudsman has offices in Adelaide, Brisbane, Canberra (our national office), Melbourne, Perth and Sydney. Addresses are available on our website and at the end of this report. All offices are open from 9am to 5pm Monday to Friday.

The Commonwealth Ombudsman Annual Report 2013–14 is available on our website.

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Foreword

Introduction

This reporting period has been a busy one for the Ombudsman's office. In the course of the year our work included:

- launching a new function with the commencement of the Public Interest Disclosure scheme in January 2014
- addressing more than 17,500 complaints about agencies
- releasing a major investigation into Centrelink service delivery
- preparing to take on new functions in relation to private health insurance and freedom of information complaints announced in the 2014 Federal Budget.

The Budget and the report by the Commission of Audit highlighted the changing environment for public sector agencies. All agencies are operating in a time of fiscal constraint. Now more than ever agencies need to focus on good service delivery, good complaint handling and integrity in public administration.

The purpose of my office is *to influence agencies to treat people fairly through our investigation of their administration.*

In pursuing this purpose we foster good public administration, provide assurance to the Parliament, Government and the public of the integrity of government operations, and seek outcomes that deliver:

- fairer treatment of people by the agencies we oversight
- accessible, effective and targeted complaint-handling services
- agency compliance with legislation in the use of selected intrusive and coercive powers
- efficient and effective conduct of our business.

Integrity role

The Public Interest Disclosure scheme, which commenced operation on 15 January 2014, is central to our growing integrity role. The scheme seeks to improve accountability and integrity in the Commonwealth public sector by supporting agencies to address suspected wrongdoing.

The *Public Interest Disclosure Act 2013* confers a number of roles on the Commonwealth Ombudsman to ensure the scheme provides robust protections to public officials who report wrongdoing in the public sector. These include providing assistance and education to agencies and officials subject to the scheme, determining standards for agencies to abide by in dealing with public interest disclosures and, where appropriate, investigating disclosures.

We undertook an extensive programme of work to prepare, and to help other agencies prepare, for the commencement of the scheme. This activity, along with an account of the first six months of the operation of the scheme, is described in detail in this report.

Overall, I am pleased with the commitment agencies have shown to implementing the new scheme within their operations, and their responsiveness to our suggestions for improvement.

Our integrity role is also demonstrated by our extensive programme of inspections and reviews of the use of intrusive and coercive powers by law enforcement and other agencies. We finalised 44 reports following this year's programme.

Our expertise in this area has allowed us to expand our work with the Department of Immigration and Border Protection to include monitoring the department's use of warrants under the *Migration Act 1958* to enter and search premises.

Inspector-General of Intelligence and Security (IGIS)

The work of this office complements the work of IGIS, who has jurisdiction to investigate matters in respect of the six intelligence agencies prescribed under the *Inspector-General of Intelligence and Security Act 1986*.

During the reporting period my staff increased engagement with their counterparts in IGIS. This engagement led to discussions of future collaboration and improvements in the flow of information between the two offices. We also refreshed the memorandum of understanding with IGIS.

Reports and investigations

We formally investigated 2,340 complaints during the reporting period and commenced a number of own motion investigations. Many of these required the preparation of reports that were provided to agencies or made public. The examples below highlight the significance of this part of our work.

In April 2014 I released a report of a major investigation into service-delivery complaints about the Department of Human Services' (DHS) Centrelink programme. Centrelink continues to be the subject of a high number of complaints to our office.

We readily acknowledge the introduction of a range of innovative service-delivery options to help Centrelink's customers, particularly in the area of online services. DHS has also improved its management of in-person enquiries at Centrelink service centres.

However, while complaints by Centrelink customers are relatively few in comparison to the programme's total number of interactions, we continue to receive a steady stream of complaints about it.

The report features 40 case studies which illustrate the problems that led 9,600 Centrelink customers to complain to this office between January 2012 and September 2013, and includes 12 recommendations to address the problems.

DHS responded positively to the report and has agreed to implement all of the report's recommendations, either in full or in part.

A major project complementing this work is an investigation into agency complaint management. The investigation represents the most comprehensive snapshot of Commonwealth complaint handling that has ever been done by this office and will be the subject of a formal report due to be released later this year.

The report aims to describe the existing state of complaint management and provide an evidence base to revise our *Better Practice Guide to Complaint Handling*.

Complaint trends

Complaints remain central to our business. In 2013–14 we received 23,529 complaints and other approaches (such as requests for publications or other information), compared to 26,474 in 2012–13.

Complaints about agencies within our jurisdiction remained steady. A total of 17,577 in-jurisdiction complaints were received in 2013–14, compared to 18,097 in 2012–13.

Of these, 75% related to four agencies: the Department of Human Services (Centrelink, Medicare and Child Support), Australia Post, the Department of Immigration and Border Protection, and the Australian Taxation Office.

Australia Post attracted an increased volume of complaints compared to the previous year – 4,053 in 2013–14, compared to 3,667 in 2012–13.

The number of out-of-jurisdiction complaints received this year was 5,952 compared to 8,377 in 2012–13, a decrease of 29%. Out-of-jurisdiction complaints continue to fall following measures taken in previous years, including changes to our telephone queuing and automessaging system implemented in December 2012.

Functional changes

As announced in the 2014 Federal Budget, and subject to the passage of legislation, we expect to take on responsibility for the handling of freedom of information complaints from 1 January 2015 and the functions of the Private Health Insurance Ombudsman from 1 July 2015.

The Government also announced that responsibility for tax-related complaints currently dealt with by my office would be transferred to the Inspector-General of Taxation. The transfer requires changes to the legislation of both agencies, but until legislation is passed, complaints about the Australian Taxation Office will continue to be dealt with by my office.

We have also continued to prepare to take on the role of Norfolk Island Ombudsman following the passage of the *Ombudsman Act 2012* (Norfolk Island).

Leadership

Constrained resources across the public sector bring into relief the critical need for sound leadership at all levels of the Australian Public Service. We have focused on enhancing the leadership skills of our staff through formal training and by drawing on the wealth of leadership experience that exists within agencies.

We have implemented a leadership ‘insight series’, which involves guest speakers from other agencies sharing their thoughts about leadership, and providing access to current thinking from other areas of the Australian Public Service.

We have also developed a new People Plan to help us maintain a capable and adaptive workforce to deliver on our strategic objectives and business goals. The plan addresses the way we attract and retain the right people and develop and motivate our workforce.

Our staff have also worked to show leadership in advancing reconciliation with Indigenous Australians.

Staff participated enthusiastically in the launch of our Reconciliation Action Plan in March 2014 by Reconciliation Australia Co-Chair, Dr Tom Calma AO. The plan formalises actions and targets with the objective of building respectful and mutually beneficial relationships with Indigenous peoples.

The office is delivering on its commitment to improve awareness of, and access to, Ombudsman services to Aboriginal and Torres Strait Islander Australians through an ongoing programme of outreach, and in recognising and marking significant Indigenous events.

Conclusion

Changing expectations of government and citizens about the delivery of public services, including to 'do more with less', pose challenges for all public sector agencies.

While being responsive to those challenges, it is critical to maintaining ongoing confidence in the Australian Public Service that standards of good public administration and integrity of government operations are sustained and enhanced.

I look forward to my office contributing to that effort through our complaint handling, examination of systemic issues, consideration of integrity issues, and inspections role.

Colin Neave

Commonwealth Ombudsman

1

PERFORMANCE OVERVIEW

About us

About us

Roles and functions

The Office of the Commonwealth Ombudsman is an independent statutory agency established by the *Ombudsman Act 1976*.

The office safeguards the community in its dealings with Australian Government agencies and certain private sector organisations. We ensure that their administrative actions are fair and accountable by handling complaints, conducting investigations, performing audits and inspections, encouraging good administration and discharging specialist oversight tasks.

The office has five major statutory functions:

1. **Complaint investigations:** conducting reviews of, and investigations into, the administrative actions of Australian Government officials, agencies and their service providers upon receipt of complaints from individuals, groups or organisations. The role includes investigating the actions of registered private providers of training for overseas students and registered private postal operators.
2. **Own-motion investigations:** on the Ombudsman's own initiative, conducting investigations into the administrative actions of Australian Government agencies. These investigations often arise from insights gained through handling individual complaints and our other oversight responsibilities.
3. **Compliance audits:** inspecting the records of agencies such as the Australian Federal Police (AFP) and Australian Crime Commission (ACC) to ensure they comply with legislative requirements applying to selected law enforcement and regulatory agencies.
4. **Immigration detention oversight:** under s 486O of the *Migration Act 1958*, reporting to the Immigration Minister on the detention arrangements for people in immigration detention for two years or more (and on a six-monthly basis thereafter). Our reports, as well as the Minister's response, are tabled in the Parliament. In addition, as Immigration Ombudsman we also oversight immigration detention facilities through a programme of regular announced and unannounced visits to detention centres.
5. **The Commonwealth Public Interest Disclosure scheme:** the *Public Interest Disclosure Act 2013* established a Commonwealth Government scheme to encourage public officials to report suspected wrongdoing in the Australian public sector. The office is responsible for promoting awareness and understanding of the Act and monitoring its operation; as well as providing guidance, information and resources about making, managing and responding to public interest disclosures.

Handling complaints and conducting own-motion investigations are our traditional activities, and account for most of our work. The guiding principle in our investigations is to examine whether any administrative action is unlawful, unreasonable, unjust, improperly discriminatory, factually deficient or otherwise wrong.

At the conclusion of an investigation, the Ombudsman may recommend that corrective action be taken by an agency, either specifically in an individual case or more generally, by a change to relevant legislation, administrative policies or procedures.

We seek to foster good public administration within Australian Government agencies by encouraging principles and practices that are sensitive, responsive and adaptive to the needs of members of the public. The office is impartial and independent and does not provide advocacy services for complainants or for agencies.

The Ombudsman may consider complaints about most Australian Government departments and agencies, and most contractors delivering services to the community for, or on behalf of, the Australian Government.

In addition, the Ombudsman Act confers six specialist roles on the Ombudsman:

- Defence Force Ombudsman, to investigate action arising from the service of a member of the Australian Defence Force
- Immigration Ombudsman, to investigate action taken in relation to immigration administration (including monitoring immigration detention)
- Law Enforcement Ombudsman, to investigate conduct and practices of the Australian Federal Police and its members
- Postal Industry Ombudsman, to investigate complaints about Australia Post and private postal operators registered with the Postal Industry Ombudsman scheme

- Taxation Ombudsman, to investigate action taken by the Australian Taxation Office
- Overseas Students Ombudsman, to investigate complaints from overseas students about private education providers in Australia.

The Commonwealth Ombudsman is the ACT Ombudsman in accordance with s28 of the *ACT Self-Government (Consequential Provisions) Act 1988* (Cth). The role is performed under the *Ombudsman Act 1989* (ACT) and is funded under a services agreement between the Commonwealth Ombudsman and the ACT Government. The ACT Ombudsman Annual Report is submitted separately to the ACT Legislative Assembly.

The new Government announced additional functional changes for the office in its first Federal Budget.

Taxation Ombudsman

A transfer of our Taxation Ombudsman role to the Inspector-General of Taxation (IGT) was announced in the Federal Budget for 2014–15.

Private Health Insurance Ombudsman (PHIO)

From 1 July 2015 this office will take on the responsibility for the PHIO function.

FOI complaints

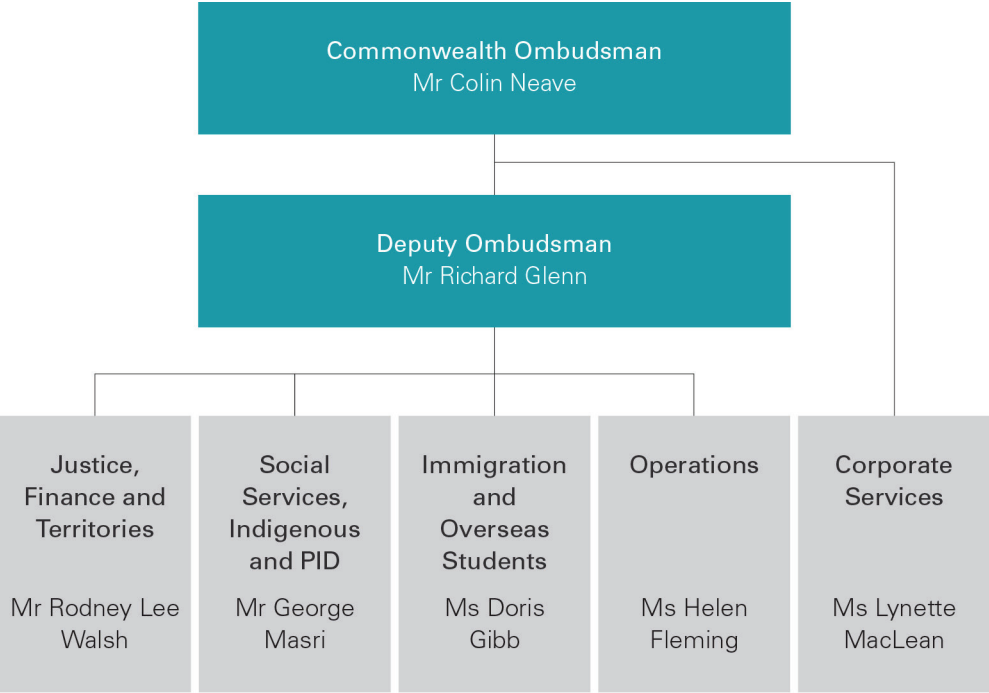
The handling of freedom of information (FOI) complaints is also due to be taken up by this office from 1 January 2015. All three of these changes are dependent on amendments to legislation.

Organisational structure

The national office of the Commonwealth Ombudsman is in Canberra. We also have offices in Adelaide, Brisbane, Melbourne, Perth and Sydney.

The Ombudsman and Deputy Ombudsman are statutory officers appointed under the Ombudsman Act. Employees are engaged pursuant to the *Public Service Act 1999*. Senior Assistant Ombudsmen are Senior Executive Service Band 1 employees. The Executive and Senior Management structure is provided at Figure 1.1.

Figure 1.1: Executive and Senior Management structure at 30 June 2014



Report on performance

This section summarises the office's performance based on the outcome and programme structure set out in the Portfolio Budget Statements and Portfolio Additional Estimates Statements 2013–14.

An overview of people and financial management performance is provided from page 13. Further financial information is available in the Appendixes.

Programme objectives, deliverables and key performance indicator analysis

The 2013–14 Portfolio Budget Statements (PBS) provide that the office **outcome** is:

Fair and accountable administration by Australian Government agencies by investigating complaints, reviewing administrative action and inspecting statutory compliance by law enforcement agencies.

The office's **objectives** under the PBS are to:

- contribute to the fair treatment of people by the agencies we oversight
- provide an accessible, effective and targeted complaint-handling service
- accurately assess agency compliance with legislation in the agency use of covert or coercive powers.

The office's programme **deliverables** under the PBS include:

- identification and reporting of significant and systemic problems in public administration including making recommendations and reporting on implementation
- targeted stakeholder engagement through the provision of information and education regarding the role of the office
- contribution to public administration through speeches, reports, submissions and best practice guides
- oversight of selective covert or coercive powers used by relevant agencies.

Our office **key performance indicators** are:

Qualitative

- handling of investigated complaints meets internal and external service standards
- inspections conducted and reports produced in accordance with legislative and other requirements
- Ombudsman recommendations monitored for implementation within agencies

Quantitative

- investigations, reports and submissions to Parliament and Government completed and timely
- inspections and reports completed within statutory timeframes.

Complaints overview

Complaints and approaches received

In 2013–14 we received 23,529 complaints and other approaches (such as calls received to request a publication), compared to 26,474 received in 2012–13, a decrease of 11%.

The decrease in the number of approaches is not entirely unexpected as a key aim of the improved queuing and auto-messaging system we put in place in late 2012 was to reduce the number of approaches received by our public contact officers which are not within our jurisdiction to investigate.

The reduction in out-of-jurisdiction complaints from 8,377 to 5,952 (a decrease of 29% this year following on an initial decrease of 51% in 2012–13), together with an emphasis on encouraging people to first complain to the agency about which they have a concern, has provided us with an opportunity

to address concerns that people were abandoning their calls to our office because they had to wait too long before being able to speak to a public contact officer.

Of the 17,577 in-jurisdiction complaints received this year (compared to 18,097 in 2012–13), 75% related to four agencies: the Department of Human Services (Centrelink 4,966 and Child Support 1,426), Australia Post (4,053), the Department of Immigration and Border Protection (1,380) and the Australian Taxation Office (1,369).

The decrease in in-jurisdiction complaints received in 2013–14 reflects all agencies with the exception of Australia Post, where the number of complaints increased by 11% over the previous year.

We receive approaches by a variety of methods. Table 1.1 shows the methods by which approaches and complaints were received in 2011–12 to 2013–14.

Table 1.1: Approaches by method received, 2011–12 to 2013–14

Year	Telephone	Written	In Person	Electronic
2013–14	56%	5%	3%	36%
2012–13	57%	6%	2%	35%
2011–12	70%	5%	2%	23%

Complaint handling

The number of complaints that were assessed by investigation officers increased by 19% (10,196 this year and 8,591 in 2012–13).

However, the number of complaints that proceeded to be investigated dropped by 27% (2,340 this year and 3,185 in 2012–13).

As with the previous year, this drop in investigations corresponds with our revised complaint management practices and a focus on systemic issues.

Of the complaints investigated, more than 21% required more substantial investigation (categories four and five in our five-category complaint system), with some requiring the involvement of senior managers. This figure is comparable to the two previous years.

There was a 9% decrease in the number of complaints remaining open at the end of the year (945 compared to 1,043 in 2012–13). This follows a conscious effort to improve our performance by seeking to reduce delays in our complaint handling.

Reviews

We have a formal non-statutory review process for complainants who may be dissatisfied with the conclusions we reach and make about their complaint.

In 2013–14 we received 128 requests for review, compared to 149 in 2012–13. The decreased number of requests for review continues to reflect a change in procedure that was implemented in 2011–12, such that the investigation officer first undertakes a reconsideration where a complainant is dissatisfied with the investigation officer's decision. A complainant who remains dissatisfied following the reconsideration may seek a review by an officer not previously involved in the matter.

In terms of dealing with the review requests on hand at the beginning of 2013–14, together with those received during the year, we declined 46 requests, affirmed the original investigation decision in 98 reviews, decided to investigate or further investigate 19 complaints and to change the original investigation decision in five. Three requests for review were withdrawn by complainants.

Of significance was the marked increase in the rate of review requests declined (130%). This followed an increased focus as to whether by undertaking a review there was any reasonable prospect of getting a better outcome for the complainant.

Deliverables

Deliverable 1: Identification and reporting on significant and systemic problems in public administration, including making recommendations and reporting on implementation

The Ombudsman's office identifies and records recurring issues from complaints, statutory reports, inspections and stakeholder engagement.

Significant or systemic issues are pursued with the agencies and the Ombudsman makes recommendations where appropriate to improve public administration.

In April 2014 we released a report of my investigation into service-delivery complaints about the Department of Human Services' Centrelink programme. The case studies in the report illustrate the problems that led 9,600 Centrelink customers to complain to this office between January 2012 and September 2013.

The report includes 12 remedial recommendations to address the problems, to which the department has responded positively by agreeing to implement all, either in full or in part.

We also made a range of submissions on areas of government administration (see *Deliverable 3* on page 9).

Deliverable 2: Targeted stakeholder engagement through the provision of information and education regarding the role of the office

In 2013–14 we promoted fairer treatment of people by the agencies we oversight by commencing an own motion investigation into agency internal complaint-handling across government (see *Deliverable 3* on page 9).

Our objective is to create a framework for best-practice complaint handling in government agencies. To this end we held two agency forums during the year – one for Commonwealth agencies in April 2014 and another for ACT agencies in May 2014.

A major education task this year was implementing the Commonwealth Public Interest Disclosure (PID) scheme function, established by the Commonwealth Government to encourage public officials to report suspected wrongdoing in the Australian public sector.

We are responsible for promoting awareness and understanding of PID legislation, monitoring its operation, and for providing guidance, information and resources about making, managing and responding to public interest disclosures.

We prepared and disseminated information and education resources, and engaged with a wide range of stakeholders in meetings and working groups. We established information and communication technology and physical security solutions, developed a governance framework, and delivered PID investigation staff training to ensure we were ready to meet the challenges of implementing a significant new Commonwealth integrity measure.

Internationally, we engaged in capacity-building activities with our regional partners, implementing aid proposals we developed in line with Department of Foreign Affairs and Trade (DFAT) guidelines and our regional partners' needs.

We met key milestones in our DFAT funding agreements and our statutory reporting timeframes. Looking ahead, we received confirmation of funding for our Solomon Islands programme.

In relation to our inspection and review functions we engaged with agencies at workshops, training sessions and forums to discuss best practices and risks, and to foster a common understanding of each other's roles and processes.

In accordance with our agreed Immigration Detention Review Visits Schedule, during 2013–14 we visited 18 immigration detention facilities around Australia and offshore. Where appropriate, we identified and reported on systemic issues relating to the management and administration of the immigration detention network in accordance with our visit schedule and inspections methodology.

As part of our Indigenous engagement, officers visited communities in the Kimberley region of Western Australia, Darwin and Alice Springs in the Northern Territory, and Cape York in Queensland.

We are also delivering on our commitments to improve access and equity for members of Australia's culturally and linguistically diverse (CALD) groups under our Office Multicultural Plan 2013–15. We engaged with the Federation of Ethnic Communities' Councils of Australia (FECCA) about our own-motion investigation into agency complaint handling.

Deliverable 3: Contribution to public administration through speeches, reports, submissions and best-practice guides

During 2013–14 we contributed to public administration by delivering speeches and presentations to a wide range of audiences including the:

- Australian Institute of Administrative Law (AIAL), 19 July 2013
- Institute of Public Administration Australia (IPAA), 22 October 2013
- Australian Public Sector Leadership Summit, 25 March 2014
- Canberra Evaluation Forum, 10 April 2014
- 11th International Tax Administration Conference, 14 April 2014
- Australian and New Zealand Ombudsman Association (ANZOA), 30 April 2014
- Customer Service Solutions Conference, 11 June 2014.

My office also made a range of submissions on areas of government administration including:

- the Productivity Commission report on access to justice
- the Parliamentary Inquiry into the Child Support Programme
- the Senate inquiry into the performance of the Australian Securities and Investments Commission
- a Treasury discussion paper on the proposed Small Business and Family Enterprise Ombudsman.

We made four submissions, informed by our inspection and review findings, to parliamentary inquiries including the:

- Legal and Constitutional Affairs Legislation Committee's inquiry into the Telecommunications Amendment (Get a Warrant) Bill 2013 (July 2013)
- Senate Education and Employment Legislation Committee's inquiry into the provisions of the Building and Construction Industry (Improving Productivity) Bill 2013 and the Building and Construction Industry (Consequential and Transitional Provisions) Bill 2013 (November 2013)
- Senate Education and Employment References Committee's inquiry into the Government's approach to re-establishing the Australian Building and Construction Commission (January 2014)
- Legal and Constitutional Affairs References Committee's inquiry into a comprehensive revision of the *Telecommunications (Interception and Access) Act 1979* (February 2014).

We also delivered 666 reports on the appropriateness of detention arrangements for people held in detention for two years or more, in accordance with our legislative obligations.

In addition we made statutory annual briefings to the:

- Parliamentary Joint Committee on Law Enforcement under the *Parliamentary Joint Committee on Law Enforcement Act 2010*, regarding the involvement of the Australian Crime Commission and the AFP in controlled operations under the *Crimes Act 1914* (Crimes Act) during the preceding 12 months

- Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity under the *Law Enforcement Integrity Commissioner Act 2006* regarding the involvement of the Australian Commission for Law Enforcement Integrity in controlled operations under the Crimes Act during the preceding 12 months.

Deliverable 4: Oversight of selective covert or coercive powers used by relevant agencies

The Ombudsman is required by law to inspect the records of certain enforcement agencies in relation to their use of the following covert powers:

- interception of telecommunications and access to stored communications under the *Telecommunications (Interception and Access) Act 1979* (TIA Act)
- use of surveillance devices under the *Surveillance Devices Act 2004* (SD Act)
- controlled operations conducted under Part IAB of the Crimes Act.

During 2013–14 we completed and reported on 44 inspections and reviews of agency records in accordance with our legislative or policy requirements and reported on the Australian Federal Police's administration of its complaint-management system including:

- 26 inspections under the TIA Act of Commonwealth and state and territory enforcement agencies
- 10 inspections under the SD Act of Commonwealth and state and territory enforcement agencies
- four inspections under Part 1AB of the Crimes Act of Commonwealth enforcement agencies
- two inspections under Part V of the AFP Act
- two reviews under the *Fair Work (Building Industry) Act 2012*.

We also conducted the first round of inspections of agencies' preservation notice records under the TIA Act – notices given to carriers to prevent them from destroying stored communications before access under the Act. Outcomes of these inspections are reported to the Attorney-General.

Our first review findings of Fair Work Building and Construction's use of its coercive examination powers have also been reported.

Key performance indicators

KP1: Handling of investigated complaints meets internal and external service standards

During 2013–14 we reviewed our internal and external service standards to take account of the impact of the new telephone system introduced in late 2012, and the increased use of 'warm' or second-chance transfer of complaints to agencies. These transfers enable us to give agencies a second opportunity to respond to a complainant without requiring investigation by this office.

Our Operations Branch met our service standard timeframes for finalising the processing of all investigated complaints in 2013–14. However, in 2014–15 we will place increased emphasis on ensuring that we better meet internal communication standards, such as ensuring that we provide complainants with timely updates about our progress in investigating their complaint.

We received 83 service-delivery complaints during 2013–14. This represents less than one per cent of all approaches received by the office in 2013–14.

KP2: Inspections conducted and reports produced in accordance with legislative and other requirements

As well as conducting each inspection and review in accordance with the relevant statutory requirements, the inspections adhered to the office's methodologies, which are aligned to the Australian auditing standards.

This included monitoring the implementation of recommendations we made to agencies as a result of our 2012–13 inspections.

As a result of our 2012–13 inspections we made one formal recommendation to the AFP regarding its use of its powers under the SD Act. The AFP accepted this recommendation and, in response, advised that it developed further guidance for, and provided training to, relevant officers.

We continue to monitor the effectiveness of the AFP's advised measures. The relevant report can be found on our website.

We are also required to report to relevant ministers and the Parliament on the results of our inspections and reviews on an annual or biannual basis. During 2013–14 we submitted all 24 of our statutory reports within the legislated timeframes.

KP3: Ombudsman recommendations monitored for implementation within agencies

My office is monitoring implementation of recommendations to which the agency has agreed in Report No.1 of 2014: Department of Human Services – Investigation into Service Delivery Complaints about Centrelink, by way of ongoing meetings with DHS and review of incoming complaints.

Comments, suggestions and recommendations are also made by my office under s12 (4) of the *Ombudsman Act 1976* in respect of the investigation of individual complaints. In addition, agencies may advise us of improvements at which they have arrived themselves to resolve issues that have come to their attention through our complaint investigations.

We monitor agencies' commitments to improvements by way of ongoing liaison and review of issues arising in incoming complaints of a similar kind.

During the reporting period my office followed up with the Department of Immigration and Border Protection on its implementation of recommendations from Ombudsman reports on investigations into the transfer of 22 detainees from Villawood Immigration Detention Centre to a NSW correctional facility in 2011, and suicide and self-harm in the immigration detention network in 2013.

I am satisfied with the department's implementation of these recommendations and my office will continue to monitor these issues into the future.

We have previously reported on issues with the administration of Income Management in the Northern Territory (Report 04 of 2012). We have continued to monitor the concerns that were identified in our 2012 investigation report and 2013 Annual Report.

We reported that we had received a number of complaints from people who had their income-management funds directed to pay rent for a dwelling that did not attract a rent obligation. We continue to monitor this issue. DHS is conducting a review to identify any other people in this situation.

From information obtained from NT Housing, DHS identified 45 providers who are receiving payments facilitated by DHS for a variety of services including rent. DHS has undertaken to keep our office updated on the outcome of its review.

We have also identified other non-rent payments through income management to other-third party providers that we are investigating further.

We have continued to monitor automated decisions placing people on income management when certain vulnerability indicators apply.

KP4: Investigations, reports and submissions to Parliament and Government completed and timely

As reported above, in 2013–14 we made formal submissions to House of Representatives and Senate standing and joint select committees on a broad range of public interest matters. We also made a number of submissions to other government activities and reviews. All of our investigations, reports and submissions were completed in accordance with relevant statutory, policy or agreed timeframes.

KP5: Inspections and reports completed within statutory timeframes

The office is also required to report to relevant ministers and the Parliament on the results of our inspections and reviews on an annual or biannual basis. During 2013–14 we submitted all 24 of our statutory reports within the legislated timeframes.

Summary

Our core purpose is to influence government to treat people fairly through our investigation of its administrative actions. By pursuing this objective, we hope to facilitate:

- fairer treatment of people by the agencies we oversight
- more accessible, effective and targeted complaint-handling services
- improved agency compliance with legislation in the use of selected intrusive and coercive powers
- the efficient and effective conduct of our business.

We can best achieve this through collaboration, cooperation, influence and persuasion, and by bringing to bear a degree of rigour, objectivity, independence and consideration that commends our work and activities to all our stakeholders, and enables us to realise improvements to administration that benefit both government and the public.

I believe we did that in 2013–14 and, as a result, we will continue to be held in high regard for our expertise and experience in public administration, as well as our organisational competence and reliability.

Senior Leadership Group

The Ombudsman, Mr Colin Neave AM, was appointed on 17 September 2012 for a period of five years to 16 September 2017.

The Deputy Ombudsman, Mr Richard Glenn, was appointed on 2 September 2013 for a period of five years to 1 September 2018.

Mr George Masri was Acting Deputy Ombudsman immediately before Mr Glenn's appointment.

The remuneration for the Ombudsman and Deputy Ombudsman is set by a Determination made by the Remuneration Tribunal. See the Financial Statements for further details.

Senior Assistant Ombudsmen and their areas of responsibility are as follows:

- Helen Fleming, Operations Branch.
- Doris Gibb, Immigration and Overseas Students Branch.
- Lynette MacLean, Corporate Services Branch.
- George Masri, Social Services, Indigenous and Public Interest Disclosure Branch.
- Rodney Lee Walsh, Justice, Finance and Territories Branch.

Corporate governance

Our 2013–15 Strategic Plan outlined our strategic objectives and our 2013–14 Annual Corporate Plan set out our key business priorities for this reporting period. These plans were developed following a major restructure and planning process commenced in 2011–12 and implemented in 2012–13.

The plans reflect our new organisational structure and re-engineered work practices, which enable us to better focus on systemic issues, key stakeholder engagement, and the cooperative development with government agencies of proactive strategies to promote better complaints resolutions.

We also envisage ongoing changes to our corporate governance during 2014–15 as we further bed in and refine the new structure and implement the functional changes announced by the Government.

Management Committees

Management committees assist the Executive and Senior Leadership Group with decision making in key areas. The committees make recommendations to the group.

Senior Leadership Group

The Senior Leadership Group comprises the Ombudsman, Deputy Ombudsman and Senior Assistant Ombudsmen. It meets monthly to discuss strategic and operational issues relating to the work of the office.

Audit Committee

During 2013–14, as required by the *Financial Management and Accountability Act 1997*, The Audit Committee actively monitored the office's progress in implementing changes to our work practices and corporate governance activities including:

- our governance arrangements (internal control environment)
- the preparation of financial statements
- the operational effectiveness of the risk-management framework
- the adequacy of controls designed to ensure our compliance with legislation
- the content of reports of internal and external audits, for the purpose of identifying material that is relevant to the office, and advising the Ombudsman about good practices
- the adequacy of our response to reports of internal and external audits
- the coordination of work programmes relating to internal and external audits, as far as possible.

The Audit Committee is independently chaired by Mr Peter Hoefer. The membership comprises the Chair, the Deputy Ombudsman, an independent member and one other management representative.

Observers included representatives from the Australian National Audit Office (ANAO), Ernst and Young (the office's internal auditors) and the Chief Financial Officer.

People Committee

The People Committee is chaired by the Deputy Ombudsman and comprises the Chief Operating Officer; the Senior Assistant Ombudsman, Operations Branch; the Senior Assistant Ombudsman, Immigration and Overseas Student Branch; and representatives from each branch.

The committee has been established to guide and advise on matters relating to the Commonwealth Ombudsman's People Plan and subsequent priorities, with the aim of ensuring the office has a capable and adaptive workforce to enable it to respond to current and future business needs. The inaugural meeting was held in April 2014 with subsequent meetings every quarter.

Work Health and Safety Committee

The office's Work Health and Safety Committee is made up of elected staff representatives from each of our state and Canberra offices, and is chaired by the Senior Assistant Ombudsman, Immigration and Overseas Students Branch. The committee met three times during the year. It has a strategic role in reviewing work health and safety matters and procedures to ensure we comply with the terms of the *Work Health and Safety Act 2011*.

Workplace Relations Committee

The Chief Operating Officer chairs the Workplace Relations Committee. It comprises employee, management and union representatives and is the main consultative body on workplace conditions within the office. The committee met three times during the year and provides a forum for regular exchange on change and workplace issues.

Other committees

During 2013–14 the office reviewed its committee structure, and the various committees' terms of reference and membership. The intention was to re-invigorate relevant committees and to improve their connectivity with other governance bodies, audit and fraud control arrangements within the office.

Business Improvement Steering Committee

The Business Improvement Steering Committee was established to facilitate business improvements within the office to ensure our business is conducted as effectively and efficiently as possible, and in a manner that furthers the Office's strategic objectives and maintains its viability and reputation.

Information Management Committee

The Information Management Committee was established to provide strategic oversight and guidance in developing and implementing information management policy, processes and systems; and to examine information management issues impacting on the office.

Corporate governance practices

Our risk-management framework comprises a formal policy and protocol, a strategic risk plan and register, along with quarterly monitoring and reporting.

The Senior Leadership Group regularly reviews strategic risks as part of the business-planning process. The office also participates in the annual Comcover Risk Management Benchmarking Survey, which independently assesses the office's risk-management arrangements.

Additional oversight of our risk management is provided by the Audit Committee.

Fraud prevention and control

In November 2013 we reviewed and updated our Fraud Control Plan and Fraud Risk Assessment. As part of this process we also reviewed the internal controls that mitigate the known risks of fraud.

All controls were identified as working adequately with recommendations to improve in some low-risk areas. Recommendations have all been progressed and our residual risk of fraud remains low. The Audit Committee oversees the implementation and monitoring of the Fraud Control Plan.

Certification of Fraud Control Arrangements

I certify that the Office of the Commonwealth Ombudsman (the Office) has:

- prepared fraud risk assessments and fraud control plans;
- appropriate fraud prevention, detection, investigation, reporting and data collection procedures and processes that meet the specific needs of the Office;
- taken all reasonable measures to minimise the incidence of fraud in the Office and to investigate and recover the proceeds of fraud against the Office.



Colin Neave

Commonwealth Ombudsman

16 September 2014

Business continuity planning

The Business Continuity Plan is one of our key risk-management strategies. It sets out strategies for ensuring that the most critical work of the office can continue to be done or quickly resumed in the event of a disaster.

We reviewed the plan in 2013–14 and successfully tested our associated Disaster Recovery Plan. The review and testing assured us that the office has the capacity to maintain its critical business requirements and continuing ability to function.

Ethical standards

The office promotes ethical standards and behaviours by providing extensive information to staff and promoting the Australian Public Service Commission's Ethics Advisory Service and our Ethics Contact Officer. Our intranet contains information on:

- APS Values and Code of Conduct
- workplace discrimination, bullying and harassment
- acceptance of gifts and hospitality
- procedures for determining breaches of the Code of Conduct
- procedures for facilitating and dealing with public interest disclosures relating to the office.

We have also developed an induction handbook for new starters that provides appropriate information on ethical standards and behaviours.

Complaint management

We have an established internal complaints and reviews process, which allows reviews about our decisions and complaints about service quality to be resolved fairly and informally.

In April 2014 we revised and reissued our *Work Practice Manual*, our primary guidance document for operational investigative staff.

We developed and promulgated to staff an internal communication framework with supporting protocols and work practices to promote better communication and information sharing. We also revised and published a new office service charter.

Through changes to our internal committee framework we developed a consolidated complaint-handling monitoring and reporting regime to better measure and facilitate continuous-improvement measures. We also improved our systems to support the capture, retention and monitoring of information showing systemic issues or trends in administration.

Accessibility

In developing and maintaining the office's websites, we use the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines 1.0 as the benchmark.

Activities to ensure compliance include testing colour contrast for the vision impaired, limiting the use of graphics, simplifying navigation and providing a site map, providing text equivalents for non-text elements, and improving metadata.

We began implementing an action plan in late December 2012 to ensure that it complies with Web Content Accessibility Guidelines 2.0 (AA level) by December 2014. During the reporting period we tested and purchased new equipment to ensure that limitations with our current information and communications technology systems would not preclude future AA-level compliance.

Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* sets out the principles and framework for the office to report on environmental matters. We also have an Environmental Management policy to help us manage activities in an environmentally sustainable manner.

Our environmental impact is mainly through office-based energy consumption, paper resources and waste management.

Energy consumption

Following several years of energy reductions we have maintained our energy consumption rate during the year with a marginal reduction of 0.5% mega joules per person. This resulted from replacing lighting in the Sydney office.

Our Environmental Management policy promotes and encourages:

- staff to turn office lights off at the end of each day and in other areas of the office that are not being used
- minimisation of energy consumption through mechanisms such as default settings that turn off lights and air-conditioning at predetermined times
- environmental awareness via the intranet to inform employees on energy and environmental issues, office initiatives and tips to save energy.

Paper resources

The office manages electronic database and records-management systems to reduce paper records and photocopier usage.

During the year we implemented the Information and Records Management (IRM) work programme to update the IRM to better facilitate business needs, compliance with legislation and the Government Digital Transition policy.

One of the project areas of the programme involves further steps to ensure we engage in predominantly digital record keeping and e-business practices to reduce paper files.

Our paper supplies are either manufactured from at least 50% recycled products or carbon neutral. Other office materials such as files are recycled within the office to reduce procurement activity for stationery.

Waste management

We actively manage waste through several mechanisms:

- recycling bins are provided in all offices to encourage recycling of waste such as paper and cardboard packaging
- toner cartridges are recycled
- kitchen waste such as plastic bottles and cans are recycled via special bins provided in breakout areas.

External scrutiny

Court litigation

The office was not involved as a party to any court litigation during 2013–14.

Tribunal litigation

The office was not involved in any tribunal litigation during 2013–14.

Office of the Australian Information Commissioner

We have been advised of eight matters where applicants have sought review by the Information Commissioner of decisions under the *Freedom of Information Act 1982*. Three of these matters were closed without the Information Commissioner conducting a review, and two matters are currently being reviewed by his office.

In relation to the remaining three matters, the Information Commissioner has not yet advised whether he will be conducting a review.

We received two decisions from the Information Commissioner in relation to reviews that commenced in 2011–12. In each instance the Information Commissioner upheld the Ombudsman's original decision.

The office is subject to the *Privacy Act 1988*. The Privacy Commissioner did not issue any report or make any adverse comment about the office during the past year.

Australian Human Rights Commission

The office is subject to the jurisdiction of the Australian Human Rights Commission. Two complaints were made to the Commission about us in 2013–14. The Commission terminated one complaint on the basis that it was lacking in substance. The other complaint is ongoing.

People management

Overview

The Commonwealth Ombudsman Strategic Framework 2013–15 sets out the office's strategic goals and objectives. To achieve our goals it is essential that we have a capable and adaptive workforce. To have a capable and adaptive workforce we must ensure that the right people are attracted, retained, developed and motivated.

We have developed our People Plan 2014–17, which includes a range of strategies under three key areas—attract, develop and motivate, and retain and align.

One of the key initiatives under the People Plan is the development of a Workforce Plan. This will be a priority for the 2014–15 year.

Staffing profile

Including the Ombudsman and Deputy Ombudsman, the full-time equivalent number of employees as at 30 June 2014 was 145.8.

Table 1.2 shows the actual number of employees by gender, APS classification, employment status and salary range. Table 1.3 shows the staffing profile by location. Tables 1.4 and 1.5 show the part-time employee profile by location and classification.

During the year, one employee was engaged on an ongoing basis and 11 ongoing employees left the office, equating to a turnover rate of 8% (compared to 12% the previous year). There were 24 separations, including ongoing and non-ongoing employees. Table 1.6 shows staff separations by classification at 30 June 2014.

Table 1.2: Staffing profile by gender, APS classification and salary range at 30 June 2014

APS classification and salary range	Men as at 30 June 2014 (2013)		Women as at 30 June 2014 (2013)		Total			
	Ongoing	Non-ongoing	Ongoing	Non-ongoing	Ongoing		Non-ongoing	
					As at 30 June 2013	As at 30 June 2014	As at 30 June 2013	As at 30 June 2014
APS1 \$43,283 – \$47,841	- (-)	- (-)	- (-)	- (-)	-	-	-	-
APS2 \$48,985 – \$54,321	- (-)	- (-)	- (-)	- (-)	-	-	-	-
APS3 \$55,796 – \$60,222	3 (4)	1 (-)	4 (8)	5 (1)	12	7	1	6
APS4 \$62,186 – \$67,518	6 (9)	1 (-)	14 (14)	2 (3)	23	20	3	3
APS5 \$69,359 – \$73,547	9 (7)	- (-)	12 (14)	2 (1)	21	21	1	2
APS6 \$74,914 – \$86,053	10 (10)	- (-)	20 (18)	- (1)	28	30	1	-
EL1 \$96,035 – \$103,702	18 (17)	- (-)	22 (26)	- (-)	43	40	-	-
EL2 \$111,820 – \$126,743	7 (7)	1 (2)	12 (11)	- (-)	18	19	2	1
SES \$145,000 – \$185,400	2 (2)	- (-)	3 (3)	- (-)	5	5	-	-
Statutory officers	2 (1)	- (-)	- (-)	- (-)	1	2	-	-
TOTAL	57 (57)	3 (2)	87 (94)	9 (6)	151	144	8	12

Note: under the Enterprise Agreement 2011–2014, employees moving to the office from a higher salary range may be maintained at that salary until increments in our salary range exceed the salary differential.

Table 1.3: Staffing profile by location at 30 June 2014

Location	Men	Women	Total
ACT	42 (44)*	59 (72)*	101 (116)
NSW	2 (2)	6 (8)	8 (10)
QLD	3 (2)	10 (5)	13 (7)
SA	5 (5)	9 (5)	14 (10)
VIC	6 (4)	10 (9)	16 (13)
WA	2 (2)	2 (1)	4 (3)
TOTAL	60 (59)	96 (100)	156 (159)

Table 1.4: Staffing profile showing part-time employees by location at 30 June 2014

Location	Men	Women	Total
ACT	8 (6)	14 (20)	22 (26)
NSW	- (-)	1 (2)	1 (2)
QLD	1 (1)	5 (2)	6 (3)
SA	1 (-)	4 (2)	5 (2)
VIC	- (-)	6 (4)	6 (4)
WA	- (-)	- (-)	- (-)
TOTAL	10 (7)	30 (30)	40 (37)

Table 1.5: Staffing profile showing part-time employees by classification at 30 June 2014

APS Classification	Men	Women	Total
APS1	- (-)	- (-)	- (-)
APS2	- (-)	- (-)	- (-)
APS3	1 (1)	3 (5)	4 (6)
APS4	2 (1)	4 (3)	6 (4)
APS5	- (-)	7 (9)	7 (9)
APS6	2 (2)	5 (4)	7 (6)
EL1	4 (2)	9 (7)	13 (9)
EL2	1 (1)	2 (2)	3 (3)
SES	- (-)	- (-)	- (-)
TOTAL	10 (7)	30 (30)	40 (37)

Table 1.6: Staffing profile showing staff separations by classification at 30 June 2014

APS Classification	Ongoing	Non-ongoing	Total
APS1	- (-)	- (-)	- (-)
APS2	- (-)	- (3)	- (3)
APS3	- (-)	2 (10)	2 (10)
APS4	3 (5)	3 (6)	6 (11)
APS5	- (3)	1 (1)	1 (4)
APS6	1 (3)	3 (-)	4 (3)
EL1	4 (1)	3 (1)	7 (2)
EL2	3 (2)	1 (1)	4 (3)
SES	- (2)	- (-)	- (2)
Statutory officers	- (1)	- (-)	- (1)
TOTAL	11 (17)	13 (22)	24 (39)

* Figure in brackets relates to 2013.

Workplace relations

The office's Enterprise Agreement 2011–14 came into effect on 27 July 2011 and reached its nominal expiry date on 30 June 2014.

A total of 156 employees are covered under the Enterprise Agreement. Conditions are provided for five SES staff under s24 (1) of the *Public Service Act 1999*. Four employees have an Individual Flexibility Agreement in place. No staff were employed under Australian Workplace Agreements or common law contracts.

The agreement does not make provision for performance pay. Salary advancement within each of the non-SES classifications is linked to performance. Determinations under s 24 (1) of the Public Service Act provide for SES annual salary advancement based on performance and do not make provision for performance pay.

Learning and development

In July 2013 we released our Learning and Development Strategy 2013–2016. It sets the framework for:

- delivering greater clarity and shared understanding of our learning and development investment priorities to enable teams and individuals to grow and sustain critical business skills
- enabling members of the Executive and individual managers to work in partnership with Human Resources to plan and invest in learning and development activities that are linked to achieving the Ombudsman's role.

Three key objectives were identified under the strategy:

- build the learning and development culture of the office and embed it in the business
- enhance leadership capability
- enhance the specialist skills required for the work of the office.

Initiatives that have been delivered against these objectives during the reporting period include:

- establishing the People Committee to oversee learning and development
- establishing a dedicated resource within the Human Resource team to coordinate learning and development for the first year of the strategy
- a detailed training calendar being made available on the intranet and updated quarterly
- delivering a leadership training programme to all employees
- a leadership 'insight series' involving leaders from other organisations or agencies addressing staff on the subject of leadership
- developing a new set of core competencies and delivering training against the majority of the new competencies
- implementing a Career Development Strategy
- releasing a new induction handbook to support the orientation of new employees.

The office also supports staff to undertake relevant study at tertiary institutions through study leave and/or financial assistance.

Work health and safety

We are committed to taking all practicable measures to maintain a safe and healthy workplace for all our employees, contractors and visitors. We acknowledge our employer responsibilities under the *Work Health and Safety Act 2011* (WHS Act), the *Safety, Rehabilitation and Compensation Act 1988* and anti-discrimination legislation.

During the reporting period no accidents or injuries occurred that are reportable under s 38 (5) of the WHS Act. There were no investigations conducted within the office under Part 10 of the Act.

All new employees are advised of the importance and responsibilities of staff and management for health and safety in the workplace through induction processes. New employees undertake a workstation assessment during their first week in the office. Employees who work from home complete a form to assess the need for workplace inspections.

A Work Health and Safety Officer (WHSO) or Deputy WHSO is located at each office. The WHSOs or Deputy WHSOs manage workplace health and safety matters through the Work Health and Safety Committee, regular staff meetings or by seeking assistance from an officer under the WHS Act. All WHSOs and Deputy WHSOs have undertaken relevant training after the implementation of the WHS Act.

During 2013–14 the office undertook the following health and safety initiatives:

- arranged health assessments, where necessary
- conducted individual workplace assessments
- facilitated eye examinations, where necessary
- made available first aid facilities and supplies, and provided first aid training to First Aid Officers (refresher and senior first aid for new officers)
- provided workplace health and safety training to WHSOs and Deputy WHSOs
- targeted individual health awareness by providing flu vaccinations to employees free of charge, a healthy lifestyle reimbursement of up to \$299 per year and mental health first aid training
- conducted trauma, self-care and stress-at-work training
- facilitated an external provider to conduct a work health and safety hazard inspection of the Canberra office
- redeveloped the WHS intranet page.

As well the office conducted a number of health and well-being seminars including nutrition, yoga and pilates, non-accredited first aid training, and quitting smoking.

The office continues to work towards a workplace that is respectful and free from bullying and harassment prevention. We have revised our Workplace Discrimination, Bullying and Harassment Prevention Guidelines to adopt the anti-bullying measures introduced into the *Fair Work Act 2009* by the *Fair Work Amendment Act 2013*, which began operation on 1 January 2014. Bullying and harassment training was also made available to all employees.

To promote a supportive working environment, the office provides staff and their immediate families with access to an employee assistance programme, which offers a confidential counselling service, facilitation of teamwork issues, career advice and the management of work-related or personal issues.

Changes to disability reporting in annual reports

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au.

From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020. A two-yearly report will track progress against each of the six outcome areas of the strategy. The first of these reports will be available in late 2014, and will be available at www.dss.gov.au.

Agency Multicultural Plan

This year the office acquired responsibilities under the Commonwealth Multicultural Access and Equity Policy, *Respecting diversity*.

In April 2013 we began preparing an Agency Multicultural Plan (AMP) to address our multicultural access and equity obligations to members of the Australian community from culturally and linguistically diverse (CALD) backgrounds. The plan covers the period 2013–15. We began implementing our finalised AMP from 1 July 2013.

We engaged with the Federation of Ethnic Communities' Councils of Australia (FECCA), which told us that two common themes in adverse CALD encounters with government were language difficulties and the use of the Telephone Interpreting Service (TIS).

To address these issues, this year we reviewed and updated the currency of our information for staff and complainants about the use of interpreters, including an easy step-by-step 'how-to' guide for staff and information on how to access the Automated Translation and Interpreting Service to obtain an interpreter in high-demand languages.

To support staff to adopt and implement these changes we made available a range of training courses including Working with interpreters, Working Cross-Culturally and Diversity and Cultural Awareness.

Reconciliation Action Plan

In March 2014 we launched the Office of the Commonwealth Ombudsman Reconciliation Action Plan 2013–2015. Staff participated enthusiastically in the launch, which was conducted by Co-Chair of Reconciliation Australia, Dr Tom Calma AO.

The plan allows us to deliver on our commitment to improve awareness of and access to Ombudsman services for Aboriginal and Torres Strait Islander peoples.

Financial management

Financial performance

The office recorded an operating surplus attributable to the Australian Government of \$38,000 (excluding depreciation and amortisation and the impact of the asset revaluation).

The result was achieved in a year of tightening resources in which our appropriation reduced by \$283,000.

Expenses

Total expenses increased from \$20.214m in 2012–13 to \$20.81m in 2014–15. The main contributor to the increase was employee benefits increased from \$14.4 million to \$15.4 million. The primary drivers were a pay rise of 2% and a full complement of Senior Management for the year.

Supplier expense reduced by \$375,000 across several expense categories, reflecting the overall reduction to appropriation revenue. The main contributors to the reduction were:

- travel (\$102,000) due to a lower number of trips
- consultants and contractors (\$164,000) due to reducing reliance on legal services contractors
- employee-related (\$147,000) due to a reduced training spend.

Income

Appropriation revenue decreased by \$283,000 due to the increase to the Efficiency Dividend and other efficiency measures.

Sale of goods and rendering of services revenue decreased by \$267,000. This was primarily due to reduced activity in the International programme funded by the Department of Foreign Affairs and Trade (–\$175,000) and a reduction in Comcare receipts.

Financial position

Assets

The major change to the office's statement of financial position was the impact of the revaluation of non-financial assets that increased the net book values of our assets by \$556,000.

We acquired \$309,000 of assets funded by the Departmental Capital Budget.

Financial assets increased by \$651,000. This was related in part to the increase in appropriation receivable resulting from unspent departmental capital budget and partially because of an increased bank balance due to the timing of the final payroll for the financial year.

Non-financial assets increased by \$230,000 due to the revaluation and capital acquisitions offset by depreciation.

Liabilities

Total liabilities increased by \$633,000 to \$7,932,000 relating mainly to the increase in payables. Total payables increased by \$515,000 due to a \$498,000 increase to unearned revenue relating to future funding for the International programme.

Payables increased by \$160,000 relating to the impact of extending the fixed lease for our office in Melbourne. Lease incentives decreased by \$195,000, reflecting the reduction of rental expense over the lease term on a straight-line basis.

Employee provisions increased by \$103,000, reflecting a change in the discount factor applied to long service leave calculations and an increase of 4% in leave days held.

Purchasing

This office is committed to achieving the best value for money in procurement activity and manages it using procurement practices that are consistent with the Commonwealth Procurement Rules. The practices are supported by the Chief Executive Instructions and specific procurement policies and templates provided to all staff on the intranet.

To improve efficiency in procurement the office accesses established procurement panels where possible. These procurement methods aim not to discriminate against small and medium-sized enterprises.

Procurement plans are published on AusTender as they become known to facilitate early procurement planning and to draw attention to our planned activity.

Consultants

During 2013–14 two new consultancy contracts were entered into with a total actual expenditure of \$136,196 (including GST). There were no consultancy contracts entered into in 2012–13 that were active during the 2013–14 year.

No contracts were let containing provisions that do not allow the Auditor-General to have access to the contractor’s premises, and no contracts were entered into that were exempt from being published on AusTender.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at www.tenders.gov.au.

The office does not administer any grant programmes.

Table 1.7: Expenditure on consultancy contracts 2011–12 to 2013–14

Year	Number of consultancy contracts	Total actual expenditure
2013–14	2	\$136,196
2012–13	3	\$74,465
2011–12	7	\$251,010

2

THE OMBUDSMAN AT WORK

What we do

What we do

Most of the complaints and approaches we received about Australian Government agencies in our jurisdiction related to the following four agencies:

- the Department of Human Services (Centrelink, Medicare and Child Support)
- Australia Post
- the Department of Immigration and Border Protection
- the Australian Taxation Office.

This section discusses our work with those four agencies, as well as the specialist roles we perform, including the:

- Defence Force Ombudsman
- Overseas Students Ombudsman
- Law Enforcement Ombudsman
- inspection functions
- Public Interest Disclosure scheme
- international programme.

Department of Human Services

The Department of Human Services (DHS) delivers the Australian Government's Centrelink, Child Support and Medicare programmes and a number of smaller programmes.

We received 6,804 complaints about DHS programmes in 2013–14, about 5% less than the 7,192 complaints we received in 2012–13. Complaints about Centrelink accounted for 73% of the complaints about DHS, followed by Child Support with 21%. Most of the remaining DHS complaints were about Medicare and the Early Release of Superannuation Programme.

DHS—Centrelink

Centrelink delivers social security and family payments, plus a range of other payments and services to people in the Australian community, and some people overseas. On 1 July 2012 Centrelink was integrated into DHS and ceased to be a discrete Commonwealth agency. However, we have continued to separately record the complaints we received about DHS' Centrelink programme to allow us to compare complaint trends over the years.

Complaints about Centrelink (and its predecessor agencies) have always been a significant part of the workload of this office. We receive more complaints about Centrelink than any other Commonwealth programme or agency. However, we acknowledge the complexity of Centrelink's task and the sheer scale of its operations.

In 2012–13 Centrelink processed 2.8 million claims for payments and paid out \$116.1 billion. Some mistakes and delays are inevitable in such a large enterprise. Nevertheless, the significance of Centrelink to the lives of many Australians means it is critical to minimise errors and their impact as far as possible.

Statistics

In 2013–14 we received 4,966 complaints about Centrelink, slightly fewer than the 5,093 Centrelink complaints in 2012–13, which was in turn markedly fewer than the 6,355 in 2011–12. The number of people making complaints to us about Centrelink dramatically fell from December 2012 when we introduced a recorded message on our telephone complaints line, advising people that we would be unlikely to be able to help them unless they had first tried to resolve their complaint with the DHS Feedback and Complaints service.

More than 5,500 of the calls that people made to us about a DHS agency ended at the point where the person was given the telephone number to call DHS Feedback and Complaints.

Overview of the function

Dealing with Centrelink complaints

Reducing the volume of complaints has allowed us to have a greater strategic focus on the complaints that we do receive. With every complaint, we consider the range of mechanisms available to the person to resolve their problem.

By matching our approach to the person's complaint and circumstances, and explaining to people their other options to address their complaint, we were able to finalise more than 89% of individual complaints without an investigation.

The following case study shows how we can resolve a complaint without investigating it.

Case study: Making connections, fixing problems

Centrelink applied a penalty to Marcus' Newstart Allowance and also imposed a non-payment period, for failing to attend an appointment. On review, Centrelink decided to pay him the penalty amount, but it failed to pay him for the non-payment period. Marcus rang Centrelink a number of times and left messages but it did not return his calls. Marcus had been evicted from his residence and required money to move his possessions and for a rental bond.

We transferred Marcus' complaint to Centrelink Marcus rang us back two days later, advising that Centrelink had called him and resolved the matter. It had paid him the money he was entitled to and apologised for failing to return his calls. Marcus said that when he spoke to Centrelink he had found out that his payment had been suspended again but that had also been resolved.

Significant issues in the reporting period

Investigation into service delivery complaints about Centrelink

In May 2013 we commenced an investigation, using the Ombudsman's own-motion powers, into Centrelink's service delivery. The purpose of the investigation was to test what people were telling us in their complaints about Centrelink, and to examine how DHS was progressing with its five-year project to transform Centrelink's service delivery arrangements.

The investigation was conducted by our office with the cooperation and assistance of many officers within DHS, not least its Secretary. Central to the investigation was our consideration of the automated service delivery channels that DHS had already implemented to help its customers to conduct their business with Centrelink, such as Interactive Voice Response and messaging on telephone inquiry lines, online reporting, Smartphone apps, to name a few. We also considered the options available to Centrelink customers who are unwilling or unable to use those automated service delivery channels.

In April 2014 we published our final report on the Ombudsman's website www.ombudsman.gov.au. The report includes 40 case studies to illustrate the problems that some people had navigating their way through Centrelink's system to access the services and payments they were entitled to receive.

We made 12 recommendations in the report to improve Centrelink's service delivery. DHS' Secretary responded positively to our recommendations. The recommendations covered almost every area of Centrelink's operations: managing call volumes and waiting times; responding to customer letters, emails and online enquiries; improving computer generated letters; making online services more accessible; improving access to the DHS complaints service; making the timeframes for claim processing more transparent; addressing delays for internal reviews of decisions and more.

In June 2014 we settled on a framework for DHS to report to us every three months about the implementation of our recommendations. We will be monitoring for improvements and report further in our 2014–15 Annual Report.

Assisting vulnerable people to navigate the system

Below is a case study drawn from Centrelink complaints that we investigated in 2013–14. It demonstrates our office's specific focus on helping vulnerable people to resolve their complaints about Government agencies. There are more examples of these types of cases on our website.

Case study: I can't get the proof they want

Jasmine had applied for Newstart Allowance in August 2013, but contacted us in May 2014 when it had still not been granted. Centrelink had said that it would not pay her until she provided proof that she was not a beneficiary of a particular family trust.

Jasmine said Centrelink told her it needed documentary evidence from a court. Jasmine told us she had no knowledge of this trust, and no idea how to prove that she was no longer involved in something she knew nothing about.

We investigated and learned that Centrelink's records showed the trust had paid money to Jasmine five years ago. We suggested that Centrelink use its legislated power to obtain information about the trust from the trustee or the Australian Taxation Office. Centrelink made third-party enquiries, but also realised that, in 2010, one of its officers had reviewed the information about this trust and concluded it had been included in Jasmine's record by mistake. Centrelink decided that Jasmine no longer needed to get proof that she was not involved in the trust.

Compensation for Centrelink errors

If a person suffers financial loss as a result of a Centrelink error or oversight that is sufficiently serious to be considered defective administration, they may be able to be compensated for that loss. Claims under the Compensation for Detriment caused by Defective Administration (CDDA) scheme are made to the agency responsible for the error.

One section within DHS considers CDDA claims made against the Centrelink, Child Support and Medicare programmes. If DHS refuses the person's compensation claim, that person can complain to the Ombudsman if they do not agree with the decision.

The CDDA decisions we see are generally reasonable and clearly explained.

We have made some suggestions to DHS to improve its compensation letter templates, to encourage the customer to discuss the decision with the person who made it before complaining to our office. We also suggested that DHS prominently acknowledge and apologise for any mistakes it has made, even if it concludes that these did not cause a loss for which it can pay compensation. DHS has been receptive to our suggestions.

In a minority of cases we are not convinced that DHS' CDDA decision is reasonable and we request that it be reconsidered. In the following case, DHS not only changed its decision, but agreed to reconsider the claim and changed its internal policy on the basis of these comments.

Case study: That doesn't seem fair

Arthur's mother, Lily, lived in a nursing home and Arthur helped her with her affairs including dealing with Centrelink. Arthur had taken Lily into a Centrelink service centre to advise that she had moved to a different aged care facility. Arthur then discovered that Centrelink had cancelled Lily's rent assistance in error four years earlier. Centrelink restored Lily's rent assistance from the date the error was identified. However, it refused to pay Lily any arrears because more than 13 weeks had passed since it wrote to tell her that it had reduced her rate.

Arthur asked for a review of Centrelink's decision. Three months later Lily passed away, aged 95. Arthur was Lily's executor. He advised Centrelink of Lily's death and called Centrelink repeatedly to follow up on the review. Several weeks later an Authorised Review Officer reviewed the decision and decided it was correct, but referred the case to a compensation officer to consider under the CDDA scheme. Four months later Centrelink decided it would not pay compensation because Lily was now dead and would not benefit from the money.

Investigation revealed that Centrelink had a policy of not paying compensation after the person who suffered the loss had died. We asked Centrelink to reconsider Arthur's case and drew Centrelink's attention to the delay that had occurred in the ARO review. We suggested that this should have been treated as a compensation claim at the outset, before Lily's death.

Centrelink then decided to offer compensation for the full amount of rent assistance that Lily would have been paid, if not for its error. Centrelink also agreed to review its internal CDDA guidance.

Interaction between child support and Family Tax Benefit

In last year's Annual Report we said we would continue to monitor complaints where Centrelink reduces a person's Family Tax Benefit (FTB) because the person failed to obtain an extension of their child support assessment before the child turned 18. This problem persisted in 2013–14. We discuss this further in the section about Child Support, along with some other issues arising in the interaction between a person's child support case and their FTB.

Restricted service arrangements for certain DHS customers

In last year's Annual Report we mentioned the arrangements DHS has in place to impose service restrictions on some customers, usually as a temporary measure, to manage unreasonable behaviour. We consider this is a sensible practice to protect staff and other customers from abuse or aggression. We also recognise it is sometimes necessary to limit contact with certain customers whose behaviour imposes an unacceptable burden on individual staff and the agency overall.

In December 2013 DHS briefed us about its initiative to develop customer management plans as an early response to escalating customer behaviour. We commend DHS on its efforts to proactively manage and, if possible, diffuse aggressive or unreasonable behaviour.

We have continued to receive complaints from a small number of Centrelink customers who are dissatisfied with their service restrictions. Overall, we remain satisfied that Centrelink deals with these cases appropriately, but we believe there are some aspects that can be improved. For example, we have noticed that reviews of service restrictions were not always conducted when due, or on the customer's request.

We have also seen some cases where the person's service restriction impeded their capacity to communicate with Centrelink when there was a problem with their payments. We will continue to engage with Centrelink about this challenging problem.

Administration of Income Management

In our 2012–13 Annual Report we discussed the issues we had seen in Centrelink's administration of Income Management (IM). IM enables Centrelink to manage at least 50% of a person's income support payments to ensure they meet their priority needs and those of their children. IM has applied in the Northern Territory since 2007, and is gradually being extended to other geographic areas and, in some cases, to particular groups of Centrelink customers, not limited to geographic area.

The following case study illustrates a situation in which IM appears to have hindered, rather than helped, a person meet his priority needs.

Case study: I can't spend my money

Nathan was automatically placed on Vulnerable Welfare Payment Recipient (VWPR) Income Management (IM) when he completed some Centrelink paperwork after being released from prison. Nathan later moved interstate to a town that was not an IM-declared site. He was not able to use his BasicsCard (which allows a person to use their Centrelink payments to purchase designated essential items, such as groceries) at his local supermarket or pay his rent and he experienced difficulty accessing his money. The nearest supermarket that accepted BasicsCards was over an hour's drive from where Nathan lived and he did not have a car or a licence to travel there.

Nathan asked to come off IM. However, rather than referring Nathan's request to a social worker to assess, Centrelink told him there were insufficient grounds to cease IM. We investigated and, a month after Nathan's request, Centrelink referred Nathan's request to a social worker for a decision.

Centrelink acknowledged there had been an unreasonable delay in responding properly to Nathan's request, and it advised our office that it had reviewed its local processes to ensure the same problem did not reoccur. Centrelink told us it had also reviewed other VWPR cases to ensure that no other exemption requests had been missed.

Commitments from 2012–13**Debt-recovery complaints**

In last year's report we said we intended to focus on problems with Centrelink's automated process to raise debts for Family Tax Benefit (FTB) on the basis of data from 'trusted sources'. Our focus is in cases where the debt appears to be based on wrong or outdated information, but DHS nevertheless insists on taking recovery action, often by referral to a contracted external debt collection agency. During 2013–14 we provided DHS with case studies of several such complaints and made some progress in this area, with DHS agreeing that these debts should be recalled from the agent while the debt is investigated.

Data transfer problems between Centrelink and Child Support

We said we would monitor complaints for evidence of problems with the transfer of data between Centrelink and Child Support about changes in care. There were very few complaints of this type in 2013–14. We consider that this is likely to be due to the integrated care teams DHS introduced to administer care changes across both programmes.

Centrepay

In last year's report we mentioned our submission to DHS' independent review of the Centrepay scheme, which is a free bill-paying scheme for Centrelink customers. In December 2013 we attended DHS' briefing with a range of other government, legal and welfare stakeholders about its implementation of the outcomes of the review. We acknowledge that DHS is working to improve its administration of Centrepay and will continue to engage with Centrelink when we identify issues in complaints.

Major activities

Apart from the remedies that we have achieved by investigating individual Centrelink complaints, our major outcomes relevant to Centrelink include:

- regular interaction with senior DHS officers to discuss and address the underlying issues in Centrelink complaints, through quarterly face-to-face meetings, and a range of ad hoc meetings by telephone, in person and by video conference
- continued effective liaison arrangements with DHS to investigate Centrelink complaints, assisted by a meeting in December 2013 to share information about our processes and powers
- the ongoing success of our 'warm transfer' arrangements to refer certain complaints directly to DHS for quick resolution
- our strong ongoing relationship with the National Welfare Rights Network to share information of mutual interest about Centrelink and its customers
- November 2013: outreach to Indigenous communities in and around Kununurra, Western Australia
- April 2014: completion of our investigation into service delivery complaints about Centrelink
- May 2014: meetings with community legal centres in Hobart and Launceston to discuss the role and how we may be able to help with Centrelink problems
- May 2014: roundtable meetings with community groups in Adelaide and Brisbane to discuss their experience of Centrelink's service delivery
- June 2014: DHS completed its project to reinstate the telephone number of the DHS Feedback and Complaints service in all of Centrelink's letters (DHS undertook to do this progressively from June 2013).

DHS—Child Support

Child Support assesses and, in some cases, transfers child support payments between separated parents, or to other carers, of eligible children. Child Support also registers and collects court-ordered spousal and child-maintenance payments, and some overseas maintenance liabilities.

The Ombudsman has jurisdiction to investigate complaints about Child Support's administration of child support cases. The Ombudsman cannot investigate the actions of the parties to the cases.

Statistics

In 2013–14 we received 1,426 complaints about Child Support, a fall of 18% from 2012–13 when we received 1,736.

As with Centrelink, the number of people making complaints to us about Child Support has reduced significantly since December 2012 when we introduced a recorded message on our telephone complaints line, advising people that we would be unlikely to be able to help them unless they had first tried to resolve their complaint with the DHS Feedback and Complaints service.

We finalised 1,444 complaints about Child Support in 2013–14, investigating 18% of them.

We categorise Child Support complaints according to whether the complaint was made by the person entitled to receive child support (the payee) or the person liable to pay child support (the payer). Of the 1,444 Child Support complaints finalised in 2013–14, 28% were made by payees and 69% by payers.

The split between payer and payee complaints has remained fairly consistent since we started recording the 'role' of the complainant on 1 July 2011. The proportion of payer and payee complaints within the investigated group was much closer.

We finalised our investigation of 265 Child Support complaints in 2013–14. 115 of those were payee complaints and 149 were payer complaints (43% and 56% of the investigated complaints respectively).

Overview of the function

Dealing with Child Support complaints

As with Centrelink complaints, when deciding whether to investigate a complaint about Child Support, we consider the range of mechanisms available to the person to resolve their problem.

The Child Support complaints we tend to investigate are those where the complainant has no objection rights and where he or she has been unable to resolve what appears to be a legitimate concern with a Child Support complaints officer in the DHS Feedback and Complaint service.

Significant issues in the reporting period

Consistent with previous years, the majority of the complaints we receive are from people concerned about the way that Child Support is or is not collecting money from them or their former partner, and people who believe their assessment is too high or too low. Often these complaints do not indicate a significant problem with Child Support's administration of the scheme. However, we have identified some significant issues in the reporting period. We discuss some of them below.

Problems with Child Support's processes for collecting payments from payers

A payee can choose to collect their payments privately or ask Child Support to collect for them. In 2012–13 about 54% of payees were on a private-collect arrangement. Where Child Support collects, the payee is entitled to receive only the amounts that are obtained from the payer. If Child Support does not receive any payments, the payee will not receive anything.

Many of the complaints we receive from payees are about Child Support failing to collect money from the payer. Child Support has a range of legislative powers it can use to collect money including via the payer's employer, from bank accounts and social security payments. Some payees complain to us because they have provided Child Support with information about the payer's employment and banking arrangements, but this has not resulted in regular payments.

We investigated many of these cases because the payee is not well placed to find out what action Child Support has taken to follow up the leads they provided. In many cases we are able to assure the payee that Child Support has acted on their information. However, we sometimes find that there has been a delay or error, as in the case below:

Case study: Why can't they find him?

Veronica was owed more than \$12,000 and Child Support could not explain why it was unable to collect anything from the employer of her former partner, Boris.

When we investigated, Child Support told us the employer had confirmed that Boris was working for them casually, but the officer the case was referred to had misread the file and believed the employer information to be out of date. The officer tried to call Boris, but no further collection action was taken, even though Veronica repeatedly advised Child Support where Boris was working. The error was only detected because of our investigation.

Each year we receive complaints from payees whose former partner is self-employed, which can inhibit Child Support's ability to collect. We recognise that in such cases, if the payer is unwilling to comply voluntarily with their obligations, it can be difficult for Child Support to enforce them. However, we think the integrity of the Child Support scheme will be undermined if people can readily avoid their responsibilities.

In May 2014 we advised Child Support that we were concerned by an emerging complaint trend whereby, as illustrated below, it appeared that payers were able to deliberately evade Child Support's efforts to collect through fairly simple measures.

Case study: But you know where he works!

Natasha was owed about \$2800 due to more than a year of unpaid child support. Her former partner, Wallace, was working, but Child Support had not collected any payments from his employer. Wallace had a history of refusing to make payments and defaulting on agreed payment arrangements.

Child Support was aware Wallace was working in a partnership and his only bank account appeared to be held in joint names with his partner. Child Support said this meant it could not garnishee money from that account because it was not possible to identify any portion as belonging solely to Wallace.

Child Support said that although the debt was still owed, it was not taking recovery action against Wallace and did not consider legal action was a viable option at this time.

In May 2014 we started discussions with Child Support about the criteria it applies when deciding which cases to take to court. In our view the criteria should include the size of the debt and the likely cost of litigation, but should also take into account factors such as deterrence and the reputation of the scheme as a whole.

We have also asked Child Support to consider how it can use its information-gathering powers to require the payer to provide information about his or her finances, both to help collection and to make it clear that Child Support is serious about compliance. We will continue to engage with Child Support about this issue into 2014–15.

Overpayments of child support

Overpayments of child support occur when a payee has been paid child support to which they are not entitled, usually because Child Support has made a retrospective variation to a child support assessment. Child Support will generally treat the overpayment as a credit against the payer's future liability. This generally means the payee will not receive any more child support until their overpayment is paid off. Sometimes Child Support will refund the overpayment to the payer in advance of recovering it from the payee, who can negotiate to repay the overpayment by having an agreed amount withheld from any future payments. The case study below is one such example. However, we have not seen many cases where this option is used.

Case study: Overpayment by mistake

Child Support intercepted Jasper's tax refund of nearly \$2,000. He said it was a mistake because Child Support had overestimated his income and incorrectly determined that he had a child support debt. Child Support had since reduced his assessment, but told him the overpayment could not be refunded as it had been paid to the payee. Instead the money would be treated as a child support credit, although it would take several years for his child support credit to be exhausted.

Child Support told us that the overpayment occurred because Jasper had incorrectly estimated his income. However, our investigation established that Child Support had given Jasper inaccurate and inadequate information about the estimates process and the impact of not lodging correct income estimates. Child Support agreed to refund the overpayment to Jasper in recognition that it had contributed to Jasper's situation. Child Support will now recover the overpayment from the payee.

In addition to offsetting against or withholding from future child support, there is a range of legal powers available to Child Support to collect overpayments from payees: withholdings from Centrelink payments, intercepting tax refunds and garnishee notices. However, it currently lacks the administrative and technical support to effectively use those powers. Child Support has advised us that this deficiency will be remedied via a new computer system, currently scheduled for 2015.

In our 2012–13 Annual Report we mentioned we had raised with Child Support a range of concerns about its administration of overpayments. We have continued our discussions with senior staff in DHS, and have been assured that many of the problems we identified will also be addressed in DHS' project to replace the Child Support computer system.

Child Support has also agreed to consider our suggestion that it improve the information it provides to payers and payees to explain the reasons an overpayment occurred and the options available to recover it. It also agreed to consider how it can provide better information to explain to payees how the overpayment was calculated.

The interaction of child support and Family Tax Benefit

There are close linkages between the Child Support scheme and FTB.

Maintenance action test

A person applying for FTB for a child, and who is not living with that child's other parent, is also expected to apply for a child support assessment. If they fail to apply for child support they will be paid only the base rate of FTB Part A, unless Centrelink grants them a maintenance exemption. Maintenance exemptions are rare.

In last year's Annual Report we mentioned we had investigated several complaints from payees whose FTB Part A had reduced to the base rate when their child turned 18, because they no longer had a child support assessment. Although they could have asked Child Support to extend the assessment until the end of the school year, they had missed their opportunity to do so before the child turned 18. DHS told us it was hoping to find a solution to this problem in consultation with its policy department, the Department of Social Services.

In 2014–15 we saw further examples of this problem. Typically, the loss of FTB is several hundred dollars each fortnight. By contrast, the extra child support the payee would have been entitled to receive is often negligible. We were pleased to learn in June 2014 that Child Support had recently revised the standard letter it sends to payees, inviting them to extend their child support assessment to warn them that their FTB might be affected if they fail to do so. However, we remain concerned by the harsh consequences for a payee and their child if they fail to apply for an extension. We will continue our investigation into this problem into 2014–15.

Maintenance income test

FTB Part A is paid subject to a maintenance income test. Any child support the payee receives over the threshold will affect their FTB rate.

For payees who have asked Child Support to collect payments for them, Centrelink works out their FTB based on the information that Child Support reports about the actual amounts collected and paid to them. However, payees who have chosen to collect their payments privately are deemed to have received the full amount of their child support entitlement, whether they did or not. This deeming arrangement is also applied in respect of any retrospective changes to the payee's child support assessment, even if they are unable to collect the extra money from the payer.

As the following case study shows, deeming the payee to have collected all of their child support can lead to unfair and anomalous outcomes.

Case study: But he won't pay me the money

Judith was collecting child support from Graham in a private-collect arrangement. Graham had not lodged his tax returns for some time, so his child support was calculated on 'provisional incomes'. When Child Support obtained more accurate information about Graham's income, it amended and increased his child support assessments.

Child Support sent Judith letters about her increased child support entitlement and also informed Centrelink. Centrelink reconciled Judith's FTB payments for several past years by deeming her to have collected the extra child support from Graham. Centrelink wrote to Judith to tell her that she had been overpaid \$7,000 in FTB.

Judith has not been able to collect any extra child support from Graham, whose business is now in liquidation. Graham pays her less child support now because he is not working.

Judith asked for a review of her FTB overpayment. Centrelink affirmed the decision and decided there were no special circumstances to waive it. Centrelink is recovering Judith's overpayment by withholdings from her FTB.

In our view, it does not seem fair for Centrelink to treat a payee as having collected money they were not aware they were entitled to receive from someone they are now unlikely to be able to collect it from. We have written to the Department of Social Services to convey our concerns about complaints like Judith's. We will continue to investigate this issue in 2014–15.

Commitments from 2012–13

Overseas cases

In last year's report we said we were exploring whether there was a remedy available for a specific complaint about Child Support's administration of an overseas case. The payer, who lived overseas, was left with a very large Australian child support debt due to Child Support's failure to communicate with him over many years. This occurred even though the payer had paid the full amount ordered by the court in the country where he resided.

We suggested that Child Support approach the Department of Finance to explore whether it would be appropriate to use one or more of the Commonwealth's discretionary compensation and debt-waiver mechanisms to provide a remedy for the payer and payee in that complaint. So far, these mechanisms have been declined and we are assessing what options, if any, remain.

Compensation for missed child support

Also in last year's report we said we intended to work in consultation with Child Support and the Department of Finance to overcome what we see as an unacceptable gap in Child Support's capacity to remedy failures to take advantage of a collection opportunity.

We communicated several times with the Department of Finance in 2013–14 about this issue. We raised it with the DHS compensation team in late June 2004 and will continue to engage with them in an effort to find a suitable remedy for people affected by these (admittedly rare) errors.

Major activities

In addition to the major outcomes reported in the section on Centrelink, our major outcomes relevant to Child Support include:

- our continued membership of the Child Support National Stakeholder Engagement Group, convened by the Department of Human Services, which gives us the opportunity to meet with a variety of legal, community and government stakeholders in the Child Support scheme
- regular attendance of Child Support state stakeholder engagement meetings in NSW, Victoria, Queensland and South Australia
- May 2014: meetings with community legal centres in Hobart and Launceston and Legal Aid Tasmania to discuss our role in relationship to Child Support
- June 2014: Submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs' Inquiry into the Child Support Programme.

Postal Industry

Overview

The Commonwealth Ombudsman is also the Postal Industry Ombudsman (PIO). The PIO role was established in 2006 to provide an industry ombudsman service for postal operators and their customers.

Australia Post is a mandatory member of the scheme, while private postal operators (PPOs) can register voluntarily. At 30 June 2014, there were five PPOs on the register.

The PIO can investigate complaints about postal or similar services provided by Australia Post and PPOs. The Commonwealth Ombudsman can also investigate complaints about administrative actions and decisions taken by Australia Post.

The PIO carries out its functions by investigating individual complaints, identifying and pursuing systemic problems, and acting on emerging issues.

Statistics

We received 4,053 complaints about Australia Post, which was an 11% increase on the previous financial year. Australia Post represented 23% of the total approaches that our office received this year. The majority of complaints involved Australia Post's nonreserved services such as parcel services, retail, banking and bill payment.

In 2013–14 we received 10 complaints about the other postal operators in PIO jurisdiction, which was five fewer than in the previous financial year. These and Australia Post's 3,829 PIO complaints totalled 3,839 complaints in PIO jurisdiction, a 15.8% increase on the previous financial year.

Investigated and not investigated

We did not investigate any complaints about PPOs. Of the approaches we received about Australia Post, we completed 294 investigations under the PIO jurisdiction and 27 under the Commonwealth Ombudsman jurisdiction. The main reasons for not investigating a complaint were:

- the complaint was outside our jurisdiction; for example, about employment or a company that was not a PPO
- the complainant could not show us that they had made a reasonable attempt to resolve the issue with Australia Post or the PPO
- we considered that Australia Post should consider providing a better outcome and transferred the complaint (a second-chance transfer)
- Australia Post or the PPO had provided a reasonable remedy or the remedy in keeping with its terms and conditions
- a better practical outcome was unlikely.

Second-chance transfers

Of the complaints we did not investigate, we transferred 1,079 back to Australia Post for reconsideration.

These were generally straightforward complaints where there was a delay in response, or where Australia Post could have provided a better explanation or outcome. If complainants were dissatisfied with Australia Post's response, they were able to return to our office and we would assess the response and decide whether an investigation was warranted.

We recorded a small number of complaints (38) as returning to our office because the complainant was dissatisfied with Australia Post's response to the transfer. We investigated only a small proportion of these, where it appeared Australia Post had not addressed the complaint. Usually we were satisfied with Australia Post's response to a transfer and declined to investigate.

Issues

The three top-level issues recorded for **all** approaches and complaints were single-event mail issues, recurrent mail problems and customer contact centre issues, as in the previous year. However, their prevalence as a proportion of all issues changed: single-event mail issues increased by 12% to 49%, and there was a decrease in recurrent mail problems (by 2% to 27%) and in customer contact centre issues (by 6% to 15%).

While some of this change may be due to variations in the way our officers record issues, we believe that the improvements are partly due to Australia Post's investment in staff training, improved internal communication and better complaint analysis in the past year. Other issues recorded were tender/contracts, employment-related and FOI-related.

The three top-level issues recorded for **investigated** complaints were single-event mail issues, customer contact centre issues and recurrent mail problems.

Remedies

Remedies included apologies, compensation payments, postage refunds, expedited action, staff being counselled or disciplined, and better explanations by Australia Post or our office.

Challenges facing Australia Post

Australia Post is a government business enterprise and operates under legislation (*Australian Postal Corporation Act 1989*) that establishes three types of obligations: commercial, community and general government.

It has the exclusive right to operate the letter-delivery service, but its other services operate in competition with other providers. Australia Post does not receive funding from government and is expected to operate in a manner consistent with sound commercial practice.

The growth in electronic communication and changes in consumer behaviour are affecting postal services around the world. The sharp decline in demand for letter services, combined with the costs of meeting the prescribed performance standards and a growing delivery network, are factors which have presented Australia Post with significant challenges.

A study by the Boston Consulting Group (BCG), commissioned by the Department of Communications and the Department of Finance and released by the Government on 24 June 2014, indicates that the profits earned by Australia Post from its parcel business are not sufficient to continue to offset its losses in the regulated letters business.

The BCG study forecasts that escalating letter losses could overwhelm parcel profits as early as the 2014–15 financial year.

We are participating in an interdepartmental committee chaired by the Department of Communications on the modernisation of Australia Post. Our broad complaint-handling experience across the public sector gives us a unique insight into public administration.

We hope to use that perspective to ensure that the necessary reform process takes into account the potential impact on Australia Post's customers, the possible increase in complaints and the flow-on effects on the communication between government agencies and their clients, particularly the vulnerable and disadvantaged members of the community.

StarTrack

Australia Post has fully owned parcel delivery company StarTrack since November 2012. In July 2013 Australia Post opted to include StarTrack in its PIO membership. In 2013–14, we recorded 47 complaints involving StarTrack, of which we investigated five.

A common complaint was the apparent misunderstanding by staff in both companies as to which one had responsibility for resolving the complaint. We appreciate that Australia Post is aware of the risk of confusion between the two companies, and that it developed new complaint-handling arrangements to address the problem. We are monitoring the complaint-handling relationship between the two and will provide feedback to Australia Post on the effectiveness of the arrangements.

The number of complaints we receive about PPOs has been declining in recent years. This may reflect a general complaint trend within the companies, or less awareness of the role of the PIO in the complaints process.

Past issues

In our last Annual Report we observed that information provided by Australia Post should help customers understand their rights and responsibilities, and to understand which service is best suited to their needs.

We identified some information that could be improved (see below), and Australia Post undertook to consider changes for the revised terms and conditions and postal guides that were due to be completed in October 2013.

■ 'Deliver as addressed' policy—

Australia Post's policy is that mail for an address should be delivered to that address unless there is a redirection in place, with some exceptions. For example, residents who do not receive a street-delivery service can have their mail held for collection at the counter (free) or delivered to their PO Box (reduced rate, no mail-redirection fee). In some cases staff have told residents that they had to pay for a PO Box and a redirection or their mail would be (and was) returned to sender. Australia Post clarified the arrangements and worked with staff to resolve the problems. It also advised that the policy would be formalised to support the existing operational guidelines, which is in progress. Australia Post replaced the *General post guide* (September 2007) with information in other guides, and included clearer information on its website.

- **Adequate packaging—**Packaging is a significant factor when deciding whether or not to pay compensation for damage. Australia Post has improved this information. Its revised terms and conditions include an appendix on items that are prohibited unless packaged and presented as described, and its website provides information on how to pack different types of items. Australia Post has not yet revised its *Dangerous & prohibited goods & packaging post guide* (September 2009).

- **Compensation**—In our last report we noted there was potential conflict in information about the compensation payable for coins lost or damaged in the post. The terms and conditions allow for coins to be sent only by domestic Registered Post and only up to a certain amount, and provide for limited compensation. This is not clear in Australia Post's post guides, which in general are silent on compensation for coins or say that Australia Post accepts no liability for coins. Australia Post undertook to clarify its information, but has not yet corrected information about coins in the *Dangerous & prohibited goods & packaging post guide* (September 2009).

Inquiry into Australia Post

We made a submission to the Senate inquiry on Australia Post's performance, importance and role in communities, and its operations in relation to licensed post offices (LPOs). We await the committee's report which is due for release on 27 August 2014.

Our submission was based primarily on our experience in dealing with complaints about LPOs. We suggested that the LPO experience might improve for customers if Australia Post were to improve at least two areas:

- making clear the role and arrangements of Australia Post and postal outlets for complaint management
- having more consistency between policy and practice in operations and complaint management.

Liaison with Australia Post

Australia Post gave a tour of some of its processing centres to our investigations teams in Sydney, Canberra and Brisbane. We appreciated the chance to talk with some of the staff and to witness the operations first-hand. The experience was invaluable in helping our investigators better understand the complexities in postal operations, and we thank Australia Post for the opportunity.

We welcomed our tripartite meeting with Australia Post and the Department of Communications to discuss high-level issues. We also liaised regularly with Australia Post at the corporate and operational levels to discuss and resolve policy and procedural issues arising from complaints and other sources.

Australia Post provided briefings on issues of interest such as developments in the LPO network and critical events, and sought our comment on its proposed policy on community polls for street delivery services. Issues we covered this year included:

- complaint root causes and systemic solutions. We discussed with Australia Post how it analyses complaint findings to identify and treat the root causes of complaints and improve its systems. Australia Post advised us that in general, the complaints we investigate undergo root-cause analysis. It also said the complaints we transfer directly (second-chance transfers) have been useful in highlighting areas for improvement in the complaints-handling teams, most notably the need to provide better explanations of delivery processes, investigations and compensation decisions.

- tracking service and information. We sometimes receive complaints that Australia Post has misrepresented its tracking service. A common complaint is that parcels were not fully tracked, and therefore complainants are unable to check and confirm lodgement, progress and delivery of an item. While Australia Post aims to scan parcels at key points in the delivery process, we recognise this may not always occur, usually due to infrastructure limitations or human error. Since April 2013 Australia Post's domestic parcels suite has included tracking, and the tracking service has been supported with better infrastructure. In 2013–14 we noticed an improvement in the frequency of scans and have been able to use tracking records to achieve better compensation outcomes.

We discussed with Australia Post the importance of providing clear public information about the tracking service and what it offers. Australia Post undertook to ensure that its public information reflects the nature of tracking. Its website has a dedicated page on tracking, to which product pages are linked, and the information clarifies the types and number of scans that may occur in different services.

- authorisation, signatures and identification. Australia Post's identification checks and verification of authority were a common part of complaints about unauthorised mail redirections, parcels being released to the wrong person and authorisation to leave signature items at an address. We approached Australia Post with our concerns about its policy and procedures, and hope to resolve our concerns early in the next financial year.

A number of our investigations on these and other issues resulted in improvements to Australia Post's policies, procedures or communications, and many achieved better outcomes for complainants. Some of these complaints and outcomes are outlined below.

Complaints and outcomes

Loss, damage or delay of postal items

Many of the complaints we received involved the loss, damage or delay of a postal item. In some cases we investigated and achieved a better outcome. Outcomes included some or more compensation; a refund of postage or other fees; a better search for lost items; a better understanding of what had happened; and action by Australia Post to address the deficiencies in the postal service and complaint handling.

Failure of mail redirections or holds

We continued to receive complaints about the failure of mail redirections and holds. Where we investigated, the main outcomes that we achieved were a refund of the service fee for the period of failure; and getting Australia Post to identify and address the cause of failure.

Accessibility for addressees with disabilities

We received some complaints from Australia Post customers with a disability. We investigated some of these and as a result Australia Post's delivery to the customer improved.

Case study:

Carolyn reported that delivery officers repeatedly carded items to the post office for collection rather than attempting to deliver them to her door. Australia Post's policy is for delivery officers to attempt to deliver parcels and signature items by using the apartment block's intercom, rather than going to each door. We investigated and asked whether Australia Post would consider more accessible arrangements in keeping with its Accessibility Action Plan. Australia Post noted the relevance of Carolyn's disability and arranged for delivery officers to attempt delivery to her door for such items.

Other postal services

Case study:

Louise said a postal outlet had refused to cash her International Reply Coupons (IRCs) because they did not have an international validation stamp. She said that the stamp was no longer an international requirement. When we investigated, Australia Post found that its policy was outdated. It revised its policy, advised postal outlets and complaints officers of the correct arrangements, apologised and cashed Louise's IRCs.

Retail services

Case study:

Lisa bought an item from a postal outlet. It became faulty while in warranty. The postal outlet told her to send it to the manufacturer, which she did due to the warranty's limited timeframe. When we investigated, Australia Post acknowledged that Australian Consumer Law obliged the seller to deal with the manufacturer and try to resolve the problem, and that Australia Post's internal policy on this was unclear. Australia Post revised its policy and procedures to clearly reflect the correct arrangements, and reimbursed Lisa for the postage.

Fees and statistics

The PIO can charge a fee for each investigation. Fees are calculated and applied retrospectively after the end of the financial year. The fees invoiced in 2012–13 for the previous financial year were \$389,883 for Australia Post and \$968 for FedEx, totalling \$390,851. The fees are returned to Consolidated Revenue.

Australian Taxation Office

Overview

The Commonwealth Ombudsman is also the Taxation Ombudsman. The Taxation Ombudsman role was created in 1995 to increase the focus on the investigation of complaints about the Australian Taxation Office (ATO).

Our analysis of ATO complaint issues and outcomes in the context of all other agencies enables us to form an objective and comprehensive view about the ATO's administration.

A notable feature of the Taxation Ombudsman role is our ability to investigate cross-agency complaints. In some cases, taxation is but one concern for the complainant (for example, complaints involving the ATO and Child Support).

Our broad oversight of Australian Government agencies provides a unique opportunity to help complainants to resolve multiple concerns simultaneously and to help agencies improve their service delivery to shared clients.

The Taxation Ombudsman appears with the Commissioner of Taxation at biannual hearings of the House of Representatives Standing Committee on Tax and Revenue. The Ombudsman provides an overview of the ATO's performance based on complaints received and our liaison activities with the ATO. A copy of the latest submission by the Ombudsman to the Tax and Revenue Committee is available on our website.

During the year the Ombudsman was invited to speak at the ATAX 11th International Tax Administration Conference. The speech explored the Ombudsman's perspective on Australian tax administration, particularly the opportunities for the ATO to improve its communication with taxpayers to increase the public's trust in tax administration.

In its 2014–15 Budget the Government announced that the Ombudsman's tax complaint-handling function would be transferred to the Inspector-General of Taxation. The Ombudsman will continue to deal with tax complaints until necessary legislation is passed to give effect to the Government's decision.

Complaints about the ATO

In 2013–14 we received 1,369 complaints about the ATO, which represents a decrease of almost 24% on complaints received in 2012–13. Overall, complaints about the ATO accounted for almost 8% of the total number of in-jurisdiction complaints received by the Ombudsman during the year.

Complaints to the Ombudsman about the ATO are made mainly by individual taxpayers and small-business owners.

Cross-agency complaints

The ATO regularly interacts with other Government agencies including the Department of Human Services (Medicare, Child Support and Centrelink programmes), the Australian Securities and Investments Commission (ASIC) and the Tax Practitioners Board. Complaints about the ATO may involve one or more of these agencies.

Child support payees regularly complain that the ATO has failed to take adequate action to ensure tax return lodgement by their former partner. A payer's failure to lodge a tax return may affect the amount of child support a payee receives.

Payees often feel that the ATO has not done enough, or has not informed them adequately about what actions it took, following their report to the ATO's Tax Evasion Referral Centre. Payees also often complain about the actions of Child Support in pursuing the matter with the payer and say that they are caught between the ATO and Child Support and feel powerless to resolve the matter.

Another, less common cross-agency complaint received by the Ombudsman relates to the Family Tax Benefit (FTB). Where the FTB is paid fortnightly, rather than annually, payments are calculated according to the family's estimated taxable income for the financial year.

In general, when a person lodges their tax return, Centrelink compares that person's income estimate with the ATO's assessment and, taking into account the FTB already paid, either tops-up the payment or raises a debt for overpayment. If the person (or their partner) fails to lodge a tax return within the prescribed time, Centrelink raises a debt for the full amount of the FTB paid for that financial year.

We have received complaints from FTB recipients who have been asked to repay the FTB because, although they had met their own tax obligations, their partner or former partner had not. Complainants typically claim that the ATO and Centrelink did not take adequate action to pursue the matter with their partner or former partner.

Past Ombudsman investigations concerning the ATO's actions in response to calls to the Tax Evasion line revealed that the ATO generally took appropriate action, even though the outcome may not have been obvious to the caller.

We recognise that privacy and secrecy provisions limit what the ATO can disclose about the tax affairs of another person and we therefore accept that the ATO is sometimes unable to provide specific details of the outcome of its investigation or actions. However, we have provided feedback to the ATO regarding its handling of cross-agency complaints, particularly in relation to the perception by some complainants that they are caught in the middle, with neither agency taking responsibility for the complaint.

Case study: Child Support and the ATO

Lynette complained that she had incurred a debt with Child Support as a result of an incorrect Capital Gains Tax assessment made by the ATO. Lynette stated that the ATO refused to inform Child Support of its error, despite her contacting it more than 10 times regarding the matter.

Following our investigation, Lynette's complaint was ultimately resolved when her debt was reduced to zero. The ATO and Child Support agreed to implement policy and system changes to avoid similar problems arising in the future.

Addressing potential cross-agency issues – myGov and the ATO's electronic lodgement process for 2013–14

myGov is a service managed by the Department of Human Services (DHS). It allows users to link a range of Australian Government services with one username and password. For the 2013–14 tax year, taxpayers will be required to link their ATO account to a myGov account to be able to lodge their tax return electronically via e-tax or myTax.

We anticipated that taxpayers could be confused about which agency to contact if they experienced difficulties setting up an account. Our discussions with both agencies suggest that adequate arrangements are in place to deal with 'shared customer' issues.

We will report on the use of myGov at tax time in our 2014–15 Annual Report.

Earlier resolution of complaints – Second Chance Transfer programme

Under our Second Chance Transfer programme, we refer complaints that have been finalised by the ATO back to the ATO for reconsideration. We do this in cases where:

- the taxpayer has attempted to resolve the issue through the ATO's complaints process, but remains dissatisfied with the outcome
- the issue which led to the complaint is relatively uncomplicated
- we assess that the ATO is capable of offering a better outcome relatively quickly.

The process gives the ATO another opportunity to review the complaint and resolve any issues, potentially reducing the need for an Ombudsman investigation. The outcome of a referral back to the ATO is typically a quicker resolution of the issue for the complainant and an opportunity for the ATO to learn from complaints to further improve its own complaint-handling practices.

In 2013–14, 176 complaints were referred back to the ATO as second-chance transfers. Most of the complaints transferred as a part of this arrangement were successfully resolved by the ATO and did not return to our office for further or formal action.

Complaint themes

During 2013–14 complaints received by the Ombudsman about the ATO most commonly related to:

- delay in receiving income tax refunds
- debt-collection activities
- audits and reviews conducted by the ATO
- superannuation.

Income tax returns

In 2013–14 complaints relating to lodgement and processing issues accounted for almost 18% of all the ATO complaints we received.

The ATO's Income Tax Return Integrity (ITRI) programme detects income tax returns that may contain missing or incorrect information. This can lead to a delay in issuing a refund, even if the ATO ultimately determines the taxpayer's claims are correct.

The effect of ITRI first came to the Ombudsman's attention in 2011 following an influx of complaints concerning delays. We are pleased to note the ATO has taken into account the feedback provided by this office and has improved its communication with taxpayers regarding delays.

Case study: Delay due to failure to establish proof of identity

Dawn, a tax agent, complained about a delay in the processing of her client's (Chris) income tax return. Despite many contacts with the ATO, neither Dawn nor Chris understood the reason for the delay.

Our investigation found that the primary reason for the delay was that Chris' Proof of Identity had not been established. As a result Dawn's authority to act on behalf of Chris could not be established. The complaint was resolved when the ATO issued the Notice of Assessment in relation to Chris' tax return and apologised for the delay.

Case study: Re-raising tax debts

Simon complained he had not received his refund following the processing of several years of income tax returns. The ATO advised his refund credit had been applied to a previously non-pursued tax debt which had been re-raised. However, the ATO had failed to inform Simon that it intended to re-raise this outstanding debt.

In a 2009 report, Australian Taxation Office: Re-raising Written-Off Tax Debts, we recommended the ATO should inform the taxpayer when it decides to re-raise a debt.

As a result of our investigation, the ATO contacted Simon to discuss partial remission of the General Interest Charge and a payment arrangement. The ATO has now introduced procedures to ensure taxpayers are automatically informed when it decides not to pursue a debt as 'uneconomical to pursue' and to provide clear advice that the debt may later be re-raised.

Debt collection

Debt collection remains a persistent cause for complaint to the Ombudsman. During 2013–14 about 21% of complaints about the ATO related to debt-collection activities.

We received complaints from small-business owners aggrieved about garnishee action taken by the ATO or the rejection of payment arrangements proposed by them. We recognise the ATO has an obligation to ensure taxpayers pay the correct amount of tax under the law, and we accept it is entitled to use garnishee action as a means of collection. Importantly, the ATO has continued to improve its response to cases involving hardship and exceptional or unusual circumstances.

The re-raising of debt is another common cause of complaint to the Ombudsman, as seen in the case above.

Audit and review

Complaints about the ATO's audit activity commonly relate to case selection, substantiation or a delay in finalising the audit. In 2013–14 about 10% of tax complaints related to audits.

When the ATO identifies an income tax return or GST claim that may contain incorrect or inadequate information, it may decide to undertake a thorough review before issuing a refund.

Complainants typically contact us when they:

- do not understand why they or their business have been selected for an audit
- are concerned at the amount of documentation the ATO has asked them to provide to substantiate their claims
- believe the audit is taking too long to finalise, and/or
- disagree with the ATO's decision to extend the audit beyond the terms initially advised, to include earlier periods or years.

The law provides taxpayers with the explicit right to object to, and seek a review of, the ATO's decisions, including through an appeal to the Administrative Appeals Tribunal. We encourage taxpayers who disagree with an assessment by the ATO to exercise their objection and review rights.

Taxpayers may also seek compensation under the Compensation for Detriment caused by Defective Administration (CDDA) scheme if they believe they have suffered loss or damage as a result of defective administration by the ATO. A number of complainants have applied for compensation under this scheme in relation to decisions made by ATO audit and objection officers, as occurred in the example opposite.

Superannuation

In 2013–14 about 10% of ATO complaints we received related to superannuation and unpaid superannuation guarantee payments. Complaints are typically made by:

- individual employees concerned about the delay, lack of information or uncertainty about the ATO's progress towards collecting unpaid superannuation
- small-business owners who disagree with the audit actions related to an employee complaint
- Self-Managed Super Funds (SMSFs) with concerns regarding reporting and regulatory issues.

Case study: ATO reconsiders terms of settlement relating to CDDA decision

Les, a small-business owner, complained to the Ombudsman about a number of matters related to a long-running and complicated dispute with the ATO which arose following an audit.

The ATO made a compensation offer to Les and asked him to sign a Deed of Release. Les was dissatisfied with the amount of compensation offered and with the terms of the Deed of Release. Les referred to clauses that stated the release covered claims and liabilities that arose in the future, and that he would be required to withdraw his complaint about the ATO from the Ombudsman's office without referring to the Deed of Release.

We did not investigate the quantum of compensation offered to Les as that was the subject of ongoing legal proceedings. However, we investigated the terms of the Deed of Release. The ATO accepted our suggestions and agreed to revise the clauses.

Case study: ATO improves its guidelines on Self-Managed Super Funds

Peter complained that he did not understand the ATO's decision not to accept late payment of the minimum pension for his SMSF. He informed us that the ATO had refused his request on the basis that the guidelines on acceptance of late payments specifically applied to account-based pensions, whereas Peter's fund paid an allocated pension and there were no equivalent powers in relation to allocated pensions.

During our investigation we raised concerns that there was a gap in the ATO's guidelines, which could be confusing and lead to uncertainty for SMSFs that paid allocated pensions. The ATO acknowledged this gap and agreed to extend the application of the guidelines to funds that pay allocated pensions. It also agreed to update its web content, advise the SMSF industry and communicate its revised position.

In addition, the ATO reviewed previous cases concerning allocated pensions and late payment of pension amounts to ensure that relevant funds were not adversely affected by the previous gap in guidelines.

Other matters

Access issues

The ATO reduced the availability of printed products for the 2012–13 tax return period and required that some types of returns be lodged online only. The Individual Tax Return Instructions (the Tax Pack) are no longer available through newsagents. Instead, printed products are only available by order from the ATO (phone, online or shopfront).

This office received a small number of complaints about the decision to restrict or cease printed products. A common theme was that the move was seen as discriminatory against older Australians and those who did not have access to a computer, or were in a remote location with limited access to support. Some complainants were concerned that the move to online lodgement increased their exposure to cybercrime.

We generally referred these complaints back to the ATO under the Second Chance Transfer programme to give the ATO an opportunity to resolve the issue for the taxpayers, and to provide a better explanation of the reasons for the change in service arrangements.

We will continue to provide feedback to agencies to ensure the increasing move to online transactions does not impact unfairly on their clients, particularly disadvantaged or vulnerable members of the community.

Communication

During the year we provided feedback to the ATO about the need to better communicate issues that impact on taxpayers, a point acknowledged by the ATO in its 2012–13 Annual Report. Providing better information earlier is likely to reduce the need for a taxpayer to call the ATO to complain or query its actions.

The following case study provides an example of where an investigation resulted in better information being provided to taxpayers:

Case study: ATO agrees to write to tax agent's clients to advise them of error

Graham, a tax agent who ran a single-agent practice, complained that the ATO refused to retract Failure to Lodge warning letters incorrectly sent to some of his clients.

As a result of our investigation the ATO wrote to the affected clients to advise them of the error and to confirm that the Failure to Lodge letter had been removed from their records. The ATO apologised to the clients for not advising them of the error earlier.

We continue to provide feedback to the ATO in relation to its letters and other communications with taxpayers. We note that the ATO is undertaking a special project to identify and review the top 10 letters that generate complaints or contact with its call centres.

During the year we raised with the ATO the issue of providing prompt advice to taxpayers about system errors or outages, particularly those that may lead to processing backlogs or unavoidable delays. We suggested to the ATO that providing early advice about delays on its website would help its clients set reasonable expectations about timeframes and would likely reduce the need for taxpayers to call the ATO with enquiries or complaints.

Immigration

Overview

The Immigration Ombudsman has oversight of the full range of functions undertaken by the Department of Immigration and Border Protection. We inspect immigration detention facilities, provide the Minister with reports on people who have been in detention for more than two years, monitor the department's compliance and removals processes, and investigate complaints about the department's actions in relation to immigration and detention matters.

Complaints

The Immigration Ombudsman investigates the department in two streams: general complaints relating to visa, citizenship and other migration matters; and detention-related complaints.

The number of complaints we received about the department increased slightly over the previous year. We received 1,771 in 2013–14, compared with 1,547 in 2012–13, an increase of 14.5%. Of these we investigated 256, or 14%. Our complaints received regarding detention-related matters were 697, of which we investigated 140 (20%), and 1,074 general complaints, of which 116 (10%) were investigated.

Timeliness and responsiveness to Ombudsman's requests for information, particularly in relation to detention-related complaints, is one aspect of the relationship with the department that is a focus for improvement. This is important in meeting the Ombudsman's service charter and the expectations of complainants.

We have continued the process of 'warm transfer' of complaints introduced last year. This enables us to give the department a second opportunity to respond to a complainant without requiring investigation by this office. In 2013–14 we warm transferred 35 complaints.

A number of complainants have not been satisfied with the department's response to the transferred complaints and have come back to this office for us to reconsider them. There were nine such instances, and of those we undertook an investigation of five complaints.

Complaint themes and systemic issues

As in previous years, delay is the most common cause of complaint, particularly in relation to the processing of some visa categories – spouse and some skilled migration visas. Security assessment delays for asylum seekers are still a cause of complaint; however, this has lessened due to the cessation of processing of asylum claims for people who arrived by boat after 13 August 2012.

Management of detainee property in detention is also a concern, with these complaints mostly concerning property that is damaged or lost while it is in the custody of the detention facility management. This is a systemic issue that we are continuing to work with the department to resolve.

The issue of visa applications being refused is also a frequent cause of complaint, mostly as it relates to applications for visitor and student visas. It should be noted, however, that complaints to this office about visa refusals are a very small proportion of total visa applications.

As noted in last year's Annual Report, this office presented the department with a discussion paper on genuineness as it relates to visitor and student visa applications. We met with senior departmental staff to discuss our concerns. In relation to student visas, they responded with a detailed explanation of the Genuine Temporary Entrant requirement introduced in November 2011 as part of the Knight Review reforms.

The department provides support to visa processing officers with extensive policy training and a range of strategies in the temporary visa network to support good decision making. These strategies include regular communities of practice meetings, updates to standard operating procedures and a range of measures to improve quality assurance in the decision making process.

Stakeholder engagement

To strengthen our engagement with service providers, asylum seekers, advocacy groups and other stakeholders we held a series of community roundtables in Australian capital cities. The purpose of the roundtables was to inform stakeholders about the role of the Ombudsman and to listen to any concerns about the administration of the department's functions. To continue this engagement we have also begun publishing a quarterly e-newsletter to share news about our priorities and issues of interest.

Liaison with the department

We have regular meetings with the department. The Ombudsman meets quarterly with the Secretary to discuss significant matters. The Deputy Ombudsman and Senior Assistant Ombudsman meet six-weekly with the Senior Executive of the department to discuss emerging trends and policy directions. The Senior Assistant Ombudsman and directors meet quarterly with the department's Ombudsman and Human Rights Coordination Section and other relevant areas in the department.

We discuss a broad range of issues and provide the department with a quarterly report of trends in complaint numbers and issues, as well as updates on statutory reporting, compliance monitoring, detention inspections and intersecting Overseas Student Ombudsman activities. When requested, the department provides briefings on matters of interest to this office.

Following up recommendations from previous reports

In 2012 we published a report on the circumstances of the transfer of 22 detainees from Villawood Immigration Detention Centre (IDC) to the Silverwater Correctional Facility following a riot at Villawood IDC. The report made a number of recommendations, all of which were accepted by the department.

In 2013 we followed up with the department to observe how the changed policies and procedures had been implemented. We asked for details of all transfers from IDCs to correctional facilities in the previous 12 months, and on examining the information provided it was apparent that these transfers had been carried out with adherence to the new procedures. This office has not received any further complaints relating to this issue.

The Ombudsman is concerned about the mental health of people in the immigration detention network, particularly the high levels of self-harm. These concerns culminated in May 2013 with a report on suicide and self-harm in immigration detention. The report made nine recommendations, of which the department accepted three, accepted five in principle and noted one.

The department has informed us of the progress of the implementation of these recommendations, most of which have now been implemented. The Ombudsman remains concerned about suicide and self-harm within the Australian detention network, so we will continue to monitor critical self-harm incidents through detention visits and regular departmental reporting.

Compliance and monitoring

In August 2013 the Ombudsman began an own-motion investigation into the inspection and monitoring of the department's compliance activities involving locating,

detaining and removing unlawful non-citizens from 1 January to 30 September 2013.

The investigation provides independent oversight of compliance functions. It also provides the department, the government and the public with a degree of assurance that the department's processes are lawful and in accordance with good practice. This is especially important as warrants under s 251 of the Migration Act (which allow Immigration officers to enter and search premises) are approved by a delegate within the department.

As part of the own-motion investigation, we conducted desktop reviews of s 251 warrants and associated documentation, and examined documentation for the removal from Australia of people including people removed under s 501 (criminal/charter).

In addition, we attended aspects of the department's training of compliance staff, presented sessions to training groups on the functions of the Ombudsman's office and observed field compliance operations in the following cities and towns:

- Canberra – 3 December 2013
- Sydney – 4 and 5 February 2014
- Melbourne – 24 and 25 February 2014
- Leeton – 19 March 2014
- Adelaide – 7 April 2014
- Perth (Australind) – 20 May 2014
- Bundaberg – 2 and 3 June 2014.

We also observed front-counter operations at departmental offices in Sydney, Brisbane and Perth and visited the Villawood IDC to speak to the removal team and a number of people detained for compliance activities.

Overall we did not identify any areas of significant or systemic concern and noted that departmental officers in the field acted in a professional manner.

People detained and later released as lawful non-citizens

Since 2011 the department has been providing the Ombudsman with six-monthly reports on people who were detained then later released from immigration detention as they were found to be lawful non-citizens.

In 2013–14 the department reported that out of the 4,219 people detained, there were 17 cases where people were later released as not unlawful. These 17 reported cases involved 23 people when family members were included. Notification deficiencies and case-law-affected issues were the main cause of release from detention.

Issues associated with valid notification of decisions and those arising from case law are often complex to investigate. It is clear the department makes enquiries before detaining people, but continues to investigate after detention to ensure the detention is lawful.

We are satisfied with the department's reporting and that detention was not the result of systemic issues or maladministration. However, we did express concern regarding the number of people who were being granted visas in error and that future reporting should reflect the actual number of people detained.

We have also highlighted the need to focus on identifying notification and case-law issues before the decision to detain.

Immigration detention reviews

Statutory reporting (two-year review reports)

After a person has been in immigration detention for two years, and every six months thereafter, the Secretary of the Department of Immigration and Border Protection must give the Ombudsman a review, under s 486N of the Migration Act, relating to the circumstances of the person's detention.

Section 486O of the Act requires the Ombudsman to give the Minister for Immigration and Border Protection an assessment of the appropriateness of the arrangements for that person's detention. The Ombudsman also provides a de-identified version of the report to the Minister, which is tabled in the Parliament.

In 2013–14 the number of two-year detention reviews we received from the department decreased from the previous year. The office received 886 reviews in 2013–14 compared with 1,118 reviews in 2012–13 and 683 in 2011–2012. Of the 886 reviews, 161 were first reports of people who reached 24 months in immigration detention and 725 were subsequent reviews for people who were 30 months or longer in detention.

Many of the people subject to these reviews were released on Bridging, Protection or Temporary Humanitarian Concern visas, removed from Australia, detained in correctional centres or transferred to community detention. The Ombudsman is still required to provide an assessment even if the person has been released from detention since the s 486N review was provided.

We provided 666 assessments to the Minister in 2013–14, compared to 674 the previous year.

Information from this process provided a valuable insight into individual and systemic issues experienced by people in community detention. There is a risk of this cohort of detainees receiving less oversight and scrutiny by virtue of the fact that they are not detained in held facilities, but living in accommodation in the community throughout Australia.

The high number of cases we are required to assess continues to place considerable strain on the ability of the office to report to the Minister in a timely manner. To help manage the workload,

from January 2014 we began providing the majority of reports in a revised tabular format. We also continued to examine options for discharging this statutory obligation to be able to meet anticipated increases in people reaching 24 months in immigration detention.

In May 2014 we implemented an electronic delivery system for all reports, thus reducing our requirement for printed material.

Trends and issues raised in the two-year reports include:

- the continued long-term detention (in some cases over four years) of people who have been found to be owed protection, but have received an adverse security clearance
- those who are in the cohort of detainees who have been found not to be owed protection, but are unwilling to return to their home country voluntarily

- detainees who have been found to be owed protection, but have been waiting for more than two years for a security clearance
- placement recommendations for individuals to be nearer to family support.

Immigration Detention Review and Inspections

The Immigration Ombudsman oversees immigration detention and has done so since the introduction of the role in 2005. The function has been realigned over recent years to focus on the legislative, policy and procedural compliance and administrative actions undertaken in regard to immigration detainees.

During 2013–14 our teams visited the immigration detention facilities listed in Table 2.1

Table 2.1: Immigration detention facilities visited in 2013–14

Immigration Detention Facility	Location	Timing
Aqua and Lilac Compounds Alternative Places of Detention	Christmas Island WA	Aug 2013
		Dec 2013
		Mar 2014
Bladin Point Alternative Place of Detention	Darwin NT	Apr 2014
Brisbane Immigration Transit Accommodation	Brisbane QLD	Jan 2014
Construction Camp and Phosphate Hill Alternative Places of Detention	Christmas Island WA	Aug 2013
		Dec 2013
		Mar 2014
Curtin Immigration Detention Centre	Derby WA	Nov 2013
		May 2014
Darwin Airport Lodge Alternative Place of Detention	Darwin NT	Sep 2013
		Apr 2014
Maribyrnong Immigration Detention Centre	Melbourne VIC	Feb 2014

Immigration Detention Facility	Location	Timing
Melbourne Immigration Transit Accommodation	Melbourne VIC	Feb 2014 Jun 2014
Nauru Offshore Processing Centre	Nauru	Jun 2014
Northern Immigration Detention Centre	Darwin NT	Apr 2014
North West Point Immigration Detention Centre	Christmas Island WA	Aug 2013 Dec 2013 Mar 2014
Perth Immigration Detention Centre	Perth WA	Mar 2014
Perth Immigration Residential Housing	Perth WA	Mar 2014
Scherger Immigration Detention Centre	Weipa QLD	Nov 2013
Sydney Immigration Residential Housing	Sydney NSW	Oct 2013
Villawood Immigration Detention Centre	Sydney NSW	Oct 2013
Wickham Point Immigration Detention Facility	Darwin NT	Apr 2014
Yongah Hill Immigration Detention Centre	Northam WA	Mar 2014

During this inspection period there was a substantial change in government policy on Illegal Maritime Arrivals (IMAs), including the mandatory transfer of all IMAs who arrived after 19 July 2013 to Offshore Processing Centres (OPC) located on Nauru and Manus Island.

The key issues arising over this reporting period include:

- separation of family groups
- access to legal support for screened-out detainees
- management of detainees' personal property
- provision of welfare support to detainees
- inconsistency in access to mobile telephones.

Family separation including young adult males

We noted a shortfall in the policy guiding the management of family groups, which resulted in a significant number of families being separated and adult males being placed in facilities away from the extended family group they travelled with.

Of particular concern was the variation in interpretation of what constitutes a family and, in the absence of clear guidelines and policy, an over-reliance on the views of local managers to determine how family groups are managed and placed. The result is a significant variation in:

- definitions of what constitutes a family group
- placement considerations for partnered family members (fiancés etc) within the larger family group

Case study: Was separating the family really necessary?

Mrs C approached us on a recent inspection visit. She explained that she travelled to Australia by boat with her husband, son (aged 22) and daughter (aged 21) and had not seen her son for eight months. After initial interviews and processing her son was moved from the APOD to the IDC on Christmas Island. Her husband became ill on Christmas Island and was separated from the family when he was transferred to Darwin for treatment. Mrs C was able to join him after several weeks, but her daughter remained on Christmas Island for some time before she was transferred to an APOD in Darwin to be with her mother. Throughout this the son remained at North West Point until he was transferred to Darwin, albeit again to an IDC and not co-located with the family.

- how mutually supportive groups that are not immediate family are managed
- how individuals claiming a family connection are managed
- the level of evidentiary material required to be considered as a family or partnered, including same-sex partners.

We are particularly concerned about the approach adopted in relation to young adult males who are removed from their family on their 18th birthday and placed into an Immigration Detention Centre. From our observations there appears to be little evidence to support this action.

We are concerned that it is premised on a view that once a male turns 18 they will engage in sexually predatory behaviour and will pose a significant risk to minors if they are retained in an Alternative Place of Detention (APOD) in the company of their family or established support networks. A review of all incidents involving males in a specific APOD did not support this view, nor do academic and professional studies support the separation and further isolation of young men from their family and support networks, noting that many are the head of their family unit.

Access to legal support – screened-out detainees

We have noted that neither Christmas Island nor Villawood IDC has provided suitable facilities or information to detainees who have been screened out to facilitate access to legal advice. We acknowledge that the Migration Act provides for the Department of Immigration and Border Protection to facilitate access on request. However, it raises the issue of reasonable understanding; that is, how does a detainee know that they may request access if they are not informed?

Management of detainee property

During this reporting period we focused on the manner in which detainee property was managed, including the introduction of the revised detainee property Policy and Procedure Manual (PPM). We noted:

- an absence of CCTV coverage in most facilities to provide coverage of both property recording and storage of in-trust and valuable property
- compliance with the respective policies, guidelines and procedural manuals was variable

- property that does not accompany detainees on transfer has a significantly higher risk of being lost or not located at the time of a detainee's discharge or transfer to an Offshore Processing Centre
- poor record keeping that fails to clearly describe the items kept in-trust
- inaccurate or inappropriate recording of valuables
- failure to issue receipts for valuables and/or in-trust property.

Provision of welfare support to detainees

The provision of welfare services across the immigration detention network is variable. Serco is compliant with its contractual obligations; however, the quality and use of the welfare structure varies and is dependent on the quality of the manager and staff to produce a good product.

During this reporting period we noted:

- consistent issues with placement of family groups within regional facilities (see separation of families issue)
- a high percentage of staff allocated to welfare sections are enthusiastic, but lack the prerequisite training and qualifications identified in the Serco position descriptions
- staff allocated to undertake self-harm assessment interviews were generally property staff who had not received training in undertaking this assessment. It should also be noted that this assessment is intended to be conducted as a concurrent activity with the property process during induction, therefore causing a conflict of priorities for property staff.

In relation to welfare clothing, improvements were noted. However, there is still a need to consider gender, age and culture in selection of clothing. This issue was particularly noted in IDCs which transitioned to APODs.

Access to mobile telephones in immigration detention facilities

There is ongoing inconsistency in the policy applied to detainees regarding access to and carriage of mobile telephones. IMAs are not permitted to have mobile phones in their possession, while all other categories of detainees are. This generates confusion in those facilities with a mixed cohort, management challenges when moving IMAs from facilities where they have had access, and supports an active black market.

The issues we have identified with access to legal support, detainee property and access to mobile phones are being raised with the department in separate issues papers and will be subjects of further discussion.

Overseas Students Ombudsman

The Overseas Students Ombudsman has three roles:

- investigate individual complaints about the actions or decisions of a private-registered education provider in connection with an intending, current or former overseas student
- work with private-registered education providers to promote best-practice handling of overseas students' complaints
- report on trends and broader issues that arise from complaint investigations.

Complaint trends and themes

In 2013–14 we received 518 complaints about private-registered education providers in connection with overseas students. This reflects an increase of 14 per cent from last financial year.

We started 233 complaint investigations and completed 244 investigations, compared to 189 investigations started and completed last year. This includes some investigations commenced in the previous financial year.

The top four types of complaints the Overseas Students Ombudsman received were about:

- refunds and fees disputes (200 complaints)
- providers' decisions to refuse a student transfer to another provider under Standard 7 of the National Code (107 complaints/external appeals)
- providers' decisions to report students to the Department of Immigration and Border Protection (DIBP) for failing to meet attendance requirements under Standard 11 (95 complaints/external appeals)
- providers' decisions to report students to DIBP for failing to meet course progress requirements under Standard 10 (55 complaints/external appeals).

We closed 282 complaints without the need to investigate, compared to 258 last year, because:

- we were able to form a view on the basis of the documents provided by the student, without the need to contact the education provider to investigate, or
- we referred the student back to their education provider's internal complaints and appeals process first, or

- we transferred the complaint to another complaint-handling body which could deal with the issue more effectively, as required by s 19ZK of the Act.

In 2013–14 we transferred 81 complaint issues to other complaint-handling bodies arising from 75 complaints, including:

- two complaints about discrimination to the Australian Human Rights Commission (AHRC) (one last year)
- 34 complaints to the Australian Skills Quality Authority (ASQA) relating to the quality or registration of a course (22 last year)
- three complaints to the Office of the Training Advocate relating to private education providers in South Australia (none last year)
- 40 complaints to the Tuition Protection Service (TPS) (14 last year) about provider closures and provider refunds due to student visa refusals
- one complaint to the Victorian Registration and Qualifications Authority (VRQA) relating to the quality or registration of a Victorian school (none last year).

Reports to the regulators

The Overseas Students Ombudsman has the power to disclose information regarding providers of concern to the national regulators, ASQA or the Tertiary Education Quality Standards Agency (TEQSA).

In 2013–14 we used our power on five occasions to report to ASQA details of complaints where it appeared to us that a private provider may have breached the *Education Services for Overseas Students Act 2000* or the National Code, and we considered it was in the public interest to advise the national regulator of the details. Last year we reported on eight.

Once we provide this information, it is up to ASQA to decide what regulatory action, if any, it should take. We did not make any disclosures to TEQSA in 2013–14.

Trends and systemic issues

Problems with written agreements

We have been investigating more complaints about student refunds and fee disputes due to the high incidence of non-compliant written agreements prepared by education providers and signed by overseas students. A written agreement sets out the terms and conditions of their enrolment, including the refund policy.

In February and June 2014 we developed and delivered training on common mistakes providers make that invalidate their written agreements. This training was done through the professional development programmes of the peak bodies, English Australia (EA) and the Australian Council for Private Education and Training (ACPET).

Case study:

Ferdinand withdrew from his English language course and requested a refund from his provider, which was refused. We investigated the student's complaint and asked the provider for a copy of the written agreement. The provider gave us a copy of a signed application form, which did not list the courses or itemise the fees. It also provided a letter of offer which contained the terms and conditions of enrolment and the itemised list of fees. However, the letter of offer had not been signed by the student. The provider did not supply our office with evidence that the student had otherwise accepted the terms and conditions set out in the letter of offer. It instead relied on payment of the fees listed in the letter of offer as acceptance of the terms and conditions. Our office decided that payment was not sufficient evidence of acceptance under the ESOS Act and Standard 3 of the National Code. We recommended that the provider refund the student as required by section 47E of the ESOS Act, which the provider did.

Written agreements issues paper

We have drafted an issues paper on written agreements, which will be circulated to the education provider and international student peak bodies in the first quarter of 2014–15. The purpose of the paper is to consult with them about the best way to improve provider compliance with the legal requirements for written agreements/enrolment contracts.

This may include the development of standard-form clauses to minimise the opportunity for error, leading to disputes and the education provider having to pay a refund or not pursue outstanding fees when they would otherwise be able to.

Overseas Student Health Cover issues paper

In 2013–14 we identified problems with some private-registered education providers failing to arrange Overseas Students Health Cover (OSHC) for students who had paid them the premium. In each case the provider had also falsely reported to the Department of Education (DE) and DIBP that they had arranged the cover. This caused the students to breach their visa conditions and left them without cover, until our office investigated the matters.

We reported the providers to the regulator. We also used the complaints to consider the administration of OSHC by education providers, DE, DIBP, the Department of Health and the five OSHC insurers more broadly. After consulting with these organisations we identified a number of areas for improvement. These will be detailed in an issues paper on the topic to be published in the first quarter of 2014–15.

Overseas student complaint statistics

In 2012–13 the Overseas Students Ombudsman worked with the state and territory Ombudsman offices and the South Australian Training Advocate to

explore ways to generate overseas student complaint statistics that can be compared across jurisdictions. Given that offices collect different data, we concluded this was something to aspire to over the longer term. We continue to publish quarterly statistics on our website at www.oso.gov.au which will allow the identification of trends in complaint issues relating to private-registered providers over time.

Stakeholder engagement and promoting best-practice complaint handling

In 2013–14 we promoted best-practice complaint handling through our e-newsletters to overseas students and private-registered education providers. We also delivered presentations at key industry conferences including training to overseas students at the Council for International Students Australia conference and presentations to education providers at the Australian Council for Private Education and Training and English Australia conferences.

We met with relevant stakeholders to discuss issues relating to overseas student complaints. This included meetings, workshops or other events with the Australian Federation of International Students, Victorian International Student Care Service, Consumer Action Law Centre Victoria, Redfern Legal Centre's International Student Legal Advice Service, Council for International Students Western Australia, Independent Schools Council Queensland, Office of the Training Advocate South Australia, Western Australian Private Education and Training Industry Association, Western Australian International Education Conciliator, Australian Human Rights Commission and the Fair Work Ombudsman.

In addition, we held regular liaison meetings with ASQA, TEQSA, the TPS, DE and DIBP to discuss issues relating to international education and overseas student complaints.

Defence Force Ombudsman

The office received 518 complaints about Defence agencies in 2013–14, compared with 509 complaints the previous year. Defence agencies include the Australian Defence Force (ADF) and cadets, the Department of Veterans' Affairs (DVA), the Defence Housing Authority, as well as the Department of Defence (Defence).

Complaints from serving or former members of the ADF are investigated by the Defence Force Ombudsman. Complaints typically involve ADF employment-related matters including:

- pay and conditions
- entitlements and benefits

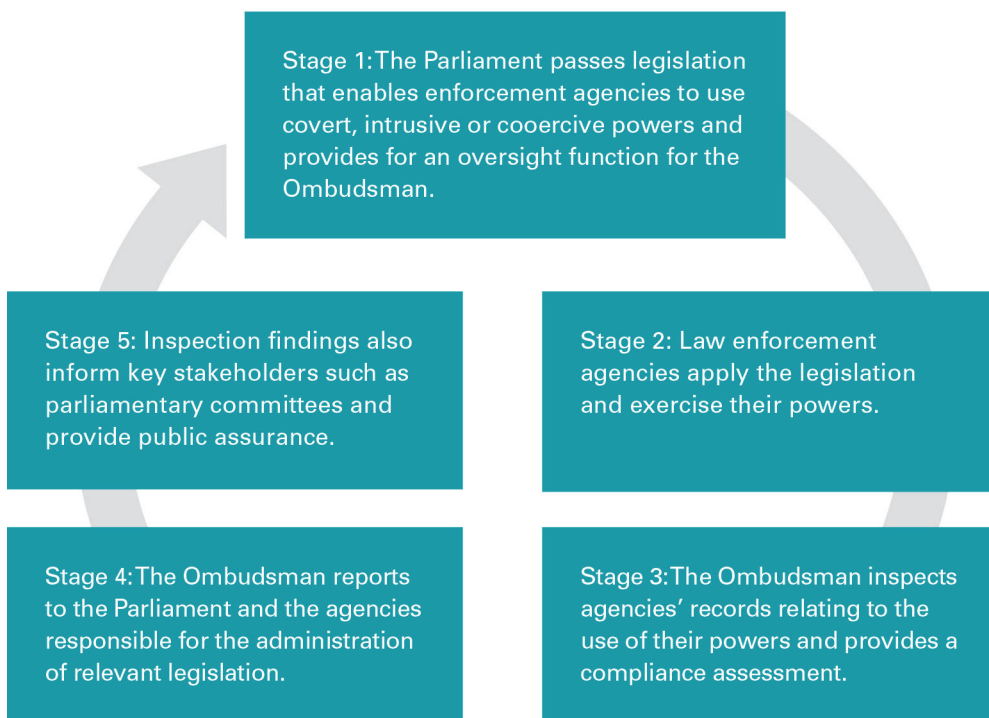
- promotions
- discharge.

Defence-related complaints from members of the public are investigated under the Commonwealth Ombudsman jurisdiction. Typically, these matters involve military aircraft noise, contracting arrangements, and decisions and service-delivery issues.

Our office may also consider specific requests from Defence to undertake complex or sensitive investigations using the Ombudsman's own-motion powers. One such investigation was undertaken by the Ombudsman this year.

Law Enforcement Ombudsman, Inspections and Reviews

The independent oversight process



The table below gives an overview of our inspection and review activities in 2013–14.

Table 2.2: Inspections and reviews conducted 2013–14

Function	Number of inspections and reviews in 2013–14	Number of corresponding inspection reports (finalised internal reports to inspected agencies, and statutory reports to Ministers and the Parliament)
Reviewing the Australian Federal Police’s administration of Part V of the <i>Australian Federal Police Act 1979</i>	2	3
Inspection of telecommunications interception records under the <i>Telecommunications (Interception and Access) Act 1979</i>	6	6
Inspection of stored communications – preservation and access records under the <i>Telecommunications (Interception and Access) Act 1979</i>	20	17
Inspection of the use of surveillance devices under the <i>Surveillance Devices Act 2004</i>	10	12
Inspection of controlled operations conducted under Part 1AB of the <i>Crimes Act 1914</i>	4	5
Review of Fair Work Building and Construction’s use of its coercive examination powers under the <i>Fair Work (Building Industry) Act 2012</i>	2	1
Total	44	44

Our approach

For each inspection and review function we perform, we develop a set of methodologies that we apply consistently across all agencies. These methodologies, or ‘tool kits’, comprise test plans, risk registers, checklists and templates. The tool kits are based on legislative requirements and best-practice standards in auditing, and ensure the integrity of each inspection and review. It is also our practice to regularly review these tool kits to ensure their effectiveness.

We give required notice to each agency of our intention to inspect their records and provide them with a broad outline of our inspection or review criteria. This focuses agencies on what we will be assessing and the types of records they need to provide. It also minimises unnecessary effort by agencies – and surprises.

To ensure procedural fairness we provide a draft report on our findings to the agency for comment before it is finalised. Depending on our reporting requirements under each function, the finalised report is either presented to the relevant Minister or forms the basis of our published reports. They also inform any briefings we prepare for parliamentary committees. For our published reports, we remove reference to any sensitive information that could undermine or compromise law enforcement.

As well as our published reports, during 2013–14 we made four submissions to parliamentary inquiries. Our contribution to these public debates was informed by inspection and review findings. All of these submissions and published reports are available on our website.

New oversight activities in 2013–14

During 2013–14 we conducted our first round of inspections of agencies’ preservation notice records under the *Telecommunications (Interception and Access) Act 1979* (TIA Act). Law enforcement agencies give carriers preservation notices to prevent carriers from destroying stored communications before they can be accessed in accordance with the Act.

We will be reporting on the outcomes of these inspections to the Attorney-General after 30 June 2014, in accordance with the Act. As we do not have a public reporting mechanism under the TIA Act, it is the Attorney-General’s Department’s practice to include a summary of our findings in its published TIA Act Annual Report.

We also reported on our first review findings under the FWBI Act of Fair Work Building and Construction’s use of its coercive examination powers.

In addition, the *Court Security Act 2013* commenced on 1 January 2014. Section 36 of the Act requires the administrative head of the Family Court of Australia and the Federal Circuit Court of Australia to report to the Ombudsman at the end of each financial year on complaints that were made in that year about the conduct of a security officer, or an authorised court officer purporting to exercise a power or perform a duty in relation to Court premises, along with details about how each complaint was handled.

We received the first such report this year, providing details of four complaints and their handling. Further information on the operations of the Family Court and Federal Circuit Court is available on their websites.

Law Enforcement Ombudsman

When performing functions in relation to the Australian Federal Police (AFP), the Ombudsman may also be called the Law Enforcement Ombudsman. We have a comprehensive role in the oversight of the AFP, in addition to our inspections of its use of covert powers, which includes:

- investigating complaints about the AFP
- receiving mandatory notifications from the AFP regarding complaints about serious misconduct involving AFP members, under *the Australian Federal Police Act 1979* (AFP Act)
- annual statutory reviews of the AFP's administration of Part V of the AFP Act.

In 2013–14 we received 227 complaints about the AFP, compared to 338 in 2012–13. Of these we investigated 29.

Outreach and education activities

We value engagement with agencies outside of complaints, inspection and review processes as it provides the opportunity to discuss best practices and risks, and fosters a common understanding of each other's roles and processes.

During 2013–14 we:

- provided training to AFP members who manage complaints about the AFP, at the request of the AFP
- were invited to adjudicate debates about integrity issues conducted by AFP recruits as a part of their training to become sworn officers

- met with agencies within our jurisdiction who applied their covert and intrusive powers for the first time, to provide an overview of our inspection role and discuss best practices and common issues
- provided comments on agencies' policies and procedures, highlighting potential risks to compliance, at the request of agencies
- were invited to participate in a workshop held by the New South Wales Police Force, to review and update its policies and procedures on the use of some of its powers under the TIA Act
- were invited to meet with the Australian Crime Commission to discuss changes to its practices and procedures, which may affect the conduct of our inspections
- were invited to present to key AFP compliance areas at an AFP training forum on its use of covert and intrusive powers, where we discussed relevant best practices and our inspection role
- provided guidance to visiting Ombudsman Commission of Papua New Guinea staff on how to develop methodologies for conducting review and inspection functions
- initiated meetings with other inspecting authorities to discuss practices and approaches.

At these workshops, training sessions and forums, agencies demonstrated their commitment to a high level of compliance supported by sound administrative practices.

Public Interest Disclosure scheme

The *Public Interest Disclosure Act 2013* (the PID Act) commenced on 15 January 2014. The Act established the first comprehensive disclosure-protection scheme for current and former public officials that belong to Australian Government agencies.

The Commonwealth Ombudsman and the Inspector-General of Intelligence and Security (IGIS) have an oversight and awareness-raising role under the PID Act. The Act, however, places responsibility on Australian Government agencies to have procedures in place to proactively manage, investigate and resolve disclosures, and to support and protect public officials from reprisal action as a result of making a disclosure. It also places obligations on public officials to help agencies conduct an investigation, and assist the Ombudsman and IGIS in the performance of their functions under the Act.

In the lead-up to the start of the Act we undertook a significant body of work to help prepare agencies to implement the PID scheme effectively. We developed a set of legislated PID Standards, which provide additional guidance to agencies in the operation of the scheme. We also developed a suite of guidelines, fact sheets, frequently asked questions and notification forms to help agencies and disclosers navigate the new legislative framework.

In the first six months of the scheme we focused on helping and supporting agencies to implement the Act, so they were well placed to handle and take ownership of any reported wrongdoing.

We delivered a large number of presentations to agencies about the operation and application of the Act. We also handled a significant number

of enquiries from agencies and individuals seeking guidance in relation to the Act. This included holding a number of meetings with agencies to discuss and help them with implementation issues.

Overview of the PID scheme

The PID scheme aims to remove barriers that might otherwise prevent officials working within the Commonwealth public sector from reporting suspected wrongdoing that impacts on public administration. It aims to promote integrity and accountability within the Commonwealth public sector by:

- placing responsibility on Australian Government agencies to proactively manage public interest disclosure issues
- encouraging and facilitating disclosure of suspected wrongdoing in the public sector
- ensuring that public officials who make public interest disclosures are supported and protected from adverse consequences
- ensuring that disclosures by public officials are properly investigated and dealt with.

Under the Act, responsibility rests with Australian Government agencies to ensure that suspected wrongdoing is appropriately investigated and, to the extent possible, resolved. The Act requires that agencies effectively facilitate reporting of wrongdoing; receive, allocate and investigate PIDs; support and protect disclosers; and comply with a set of notification and reporting requirements.

Overview of the PID scheme

Internal PIDs managed by agencies

- Clear organisational commitment to the PID scheme
- Facilitating reporting – focus on internal reporting and handling of disclosures
- Allocating and investigating PIDs
- Support and protection for disclosers
- Notifications and reporting to the Ombudsman and IGIS.

Protections

- Immunity from liability for making the disclosure
- Offence for a person to take, or threaten to take, reprisal action
- Recourse to court for remedy if reprisal action taken, including compensation, reinstatement of position, injunctions, apologies and other orders.

Oversight by the Ombudsman and IGIS

- Providing assistance, education and awareness
- Receiving, allocating and investigating PIDs
- Receiving notifications and making decisions on extensions of time
- Determining PID standards
- Preparing annual reports
- Investigating under the Ombudsman Act and IGIS Act.

Role of the Ombudsman

The PID Act identifies a number of roles for the Ombudsman including:

- setting standards relating to:
 - procedures for principal officers of agencies to follow when dealing with internal disclosures
 - conducting investigations under the Act
 - preparing reports of investigations under the Act
 - agencies providing information and assistance to the Ombudsman
 - keeping records.
- providing assistance to principal officers, authorised officers, public officials, former public officials and IGIS
- conducting awareness and education programmes for agencies and public officials
- receiving, allocating and investigating disclosures about other agencies
- receiving notifications of allocations and decisions not to investigate, or not investigate further
- determining extensions of time for the investigation of disclosures, following requests from agencies and informing disclosers of our decision where we have decided to grant an extension
- reporting annually to the Minister for tabling of the report in the parliament on the operation of the scheme.

The Ombudsman can also investigate complaints concerning an agency's investigation of a PID and conduct own-motion investigations under the Ombudsman Act. The Ombudsman is also required to handle disclosures made about its own public officials.

A specialist Public Interest Disclosure team was established within the Ombudsman's

office to support this allocation, coordination, monitoring and assistance role.

Role of IGIS

IGIS performs a similar role to the Ombudsman in respect of the six intelligence agencies that are prescribed under the *Inspector-General of Intelligence and Security Act 1986*. These roles include:

- providing assistance to principal officers, authorised officers, public officials, former public officials and the Ombudsman
- conducting awareness and education programmes for intelligence agencies and their public officials
- receiving, allocating and investigating disclosures about intelligence agencies
- receiving notifications of allocations and decisions not to investigate, or not investigate further in relation to the intelligence agencies
- determining extensions of time for the investigation of disclosures by the intelligence agencies.

Role of agencies

Agencies play a central role in the operation of the PID Act and its ongoing success. Among other responsibilities under the Act, the principal officer of an agency is responsible for fostering an environment that encourages the disclosure of suspected wrongdoing. It is only through strong agency commitment that public officials will have the confidence to trust and use the scheme and make disclosures.

The Act applies to 191 agencies and prescribed authorities under its jurisdiction. Many are Commonwealth agencies that operate under the Australian Public Service (APS) framework and are familiar with the responsibilities and accountability mechanisms associated with it.

Small authorities, committees and Commonwealth companies that have a separate legal identity but most of their resources, such as staff, are from a larger agency are also included as separate agencies under the Act.

Some of these prescribed authorities have historically used the corporate services of their parent agency, usually a department, to provide complaints and investigative services on their behalf. However, the PID Act requires that principal officers of each agency and prescribed authority develop their own procedures and take responsibility for the investigation of their disclosures, as well as protect their public officials. The implementation of the PID Act may have been a greater challenge for some of these agencies.

For the purposes of preparing this Annual Report, as well as for ongoing monitoring, the Ombudsman's office and IGIS conducted a short survey of all agencies within the jurisdiction of the Act.

We would like to acknowledge the responsiveness of agencies in completing the survey. We received responses from all of the 191 agencies included in the survey.

Implementation trends and themes

The figures reported are based on the information agencies provided to our office as part of the Annual Report survey. We acknowledge there were some discrepancies with the information that some agencies reported, which displayed some fundamental misunderstanding with the application of the Act.

Total number of disclosures

Since the commencement of the Act, 48 of 191 agencies¹ received one or more PIDs.

Within those 48 agencies, 378² disclosures were made by public officials, former public officials or people taken to be public officials.³

These disclosures met the threshold requirements for the information to be an internal disclosure, including satisfying at least one of a number of categories of 'disclosable conduct' under the Act.

The categories of disclosable conduct in the Act are conduct by an agency, public official or contracted service provider that:

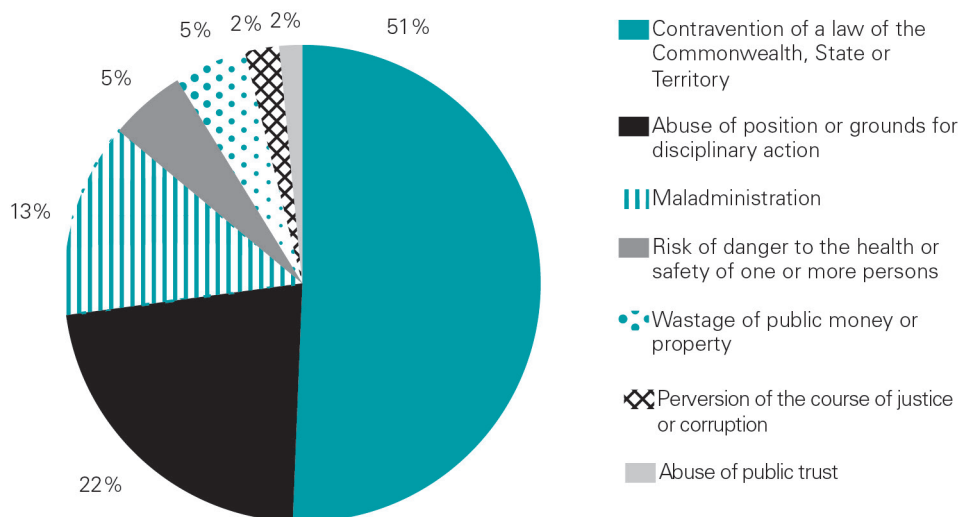
- contravenes a Commonwealth, state or territory law
- contravenes a foreign law that applies to the agency, official or service provider
- perverts the course of justice
- is corrupt
- constitutes maladministration, including conduct that is based on improper motives or is unreasonable, unjust, oppressive or negligent
- is an abuse of public trust
- involves fabrication, falsification, plagiarism or deception relating to scientific research, or other misconduct in relation to scientific research, analysis or advice
- results in wastage of public money or public property
- unreasonably endangers health and safety
- endangers the environment
- involves an abuse of position or is grounds for disciplinary action.

2 This figure includes internal disclosures made about the Ombudsman and IGIS, but does not include internal disclosures received by the Ombudsman and IGIS about another agency.

3 Appendix 1 shows the number of PIDs received by agencies in the reporting period.

1 This figure includes the Ombudsman and IGIS.

Figure 2.1: Types of disclosable conduct



Half of the 378 disclosures made were classified by agencies as allegations about conduct that could amount to a contravention of a law of the Commonwealth, state or territory.

This is a broad category that can incorporate wrongdoing in the other categories, including maladministration or a breach of the Code of Conduct under the *Public Service Act 1999*. Code of Conduct disclosures could range from incorrectly recording hours of attendance on a flex sheets to other more serious matters. Rarely would a contravention of law disclosure relate to criminal behaviour.

Figure 2.1 represents a breakdown of the type of disclosable conduct reported by authorised officers of each agency. Note that some disclosures raised more than one issue and therefore had more than one category of disclosable conduct recorded against them.

It should be borne in mind that that the data below reflects the information provided by the discloser, rather than the result of any investigation, and that not all PIDs result in an investigation.

Agencies that reported the most disclosures were the Department of Defence, with 181 disclosures, and the Department of Immigration and Border Protection (DIBP), with 61 disclosures.⁴

Both these agencies have a large number of public officials. Defence includes departmental staff, members of the Australian Defence Force, reservists and cadets. DIBP includes a large number of contracted service providers.

Before the commencement of the PID Act, Defence received similar levels of reporting under a previous Defence whistleblower scheme. Defence and DIBP are also very active in awareness-raising and training for staff and contracted service providers. For example, we understand that DIBP implemented mandatory training covering the PID scheme for all staff.

Consequently the high figures may also be attributed to the knowledge of staff in relation to the Act. Furthermore, we are aware of the proactive steps both departments have taken to successfully implement the PID Act, including:

- integrating other mandatory and voluntary reporting requirements to fit within the PID scheme
- adopting a broad definition of 'supervisor' to allow public officials to report a PID to a person within their line management or, in the case of Defence, their chain of command
- having in place an appropriate network of authorised officers to ensure that public officials can readily access an authorised officer.

4 See Table 2.5 for the total numbers of PIDs that agencies reported to have received in the reporting period.

These positive steps, together with the large number of public officials, are likely to have contributed to the high PID figures in these two agencies. We also note that both agencies were involved in establishing a 'community of practice' with other large Commonwealth agencies to raise awareness and share better practice in managing PIDs.

Number of reports that did not meet the PID Act requirements

Fifty-two agencies recorded the number of approaches from people wishing to make a disclosure that did not meet the threshold requirements for their information to be considered an internal disclosure.

Within those 52 agencies, 286 approaches were received from potential disclosers where the report of wrongdoing did not amount to an internal disclosure.⁵

Figure 2.2 is a breakdown of the reasons the agencies considered that the reported information did not amount to disclosable conduct under the Act.

Given that agencies identified 'other reasons' why they assessed that the information did not amount to disclosable conduct in 45% of cases, we further analysed their responses. Table 2.3 outlines our assessment of the top six other reasons based on each agency's more detailed explanation for selecting this category when responding to our survey.

5 We note that these figures may also reflect some PIDs that the Act did not intend to capture as a PID; however, we have recorded the figures based purely on information provided to us by agencies. The issue concerning the Act not intending to capture all matters is discussed under the heading, 'Unintended consequences of the PID Act'.

Figure 2.2: Reasons information did not amount to a PID

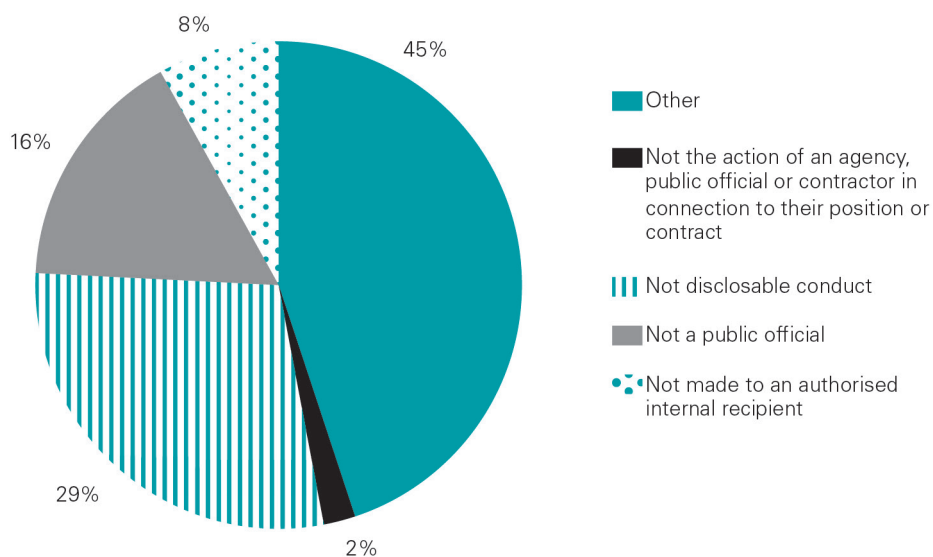


Table 2.3: Other reasons the matter did not amount to disclosable conduct

Reason	Number
<i>Defence Force Discipline Act 1982</i> matter	53
Not serious disclosable conduct	34
Civilian police matter	16
Reported through normal processes	8
Discloser did not wish to pursue the matter further	5
Insufficient information	5

The reasons set out in Table 2.3 may highlight some misunderstanding that agencies have in applying the PID Act. In particular, agencies declining to accept a matter as disclosable conduct or a PID because it did not amount to *serious* disclosable conduct, or because the discloser did not wish to pursue the matter further.

These are not grounds that an agency's authorised officer can take into account when considering whether the information meets the disclosable conduct threshold and requirements of an internal disclosure. The seriousness of the disclosable conduct and the discloser's view are considerations that a delegated investigation officer can take into account when exercising discretion not to investigate a matter further.

Some of the categories in Table 2.3, such as 'Reported through normal processes' and 'Insufficient information', are likely to reflect circumstances where the requirements for making an internal disclosure may not have been met. For example, the information may not have been provided to an authorised internal recipient or there may have been a lack of sufficient information to tend to show disclosable conduct.

The majority of agencies (more than 70%), do not record an approach from a person wanting to make a disclosure if the approach does not meet the threshold requirements for the information to be considered an internal disclosure.

While it is not a requirement of the Act to maintain such records, it is interesting to note that agencies received 75% more PID-related approaches that needed to be considered, assessed and a decision made, in addition to the total number of approaches assessed to be disclosures.

We consider that the practice of recording all approaches, and the reasons that some are not considered to be disclosures under the Act, can be a valuable source of information for individual agencies.

Where a decision has been made not to allocate a PID, agencies are required to inform the discloser of the reasons the matter was not allocated and alternative avenues to have their matter dealt with.

Capturing this information can help agencies ensure their authorised officers are complying with the requirements of the Act. Additionally, over time the data may highlight misunderstandings with certain aspects of the Act and identify future training and guidance needs.

Action taken in response to PIDs

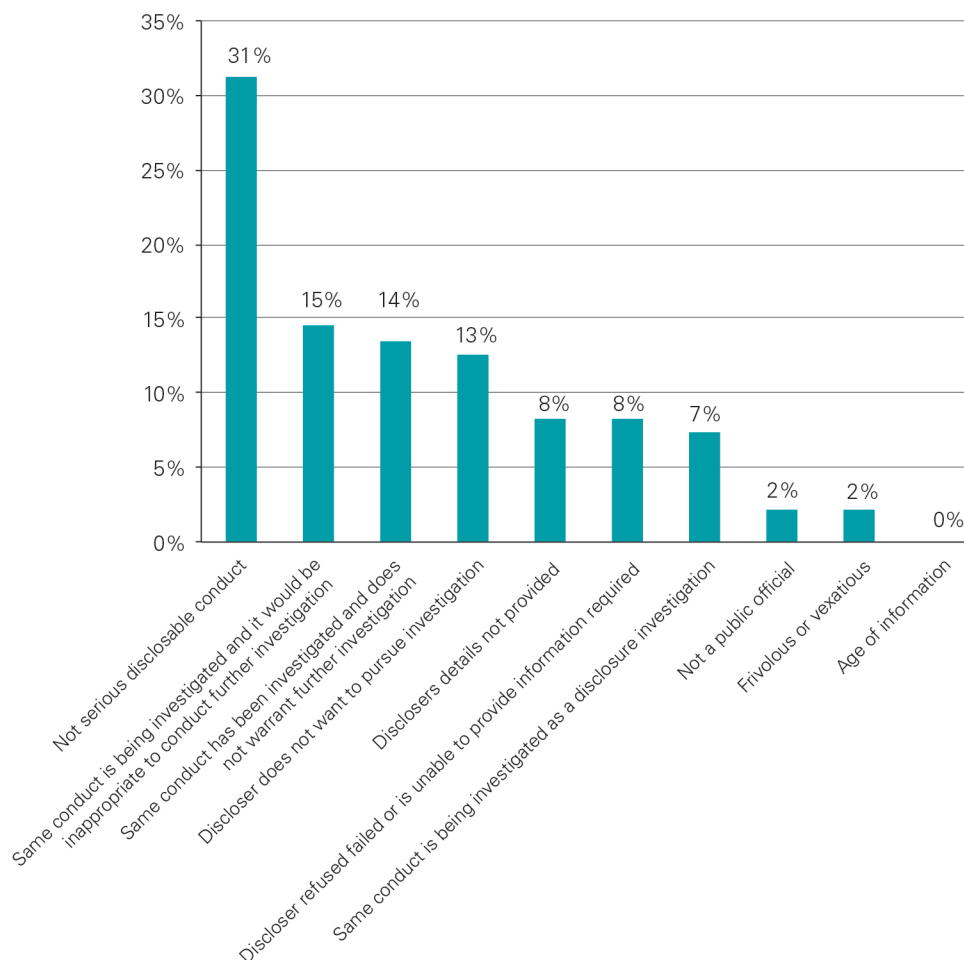
During this reporting period, which covers almost six months of the PID Act's operation, 34 agencies reported that they conducted 223 investigations. Of the 378 disclosures allocated, agencies reported that they referred more than 44% (168) of investigations to be conducted under another law of the Commonwealth, pursuant to s 47(3) of the PID Act.

The majority of these investigations (38%) related to a disclosure about an employment- or Code of Conduct-related matter, which can be investigated under the *Public Service Act 1999* or the *Fair Work Act 2009*.

Of the 223 investigations conducted, agencies reported making 91 decisions to exercise discretion under s 48 of the PID Act not to investigate a matter (or not to investigate a matter further). The primary reason that agencies reported for exercising this discretion was that the matters did not amount to serious disclosable conduct.

Figure 2.3 is a breakdown of the reasons agencies reported for having exercised discretion not to further investigate a disclosure.

Figure 2.3: Reasons agencies exercised discretion not to investigate a disclosure



Outcomes of PID investigations

The Public Interest Disclosure Standard 2013 requires agencies to provide certain information to the Ombudsman including the:

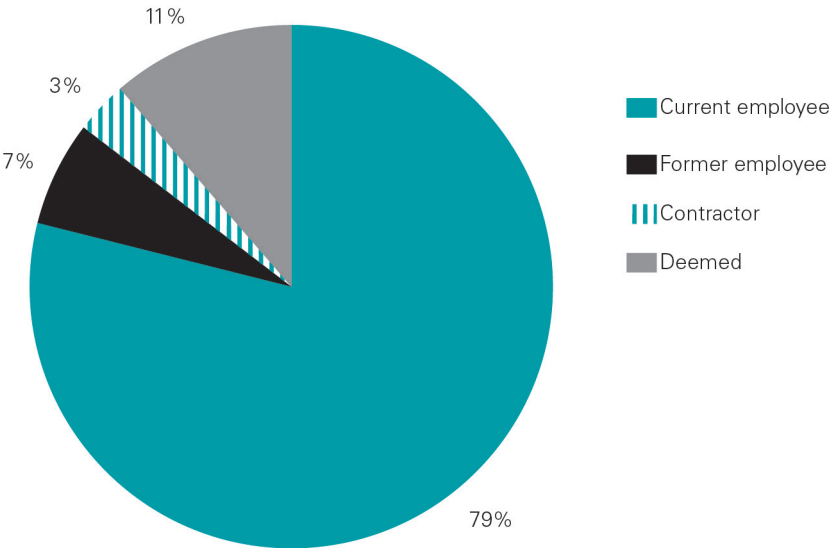
- number of PIDs received during the year
- kinds of disclosable conduct in those PIDs
- number of PID investigations completed
- action 'taken during the relevant financial year in response to recommendations in reports relating to disclosure investigations'.

Table 2.6 summarises the information that agencies provided about the actions taken

in response to the recommendations in PID reports. Unfortunately we have not been able to draw any meaningful conclusions from that data to enable us to make broad observations about the success of the PID scheme as a means for identifying and addressing wrongdoing.

We would like to be able to include in our future reports some detailed information about the operation of the scheme across the Commonwealth. We think it would be useful to report aggregated information about the average times taken to conduct investigations, and the number of times that agencies exceeded statutory period of 90 days.

Figure 2.4: Types of disclosers



We also consider that it would be appropriate to report aggregated data about the instances of disclosable conduct established in the investigations, and the number and nature of each recommendation made to address disclosable conduct.

Accordingly, in the coming year we intend reviewing the type and frequency of the information that we require agencies to provide us about their administration of the PID scheme.

Types of disclosers

A total of 378 disclosures were reported, made by 369 individuals, of whom 102 (28%) chose to remain anonymous. There were cases where one person made a number of different disclosures. Some disclosures were made by more than one person.

Almost 80% of disclosers were current public officials (excluding contractors). The remainder were former public officials, contractors or people that the agency deemed to be public officials for the purposes of making a PID.

The number of agencies that deemed a person to be a public official is positive. It shows that agencies are taking an interest in and responsibility for the reported wrongdoing and willing to operate in the spirit of the PID Act.

Figure 2.4 represents a breakdown of the types of disclosers.

Awareness raising and training

The majority of agencies (74%) reported that they conducted PID-specific awareness raising and/or training to their staff. However, only 20% reported that they had conducted awareness raising to their contracted service providers.

This may reflect the extent of services that are contracted out by agencies; however, we believe there is scope for greater focus on this group when agencies seek to raise awareness of the PID scheme.

Positive examples where agencies have taken a proactive approach to awareness raising and training include:

- the development of training modules
- key messages on computer screen savers
- PID presentations to staff, including those delivered by this office
- targeted training to authorised officers, supervisors and contracted service providers.

Taking responsibility for awareness raising for former public officials and contracted service providers presents a challenge for all agencies. For some agencies that contract out significant areas of their work, providing PID-related information, support and training to those providers will form an important and necessary aspect of their ongoing PID awareness raising and training.

IGIS noted that each of the intelligence agencies devoted appropriate resources to spreading awareness of the PID scheme before, and in the weeks following, the scheme coming into effect.

To help raise awareness, senior agency managers in the intelligence agencies expressed support for the principles underpinning the scheme, information material was circulated on agency intranets and presentations about all aspects of the scheme, including the role of IGIS, were delivered.

IGIS staff were consulted during the development of these awareness-raising activities and also spoke at a number of question and answer seminars.

IGIS staff also participated in meetings of the intelligence agency PID working group, to address any issues of concern, and to learn from the experiences of the intelligence agencies in handling PID matters.

Observations about agency progress from January to June 2014

The PID Act requires that principal officers of agencies fulfil a number of key obligations including:

- establishing procedures for facilitating and dealing with disclosures, including assessing risks that reprisals may be taken against the discloser and providing for confidentiality of the investigative process
- taking reasonable steps to protect public officials who belong to their agency from detriment or threats of detriment
- ensuring the number of authorised officers are readily accessible and that public officials who belong to their agency are aware of the identity of each authorised officer within their agency
- ensuring appropriate action is taken in response to recommendations, or other matters raised, following a disclosure investigation report.

Access to agencies' PID information

Early enquiries, complaints and disclosures to our office indicated that not all agencies had PID procedures in place on 15 January 2014. Since the commencement of the Act we have received four enquiries from current public officials wishing to make a disclosure, but who could not do so because they were unaware of the relevant agency's PID policy and procedures.

Our follow-up resulted in those agencies providing that information to the public officials. The agencies also published their PID procedures on their intranet sites, as well as publishing information on their external websites about making a disclosure.

Between 21 and 28 January 2014 we undertook a desktop audit of the agencies within the jurisdiction of the Act to ascertain how many provided information on their website about making a PID.

While we acknowledge that some agencies may have had information, including having their PID procedures available on their intranet site, it appeared that most agencies failed to make PID-related information available to public officials covered by the Act but who did not have access to the agency's intranet, such as former staff and contracted service providers.

The audit revealed that less than 15% of agencies had, on their publicly accessible websites, information about how to make a PID. A further desktop audit was completed between 20 February and 3 March 2014, which showed that 30% of agencies had PID information available on their external websites.

Through our recent Annual Report survey we have identified that nearly 75% of agencies now have information available on their intranet and almost 65% of agencies on their external website.

Authorised officers and investigation officers

More than 90% of agencies that responded to the survey indicated they have appointed authorised officers. Agencies reported that in deciding how many and who to appoint, they mainly took into consideration the size of the agency, the substantive level of staff and the substantive role or position of staff.

Enquiries to this office indicated that, initially, agencies limited the appointment of authorised officers to very senior staff or a small team often in the human resources or corporate areas. In some cases, this limited the accessibility of authorised officers as well as creating the potential for conflicts of interest to arise, whereby the information disclosed related to the team or group of people appointed to receive the disclosure.

Almost 60% of agencies had delegated investigation officers for the purposes of the Act. Again, enquiries to this office indicated that delegated investigation officers were often from a small team that was previously responsible for investigating Code of Conduct and/or whistleblower complaints.

Of the agencies that indicated they had not delegated any investigation officers, some said they intended to contract or outsource any investigations to either another agency or body as and when the need arose.

In such cases it is still necessary for the agency to delegate the investigation function to the contracted service provider as well as ensure that the provider belongs to the agency. Further, smaller agencies or prescribed authorities cannot enter into an arrangement with a larger agency to conduct an investigation for it.

Over time we have observed a number of agencies broadening their authorisations and delegations to members of different teams and geographical locations. This has minimised the potential for a conflict to arise as well as making authorised officers more accessible to public officials.

Issues arising from the interpretation of the PID Act

Application of s 47(3) of the PID Act

We are concerned that some agencies may be placing undue emphasis on the application of s 47(3) as a separate category of decision making, contrary to the spirit and the requirements of the Act. Through enquiries and complaints made to our office and our analysis of agency responses to our survey, we have become aware that agencies are referring almost 50% of disclosures for investigation under a different law of the Commonwealth pursuant to s 47(3) of the Act.

Once a matter has been assessed as a PID and allocated, the Act requires that the matter be investigated, unless discretion is exercised not to investigate that disclosure under one of the grounds set out under s 48.

Section 47(3) allows an agency to consider whether a different investigation should be conducted under another law of the Commonwealth, after it considers the substance and merits of the information being disclosed.

If an agency chooses to conduct a different type of investigation, it must still finalise the PID investigation. Whenever an agency decides to finalise any PID investigation, it must prepare an investigation report under s 51 that explains its findings about whether there has been one or more instances of disclosable conduct, even if a further investigation under another Commonwealth law is to be conducted.

The agency is also obliged to provide the s 51 report to the discloser, although some redactions are permitted, if the information is of a type that would not be released to the discloser if he or she were to make an application under the *Freedom of Information Act 1982*.

Some agencies appear to be automatically applying s 47(3) as a mechanism for finalising an investigation under the PID Act and referring the matter for a different investigation under a different law without appropriately considering the substance and merits of the information being disclosed.

This has led to a degree of dissatisfaction and confusion from some disclosers about the conduct and potential outcomes of PID investigations. In some cases this has been compounded by agencies not complying with the requirement to prepare and provide an investigation report to the discloser as required under s 51.

We will work with agencies in the coming year to reinforce the proper use of s 47(3), and the requirement to provide a report to the discloser under s 51.

Allocation process vs investigation process

The Act distinguishes the initial process of assessing and allocating a PID, and the subsequent process of investigating it. Each phase requires different considerations by different officers: the allocation by an authorised officer and the investigation by a delegated investigation officer.

Enquiries and complaints to our office identified some agencies making assessments and allocation decisions based on considerations that should only be applied in the investigation stage. This was also verified from the results of the Annual Report survey.

For example, the Act allows an investigation officer to exercise discretion not to investigate a disclosure on the basis that the information does not concern 'serious disclosable conduct'.

The determination of seriousness should not form part of an authorised officer's consideration of whether the information from the discloser tends to show conduct that meets the threshold of 'disclosable conduct' under the Act.

However, some agencies appear to be incorrectly considering at the assessment phase, before allocation, whether the information disclosed was serious even though it met the threshold of disclosable conduct.

Although this may not have changed the outcome (because an investigation officer was likely to conclude that the disclosure was not one that required investigation), it nevertheless led the agency to incorrectly classify the matter as a report that was not a PID under the Act.

We will work with agencies in the coming year to reinforce the proper application of the test for determining whether a disclosure concerns conduct that meets the threshold for a PID.

Unintended consequences in the application of the PID Act

Through our implementation of the PID scheme, and our contact with agencies seeking clarity about the scheme's scope and application, we have identified unintended consequences with some aspects of the Act. Two areas of confusion in the PID scheme are the role of supervisors and the role of former public officials who seek to represent others.

In our view, a strict application of the Act in these circumstances may lead to an unintended expansion of the scheme and possibly undermine the protections for public officials who identify and report suspected wrongdoing. This is leading to confusion on the part of many public officials responsible for the implementation and administration of the PID scheme in their agencies.

The Ombudsman's office is providing support and clarification to agencies to assist them to sensibly navigate through these issues. However, in order to provide greater certainty, we believe these issues should be explored and considered for possible legislative amendment.

In saying this, we note the Act requires that a review of the scheme is required to commence in January 2016.

Supervisors and scope of the PID Act

Section 60A of the Act imposes special obligations on all supervisors. A supervisor is obliged to pass on to an authorised officer any information they receive from any public official they supervise, if they believe on reasonable grounds that the information could concern disclosable conduct.

It is not necessary for the public official to assert to their supervisor, or even intend, that the information be disclosed for the purposes of the Act. Given the broad definition of 'disclosable conduct' and of 'supervisor' in the Act, the application of the supervisor provisions has been problematic.

To understand the intent of the supervisor provisions it is important to consider the background of s 60A's inclusion in the legislation.

The capacity to make a disclosure to a person's supervisor and the responsibility for the supervisor to inform an authorised officer was not part of the initial PID Bill introduced in the Parliament. It was, however, included in the subsequent Government amendments that followed recommendations by the Legal and Constitutional Affairs Legislative Committee, which considered the Bill.

Many stakeholders expressed to the Committee their concern that the network of authorised officers (on its own) would be insufficient to ensure disclosers would be encouraged and supported to make an internal disclosure.

The Committee accepted that concern and also had regard to the evidence presented in some submissions that disclosures of wrongdoing (including those similar to the types of disclosures under the PID scheme) are usually made to a person's supervisor.

The Committee was concerned that the protections for the discloser, which was one of the major objectives of the scheme, would not be available in such cases under the original PID Bill.

We understand that the main reason for the supervisor provisions was to ensure greater accessibility for public officials to make a public interest disclosure and to ensure they would receive the protections provided under the Act.

However, we do not believe the Act was intended to be an overarching mandatory reporting and investigation framework. It was not intended to completely replace other well-established public sector integrity, accountability and investigative processes such as the functions of statutory oversight and investigative bodies, as well as internal agency functions including internal audit and fraud detection, human resources and legal services.

We are also concerned that strictly applying the Act supervisor provisions in some agencies, and to public officials in particular roles, could unintentionally broaden the scope and operation of the PID scheme and result in unnecessary reporting and duplication.

Take, for example, staff and investigation officers of Commonwealth oversight and integrity bodies who, in exercising their statutory functions and powers, will routinely report or discuss particular matters with their supervisor.

Such matters may also meet one or more of the grounds within the definition of disclosable conduct under the Act. However, by virtue of the relationship

between the staff member and the supervisor, an ordinary discussion of routine matters that the organisation deals with every day could meet the test in s 60A of the Act.

Arguably, the supervisor is then obliged to report that information to an authorised officer, even if the issue is already being appropriately managed by other mechanisms.

Similarly, the supervisor provisions in the Act could unintentionally be triggered during the normal course of work of certain well-established areas within agencies. For example, a member of an agency's internal audit and fraud area, complaints management area, human resources or legal team, would routinely identify a suspected wrongdoing and then report or discuss the matter with their supervisor.

This would regularly occur during the course of their normal responsibilities, such as identifying and investigating breaches of finance or system controls by staff, addressing claims of maladministration by members of the public or providing legal advice in reviewing administrative decisions.

Under these common scenarios s 60A of the Act would require the supervisor to inform an authorised officer of the potential disclosable conduct, thereby requiring a range of additional responsibilities that were not intended. As there is no discretion under the Act for the supervisor not to report the disclosure to the authorised officer, it would result in unnecessary duplication and administration.

We have provided agencies with guidance about common sense approaches to these situations that should minimise the confusion for supervisors, without undermining the purposes of the Act.

There are further complications when the supervisor is also an authorised officer under the PID Act, which brings into play additional obligations.

We have emphasised to agencies the importance of carefully considering who to appoint as authorised officers, so as to avoid unintentionally expanding the number of routine matters that might be unnecessarily caught by the Act. Consistent with that advice, many agencies have chosen not to appoint the heads of internal audit, human resources or legal teams as authorised officers.

Disclosures made on behalf of another person

Under the Act, any current or former public official can make a PID to an authorised internal recipient. There is no requirement for the person making the disclosure to have been affected by or have witnessed the suspected wrongdoing.

The person needs only to satisfy the threshold test under the Act that ‘the discloser believes on reasonable grounds that the information tends to show one or more instances of disclosable conduct’ (s 26). The Act does not necessarily contemplate a disclosure being made on behalf of another person.

We have come across a number of scenarios where this ‘second-hand reporting’ has become an issue. For example, a former public official, who was also a blogger, encouraged current public officials to inform him of suspected wrongdoing in their agency.

He wanted to use that information to make disclosures on behalf of current public officials. It was also likely that he wanted to inform the public of such wrongdoing by referencing the disclosure on the blog.

As the former public official was the person reporting the wrongdoing, he would have been considered to be the discloser and would accordingly attract the protections under the Act. However, the people informing the blogger of suspected

wrongdoing through the internet may not be protected as they do not meet the criteria for making a valid internal or external disclosure under the Act.

As such the current public official who identified the suspected wrongdoing may not get the full protections intended for their benefit under the Act. A similar situation would apply where the former public official is now a lawyer or a trade union representative seeking to represent current public officials.

In addition, where these types of disclosures are allocated for investigation, agencies may find it difficult to properly investigate the information on the basis that it does not come from an original source.

As a result the investigator may find it difficult to verify or rely on the information and would need to clarify or seek further information from the person who witnessed the wrongdoing.

Complaint trends

Disclosers can make a complaint to our office about an agency’s handling or the outcome of a PID investigation, or to IGIS if the matter relates to one of the intelligence agencies. Investigations of such complaints are conducted under the *Ombudsman Act 1976* or the *Inspector-General of Intelligence and Security Act 1986*.

Generally, before the Ombudsman or IGIS investigate the complaint, an agency would have completed its investigation, which agencies have 90 days to complete.

Since the commencement of the Act we have received seven complaints concerning an agency’s investigation or handling of a PID⁶. While it is still early in the operational stage of the Act, the complaints made to

6 IGIS has received no complaints.

our office tend to suggest that agencies could do better to communicate the PID process to officials and manage the expectations of the discloser.

The Act obliges agencies to communicate certain information to disclosers throughout the allocation and investigation processes. People have complained to us that since making their disclosure, they have not been kept informed of the progress of the investigation.

They have also told us they do not understand the investigation process and are unclear about whether the matter is still being investigated. Our feedback to agencies has centred on improving communication with the discloser so their expectations are properly managed.

Complaints to our office have been an invaluable source of information regarding systemic issues. In future we anticipate being able to identify and resolve systemic issues through the investigation of complaints about agencies' handling of PIDs.

Ombudsman and IGIS monitoring role

The majority of potential disclosers who have approached us to make a disclosure (rather than the agency to which the disclosure relates) generally state they have done so because of fear of reprisal action and mistrust of the agency concerned.

This provides our office the opportunity to explain to disclosers some important aspects of the Act including the benefits of making a disclosure directly to the agency concerned, the key role that agencies play in the operation of the Act, an agency's obligation to investigate and, most importantly, the protection against reprisal that the Act provides.

Number of disclosures received by the Ombudsman

This office received 28 approaches from people wishing to make a PID about another Commonwealth agency. In 16 of those we determined that the matter did not meet the threshold requirements of an internal PID.

Under the Act, an additional requirement for making a disclosure to us is that the discloser must demonstrate a belief on reasonable grounds that the matter should be investigated by the Ombudsman.

Where the discloser has not been able to provide reasonable grounds, we have determined that the disclosure has not been made to an authorised internal recipient and therefore the matter does not meet this threshold requirement of an internal PID.

In such cases the Ombudsman is not required to allocate the disclosure. However, it remains open to the public official to make their disclosure directly to the agency to which it relates.

Of the 16 approaches by potential disclosers, we determined that in 15 of these cases the discloser was not able to show reasonable grounds why the Ombudsman should investigate and therefore that disclosure had not been made to an authorised internal recipient.

In such cases we suggested that the person approach an authorised internal recipient (for example, their supervisor or an authorised officer) within the relevant agency. As such we determined that the Ombudsman was not an authorised internal recipient for these disclosures.

In the other case we determined that the person was not a public official and the information disclosed did not amount to disclosable conduct.

The Ombudsman assessed 12 disclosures to meet the threshold requirements for the matter to be an internal PID. Of these, six were allocated to the agency to which the information related and six were allocated to the Ombudsman for investigation.

The six matters that were allocated to the Ombudsman’s office were either matters that would have raised a conflict of interest if allocated to the relevant agency, or the PID involved a number of agencies. Five of the six are ongoing and we exercised discretion under s 48 of the Act not to investigate one matter further.

Number of disclosures received by IGIS

IGIS received four approaches from potential disclosers, of which two were assessed not to meet the threshold requirements for the matter to be a disclosure. In both cases IGIS determined that the discloser had not provided sufficient information.

IGIS assessed one of the other two approaches to be a PID and allocated it to a relevant agency for investigation.

The fourth approach to IGIS was received in the last week of the reporting period and at that time lacked sufficient detail for the IGIS authorised officer to determine whether or not it should be handled as a PID. Further information was received early in the next reporting period which removed any doubt and the matter was formally allocated to IGIS for investigation shortly afterwards.

Notifications received by the Ombudsman and IGIS

The Act requires that agencies inform the Ombudsman or IGIS of:

- a decision to allocate a disclosure for investigation
- a decision not to investigate, or not investigate further
- a request for an extension of time to complete an investigation.

Table 2.4 sets out the number of notifications and requests for an extension received by the Ombudsman and IGIS.

Table 2.4: Number of PID notifications and requests for extension

	Notifications of PID allocation decision	Notifications of decision not to investigate a PID	Extension of time requests
Ombudsman	316	58	6
IGIS	6	0	0

The Act does not prescribe a time in which agencies must inform the Ombudsman or IGIS of their notification decisions or requests for an extension. However, we have asked that agencies provide this information within 10 working days of the decision being made.

We have asked agencies to request an extension of time 21 days before the expiration of the 90-day period that the Act allows them to complete their investigation if they are unlikely to be able to meet that legislated deadline.

A review of the number of disclosures recorded by agencies (378) against the number of notifications received (322) indicates that some agencies are delaying notification or are unaware of their requirement to notify us.

Similarly, agencies recorded that they had exercised discretion not to investigate a disclosure in 91 cases. However, the total number of notifications received by the Ombudsman was only 58.

We will follow up these discrepancies with agencies to ensure they adhere to their notification obligations in future.

Prescribed investigative agency

The Act envisaged that other investigative agencies could be prescribed by the PID Rules. However, at the moment no PID Rules exist. This has resulted in some specialist agencies (for example, the Australian Commission for Law Enforcement Integrity, the Australian Human Rights Commission, the Australian Public Service Commission and the Parliamentary Service Commissioner) not being given the power to investigate matters under the PID Act within their specialist jurisdictions.

It has also resulted in limiting the options for disclosers, as they cannot make an internal PID to these agencies.

Awareness raising and assistance

Activities of Implementation

Before the implementation of the PID Act we established a dedicated telephone line and email address for agencies and public officials to facilitate enquiries concerning the new scheme.

This year we received more than 250 PID-related approaches to those channels, of which about 70% were made from agency representatives and 30% from potential disclosers. Answering enquiries from agencies and disclosers has enabled us to provide assistance as well as gain an insight into the issues faced by agencies and disclosers.

We have published a number of resources to help agencies and public officials understand the scheme. Resources were made publicly available from October 2013 and since then we received more than 12,500 unique page views⁷ to our PID website.

The number of people visiting the website, along with feedback from agencies, indicates that the resources and the activities we have run have been well received.

7 Unique page views are the number of visits during which the specified page was viewed at least once. Where a person views the same webpage from the same computer more than once, this will only be counted as one unique page view.

Our PID resources include:

- better-practice guides for disclosers considering making a PID and for agencies in managing their responsibilities
- five fact sheets on key components of the scheme including the purpose of the legislation, how public officials make a PID, the responsibilities of principal officers, the role of authorised officers, and the roles of the Ombudsman and IGIS
- an iterative series of frequently asked questions
- three purpose-built forms to help agencies meet their obligation to notify us of an allocation of a disclosure for investigation; a decision not to investigate (or not to investigate further); and to request extensions of time
- copies of presentations made at various forums to support and promote awareness
- a series of PID scheme logo graphics for agencies to download and use on their websites as easily recognisable icons
- links to the PID Act, and to the PID Standard created by this office, available on ComLaw
- details of information sessions conducted by our office for agencies and public officials on key aspects of the Act.

These resources can be viewed at www.pid.ombudsman.gov.au.

We are in the process of reviewing our resources and developing further fact sheets, frequently asked questions and posters for agencies to use.

Presentations, forums and meetings

In the reporting period we delivered a significant number of presentations to agencies about the operation and application of the Act. We conducted 69 presentations, which included 42 to individual agencies and 10 information sessions delivered to multiple agencies in Canberra, Sydney, Adelaide, Brisbane and Darwin.

In addition we have used opportunities to speak at forums to promote and educate public officials about the operation and application of the Act including:

- ACT Small Agencies Forum, 10 October 2013
- ACT Institute of Public Administration (IPAA) seminar—PIDs: Strengthening integrity, 22 October 2013
- LegalWise—Accountability and transparency seminar, 7 November 2013
- Australian Public Service Commission (APSC) forum: People Management Network and Australian Government Leadership Network, Brisbane, 14 November 2013
- APS Ethics Contact Officer Network, 18 November 2013
- Australian Government Solicitor Government Law Group seminar, 18 November 2013
- Whistleblowers Australia national conference, Sydney, 23 November 2013
- APSC forum: People Management Network and Australian Government Leadership Network, Melbourne, 3 December 2013
- APSC forum: People Management Network, Sydney, 5 December 2013

- Commonwealth Authorities and Companies (CAC) Act finance and legal forum, Canberra, 12 December 2013
- APS Indigenous employment HR forum, 6 March 2014
- PID oversight forum, Canberra, 20 March 2014
- PID research forum, Canberra, 21 March 2014
- Human Capital Matters research forum, Canberra, 12 May 2014
- PID research forum, Sydney, 21 May 2014.

We coordinated and led a PID forum comprising PID oversight agencies including state Ombudsmen and state or territory Public Service Commissions, and academics. The purpose of the forum was to share information, learnings and best practice, and consider opportunities for collaboration. The forum intends to meet annually.

We are also a regular participant in a community of practice made up of seven agencies with the aim of sharing best practices and implementation issues. We intend setting up other community of practice groups with a cross-section of Commonwealth agencies in various locations around Australia.

We have delivered five PID awareness-raising sessions to our staff around Australia. As well, at their request, we have met with agencies separately to help them to navigate through their PID implementation and application issues.

Table 2.5: Number and types of PIDs received, and number investigated

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
1. Administrative Appeals Tribunal	1	1 (100%) Contravention of a law of the Commonwealth, State or Territory	1 (100%)
2. Airservices Australia	2	2 (50%) Contravention of a law of the Commonwealth, State or Territory 1 (25%) Maladministration 1 (25%) Abuse of position or grounds for disciplinary action	1 (50%)
3. ASC Pty Ltd	1	1 (100%) Abuse of position or grounds for disciplinary action	0
4. Australian Bureau of Statistics	1	Maladministration/Abuse of position or grounds for disciplinary action	0
5. Australian Communications and Media Authority	2	2 (100%) Abuse of position or grounds for disciplinary action	0
6. Australian Crime Commission	3	2 (67%) Abuse of position or grounds for disciplinary action 1 (33%) Contravention of a law of the Commonwealth, State or Territory	3 (100%)

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
7. Australian Curriculum, Assessment and Reporting Authority	2	2 (100%) Wastage of public money or property	0
8. Australian Customs and Border Protection Service	9	5 (56%) Abuse of position or grounds for disciplinary action 2 (22%) Contravention of a law of the Commonwealth, State or Territory 1 (11%) Wastage of public money or property 1 (11%) Risk of danger to the health or safety of one or more persons	8 (89%)
9. Australian Federal Police	4	4 (100%) Maladministration	3 (75%)
10. Australian Fisheries Management Authority	2	2 (100%) Contravention of a law of the Commonwealth, State or Territory	1 (50%)
11. Australian Geospatial-Intelligence Organisation	2	2 (100%) Abuse of position or grounds for disciplinary action	2 (100%)
12. Australian Government Solicitor	6	5 (83%) Abuse of position or grounds for disciplinary action 1 (17%) Perversion of the course of justice or corruption	4 (67%)

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
13. Australian National University	3	1 (33%) Contravention of a law of the Commonwealth, State or Territory 1 (33%) Abuse of position or grounds for disciplinary action Maladministration	0
14. Australian Nuclear Science & Technology Organisation	1	1 (100%) Wastage of public money or property	1 (100%)
15. Australian Postal Corporation (Australia Post)	2	2 (100%) Contravention of a law of the Commonwealth, State or Territory	2 (100%)
16. Australian Public Service Commission	1	1 (100%) Maladministration	1 (100%)
17. Australian Rail Track Corporation Ltd	2	2 (100%) Perversion of the course of justice or corruption	2 (100%)
18. Australian Secret Intelligence Service	1	1 (100%) Abuse of position or grounds for disciplinary action	1 (100%)
19. Australian Security Intelligence Organisation	2	1 (50%) Maladministration 1 (50%) Wastage of public money or property	1 (50%)
20. Australian Signals Directorate	1	1 (100%) Risk of danger to the health or safety of one or more persons	0

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
21. Australian Taxation Office ⁸	18	13 (72%) Abuse of position or grounds for disciplinary action 2 (11%) Perversion of the course of justice or corruption 2 (11%) Maladministration 1 (6%) Contravention of a law of the Commonwealth, State or Territory	11 (61%)
22. Australian War Memorial	1	1 (100%) Abuse of position or grounds for disciplinary action	0
23. Bureau of Meteorology	1	Maladministration/Risk of danger to the health or safety of one or more persons	0
24. Civil Aviation Safety Authority	3	2 (50%) Wastage of public money or property 1 (25%) Maladministration 1 (25%) Risk of danger to the health or safety of one or more persons	3 (100%)
25. Comcare	4	3 (75%) Maladministration 1 (25%) Abuse of position or grounds for disciplinary action	1 (25%)

⁸ Includes reporting for the Australian Charities and Not-for-Profit Commission.

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
26. Commonwealth Scientific and Industrial Research Organisation	3	<p>2 (40%) Abuse of position or grounds for disciplinary action</p> <p>1 (20%) Contravention of a law of the Commonwealth, State or Territory</p> <p>1 (20%) Abuse of public trust</p> <p>1 (20%) Wastage of public money or property</p>	2 (67%)
27. Comsuper	1	1 (100%) Abuse of position or grounds for disciplinary action	1 (100%)
28. Department of Agriculture	5	<p>3 (60%) Abuse of position or grounds for disciplinary action</p> <p>2 (40%) Contravention of a law of the Commonwealth, State or Territory</p>	1 (20%)
29. Department of Defence	181	<p>138 (76%) Contravention of a law of the Commonwealth, State or Territory</p> <p>16 (9%) Maladministration</p> <p>12 (7%) Abuse of position or grounds for disciplinary action</p> <p>6 (3%) Wastage of public money or property</p> <p>5 (3%) Risk of danger to the health or safety of one or more persons</p> <p>4 (2%) Abuse of public trust</p>	123 (68%)

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
30. Department of Education	2	2 (100%) Abuse of position or grounds for disciplinary action	1 (50%)
31. Department of Employment	2	2 (100%) Abuse of position or grounds for disciplinary action	1 (50%)
32. Department of Finance	1	1 (100%) Maladministration	0
33. Department of Foreign Affairs and Trade	3	1 (33%) Contravention of a law of the Commonwealth, State or Territory 1 (33%) Perversion of the course of justice or corruption 1 (33%) Maladministration	0
34. Department of Health	1	1 (100%) Contravention of a law of the Commonwealth, State or Territory	0
35. Department of Human Services	7	2 (29%) Contravention of a law of the Commonwealth, State or Territory 2 (29%) Maladministration 1 (14%) Wastage of public money or property 1 (14%) Risk of danger to the health or safety of one or more persons 1 (14%) Abuse of position or grounds for disciplinary action	4 (57%)

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
36. Department of Immigration and Border Protection	61	<p>31 (51 %) Contravention of a law of the Commonwealth, State or Territory</p> <p>17 (28 %) Abuse of position or grounds for disciplinary action</p> <p>4 (7 %) Risk of danger to the health or safety of one or more persons</p> <p>3 (5 %) Perversion of the course of justice or corruption</p> <p>3 (5 %) Maladministration</p> <p>3 (5 %) Wastage of public money or property</p>	24 (39 %)
37. Department of Parliamentary Services	9	<p>5 (56 %) Contravention of a law of the Commonwealth, State or Territory</p> <p>2 (22 %) Maladministration</p> <p>2 (22 %) Abuse of position or grounds for disciplinary action</p>	6 (67 %)
38. Department of Social Services	9	<p>4 (44 %) Maladministration</p> <p>2 (22 %) Wastage of public money or property</p> <p>2 (22 %) Abuse of position or grounds for disciplinary action</p> <p>1 (11 %) Risk of danger to the health or safety of one or more persons</p>	5 (56 %)

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
39. Department of the Environment	1	1 (100%) Abuse of position or grounds for disciplinary action	1 (100%)
40. Department of Treasury ⁹	1	1 (100%) Abuse of position or grounds for disciplinary action	0
41. Family Court and Federal Circuit Court	1	1 (100%) Contravention of a law of the Commonwealth, State or Territory	1 (100%)
42. IP Australia	2	2 (50%) Abuse of position or grounds for disciplinary action 1 (25%) Maladministration 1 (25%) Abuse of Public Trust	0
43. National Archives of Australia	2	1 (50%) Maladministration 1 (50%) Abuse of position or grounds for disciplinary action	1 (50%)
44. National Health and Medical Research Council	2	2 (100%) Risk of danger to the health or safety of one or more persons	0
45. National Museum of Australia	3	2 (67%) Abuse of position or grounds for disciplinary action 1 (33%) Risk of danger to the health or safety of one or more persons	3 (100%)

⁹ Includes reporting for the Australian Office of Financial Management and the Royal Australian Mint.

Agency name	Number of PIDs received by an authorised officer	Types of disclosable conduct to which those PIDs relate	Number of PIDs investigated (percentage of investigations conducted of PIDs received by an authorised officer)
46. National Offshore Petroleum Safety and Environmental Management Authority	1	1 (100%) Maladministration	1 (100%)
47. NBN Co Limited	4	3 (75%) Maladministration 1 (25%) Contravention of a law of the Commonwealth, State or Territory	1 (25%)
48. Torres Strait Regional Authority	1	Contravention of a law of the Commonwealth, State or Territory/Risk of danger to the health or safety of one or more persons	0

Agencies that recorded receiving no PIDs

1. AAF Company
2. Aboriginal Hostels Limited
3. Albury Wodonga Development Corporation
4. Anindilyakwa Land Council
5. Army and Air Force Canteen Service
6. Asbestos Safety and Eradication Agency
7. Attorney-General's Department
8. Auditing and Assurance Standards Board
9. Australia Council
10. Australian Accounting Standards Board
11. Australian Aged Care Quality Agency
12. Australian Broadcasting Corporation
13. Australian Centre for International Agricultural Research
14. Australian Commission for Law Enforcement Integrity
15. Australian Commission on Safety and Quality in Healthcare
16. Australian Competition and Consumer Commission
17. Australian Electoral Commission
18. Australian Film, Television and Radio School
19. Australian Financial Security Authority
20. Australian Hearing Services
21. Australian Human Rights Commission
22. Australian Institute for Teaching and School Leadership Ltd
23. Australian Institute of Aboriginal and Torres Strait Islander Studies
24. Australian Institute of Criminology
25. Australian Institute of Family Studies
26. Australian Institute of Health and Welfare
27. Australian Institute of Marine Science
28. Australian Law Reform Commission
29. Australian Maritime Safety Authority
30. Australian Military Forces Relief Trust Fund
31. Australian National Audit Office
32. Australian National Maritime Museum
33. Australian National Preventive Health Authority
34. Australian Pesticides and Veterinary Medicines Authority
35. Australian Prudential Regulation Authority
36. Australian Radiation Protection and Nuclear Safety Agency
37. Australian Reinsurance Pool Corporation
38. Australian Renewable Energy Agency
39. Australian Research Council
40. Australian River Company Ltd
41. Australian Securities and Investments Commission
42. Australian Skills Quality Authority
43. Australian Sports Anti-Doping Authority
44. Australian Sports Commission
45. Australian Sports Foundation Ltd
46. Australian Strategic Policy Institute
47. Australian Trade Commission (Austrade)
48. Australian Transaction Reports and Analysis Centre

49. Australian Transport Safety Bureau
50. Bundanon Trust
51. Cancer Australia
52. Clean Energy Finance Corporation
53. Clean Energy Regulator
54. Climate Change Authority
55. Coal Mining Industry (Long Service Leave Funding) Corporation
56. Commonwealth Director of Public Prosecutions
57. Commonwealth Grants Commission
58. Commonwealth Ombudsman
59. Commonwealth Superannuation Corporation
60. Corporations and Markets Advisory Committee
61. Cotton Research & Development Corporation
62. Creative Partnerships Australia
63. CrimTrac Agency
64. Defence Housing Australia
65. Defence Intelligence Organisation
66. Department of Communications
67. Department of Industry (includes Geoscience Australia and Australian Astronomical Observatory)
68. Department of Infrastructure and Regional Development
69. Department of the House of Representatives
70. Department of the Prime Minister and Cabinet
71. Department of the Senate
72. Department of Veterans' Affairs
73. Director of National Parks
74. Export Finance and Insurance Corporation
75. Fair Work Building Industry Inspectorate (Fair Work Building & Construction)
76. Fair Work Commission
77. Fair Work Ombudsman
78. Federal Court of Australia
79. Fisheries Research and Development Corporation
80. Food Standards Australia New Zealand
81. Future Fund Management Agency
82. General Practice Education and Training Limited
83. Grains Research and Development Corporation
84. Grape and Wine Research and Development Corporation
85. Great Barrier Reef Marine Park Authority
86. Health Workforce Australia
87. High Court of Australia
88. IIF Investments Pty Ltd
89. Independent Hospital Pricing Authority
90. Indigenous Business Australia
91. Indigenous Land Corporation
92. Inspector-General of Intelligence and Security
93. Medibank Private Limited
94. Migration Review Tribunal and Refugee Review Tribunal
95. Moorebank Intermodal Company Limited
96. Murray-Darling Basin Authority

97. Museum of Australian Democracy at Old Parliament House
98. National Australia Day Council
99. National Capital Authority
100. National Competition Commission
101. National Disability Insurance Agency
102. National Film and Sound Archive of Australia
103. National Gallery of Australia
104. National Health Funding Body
105. National Health Performance Authority
106. National Library of Australia
107. National Mental Health Commission
108. National Portrait Gallery of Australia
109. National Transport Commission
110. National Water Commission
111. Northern Land Council
112. Office of National Assessments
113. Office of Parliamentary Counsel
114. Office of the Australian Information Commissioner
115. Office of the Inspector-General of Taxation
116. Office of the Official Secretary to the Governor-General
117. Organ and Tissue Authority
118. Outback Stores Pty Ltd
119. Parliamentary Budget Office
120. Private Health Insurance Administration Council
121. Private Health Insurance Ombudsman
122. Productivity Commission
123. Professional Services Review Agency
124. Reserve Bank of Australia
125. Royal Australian Air Force Veterans' Residences Trust Fund
126. Royal Australian Air Force Welfare Recreational Company
127. Royal Australian Air Force Welfare Trust Fund
128. Royal Australian Navy Central Canteens Board (trading as Navy Canteens)
129. Royal Australian Navy Relief Trust Fund
130. Rural Industries Research and Development Corporation
131. Safe Work Australia
132. Screen Australia
133. Special Broadcasting Services Corporation
134. Sydney Harbour Federation Trust
135. Telecommunications Universal Service Management Agency
136. Tertiary Education Quality and Standards Agency
137. Tiwi Land Council
138. Tourism Australia
139. Wine Australia Corporation
140. Workplace Gender Equality Agency
141. Wreck Bay Aboriginal Community Council

Table 2.6: Actions that the principal officer took in response to recommendations in reports relating to PID investigations, by agency

Agency	Actions
Airservices Australia	Referral to an alternative review procedure
Australia Post	1st PID – decision not to investigate but staff updates issued to remind staff of correct procedures 2nd PID – discontinued the services of a sub-contractor
Australian Crime Commission	1
Australian Customs and Border Protection Service	PID Investigations have resulted in acceptance of recommendations for the following actions: commencement of Code of Conduct enquiries in some matters and other matters being held for information only
Australian Federal Police	Nil – no action required
Australian Geospatial-Intelligence Organisation	Acted upon
Australian Government Solicitor	Recommendations actioned for 3 of 4 investigations: 1. No further action be taken 2. Issues raised in disclosure to be dealt with by supervisor taking appropriate management action 3. Matter referred to AFP 4. Investigation still under way at 30 June 2014
Australian Nuclear Science & Technology Organisation	An anonymous disclosure was received and promptly investigated. The allegation in the disclosure was not substantiated and the report made no recommendations
Australian Public Service Commission	Conduct a further investigation
Australian Rail Track Corporation	0
Australian Secret Intelligence Service	In train

Agency	Actions
Administrative Appeals Tribunal	Decided under s 48 of the PID Act not to investigate further
Australian Fisheries Management Authority	Not applicable
Australian Security Intelligence Organisation	Acted upon
Australian Taxation Office ¹⁰	Referral of one matter for consideration under the COC procedures; facilitation of an awareness-raising session; reminders of the APS Values under the Public Service Act
Civil Aviation Safety Authority	0
Comcare	1
Commonwealth Scientific and Industrial Research Organisation	Two matters are ongoing and for the third matter a decision was made that it was the subject of a different investigation under a law of the Commonwealth
ComSuper	No further investigation or action required, available evidence did not support disclosure
Department of Agriculture	Recommended that the matter be referred to the department's integrity and conduct team under the Public Service Act
Department of Defence	There have been no recommendations made to the principal officer to undertake actions as a result of a PID investigation
Department of Education	0
Department of Employment	No actions required
Department of Human Services	0

¹⁰ Includes reporting for the Australian Charities and Not-for-Profit Commission.

Agency	Actions
Department of Immigration and Border Protection	<p>Management-initiated reviews</p> <p>Further inquiry by workplace area</p> <p>Refer to internal audit programme</p> <p>No further action</p>
Department of Parliamentary Services	Referral for further internal action (disciplinary action) – 2 matters (other matters still pending)
Department of Social Services	The principal officer undertook all investigations personally and recommended a different investigation be conducted under existing departmental procedures
Department of the Environment	Investigation is still under way so no report or recommendations available at date of this report
Family Court and Federal Circuit Court	Full audit by external agency. Recovery of missing funds
National Archives of Australia	<p>No adverse findings</p> <p>Additional training / information required</p>
National Museum of Australia	That the Museum substitute the delegate responsible for making decisions in relation to a particular staff member, to reduce risk of further complaints against the discloser
NBN Co Ltd	Actions being implemented include team conciliation and policy affirmation/training
National Offshore Petroleum Safety and Environmental Management Authority	Not applicable

International

Our office receives funding from the Department of Foreign Affairs and Trade (DFAT) to support Ombudsmen and allied integrity institutions in the Asia-Pacific region. We provide assistance through individual activities, for example the provision of investigative training, and by supporting complaint-handling and integrity networks. In 2013–14 we had four programmes.

Indonesia

Our programme with the Ombudsman of the Republic of Indonesia (ORI) aims to help ORI become a strong member of the international Ombudsman community and a key part of the Indonesian integrity framework. Under this programme we hosted three visitors from ORI to study compensation mechanisms within a number of industry Ombudsman schemes and Australian court jurisdictions. This activity helped ORI in its new Special Adjudication function, which involves assessing and awarding compensation for government maladministration.

We also prepared and delivered two advanced investigation training courses and two basic investigation courses in Indonesia. Most of the newly employed investigators in Jakarta and ORI's regional offices have now participated in investigations training.

Papua New Guinea

We have had a twinning programme with the Ombudsman Commission of Papua New Guinea (OCPNG) since 2006. This provides support at a number of levels within the organisation to strengthen the OCPNG's capacity to carry out its constitutional function.

Activities under this programme in 2013–14 included:

- a training programme for OCPNG investigators on investigative methods
- three officers from the OCPNG being hosted by investigation teams in our office for two-month placements
- a training programme on financial analysis for the OCPNG's Leadership Annual Statements team
- one officer from the OCPNG undertaking a two-month placement with the Victorian Ombudsman's office
- training on interviewing skills for OCPNG investigators.

Pacific Ombudsman Alliance

The Pacific Ombudsman Alliance (POA) is a service-delivery and mutual-support organisation for Ombudsmen and allied institutions of countries that are members of the Pacific Islands Forum. Our office receives funding from DFAT to provide secretariat services and fund activities, which are selected and evaluated by the POA Board.

In 2013–14 POA worked in partnership with a number of other organisations to provide support to members. On International Human Rights Day, 10 December 2013, the Samoan Ombudsman's Office launched its new Human Rights function and its commencement as a national human rights institution. POA worked with the Asia Pacific Forum, the United Nations Development Programme and the Office of the High Commissioner for Human Rights to support the Samoan Ombudsman's Office to implement these new responsibilities.

In Kiribati POA worked with the Australian Public Service Commission to help develop a more integrated complaint process to improve public sector services. We also supported the Auditor-General of the Marshall Islands with a major fraud investigation.

A successful POA members' meeting was held in Adelaide in April 2014. We welcomed a number of first-time attendees to the meeting, including the Auditor-General from the Federated States of Micronesia and the Ombudsman of Palau.

Solomon Islands

Our office has had an institutional partnership with the Office of the Ombudsman Solomon Islands (OOSI) since 2010. In 2013–14 the focus of our support was to work with OOSI to improve their IT and communication systems and infrastructure. We are also the Australian Partner Organisation for two Australian volunteers for development, who are working with OOSI on complaint processes and major investigations.

International Ombudsman Institute

The Commonwealth Ombudsman is a member of the International Ombudsman Institute (IOI), a global organisation that promotes cooperation between more than 150 Ombudsman institutions.

The Ombudsman is a member of the Australasia-Pacific Ombudsman Region (APOR) and attended the regional meeting hosted by the South Australian Ombudsman in Adelaide in April 2014. At that meeting, the Ombudsman was elected to the Board of Directors of APOR as the Regional President.



THE OMBUDSMAN AT WORK

Appendixes

Appendixes

Appendix 1: Information Publication Scheme

The Information Publication Scheme (IPS) applies to Australian Government agencies that are subject to the *Freedom of Information Act 1982*. This scheme requires an agency to publish a broad range of information on their website.

The Commonwealth Ombudsman's Office website makes available the Ombudsman's Information Publication Scheme plan, describing how the office complies with these requirements and giving access to information published under the scheme.

Appendix 2: Statistics

Office of the Commonwealth Ombudsman – Approaches and Complaints 2013–14

Please note – The Portfolios highlighted in grey have been abolished, merged or split under the Machinery of Government changes in September 2013.

Portfolio/Agency	Not investigated				Investigated		Total Finalised	Remedies									Total Remedies		
	Total Received				Category 1	Category 2		Category 3	Category 4	Action expedited	Apology	Decision changed or reconsidered	Disciplinary action	Explanation	Financial remedy	Law, policy or practice changed		Other non-financial remedy	Remedy provided by agency without Ombudsman Intervention
ACT Government	467	145	255	56	20	476	11	7	14	71	1	1	1	1	1	1	1	1	106
Commonwealth	16,582	6,309	8,266	1,616	403	16,594	199	228	289	102	1,442	359	42	153	75	2,889			
Agriculture	18	4	14	1	3	22				6				1					7
Agriculture, Fisheries and Forestry	16	4	12	1	2	19				3	1								4
Attorney-General's	399	133	232	41	7	413	3		4	1	36	1							45
Broadband, Communications and the Digital Economy	18	2	9	6	2	19			4		6			1					11
Commonwealth Parliament	1		1			1													
Communications	4,159	1,154	2,655	355	18	4,182	31	116	100	78	374	128	15	77	17				936
Courts	52	30	25	1		56													0
Defence	518	147	256	78	24	505	8	7	14	1	65	9	1	2	4				111

Portfolio/Agency	Not investigated				Investigated		Remedies									Total Remedies
	Category 1	Category 2	Category 3	Category 4	Total Finalised		Action expedited	Apology	Decision changed or reconsidered	Disciplinary action	Explanation	Financial remedy	Law, policy or practice changed	Other non-financial remedy	Remedy provided by agency without Ombudsman Intervention	
Education	48	11	24	12	3	50	1	1	1	9	1	1	1	1	1	12
Education, Employment and Workplace Relations	78	33	32	25	1	91	1	4	4	32	2	2				39
Employment	355	127	163	44	3	337	8	1	3	3	46	6	1	3		71
Environment	28	10	13	3	1	27	1		2		2					5
Families, Housing, Community Services and Indigenous Affairs	8	5	3	1		9					2				1	3
Finance	90	27	46	8	1	82	2			5	1					8
Finance and Deregulation	7		9	5	2	16				4	1					5
Foreign Affairs and Trade	118	40	68	9	3	120		1		11						12
Health	51	15	27	5		47				2						2
Health and Ageing	19	8	11	10	4	33	1		1	12						14
Immigration and Border Protection	1,880	640	939	206	70	1,855	28	9	31	2	138	5	3	12	15	243
Industry	110	25	57	14	5	101			2		11	4		1		18
Industry, Innovation, Climate Change, Science, Research and Tertiary Education	14	5	12	8		25				1	1				1	3

Portfolio/Agency	Not investigated				Investigated		Total Finalised	Remedies								Total Remedies			
	Total Received				Category 1	Category 2		Category 3	Category 4	Action expedited	Apology	Decision changed or reconsidered	Disciplinary action	Explanation	Financial remedy		Law, policy or practice changed	Other non-financial remedy	Remedy provided by agency without Ombudsman Intervention
Infrastructure and Regional Development	76	20	39	3	62												2	1	3
Infrastructure and Transport	10	5	6	1	4	16	1	1	1	2	1								5
Prime Minister and Cabinet	54	4	36	3	2	45		1		5									6
Regional Australia, Local Government, Arts and Sport	4	1				1													
Resources, Energy and Tourism						1	1	1	1										1
Social Services	6,804	3,204	2,720	651	183	6,758	88	69	90	17	537	178	21	50	33				1,083
Sustainability, Environment, Water, Population and Communities	3	1	3	4	1	9		1		3									5
Treasury	1,644	654	854	121	63	1,692	28	22	30	128	22	4							237
OMB/Out of Jurisdiction	5,952	4,555	1,410	1		5,966													0
Overseas Student Ombudsman	518	25	257	171	73	526	17	4	106	1	114	33	9	5	5				294
Private Postal Operators	10	2	8			10													
GrandTotal	23,529	11,036	10,196	1,844	496	23,572	227	239	409	103	1,627	393	52	159	80				3,289

Note: Comprehensive statistics available at www.ombudsman.gov.au/pages/publications-and-media/reports/annual

Appendix 3: Additional Reporting on Postal Industry Ombudsman

This appendix provides additional reporting on the Postal Industry Ombudsman (PIO) function as required under s 19X of the Ombudsman Act.

Details of the circumstances and number of occasions where the Postal Industry Ombudsman has made a requirement of a person under section 9:

The Postal Industry Ombudsman made no requirements under section 9 during 2013–14.

Details of the circumstances and number of occasions where the holder of the Office of Postal Industry Ombudsman

has decided under subsection 19N(3) to deal with, or to continue to deal with, a complaint or part of a complaint in his or her capacity as the holder of the office of Commonwealth Ombudsman:

There were no occasions where a complaint – or part of a complaint – was transferred from the Postal Industry Ombudsman to the Commonwealth Ombudsman under subsection 19N(3).

Details of recommendations made in reports during the year under section 19V, and statistical information about actions taken during that year as a result of such information:

The Postal Industry Ombudsman made no reports during the year under section 19V.

Appendix 4: Agency Resource Statement

Agency Resource Statement 2013–14

	Actual available appropriation for 2013–14 \$'000 (a)	Payments made 2013–14 \$'000 (b)	Balance 2013–14 \$'000 (a) - (b)
Ordinary Annual Services ¹			
Departmental appropriation ²	29,325	20,863	8,462
Total	29,325	20,863	8,462
Total ordinary annual services	29,325	20,863	8,462
Other services			
Departmental non-operating			
Equity injections			-
Total	0	0	-
Total other services	0	0	-
Total available annual appropriations and payments	29,325	20,863	8,462
Total net resourcing and payments for the Office of the Commonwealth Ombudsman	29,325	20,863	8,462

1 Appropriation Act (No. 1) 2013-14. This includes S.31 relevant agency receipts.

2 Includes an *available* amount of \$0.608m in 2013-14 for the Departmental Capital Budget.
For accounting purposes this amount has been designated as 'contribution by owners'.

Resources Summary Table – Expense for Outcome 1

Outcome 1: Fair and accountable administrative action by Australian Government agencies by investigating complaints, reviewing administrative action and inspecting statutory compliance by law enforcement agencies.

	Budget 2013–14 \$'000	Actual Expenses 2013–14 \$'000	Variance 2013–14 \$'000
Program 1: Office of the Commonwealth Ombudsman Departmental expenses			
Departmental appropriation ¹	19,900	20,036	(136)
Expenses not requiring appropriation in the Budget year	767	774	(7)
Total for Program 1	20,667	20,810	(143)
Outcome 1: Totals by appropriation type Departmental expenses			
Departmental appropriation	19,900	20,036	(136)
Expenses not requiring appropriation in the Budget year	767	774	(7)
Total for Outcome 1	20,667	20,810	(143)
 Average Staffing Level (number)	 136	 136	 0

1 Departmental Appropriation combines 'Ordinary annual services' (Appropriation Act No. 1) and 'Revenue from independent sources (S31)'.

APPENDIX 5

Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Prime Minister

I have audited the accompanying financial statements of Office of the Commonwealth Ombudsman for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Office of the Commonwealth Ombudsman is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office of the Commonwealth Ombudsman's preparation of the financial statements that give a true and fair view 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 Office of the Commonwealth Ombudsman's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Office of the Commonwealth Ombudsman's, as well as evaluating the overall presentation of the financial statements.

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

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Office of the Commonwealth Ombudsman:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Office of the Commonwealth Ombudsman's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Kristian Gage
Acting Executive Director

Delegate of the Auditor-General

Canberra
17 September 2014

OFFICE OF THE COMMONWEALTH OMBUDSMAN

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.

Signed... 

Colin Neave
Chief Executive

16 September 2014

Signed... 

Joanna Stone
Chief Financial Officer

16 September 2014

OFFICE OF THE COMMONWEALTH OMBUDSMAN
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	15,419,450	14,435,160
Supplier	3B	4,633,554	5,009,020
Depreciation and amortisation	3C	731,324	702,620
Write-down and impairment of assets	3D	25,510	67,672
Total expenses		20,809,838	20,214,472
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	2,052,225	2,319,667
Total own-source revenue		2,052,225	2,319,667
Gains			
Other gains	4B	43,000	47,209
Total gains		43,000	47,209
Total own-source income		2,095,225	2,366,876
Net cost of services		18,714,613	17,847,596
Revenue from Government	4C	18,022,000	18,305,000
Surplus (Deficit) attributable to the Australian Government		(692,613)	457,404
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		541,406	-
Total other comprehensive income		541,406	-
Total comprehensive income / (loss) attributable to the Australian Government		(151,207)	457,404

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

OFFICE OF THE COMMONWEALTH OMBUDSMAN
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Financial assets			
Cash and cash equivalents	6A	471,327	86,239
Trade and other receivables	6B	9,297,815	8,865,143
Other financial assets	6C	72,810	120,000
Total financial assets		9,841,952	9,071,382
Non-financial assets			
Land and buildings	7A-C	1,401,182	1,285,011
Property, plant and equipment	7A-C	715,067	802,629
Intangibles	7D-E	339,644	260,071
Other non-financial assets	7F	352,899	231,206
Total non-financial assets		2,808,792	2,578,917
Total assets		12,650,744	11,650,299
LIABILITIES			
Payables			
Suppliers	8A	343,458	390,195
Other payables	8B	3,831,419	3,269,923
Total payables		4,174,877	3,660,118
Provisions			
Employee provisions	9A	3,618,578	3,515,115
Other provisions	9B	138,216	123,786
Total provisions		3,756,794	3,638,901
Total liabilities		7,931,671	7,299,019
Net assets		4,719,073	4,351,280
EQUITY			
Parent entity interest			
Contributed equity		4,867,000	4,348,000
Reserves		1,112,416	571,010
Accumulated deficit		(1,260,343)	(567,730)
Total parent entity interest		4,719,073	4,351,280

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

OFFICE OF THE COMMONWEALTH OMBUDSMAN
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2014

	Retained earnings		Asset revaluation reserve		Contributed equity/capital		Total equity	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance								
Balance carried forward from previous period	(567,730)	(1,025,134)	571,010	571,010	4,348,000	3,739,000	4,351,280	3,284,876
Opening balance	(567,730)	(1,025,134)	571,010	571,010	4,348,000	3,739,000	4,351,280	3,284,876
Comprehensive income								
Other comprehensive income	-	-	541,406	-	-	-	541,406	-
Surplus (Deficit) for the period	(692,613)	457,404	-	-	-	-	(692,613)	457,404
Total comprehensive income (loss)	(692,613)	457,404	541,406	-	-	-	(151,207)	457,404
of which:								
Attributable to the Australian Government	(692,613)	457,404	541,406	-	-	-	(151,207)	457,404
Transactions with owners								
Distributions to owners					(89,000)		(89,000)	-
Reduction to appropriation	-	-	-	-	608,000	609,000	608,000	609,000
Contributions by owners								
Departmental capital budget	-	-	-	-	608,000	609,000	608,000	609,000
Sub-total transactions with owners	(1,260,343)	(567,730)	1,112,416	-	519,000	609,000	519,000	609,000
Closing balance as at 30 June	(1,260,343)	(1,025,134)	571,010	571,010	4,867,000	4,348,000	4,719,073	4,351,280
Closing balance attributable to the Australian Government	(1,260,343)	(567,730)	1,112,416	571,010	4,867,000	4,348,000	4,719,073	4,351,280

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

OFFICE OF THE COMMONWEALTH OMBUDSMAN
CASH FLOW STATEMENT
for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		2,459,907	2,272,270
Appropriations		20,788,769	19,930,999
Net GST received		322,685	288,999
Other		439,283	361,166
Total cash received		24,010,644	22,853,434
Cash used			
Employees		15,429,374	14,660,098
Suppliers		5,384,303	5,898,457
Section 31 receipts transferred to the OPA		2,961,701	2,607,058
Total cash used		23,775,378	23,165,613
Net cash from (used by) operating activities	10	235,267	(312,179)
INVESTING ACTIVITIES			
Cash received			
Total cash received		-	-
Cash used			
Purchase of property, plant and equipment		78,657	229,630
Purchase of intangibles		230,522	68,060
Total cash used		309,179	297,690
Net cash used by investing activities		(309,179)	(297,690)
FINANCING ACTIVITIES			
Cash received			
Departmental Capital Budget		459,000	448,000
Total cash received		459,000	448,000
Net cash from (used by) financing activities		459,000	448,000
Net increase (decrease) in cash held		385,088	(161,869)
Cash and cash equivalents at the beginning of the reporting period		86,239	248,108
Cash and cash equivalents at the end of the reporting period	6A	471,327	86,239

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

**OFFICE OF THE COMMONWEALTH OMBUDSMAN
SCHEDULE OF COMMITMENTS**

as at 30 June 2014

	2014	2013
	\$	\$
BY TYPE		
Commitments receivable		
Sale of services	110,000	1,226,280
Net GST recoverable on commitments	1,587,704	1,630,008
Total commitments receivable	1,697,704	2,856,288
Commitments payable		
Operating leases	16,931,567	18,397,066
Other	643,175	759,294
Total commitments payable	17,574,742	19,156,360
Net commitments by type	15,877,038	16,300,072
BY MATURITY		
Commitments receivable		
Sale of services		
One year or less	110,000	918,280
From one to five years	-	308,000
Total services income	110,000	1,226,280
GST recoverable on commitments		
One year or less	190,495	103,329
From one to five years	632,474	624,963
Over five years	764,735	901,716
Total GST recoverable	1,587,704	1,630,008
Commitments payable		
Operating lease commitments		
One year or less	1,907,224	1,757,404
From one to five years	6,612,255	6,720,790
Over five years	8,412,088	9,918,872
Total operating lease commitments	16,931,567	18,397,066
Other Commitments		
One year or less	298,216	297,491
From one to five years	344,959	461,803
Total other commitments	643,175	759,294
Net commitments by maturity	15,877,038	16,300,072

NB: Commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

The nature of other commitments are for office administration costs.

Operating leases included are effectively non-cancellable and comprise leases for office accommodation.

General description of all leasing arrangements (the office was the lessee)

Leases for office accommodation: lease payments for Canberra, Adelaide, Melbourne and Brisbane were subject to a fixed rate increase in accordance with each contract. The initial periods of office accommodation leases are still current.

**OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2014**

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OFFICE OF THE COMMONWEALTH OMBUDSMAN

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 1: Summary of Significant Accounting Policies**1.1 Office of the Commonwealth Ombudsman Objectives**

The Office of the Commonwealth Ombudsman is an Australian Government controlled entity. It is a not for profit entity. The objective of the Office of the Commonwealth Ombudsman is to provide a cost-effective form of independent administrative review, which is timely, informal and involves no direct cost to individuals. Coverage is comprehensive, embracing almost all of the administrative activity of the Commonwealth departments and agencies.

Through the handling of complaints and the conduct of own motion investigations, the Office contributes to continuous improvement in the performance of agencies and their accountability to Government, the Parliament and the community.

The Office is structured to meet one outcome:

Outcome 1: Fair and accountable administrative action by Australian Government agencies by investigating complaints, reviewing administrative action and inspecting statutory compliance by law enforcement agencies.

The continued existence of the Office in its present form and with its present programs is dependent on Government policy and on continuing appropriations by Parliament for the Office's administration and programs.

The Office's activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Office in its own right.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The Financial Statements have been prepared in accordance with:

- a) Finance Minister's Orders (or FMO) for reporting periods ending on or after 1 July 2011; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars.

Unless an alternative treatment is specifically required by an accounting standard or the FMO, assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The Office has had no administered revenues, expenses, assets, liabilities or cash flows in the year ended 30 June 2014 or in the comparative financial year.

1.3 Significant Accounting Judgements and Estimates

No accounting assumptions or estimates or other judgements have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards**Adoption of New Australian Accounting Standard Requirements**

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

The office has adopted AASB 13 Fair Value Measurement. The impact to the 2014 financial statements has been an increase in Non-Financial Assets (+\$555,836) and an increase in the Asset Revaluation Reserve of the same amount.

No other accounting standard has been adopted earlier than the application date as stated in the respective standard.

Future Australian Accounting Standard Requirements

New standards, reissued standards, amendments to standards or interpretations ("the new requirements") applicable to future reporting periods have been issued by the Australian Accounting Standards Board during the year. It is anticipated that the new requirements will have no material financial impact on future reporting periods. The Office plans to adopt the pronouncement AASB 1055 Budgetary Reporting when it becomes effective on 1/7/2014 noting the impact will be related to disclosure only.

1.5 Revenue

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Office retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Revenue from Government

Amounts appropriated for departmental outcomes for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Office gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government Office or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other Distributions to Owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend. The entity relinquished control of appropriation funding of \$89,000 following the Finance Minister determination to reduce Departmental Appropriations pertaining to Whole of Australian Government savings measures.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Office is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Office's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the estimated future cash flows to be made in respect to all employees as at 30 June 2014. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Office recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

Superannuation

Employees of the Office are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other contributory funds as nominated by the employee.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and the other funds are defined contribution schemes.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item.

The Office makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Office accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final eight working days of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Fair Value Measurement

The Office deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.12 Cash

Cash and cash equivalents includes cash on hand, cash held with outsiders, demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.13 Financial Assets

The Office classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets:

- have been acquired principally for the purpose of selling in the near future;

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

- are a part of an identified portfolio of financial instruments that the Office manages together and has a recent actual pattern of short-term profit-taking; or
- are derivatives that are not designated and effective as a hedging instrument.

Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period.

- *Financial assets held at amortised cost* - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.
- *Available for sale financial assets* - if there is objective evidence that an impairment loss on an available-for-sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the statement of comprehensive income.
- *Financial assets held at cost* - If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.15 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

The Office had no contingent assets or liabilities in 2014 (2013: Nil).

1.16 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.17 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Office where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Office's leasehold improvements with a corresponding provision for the 'makegood' recognised.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

Revaluations

Fair values for each class of asset are determined as shown below:

Asset Class	Fair value measured at:
Leasehold improvements	Depreciated replacement cost
Plant and equipment	Market selling price

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Office using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2014	2013
Leasehold improvements	Lease term	Lease term
Plant and Equipment	3 to 10 years	3 to 10 years

Impairment

All assets were assessed for impairment at 30 June 2014. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Office were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2014

Note 1: Summary of Significant Accounting Policies

1.18 Intangibles

The Office's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Office's software are 1 to 8 years (2013: 1 to 8 years).

All software assets were assessed for indications of impairment as at 30 June 2014.

1.19 Taxation

The Office is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.20 Constitutional breach risk

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014

Note 2: Events After the Reporting Period

No significant events occurred after balance date that would materially affect the financial statements.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2014

Note 3: Expenses

	2014	2013
	\$	\$
Note 3A: Employee Benefits		
Wages and salaries	11,666,730	10,997,640
Superannuation:		
Defined contribution plans	841,373	767,456
Defined benefit plans	1,328,722	1,230,755
Leave and other entitlements	1,525,362	1,439,309
Separation and redundancies	57,263	-
Total employee benefits	15,419,450	14,435,160

Note 3B: Suppliers

Goods and services		
Travel	655,088	757,254
Information technology and communications	632,869	671,825
Employee related	348,853	533,136
Property operating expenses	308,885	235,704
Media related	188,395	188,631
Consultants and contractors	231,351	395,338
Printing, stationery and postage	106,200	123,471
Legal	41,080	26,714
Other	235,525	209,277
Total goods and services	2,748,246	3,141,350

Goods and services are provided in connection with:

Provision of goods – external parties	144,428	155,191
Rendering of services – related entities	337,729	336,514
Rendering of services – external parties	2,266,089	2,649,645
Total goods and services	2,748,246	3,141,350

Other supplier expenses

Operating lease rentals – external parties:		
Minimum lease payments	1,589,645	1,593,789
Workers compensation expenses	295,663	273,881
Total other supplier expenses	1,885,308	1,867,670
Total supplier expenses	4,633,554	5,009,020

Note 3C: Depreciation and Amortisation

Depreciation:		
Leasehold improvements	288,945	300,677
Property, plant and equipment	291,429	291,951
Amortisation:		
Intangibles - Computer Software	150,950	109,992
Total depreciation and amortisation	731,324	702,620

Note 3D: Write-Down and Impairment of Assets

Asset write-downs and impairments from:		
Impairment on financial instruments	-	19,573
Impairment of property, plant and equipment	25,510	25,965
Impairment on intangible assets	-	22,134
Total write-down and impairment of assets	25,510	67,672

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014

Note 4: Own-Source Income

	2014	2013
OWN-SOURCE REVENUE	\$	\$

Note 4A: Sale of Goods and Rendering of Services

Rendering of services - related entities	1,036,388	1,303,034
Rendering of services - external parties	1,015,837	1,016,633
Total sale of goods and rendering of services	2,052,225	2,319,667

Note 4B: Other Gains

Resources received free of charge	43,000	47,209
Total other gains	43,000	47,209

REVENUE FROM GOVERNMENT

Note 4C: Revenue from Government

Appropriations:		
Departmental appropriation	18,022,000	18,305,000
Total revenue from Government	18,022,000	18,305,000

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 5: Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 5A: Fair Value Measurement

Fair value measurements at the end of the reporting period by hierarchy for non-financial assets in 2014

	Fair value measurements at the end of the reporting period using			
	Fair value \$	Level 1 inputs \$	Level 2 inputs \$	Level 3 inputs \$
Non-financial assets:				
Leasehold improvements	1,399,682	-	-	1,399,682
Property, plant and equipment	715,067	-	715,067	-
Total non-financial assets	2,114,749	-	715,067	1,399,682
Assets not measured at fair value in the statement of financial position:				
Non-financial assets ¹	-	-	-	-

1. The Office did not measure any non-financial assets at fair value on a non- recurring basis as at 30 June 2014.

Fair value measurement - highest and best use

The Office's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of the assets is considered the highest and best use.

Note 5B: Level 1 and Level 2 transfers for recurring fair value measurements

The Office had no recurring fair value measurements transferred between Level 1 and Level 2 for assets or liabilities in 2014.

The Office's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 5: Fair Value Measurement

Note 5C: Valuation technique and inputs for Level 2 and Level 3 fair value measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets in 2014

	Category (Level 2 or Level 3)	Fair value \$	Valuation technique(s) ¹	Inputs used	Range (weighted average) ²
Non-financial assets:					
Leasehold improvements	3	1,399,682	Cost Approach	Construction costs new; lease terms; and assets age Consumed economic benefit / Obsolescence of asset (8.4% per annum	6.4% - 32.7%
Property, plant and equipment	2	715,067	Market Approach	Market evidence	

1. No change in valuation technique occurred during the period.

2. Significant unobservable inputs only. Not applicable for assets or liabilities in the Level 2 category.

There were no significant inter-relationships between unobservable inputs that materially affect fair value.

Recurring and non-recurring Level 3 fair value measurements - valuation processes

The Office procured the service of the Australian Valuation Office (AVO) to undertake a comprehensive valuation of all non-financial assets at 30 June 2014. The Office tests the procedures of the valuation model as an internal management review at least once every 12 months (with a formal revaluation undertaken once every three years). If a particular asset class experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation.

There is no change in the valuation technique since the prior year.

Significant Level 3 inputs utilised by the Office are derived and evaluated as follows:

Leasehold Improvements and property, plant and equipment - Consumed economic benefit / Obsolescence of asset

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (Depreciated Replacement Cost or DRC) approach. Under the DRC approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit / asset obsolescence (accumulated Depreciation). Consumed economic benefit / asset obsolescence has been determined based on professional judgment regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

The weighted average is determined by assessing the fair value measurement as a proportion of the total fair value for the class against the total useful life of each asset.

Recurring Level 3 fair value measurements - sensitivity of inputs

Leasehold Improvements & Property, Plant and Equipment - Consumed economic benefit / Obsolescence of asset

The significant unobservable inputs used in the fair value measurement of the Office's leasehold improvements and property, plant and equipment asset classes relate to the consumed economic benefit / asset obsolescence (accumulated depreciation). A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

Note 5: Fair Value Measurement

Note 5D: Reconciliation for recurring Level 3 fair value measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Non-financial assets
	Leasehold improvements ⁵
	2014
	\$
Opening balance¹	1,243,640
Total gains/(losses) in net cost of services ²	(288,945)
Total gains/(losses) in other comprehensive income ³	389,924
Purchases	13,692
Other movements ⁴	41,371
Closing balance	1,399,682
Changes in unrealised gains/(losses) recognised ³	389,924

1. Opening balance as determined in accordance with AASB 13

2. These losses are presented in the Statement of Comprehensive Income under depreciation.

3. These gains are presented in the Statement of Comprehensive Income under changes in asset revaluation surplus.

4. Other movements relate to the capitalisation of assets under constructions to leasehold improvements.

5. Leasehold improvements do not include assets under constructions which is carried at cost.

The Office's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1: Significant Accounting Policies.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2014

Note 6: Financial Assets

	2014	2013
	\$	\$
Note 6A: Cash and Cash Equivalents		
Cash on hand or on deposit	471,327	86,239
Total cash and cash equivalents	471,327	86,239
Note 6B: Trade and Other Receivables		
Good and Services:		
Goods and services - related entities	261,235	104,596
Goods and services - external parties	26	144
Total receivables for goods and services	261,261	104,740
Appropriations receivable:		
For existing programmes	8,961,329	8,706,398
Total appropriations receivable	8,961,329	8,706,398
Other receivables:		
GST receivable from the Australian Taxation Office	75,225	54,005
Total trade and other receivables (gross)	9,297,815	8,865,143
Receivables are expected to be recovered within 12 months.		
Receivables are aged as follows:		
Not overdue	9,297,815	8,846,766
Overdue by:		
0 to 30 days	-	18,377
Total trade and other receivables (gross)	9,297,815	8,865,143
No receivables are deemed to be impaired as at 30 June 2014.		
Note 6C: Other Financial Assets		
Lease incentives	72,810	120,000
Total other financial assets	72,810	120,000

Total other financial assets are expected to be recovered within the term of the lease.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 7: Non-Financial Assets

	2014 \$	2013 \$
Note 7A: Land and Buildings		
Leasehold improvements:		
Fair value	1,408,858	1,845,565
Work in progress	1,500	41,371
Accumulated depreciation	(9,176)	(601,925)
Total leasehold improvements	1,401,182	1,285,011
Total Land and Buildings	1,401,182	1,285,011

Note 7B: Property, Plant and Equipment

Other property, plant and equipment:		
Fair value	719,804	1,471,155
Accumulated depreciation	(4,737)	(668,526)
Total other property, plant and equipment	715,067	802,629

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. An independent valuer conducted the revaluations as at 30 June 2014.

No indicators of impairment were found for property, plant and equipment.

No property, plant and equipment is expected to be sold or disposed of within the next 12 months.

Note 7C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2013-14)

	Leasehold improvements \$	Other property, plant & equipment \$	Total \$
As at 1 July 2013			
Gross book value	1,886,936	1,471,155	3,358,091
Accumulated depreciation and impairment	(601,925)	(668,526)	(1,270,451)
Net book value 1 July 2013	1,285,011	802,629	2,087,640
Additions:			
By purchase	15,192	63,465	78,657
Revaluations recognised in the operating result	389,924	165,912	555,836
Depreciation expense	(288,945)	(291,429)	(580,374)
Disposals:			
Other	-	(25,510)	(25,510)
Net book value 30 June 2014	1,401,182	715,067	2,116,249
Net book value as of 30 June 2014 represented by:			
Gross book value	1,410,358	719,804	2,130,162
Accumulated depreciation	(9,176)	(4,737)	(13,913)
Accumulated impairment losses	-	-	-
Net book value 30 June 2014	1,401,182	715,067	2,116,249

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 7: Non-Financial Assets

Note 7C (cont'd): Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2012-13)

	Leasehold improvements \$	Other property, plant & equipment \$	Total \$
As at 1 July 2012			
Gross book value	1,879,968	1,424,509	3,304,477
Accumulated depreciation and impairment	(421,357)	(406,516)	(827,873)
Net book value 1 July 2012	1,458,611	1,017,993	2,476,604
Additions:			
By purchase	127,077	102,552	229,629
Depreciation expense	(300,677)	(291,951)	(592,628)
Disposals:			
Other	-	(25,965)	(25,965)
Net book value 30 June 2013	1,285,011	802,629	2,087,640
Net book value as of 30 June 2013 represented by:			
Gross book value	1,886,936	1,471,155	3,358,091
Accumulated depreciation	(601,925)	(668,526)	(1,270,451)
Net book value 30 June 2013	1,285,011	802,629	2,087,640

OFFICE OF THE COMMONWEALTH OMBUDSMAN
FOR THE YEAR ENDED 30 JUNE 2014

Note 7: Non-Financial Assets

	2014	2013
	\$	\$
Note 7D: Intangibles		
Computer software:		
Purchased	1,657,588	1,360,624
Work in progress	35,064	103,594
Accumulated amortisation	(1,353,008)	(1,204,147)
Total computer software	339,644	260,071
Total intangibles	339,644	260,071

Impairment tests were carried out during the year which resulted in no assets being impaired (2013: \$22,134).
No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7E: Reconciliation of the Opening and Closing Balances of Intangibles (2013-14)

	Computer software purchased \$
As at 1 July 2013	
Gross book value	1,464,218
Accumulated amortisation and impairment	(1,204,147)
Net book value 1 July 2013	260,071
Additions:	
By purchase	196,734
Internally developed	33,789
Impairments recognised in the operating result	
Amortisation	(150,950)
Disposals:	
Other	
Net book value 30 June 2014	339,644
Net book value as of 30 June 2014 represented by:	
Gross book value	1,692,652
Accumulated amortisation and impairment	(1,353,008)
Net book value 30 June 2014	339,644

OFFICE OF THE COMMONWEALTH OMBUDSMAN
FOR THE YEAR ENDED 30 JUNE 2014

Note 7: Non-Financial Assets

Note 7E (cont'd): Reconciliation of the Opening and Closing Balances of Intangibles (2012-13)

	Computer software purchased \$
As at 1 July 2012	
Gross book value	1,617,090
Accumulated amortisation and impairment	(1,292,953)
Net book value 1 July 2012	324,137
Additions:	
By purchase	20,367
Internally developed	47,693
Impairments recognised in the operating result	(22,134)
Amortisation	(109,992)
Net book value 30 June 2013	260,071
Net book value as of 30 June 2013 represented by:	
Gross book value	1,464,218
Accumulated amortisation and impairment	(1,204,147)
Net book value 30 June 2013	260,071

	2014 \$	2013 \$
Note 7F: Other Non-Financial Assets		
Prepayments	352,899	231,206
Total other non-financial assets	352,899	231,206

No indicators of impairment were found for other non-financial assets.
Total other non-financial assets are expected to be recovered in within 12 months.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014

Note 8: Payables

	2014	2013
	\$	\$
Note 8A: Suppliers		
Trade creditors and accruals	343,458	390,195
Total supplier payables	343,458	390,195
Supplier payables are expected to be settled within 12 months:		
Related entities	67,161	64,789
External parties	276,297	325,406
Total supplier payables	343,458	390,195

Settlement is usually made within 30 days.

Note 8B: Other Payables

Salaries and wages	414,462	362,304
Superannuation	65,562	57,943
Lease incentives	1,464,704	1,659,400
Fixed lease increase	1,105,848	945,404
Unearned income	721,855	223,468
Other	58,988	21,404
Total other payables	3,831,419	3,269,923

Total other payables are expected to be settled in:

No more than 12 months	1,471,882	870,793
More than 12 months	2,359,537	2,399,130
Total operating leases	3,831,419	3,269,923

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014

Note 9: Provisions

	2014 \$	2013 \$
Note 9A: Employee Provisions		
Leave	3,618,578	3,515,115
Total employee provisions	3,618,578	3,515,115
Employee provisions are expected to be settled in:		
No more than 12 months	1,177,076	1,085,024
More than 12 months	2,441,502	2,430,091
Total employee provisions	3,618,578	3,515,115
Note 9B: Other Provisions		
Provision for restoration obligations	138,216	123,786
Total other provisions	138,216	123,786
Other provisions are expected to be settled in:		
No more than 12 months	-	50,670
More than 12 months	138,216	73,116
Total other provisions	138,216	123,786
	Provision for restoration \$	
Carrying amount 1 July 2013	123,786	
Additional provisions made	14,430	
Closing balance 2014	138,216	

The Office currently has three agreements (2013: three) for the leasing of premises which have provisions requiring the Office to restore the premises to their original condition at the conclusion of the lease. The Office has made a provision to reflect the value of this obligation. Adjustments to provisions have been taken to the asset revaluation surplus.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2014

Note 10: Cash Flow Reconciliation

	2014	2013
	\$	\$
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per:		
Cash flow statement	471,327	86,239
Statement of Financial Position	<u>471,327</u>	<u>86,239</u>
Difference	<u>-</u>	<u>-</u>
 Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	(18,714,613)	(17,847,596)
Add revenue from Government	18,022,000	18,305,000
 Adjustments for non-cash items		
Depreciation / amortisation	731,324	702,620
Net write down of non-financial assets	25,510	48,099
 Changes in assets / liabilities		
(Increase) / decrease in net receivables	(372,673)	(855,607)
(Increase) / decrease in other financial assets	47,190	(13,129)
(Increase) / decrease in prepayments	(121,692)	186,040
Increase / (decrease) in employee provisions	103,463	(224,470)
Increase / (decrease) in supplier payables	(46,738)	(439,664)
Increase / (decrease) in other payable	<u>561,495</u>	<u>(173,472)</u>
Net cash from (used by) operating activities	<u>235,267</u>	<u>(312,179)</u>

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014

Note 11: Contingent Liabilities and Assets

The Office has no contingent liabilities.

The Office has identified in its contracts and leases a number of indemnity provisions. None of these are quantifiable and all are considered remote. There are no existing or likely claims of which the office is aware.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2014

Note 12: Senior Executive Remuneration

Note 12A: Senior Executive Remuneration Expense for the Reporting Period

	2014	2013
	\$	\$
Short-term employee benefits:		
Salary	1,405,289	958,139
Motor vehicle and other allowances	151,835	96,065
Total short-term employee benefits	1,557,124	1,054,204
Post-employment benefits:		
Superannuation	236,281	148,159
Total post-employment benefits	236,281	148,159
Other long-term benefits:		
Annual leave accrued	103,362	95,523
Long-service leave	44,895	29,173
Total other long-term benefits	148,257	124,696
Total	1,941,662	1,327,059

Notes:

1. Note 12A excludes acting arrangements and part-year service where remuneration expensed for a Senior Executive was less than \$195,000.
2. Note 12A is prepared on an accrual basis.
3. 2013 values are low due to the impact of a high volume of acting arrangements in place during the year.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 12: Senior Executive Remuneration (cont'd)

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives During the Reporting Period

Average annual reportable remuneration ¹	2014					Total reportable remuneration
	Substantive Senior Executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
less than \$195,000	-	-	-	-	-	-
\$225,000 to \$254,999	6	207,110	32,932	-	-	240,042
\$405,000 to \$434,999	1	383,379	38,985	-	-	422,364
Total	7					

Average annual reportable remuneration ¹	2013					Total
	Senior Executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	
	No.	\$	\$	\$	\$	\$
Total remuneration (including part-time arrangements):						
less than \$195,000	5	76,916	8,495	-	-	85,411
\$225,000 to \$254,999	2	204,370	30,336	-	-	234,706
\$255,000 to \$284,999	1	233,416	27,463	-	-	260,879
\$315,000 to \$344,999	1	276,548	42,589	-	-	319,137
Total	9					

Notes:

- These tables report substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- Reportable salary¹ includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the bonus paid column);
 - reportable fringe benefits (at the net amount prior to grossing up to account for tax benefits);
 - except foreign employment income; and
 - salary sacrificed amounts.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per a report from the payroll system.
- Reportable allowances⁴ are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- Various salary sacrifice arrangements were available to senior executives including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the reportable salary column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.
- 2013 values are low due to the impact of a high volume of acting arrangements in place during the year.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 12: Senior Executive Remuneration (cont'd)

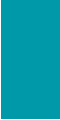
Note 12c: Average Annual Reportable Remuneration Paid to Other Highly Paid Staff during the Reporting Period

There were no other highly paid staff in 2014.

Average Annual Reportable Remuneration paid to other highly paid staff in 2013					
Average annual reportable remuneration ¹	Staff No.	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Total
		\$	\$	\$	\$
Total remuneration (including part-time arrangements):					
less than \$195,000	-	-	-	-	-
\$195,000 to \$224,999	1	188,559	16,122	-	204,680
Total	1				

Notes:

- This table reports staff:
 - who were employed by the entity during the reporting period;
 - whose reportable remuneration was \$195,000 or more for the financial period; and
 - were not required to be disclosed in Tables A, B or director disclosures.
 Each row is an averaged figure based on headcount for individuals in the band.
- Reportable salary² includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column);
 - reportable fringe benefits (at the net amount prior to grossing up to account for tax benefits);
 - salary sacrificed amounts;
 - salary sacrificed foreign employment income; and
 - salary sacrificed superannuation.
- The 'contributed superannuation' amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per a report from the payroll system.
- Reportable allowances⁴ are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- Bonus paid⁵ represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'reportable salary' column, excluding salary sacrificed superannuation, which is reported in the 'contributed superannuation' column.



OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 JUNE 2014

Note 13: Remuneration of Auditors

	2014	2013
	\$	\$

Financial statement audit services were provided free of charge to the entity by the Australian National Audit Office.

The fair value of the services provided was:	43,000	32,000
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No other services were provided by the Australian National Audit Office.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 14: Financial Instruments

	Notes	2014 \$	2013 \$
Note 14A: Categories of Financial Instruments			
Financial Assets			
Loans and receivables:			
Cash and cash equivalents	5A	471,327	86,239
Trade and other receivables	5B	261,261	104,740
Carrying amount of financial assets		732,588	190,979
Financial Liabilities			
At amortised cost:			
Supplier payables	7A	343,458	390,195
Carrying amount of financial liabilities		343,458	390,195
Note 14B: Net Income and Expense from Financial Assets			
Loans and receivables			
Impairment		-	(19,573)
Net gain/(loss) loans and receivables		-	(19,573)
Net gain/(loss) from financial assets		-	(19,573)

The net expense from financial assets not at fair value from profit and loss is nil. (2013: \$(19,573)).

Note 14C: Net Income and Expense from Financial Liabilities

The net income/expense from financial liabilities not at fair value from profit and loss is nil. (2013: nil).

Note 14D: Fair Value of Financial Instruments

The fair values of the financial instruments approximates their carrying amounts.

Note 14E: Credit Risk

The Office is exposed to minimal credit risk due to the nature of its financial assets. The maximum exposure to credit risk is the amount held as trade and other receivables should default occur, \$261,261. (2013: \$104,740). The risk of default on these amounts was assessed to be nil as at 30 June 2014 (2013: nil).

Ageing of financial assets that are past due can be found in note 6B.

Note 14F: Liquidity Risk

The Office's exposure to liquidity risk is minimal due to the appropriation funding mechanisms available from the Department of Finance. The office manages liquidity risk through its policies and procedures.

Maturities for non-derivative financial liabilities 2014

	On demand	within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	\$	\$	\$	\$	\$	\$
Supplier payables	-	343,458	-	-	-	343,458
Total	-	343,458	-	-	-	343,458

Maturities for non-derivative financial liabilities 2013

	On demand	within 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
	\$	\$	\$	\$	\$	\$
Supplier payables	-	390,195	-	-	-	390,195
Total	-	390,195	-	-	-	390,195

The office has no derivative financial liabilities in both the current and prior year.

Note 14G: Market Risk

The Office holds only basic financial instruments that do not pose any market risk. The Office is not exposed to currency risk or other price risk.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2014

Note 15: Financial Assets Reconciliation

	Notes	2014 \$	2013 \$
<u>Financial Assets</u>			
Total financial assets as per the Statement of Financial Position		9,841,952	9,071,382
Less: non-financial instrument components:			
Appropriations receivable	6B	8,961,329	8,706,398
Other receivables	6B.C	148,035	174,005
Total non-financial instrument components		9,109,364	8,880,403
Total financial assets as per the financial instrument note		732,588	190,979

Note 16: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2014 Appropriations						Total appropriation	Appropriation applied in 2014 (current and prior years)	Variance
	Appropriation Act		FMA Act						
	Annual Appropriations reduced ^a	AFM ^b	Section 30	Section 31	Section 32				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
DEPARTMENTAL									
Ordinary annual services	18,630,000	(89,000)	-	-	2,961,701	-	21,502,701	20,862,681	640,020
Other services	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total disease treatment	18,630,000	(89,000)	-	-	2,961,701	-	21,502,701	20,862,681	640,020

Notes:

(a) Appropriations reduced under Appropriation Acts (No.1,5,5,2013-14; sections 10, 11, and 12 and under Appropriation Acts (No.2,4,9,2013-14; sections 12,13, and 14. Departmental appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In 2014 there was a reduction of \$89,000 pertaining to whole of government savings.

(b) Advance to the Finance Minister (AFM) - Appropriation Acts (Nos. 13&5) 2013-14; reduction 13 and Appropriation Acts (Nos. 24&6) 2013-14; section 15. a) Appropriation is effected by the Finance Minister's determination and is automatic by default. In 2014 there was a reduction of 30,000 pertaining to whole

(c) There was an \$25,000 reduction to Appropriation Act (No.1) 2013-14 that met the recognition criteria of a formal reduction in revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period.

(d) The variance of \$0.64m in ordinary annual services was primarily due to unspent departmental capital budget, amended before the end of the reporting period.

	2013 Appropriations							Appropriation applied in 2013 (current and prior years)	Variance
	Appropriation Act			FMA Act					
	Annual Appropriation	Appropriations reduced ^(a)	AFM ^(b)	Section 30	Section 31	Section 32	Total appropriation		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
DEPARTMENTAL									
Ordinary annual services	18,914,000	-	-	15,259	2,607,058	-	21,526,317	20,556,127	980,190
Other services	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total divisional	18,914,000	-	-	15,259	2,607,058	-	21,526,317	20,556,127	980,190

Notes:

(a) Appropriations reduced under Appropriation Acts (No.1,5,5,2012-13; sections 10, 11, and 12 and under Appropriation Acts (No.2,4,9,2012-13; sections 12,13, and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request that the Finance Minister reduce that appropriation. The reduction in the appropriation is effected by the Finance Ministers determination and is disallowable by Parliament. In 2012-13 there was no reduction in any appropriation.

(b) Advance to the Finance Minister (AFM) - Appropriation Acts (Nos. 13&5) 2012-13; reduction 13 and Appropriation Acts (Nos. 24&6) 2012-13; section 15. appropriation is effected by the Finance Minister's determination and is disallowed by Parliament. In 2012-13 there was no reduction in any appropriation.

(c) advance to the Finance Minister (FMS) Appropriation Acts (Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100) 2012-13, reduction of revenue (in accordance with FMO Div 101) but at law the appropriations had not been amended before the end of the reporting period.

(d) The variance of \$0.98m in ordinary annual services was primarily due to the office not achieving its departmental capital budget spend, amended before the end of the reporting period.

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 16: Appropriations

Table B: Departmental and Administered Capital Budgets ('Recoverable GST exclusive').

	2014 Capital Budget Appropriations			Capital Budget Appropriations applied in 2014		
	Appropriation Act		Total Capital Budget Appropriations	Payments for non-financial assets ³		Variance
	Annual Capital Budget	Appropriations reduced ²		\$	\$	
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget ¹	608,000	-	608,000	309,179	309,179	298,821

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No.1,3,5) 2012-13; sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

	2013 Capital Budget Appropriations			Capital Budget Appropriations applied in 2013		
	Appropriation Act		Total Capital Budget Appropriations	Payments for non-financial assets ³		Variance
	Annual Capital Budget	Appropriations reduced ²		\$	\$	
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget ¹	609,000	-	609,000	297,690	297,690	311,310

Notes:

1. Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No.1,3,5) 2012-13; sections 10, 11, 12 and 15 or via a determination by the Finance Minister.
3. Payments made on non-financial assets include purchases of assets, expenditure on assets which has been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

Note 16: Appropriations

Table C: Unspent Annual Appropriations ('Recoverable GST' exclusive¹)

Authority	2014	2013
	\$	\$
DEPARTMENTAL		
2011-12 Appropriation Act 1 - Departmental Capital Budget	-	459,000
2012-13 Appropriation Act 1	-	7,724,637
2012-13 Appropriation Act 1 - Departmental Capital Budget	609,000	609,000
2013-14 Appropriation Act 1	8,215,657	-
2013-14 Appropriation Act 1 - Departmental Capital Budget	608,000	-
Total	9,432,657	8,792,637

OFFICE OF THE COMMONWEALTH OMBUDSMAN
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Note 17: Compensation and Debt Relief

	2014 \$	2013 \$
No 'Act of Grace' expenses were incurred during the reporting period. (2013: No expenses).	-	-
No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the Financial Management and Accountability Act 1997. (2013: No waivers).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2013: No payments).	-	-
No ex-gratia payments were provided for during the reporting period. (2013: No payments).	-	-
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period. (2013: No payments).	-	-

Notes 18 and 19: Reporting of Outcomes

Note 18: Net Cost of Outcome Delivery

The Office has one outcome, therefore the Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcomes table has not been prepared.

Note 19: Net Cash Appropriation Arrangements

	2014 \$	2013 \$
Total comprehensive income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations ¹	580,117	1,160,024
Plus: depreciation/amortisations expenses previously funded through revenue appropriation	(731,324)	(702,620)
Total comprehensive income (loss) - as per the Statement of Comprehensive Income	(151,207)	457,404

1. From 2010-11 the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.



PERFORMANCE OVERVIEW



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Glossary

Term	Definition
Australian Federal Police (AFP) complaint categories	Category 1—minor management or customer service matters Category 2—minor misconduct Category 3—serious misconduct Category 4—conduct giving rise to a corruption issue.
Approach	A contact with the office about a new matter regarding one of our core business functions (usually classed as Category 1 and 2).
Category	Approaches are divided into five categories based on whether the approach is investigated or not, potential sensitivities and the degree of effort required to finalise the approach.
Category 1—Initial approach (approach)	An approach that was resolved by a single communication (e.g. referral to a more appropriate agency) and the discretion not to investigate was applied.
Category 2—Further assessment (approach)	An approach that required further communication and/or assessment (e.g. internal enquiries/research or more information from the complainant) and the discretion not to investigate was applied.
Category 3—Investigation (complaint)	An approach investigated via formal contact with the agency that is the subject of the complaint in order to resolve the matter.
Category 4—Further investigation (complaint)	An approach that required two or more substantive contacts with the agency that is the subject of the complaint in order to resolve the matter.
Category 5—Formal reports (complaint)	An approach where the matter complained about was identified as significant and an appropriate outcome could not be negotiated with the agency.
Closed approach	An approach that has been finalised.
Community detention	A form of immigration detention that enables people in detention to reside and move about freely in the community without needing to be accompanied or restrained by an officer under the <i>Migration Act 1958</i> .

Term	Definition
Compensation for Detriment caused by Defective Administration (CDDA) scheme	A scheme that allows Australian Government agencies under the <i>Financial Management and Accountability Act 1997</i> to provide discretionary compensation to people who have experienced detriment as a result of an agency's defective actions or inaction.
Compliance auditing	The action of inspecting the records of law enforcement agencies to determine the extent of compliance with relevant legislation by the agency and its law enforcement officers.
Complaint	An approach that has been escalated to Category 3 or above that was investigated and required agency contact to resolve the matter.
Controlled operation	A covert operation carried out by law enforcement officers under the <i>Crimes Act 1914</i> (Cth) for the purpose of obtaining evidence that may lead to the prosecution of a person for a serious offence. The operation may result in law enforcement officers engaging in conduct that would otherwise constitute an offence.
Cross-agency issue	At times a complaint or investigation may involve more than one agency if, for example, one agency is responsible for a policy for which another agency administers the related program/s.
Established complaint	The AFP considers a complaint is 'established' if an AFP investigation concludes in favour of the complainant or against the AFP member.
Formal powers	The Ombudsman's powers to investigate the administrative actions of most Australian Government departments and agencies and private contractors delivering government services. The powers of the Ombudsman are similar to those of a Royal Commission, and include compelling an agency to produce documents and examining witnesses under oath.
Garnishee	The power to seize money from a third party (such as a bank) to pay a debt. This power is held by some government agencies, such as the Australian Taxation Office and Child Support.
Inspection (immigration)	Inspection visits to immigration detention facilities and other places of detention to monitor detention conditions and services provided to detainees. Inspections help to assess whether those services comply with the immigration values and obligations of the Department of Immigration and Border Protection and its contracted service providers.

Term	Definition
Inspection (other)	Inspection or auditing of the records of law enforcement and other enforcement agencies in relation to the use of covert powers, such as telecommunications interceptions, stored communications, surveillance devices and controlled operations. This is one of the Ombudsman's statutory responsibilities.
Investigation	Occurs when the office formally contacts an agency about an issue raised as part of a complaint or because the Ombudsman has chosen to use her/his own motion powers.
Income management	A scheme that enables Centrelink to retain and manage at least 50% of a person's income support payments. The managed funds can only be allocated to priority goods and services, such as housing, clothing, food, utilities, education and health care. Managed funds cannot be used to purchase prohibited goods such as alcohol, gambling products, tobacco or pornography. The remaining portion of a person's income support is available for them to use as they wish.
Jurisdiction	<p>Under the Ombudsman Act, the Commonwealth Ombudsman can investigate the administrative actions of Australian Government agencies and officers. The Act confers six other roles on the Commonwealth Ombudsman:</p> <p>Defence Force Ombudsman, to investigate action arising from the service of a member of the ADF</p> <p>Immigration Ombudsman, to investigate action taken in relation to immigration (including immigration detention)</p> <p>Postal Industry Ombudsman, to investigate complaints against private postal operators</p> <p>Taxation Ombudsman, to investigate action taken by the Australian Taxation Office</p> <p>Overseas Students Ombudsman, to investigate complaints from overseas students about private education providers in Australia</p> <p>Law Enforcement Ombudsman, to investigate conduct and practices of the AFP and its members.</p> <p>The Commonwealth Ombudsman also undertakes the role of the ACT Ombudsman in accordance with s 28 of the <i>ACT Self-Government (Consequential Provisions) Act 1988</i> (Cth).</p>
Natural justice	In administrative decision making, natural justice means procedural fairness.

Term	Definition
Outcome	Our Outcome: <i>Fair and accountable administration by Australian Government agencies by investigating complaints, reviewing administrative action and inspecting statutory compliance by law enforcement agencies.</i>
Outcomes	The results, consequences or impacts of government actions.
Outcome statements	<p>Statements that articulate government objectives and serve three main purposes within the financial framework:</p> <p>Explain the purposes for which annual appropriations are approved by the Parliament for use by agencies</p> <p>Provide a basis for budgeting and reporting against the use of appropriated funds</p> <p>Measure and assess agency and program non-financial performance in contributing to government policy objectives.</p>
Out of jurisdiction (OOJ)	An approach about a matter that is outside the core business functions of the office.
Own-motion investigation	An investigation conducted on the Ombudsman's own initiative.
Public interest disclosure	Sometimes referred to as 'whistleblowing', this occurs when a person discloses information that demonstrates improper conduct by a public body in the exercise of its functions.
Redress of grievance submission	A review by the Commanding Officer available to members of the Australian Defence Force if they are not satisfied with the outcome of the normal administrative processes. Before taking this step, Defence Force personnel are encouraged to first seek resolution of any complaint at the lowest possible level through the chain of command.
Remedy	A solution or correction to a problem that is the subject of a complaint.
Resolve	The name of the electronic case management system used by the Ombudsman's office.
Review rights	Rights a person has if they disagree with a decision made about them, or if they believe they have been treated unfairly by a government agency. They may appeal the decision or ask for it to be reviewed by the agency, and if they are not able to resolve the situation with the agency, they may complain to the Ombudsman.

Term	Definition
Review (Ombudsman)	A review available to a complainant who disagrees with an Ombudsman decision. They can request the matter be reconsidered by a more senior officer within the office who was not involved in the original investigation.
Stored communications	Typically refers to emails and text (SMS) messages, but may include images or video that are electronically stored by a telecommunications carrier or internet service provider. (For instance, an SMS message is stored by a carrier and sent when the intended recipient is able to take the message.) Stored communications access occurs under warrant for the purposes of obtaining information relevant to the investigation of an offence.
Surveillance devices	Typically listening devices, cameras and tracking devices that are used to gather information relating to criminal investigations and the location and safe recovery of children. The use of these devices usually requires the issue of a warrant.
Systemic issue	A problem that is common throughout an agency or across multiple agencies, often identified through the analysis of similar individual complaints.
The office	The Office of the Commonwealth Ombudsman.
The Ombudsman	The person occupying the statutory position of Commonwealth Ombudsman.
Warm transfer	An assisted phone transfer to another agency. If complainants contact us with a complaint before first approaching the relevant agency, we have an arrangement in place with some agencies such as the ATO and Centrelink to transfer them back to that agency. If their complaint is not resolved there, they can come back to us at that point.
Within jurisdiction	An approach about a matter that the office can investigate.

Abbreviations and acronyms

ACC	Australian Crime Commission
ACLEI	Australian Commission for Law Enforcement Integrity
AFP	Australian Federal Police
AHRC	Australian Human Rights Commission
ANAO	Australian National Audit Office
APOD	Alternative Place of Detention
APOR	Australasia-Pacific Ombudsman Region
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CAC Act	Commonwealth Authorities and Companies Act
CALD	culturally and linguistically diverse
CDDA	Compensation for Detriment caused by Defective Administration
DHS	Department of Human Services
DIBP	Department of Immigration and Border Protection
DVA	Department of Veterans' Affairs
ESOS	Education Services for Overseas Students
FECCA	Federation of Ethnic Communities' Councils of Australia
FOI	freedom of information
GST	goods and services tax
IDC	immigration detention centre
IGIS	Inspector-General of Intelligence and Security
IGT	Inspector-General of Taxation
IMAs	Illegal Maritime Arrivals
OCPNG	Ombudsman Commission of Papua New Guinea
OOJ	out-of-jurisdiction
OPC	Offshore Processing Centre
PHIO	Private Health Insurance Ombudsman
PID	Public Interest Disclosure
PIO	Postal Industry Ombudsman
POA	Pacific Ombudsman Alliance
SMSF	Self-Managed Super Fund
TIS	Telephone Interpreting Service
TPS	Tuition Protection Service
WHSO	Work and Health Safety Officer

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Compliance with Annual Report Requirements

This is a guide to the report's compliance with the *Requirements for Annual Reports* as approved by the Joint committee of Public Accounts and Audit under subsections 63(2) and 70(2) of the *Public Service Act 1999*.

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Correction of material errors in previous annual report

One material error has been identified in the Commonwealth Ombudsman Annual Report 2012–13.

On page 110 we stated the Overseas Students Ombudsman had transferred 14 complaints to the Tuition Protection Service. The correct number was 18.

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