

PART C

**AGENCY ADDITIONAL ESTIMATES
STATEMENTS**

**OFFICE OF THE COMMONWEALTH
OMBUDSMAN**

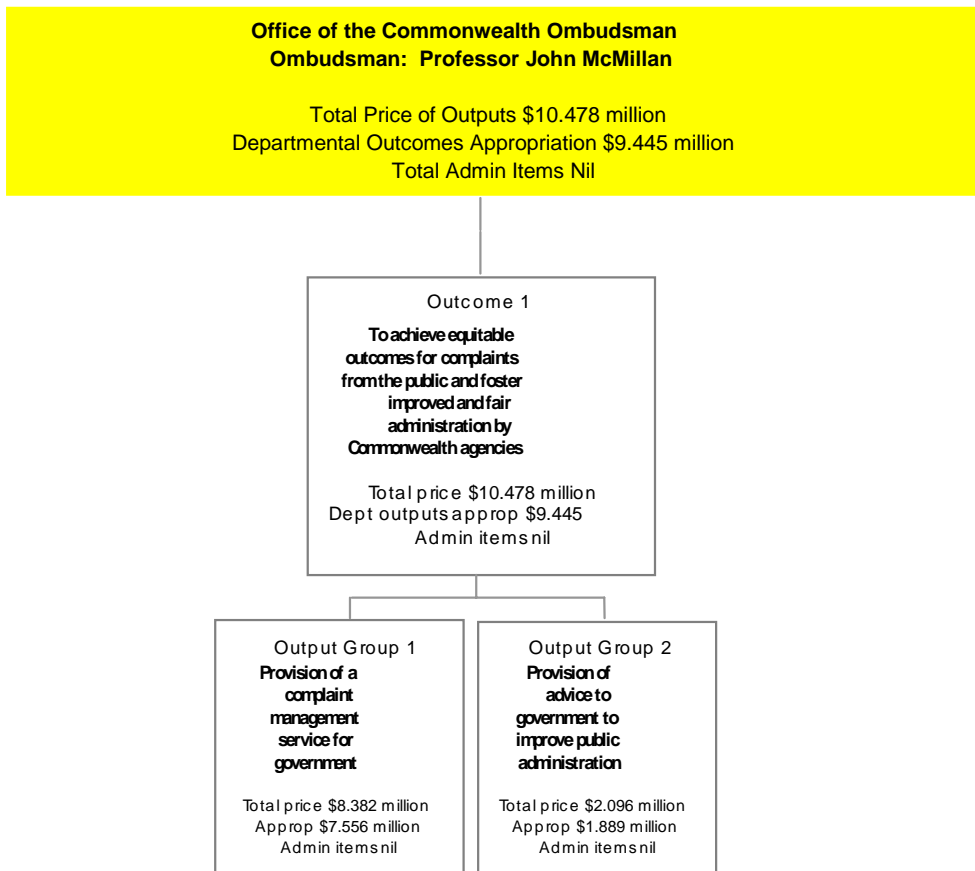
OFFICE OF THE COMMONWEALTH OMBUDSMAN

Section 1: Overview, variations and measures

OVERVIEW

The Commonwealth Ombudsman’s role has been extended to include the establishment of a dedicated Postal Industry Ombudsman (PIO) to assist customers who have not been able to resolve disputes satisfactorily with postal operators. It is envisaged that the industry funded Ombudsman will also be responsible for reporting on service standards and developing codes of practice in relation to dispute resolution and complaints handling mechanisms.

Map 1: Outcomes and output groups



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

There were three additional annual appropriations provided at the 2003-04 Additional Estimates, as follows:

- The establishment of the Postal Industry Ombudsman;
- Budget estimates – enhanced quality and timeliness; and
- The increase in the Comcover premium in the 2003-04 year.

In the 2003-04 Additional Estimates, the Government provided ongoing additional funding of:

- \$0.920 million to establish a dedicated Postal Industry Ombudsman over the forward years' estimates.
- \$0.150 million for implementation of the Budget estimates – enhanced quality and timeliness.

See Measures – Agency Summary below.

In addition, in the 2003-04 Additional Estimates, the Government provided supplementation of \$0.039 million for an increase in insurance premiums in 2003-04 only. See Other Variations to the Appropriation below.

Measures

	2003-04 (\$'000)	2004-05 (\$'000)	2005-06 (\$'000)	2006-07 (\$'000)
Outcome 1				
Increase in departmental appropriation				
Postal Industry Ombudsman	0	300	307	313
Budget estimates - enhanced quality and timeliness	30	40	40	40

Other Variations to the appropriation

	2003-04 (\$'000)	2004-05 (\$'000)	2005-06 (\$'000)	2006-07 (\$'000)
Outcome 1				
Variations in departmental appropriation				
Comcover premium increase	39			

MEASURES — AGENCY SUMMARY

Postal Industry Ombudsman

In the 2003-04 Additional Estimates, the Government provided funding of \$0.920 million over the forward years' estimates to establish a dedicated Postal Industry Ombudsman to assist customers who have not been able to resolve disputes satisfactorily with postal operators. It is envisaged that the industry funded Ombudsman will also be responsible for reporting on service standards and developing codes of practice in relation to dispute resolution and complaints handling mechanisms.

The Ombudsman will not be directly involved in the collection of monies from Australia Post and other postal operators who choose to use the Postal Industry Ombudsman. There is therefore no possibility of the Ombudsman's independence and impartiality being compromised by the way in which the amount is collected from Australia Post or the postal industry more generally.

Budget estimates – enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5 million over five years (including \$0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4 million over four years.

In the 2003-04 Budget the Government made provision for \$78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5 million over five years to fund agencies to implement the BEFR recommendations.

See Table 1.1: Summary of measures since the 2003-04 Budget for details of the Office's funding for this measure.

Part C: Agency Additional Estimates Statements – Ombudsman

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output groups affected	Appropriations 2003-04 (\$'000)			Appropriations 2004-05 (\$'000)			Appropriations 2005-06 (\$'000)			Appropriations 2006-07 (\$'000)		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Establishment of Postal Industry Ombudsman	1	1,2		0	0		300	300		307	307		313	313
Budget estimates - enhanced quality and timeliness	1	1,2		30	30		40	40		40	40		40	40
Total				30	30		340	340		347	347		353	353

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

In the 2003-04 Additional Estimates, the Office of the Commonwealth Ombudsman has estimates in Appropriation Bill No. 3 only. There has been no shifting of funds across Office Outputs.

Variations from the information supplied in the 2003-04 Portfolio Budget Statements comprise: variations to outcomes outlined above in the Measures and Other Variations to Outcomes Tables; variations to estimated revenues from the Australian Agency for International Development (AUSAID); and an appropriate accounting treatment for depreciation allowances not drawn down from the Public Account.

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available \$'000	2003-04 budget \$'000	2003-04 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies					
	8,450	9,376	9,445	69	0
Total	8,450	9,376	9,445	69	0

Table 1.3: Appropriation Bill (No. 4) 2003-04

The Office of the Commonwealth Ombudsman has no administered items.

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 Budget	2003-04 Revised	Variation
Outcome 1			
To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies			
	85	85	0
Total	85	85	0

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

There are no variations to revenue from other sources through net annotated (Section 31) receipts.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Office of the Commonwealth Ombudsman has not changed its outcome, outputs or performance information as a result of the 2003-04 Additional Estimates.

Output cost attribution

Direct costs for Outputs 1 and 2 are allocated primarily on staff numbers. Indirect costs, such as corporate support expenses, are allocated on staff numbers and square metres occupied. The provision of services by corporate support areas is predominantly driven by staff demands. Some exceptions exist, but testing has shown that other, more complex allocation methods do not produce a materially different result from that produced by this simple allocation method.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

An analysis of the Office's budgeted financial statements, is provided below:

Statement of Financial Performance

The Office is budgeting for a zero operating result in 2003-04.

Revenues from Government at Additional Estimates are estimated to be \$9.445 million, an increase of \$0.069 million from the 2003-04 Budget. The increase is due to Government supplementation for:

- Budget estimates – enhanced quality and timeliness; and
- The increase in the Comcover premium in the 2003-04 year.

In addition, the forward years reflect supplementation for the establishment of the Postal Industry Ombudsman.

Statement of Financial Position

The Office's cash position has increased to internally fund the Office's capital program, employee entitlements, creditors, and to provide working capital.

The Office will be reviewing its asset replacement plan in the context of the 2004-05 Budget. An asset revaluation from deprival to fair values is scheduled for 2004-05 as part of a three-year cycle.

The Office's primary liability continues to be accrued employee entitlements, as a result of accrued entitlements.

Statement of Cash flows

The Statement of Cash flows has not changed since the 2003-04 Portfolio Budget Statements, except as a direct result of the variations to the outcome, estimated revenues from the Australian Agency for International Development (AUSAID); and an appropriate accounting treatment for depreciation allowances not drawn down from the Public Account.

BUDGETED FINANCIAL STATEMENTS

The budgeted financial statements comprise full financial statements for the Office of the Commonwealth Ombudsman. These statements show the revised planned financial performance for the 2003-04 Budget year and each of the forward years from 2004-05 to 2006-07. The statements also include the 2002-03 actuals for comparative purposes.

The budgeted statements contain estimates prepared in accordance with the requirements of the Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

Departmental financial statements

Budgeted departmental statement of financial performance

This statement provides a picture of the expected financial results for the Office by identifying full accrual expenses and revenues, which highlights whether the Office is operating at a sustainable level.

Budgeted departmental statement of financial position

This statement shows the financial position of the Office. It enables decision-makers to track the management of the Office's assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows provide important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financial activities.

Departmental capital budget statement

This statement shows all planned departmental capital expenditure on non-financial assets, whether funded through capital appropriations for additional equity or borrowings, or from internal sources.

Departmental non-financial assets — summary of movement

This statement shows budgeted acquisitions and disposals of non-financial assets during the budget year.

Table 3.1: Budgeted departmental statement of financial performance for the period ended 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
Revenues from ordinary activities					
Revenue from Government	8,450	9,445	9,720	9,371	9,537
Goods and Services	888	1,016	1,036	830	846
Interest	12	-	-	-	-
Dividends	-	-	-	-	-
Revenue from sales of assets	2	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Other	49	17	19	20	21
Revenues from ordinary activities	9,401	10,478	10,775	10,221	10,404
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	6,146	6,911	7,105	6,740	6,875
Suppliers	2,709	3,193	3,339	3,170	3,206
Grants	-	-	-	-	-
Depreciation and amortisation	269	374	331	311	323
Write-down of assets	-	-	-	-	-
Value of assets sold	2	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Other	-	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	9,126	10,478	10,775	10,221	10,404
Borrowing cost expense	-	-	-	-	-
Share of net profits/losses of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Operating surplus or deficit from ordinary activities	275	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Net surplus or deficit	275	-	-	-	-
Capital Use Charge	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	275	-	-	-	-

Part C: Agency Additional Estimates Statements – Ombudsman

Table 3.2: Budget departmental statement of financial position as at 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	1,051	1,190	1,058	1,202	1,309
Receivables	125	374	667	900	806
Investments accounted for under the equity method	-	-	-	-	-
Other investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	1,176	1,564	1,725	2,102	2,115
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	582	767	579	443	253
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	396	343	238	142	426
Other	40	108	113	110	110
Total non-financial assets	1,018	1,218	930	695	789
Total assets	2,194	2,782	2,655	2,797	2,904
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	123	29	21	12	5
Total interest bearing liabilities	123	29	21	12	5
Provisions					
Employees	1,952	2,277	2,150	2,306	2,420
Capital Use Charge	-	-	-	-	-
Other	-	-	-	-	-
Total provisions	1,952	2,277	2,150	2,306	2,420
Payables					
Suppliers	252	179	187	182	182
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Total payables	252	179	187	182	182
Total liabilities	2,327	2,485	2,358	2,500	2,607
EQUITY					
Parent equity interest					
Contributed equity	418	848	848	848	848
Reserves	117	117	117	117	117
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficit	(668)	(668)	(668)	(668)	(668)
Total parent equity interest	(133)	297	297	297	297

Part C: Agency Additional Estimates Statements – Ombudsman

Table 3.2: Budget departmental statement of financial position continued as at 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
Total outside equity interest	-	-	-	-	-
Total equity	(133)	297	297	297	297
Current liabilities	1,053	1,070	1,026	1,079	1,120
Non-current liabilities	1,274	1,415	1,332	1,421	1,487
Current assets	1,215	1,672	1,838	2,211	2,225
Non-current assets	979	1,110	817	586	679

Part C: Agency Additional Estimates Statements – Ombudsman

Table 3.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,450	9,071	9,427	9,138	9,631
Goods and services	1,022	1,141	1,036	830	846
Interest	12	-	-	-	-
Dividends	-	-	-	-	-
Other	168	-	-	-	-
Extraordinary Items	-	-	-	-	-
Total cash received	9,652	10,212	10,463	9,968	10,477
Cash used					
Employees	6,564	6,586	7,236	6,585	6,761
Suppliers	2,825	3,412	3,321	3,161	3,192
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	36	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	9,425	9,998	10,557	9,746	9,953
Net cash from/(used by) operating activities	227	214	(94)	222	524
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	2	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	2	-	-	-	-
Cash used					
Purchase of property, plant and equipment	163	505	38	78	417
Purchase of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	163	505	38	78	417
Net cash from/(used by) investing activities	(161)	(505)	(38)	(78)	(417)

Table 3.3: Budgeted departmental statement of cash flows continued for the period ended 30 June

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forward estimate 2004-05 \$'000	Forward estimate 2005-06 \$'000	Forward estimate 2006-07 \$'000
FINANCIAL ACTIVITIES					
Cash received					
Appropriations - contributed equity	-	430	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	-	430	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Capital use charge paid	-	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	430	-	-	-
Net increase in cash held					
Cash at the beginning of the reporting period	985	1,051	1,190	1,058	1,202
Effect of exchange rate movements on cash at the beginning of the reporting period	-	-	-	-	-
Cash at the end of the reporting period	1,051	1,190	1,058	1,202	1,309

Part C: Agency Additional Estimates Statements – Ombudsman

Table 3.4: Departmental capital budget statement

	Actual 2002-03 \$'000	Revised budget 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	430	-	-	-
Total loans	-	-	-	-	-
Total	-	430	-	-	-
Represented by					
Purchase of non-financial assets	-	-	-	-	-
Other	-	430	-	-	-
Total	-	430	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by departmental resources	163	505	38	78	417
Total	163	505	38	78	417

Table 3.5: Departmental non-financial assets — summary of movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer Software	Other intangibles
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	582	-	396	-
Additions	-	-	-	457	-	48	-
Disposals	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(272)	-	(101)	-
Write-off of assets	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	767	-	343	-
Total additions							
Self funded	-	-	-	457	-	48	-
Appropriations	-	-	-	-	-	-	-
Total	-	-	-	457	-	48	-

NOTES TO THE FINANCIAL STATEMENTS

1. Responsibility and governance arrangements

The Office of the Commonwealth Ombudsman was established by the Ombudsman Act 1976. The Act came into effect on 1 July 1977 and is administered by the Prime Minister. The Commonwealth Ombudsman and the Deputy Ombudsman are appointed under the Ombudsman Act 1976. Their roles are to investigate complaints from people who consider they have been adversely affected by defective administration of Commonwealth departments and agencies, including some government business undertakings and private contractors delivering government services to the community, and to promote improved public administration.

The Ombudsman is ‘Chief Executive’ for the purposes of the Financial Management and Accountability Act 1997, and is ‘Head of the Statutory Agency’ for the purposes of the Public Service Act 1999. The Deputy Ombudsman chairs the Office’s Audit Committee.

2. Resources and cross-jurisdictional overview

At 2003-04 Additional Estimates, the total estimated resources for the Office of the Commonwealth Ombudsman for the planned outcome is \$10.478 million. Revenues from the Commonwealth Government are \$9.445 million.

Revenues from independent sources include revenues from the Australian Capital Territory (ACT) Government for carrying out the ombudsman role and for complaints received for Australian Federal Police community policing.

Under a Memorandum of Understanding (MOU) with the ACT Government, the Office performs the role of the ACT Ombudsman under the Ombudsman Act 1989. Also in the ACT, the Australian Federal Police (AFP) performs a community policing function. In the performance of this function the Office deals with complaints under the Complaints (Australian Federal Police) Act 1981 (Commonwealth).

The Office also receives revenues from the Australian Agency for International Development (AUSAID) for the Indonesian Ombudsman Enhancement Program and the Thailand Ombudsman Enhancement Program. Both Programs aim to provide fair and consistent assistance in developing Ombudsman offices in Indonesia and Thailand. Monies are received directly from the ACT Government and AUSAID under section 31 agreements.

3. Basis of accounting

The Office’s budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

4. Departmental

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the Office, and that are used by the Office in producing its outputs and include:

Computers, plant and equipment used in providing goods and services;

Liabilities for employment entitlements;

Revenue from appropriations or independent sources in payment of outputs;

and

Employee, supplier and depreciation expenses incurred in providing Office outputs.

5. Departmental Revenue

Revenue from Government represents the purchase of outputs from the Office by the Government and is recognised to the extent that it has been received into the Office's bank account.

Revenue from other sources, representing sales from goods and services, is recognised at the time that it is imposed.

6. Departmental expense – Employees

Payments and net increases in entitlements to employees for services rendered in the financial year.

7. Departmental expense – Suppliers

Payments to suppliers for goods and services which are used in providing Office outputs.

8. Departmental expense – Depreciation and Amortisation

Depreciable property, plant and equipment, buildings, intangible assets are written off to their estimated residual values over their estimated useful life to the Office, using the straight-line calculation method.

9. Departmental Assets – Financial Assets

The primary financial asset relates to the Office's investments. Financial assets are used to fund the Office's capital program, employee entitlements, creditors and to provide working capital.

10. Departmental Assets – Non-Financial Assets

These items represent future economic benefits that the Office will consume in producing outputs. The reported value represents the purchase price paid less the depreciation incurred to date in using the asset.

11. Asset Valuation

From 1 July 2002, Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value

should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

12. Departmental Liabilities – Debt

Property lease incentives that the Office has received. These incentives are written off over the life of the lease.

13. Departmental Liabilities – Provisions and Payables

Provision has been made for the Office's liability for employee entitlements arising from services rendered by employees. This liability includes unpaid annual leave and long service leave. No provision has been made for sick leave because the level of sick leave is less on average than the amount which employees are entitled to each year.

Provision has been made for unpaid supplier expenses as at the balance date.

14. Administered

Administered items are those items incurred in providing programs that are controlled by the Government, and managed or oversighted by the Office on behalf of the Government. These items include grant payments and levies, fees and fines.

The Office has no administered items.