

OFFICE OF THE COMMONWEALTH OMBUDSMAN

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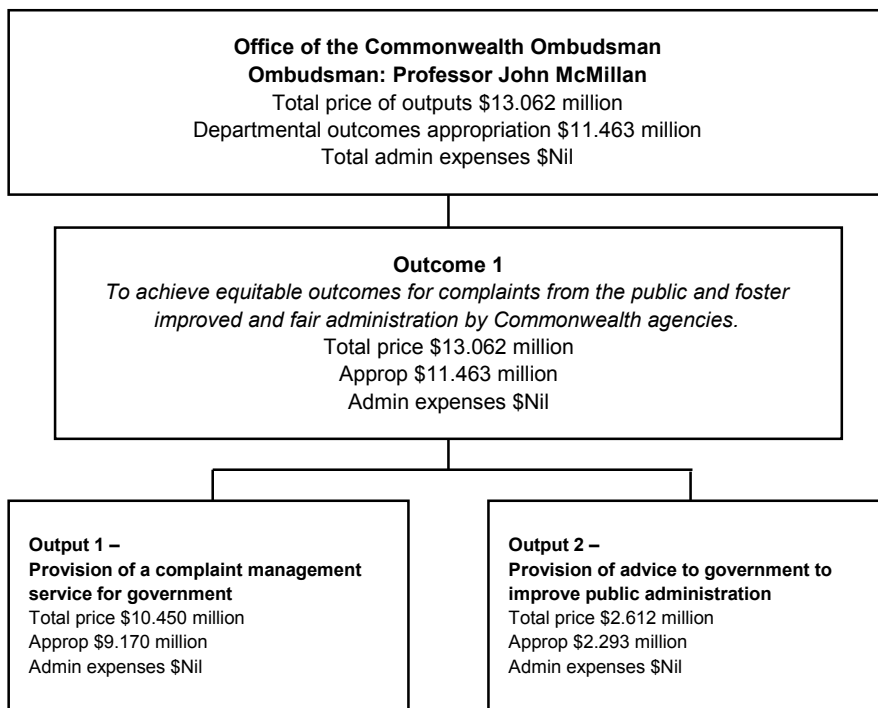
OFFICE OF THE COMMONWEALTH OMBUDSMAN

Section 1: Overview, variations and measures

OVERVIEW

The Commonwealth Ombudsman’s role has been extended to include reviewing the use of compliance powers under the *Workplace Relations (Codifying Contempt Offences) Act 2004*, and reporting the results of review to Parliament.

Map 1: Outcomes and output for the Office of the Commonwealth Ombudsman



ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The government has provided additional funding of \$0.584 million over four years for reviewing the use of compliance powers under the *Workplace Relations (Codifying Contempt Offences) Act 2004*, and reporting the results of the review to Parliament. Further, the Ombudsman is being provided with \$0.092 million in 2004–05 to implement the Australia–US Free Trade Agreement.

The government provided funding of \$0.039 million as partial supplementation for the Comcover premium in the 2004–05 Budget update. Following a recent reduction in Comcover premiums, \$0.021 million has been clawed back from the Ombudsman.

Variations — Measures

	2004–05 \$'000	2005–06 \$'000	2006–07 \$'000	2007–08 \$'000
Outcome 1				
Increase in departmental appropriations				
Compliance powers under the <i>Workplace Relations (Codifying Contempt Offences) Act 2004</i>	52	209	214	109
Australia-US Free Trade Agreement	92	0	0	0

Other variations to appropriations

	2004–05 \$'000	2005–06 \$'000	2006–07 \$'000	2007–08 \$'000
Outcome 1				
Variations in departmental appropriations				
Comcover clawback	-21	0	0	0

MEASURES — AGENCY SUMMARY

The *Workplace Relations (Codifying Contempt Offences) Act 2004* introduces compliance powers in relation to the building industry. Section 88AA of the Act enables the Building Industry Taskforce (BIT) to compel the provision of information and documents from witnesses. Section 88AI of the Act requires the Ombudsman to annually review the use of those powers and report to Parliament. The Ombudsman expects that the use of these powers will generate complaints about the BIT which will be investigated separately, under the *Ombudsman Act 1976*, requiring the Ombudsman to acquire specialist knowledge about the building industry.

The Ombudsman also anticipates additional expenses will be incurred due to the Australia–US Free Trade Agreement as Australian and overseas companies and individuals access the Ombudsman as a free source of complaint or review regarding trade, tender or contract objections.

Table 1.1: Summary of measures since the 2004–05 Budget

Measure	Outcome	Output groups affected	Appropriations 2004–05 \$'000			Appropriations 2005–06 \$'000			Appropriations 2006–07 \$'000			Appropriations 2007–08 \$'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Compliance powers under <i>Workplace Relations (Codifying Offences) Act 2004</i>	1	1,2	0	52	52	0	209	209	0	214	214	0	109	109
Australia-US Free Trade Agreement	1	1,2	0	92	92	0	0	0	0	0	0	0	0	0
Total			0	144	144	0	209	209	0	214	214	0	109	109

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

In the 2004–05 Additional Estimates, the Office of the Commonwealth Ombudsman has estimates in Appropriation Bill No. 3 only. There are no items for Appropriation Bill (No. 4). There has been no shifting of funds across office outputs.

Variations from the information supplied in the 2004–05 Portfolio Budget Estimates comprise: variations to outcomes outlined above in the Measures and Other Variations to Outcomes Tables and variations to estimated revenues from the Australian Agency for International Development (AusAID).

Table 1.2: Appropriation Bill (No. 3) 2004–05

	2003–04 available \$'000	2004–05 budget \$'000	2004–05 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL OUTPUTS					
Outcome 1					
<i>To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies</i>					
	9,462	11,340	11,463	123	
Total	9,462	11,340	11,463	123	

SUMMARY OF STAFFING CHANGES

Table 1.3: Average staffing level (ASL)

	2004–05 Budget	2004–05 Revised	Variation
Outcome 1			
<i>To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies</i>			
	94	97	3
Total	94	97	3

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

There are variations to revenue from other sources through net annotated (section 31 receipts).

Table 1.4: Changes to net annotated appropriations (section 31) receipts

	Total approp 2004–05 budget	Total approp 2004–05 revised	Receipts from independent sources budget	Receipts from independent sources revised	Variation in non-govt revenue
	\$'000	\$'000	\$'000	\$'000	\$'000
Outcome 1					
<i>To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies</i>	11,340	11,463	1,036	1,581	545
Total	11,340	11,463	1,036	1,581	545

REVENUE FROM INDEPENDENT SOURCES

Table 1.5: Revenue from independent sources

	Budget estimate 2004–05 \$'000	Revised estimate 2004–05 \$'000
DEPARTMENTAL REVENUE		
Departmental section 31 receipts	1,036	1,581
Total non-appropriation departmental revenue	1,036	1,581

Since the 2004–05 Budget, there has been an increase in revenue from the Australian Agency for International Development (AusAID) to commence the Pacific Islands Ombudsman Enhancement programme, and also increases in estimated revenues for both the Indonesian and Thai Ombudsman Enhancement programmes. These activities aim to provide fair and consistent assistance in developing Ombudsman services in the Asia-Pacific region. Monies are received directly from AusAID as section 31 receipts under records of understanding. These are interagency and purchaser-provider arrangements, not cost recovery arrangements.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

The Office has no special appropriations.

ESTIMATED SPECIAL ACCOUNT FLOWS

The Office has no special accounts.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUTS

The Office of the Commonwealth Ombudsman has not changed its outcome, outputs or performance information as a result of the 2004–05 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.

Outcome 1

Revised performance information and level of achievement – 2004–05

There is no change to performance information from the 2004–05 Budget.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental

Statement of financial performance

The Office of the Commonwealth Ombudsman is budgeting for a break-even operating result for 2004–05. Total revenue and expenses is estimated to be \$13.062 million, an increase of \$0.668 million over the 2004–05 Budget estimates. The increase is primarily the result of government measures and section 31 receipts.

Statement of financial position

The Office's budgeted net asset position of \$253,775 is the same as the 2003–04 actuals, and continues to be a positive net asset position. The Office's primary liability continues to be accrued employee entitlements. The liability is expected to reduce in 2004–05 due to movements in accruals for wages at 30 June, but to continue steadily upwards after 2004–05 as staff are added.

Administered

The Office has no Administered items.

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

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
REVENUE					
Revenues from ordinary activities					
Revenue from government	9,462	11,463	11,252	11,428	11,634
Goods and services	1,000	1,581	830	846	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Revenue from sale of assets	3	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other revenues	55	18	18	19	19
Revenues from ordinary activities	10,520	13,062	12,100	12,293	11,653
EXPENSE					
Expenses from ordinary activities (Excluding borrowing costs expense)					
Employees	6,883	9,041	8,343	8,465	7,990
Suppliers	3,199	3,693	3,407	3,458	3,264
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	274	328	350	370	399
Write-down of assets	195	-	-	-	-
Value of assets sold	12	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other expenses	-	-	-	-	-
Expenses from ordinary activities (Excluding borrowing costs expense)	10,563	13,062	12,100	12,293	11,653
Borrowing costs expense	-	-	-	-	-
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Operating surplus or (deficit) from ordinary activities	(43)	-	-	-	-
Gain or loss on extraordinary items					
Correction of fundamental error					
Net surplus or (deficit)	(43)	-	-	-	-

Table 3.1: Budgeted departmental statement of financial performance (for the period ended 30 June), continued

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
Outside equity interests in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	-	-	-	-	-
Net credit (debit) to asset revaluation reserve	-	-	-	-	-
Net exchange difference recognised as a direct debit (credit) to equity	-	-	-	-	-
Adjustments arising from standards recognised as direct debit (credit) to equity	-	-	-	-	-
Initial adjustments from transitional UIG consensus view recognised as direct debit (credit) to equity	-	-	-	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	-	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	(43)	-	-	-	-

Table 3.2: Budgeted departmental statement of financial position

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
ASSETS					
Financial assets					
Cash	2,477	1,352	1,468	1,589	1,729
Receivables	384	37	98	162	242
Investments accounted for under the equity method	-	-	-	-	-
Investments (section 39 FMA Act; section 18 CAC Act; section 19 CAC Act)	-	-	-	-	-
Other investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other financial assets	-	-	-	-	-
Total financial assets	2,861	1,389	1,566	1,751	1,971
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	641	662	674	687	685
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	193	519	446	369	291
Other non-financial assets	36	53	49	50	47
Total non-financial assets	870	1,234	1,169	1,106	1,023
Total assets	3,731	2,623	2,735	2,857	2,994
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other interest bearing liabilities	479	21	12	5	1
Total interest bearing liabilities	479	21	12	5	1
Provisions					
Employees	2,295	2,006	2,153	2,278	2,437
Capital use charge	-	-	-	-	-
Other provisions	-	-	-	-	-
Total provisions	2,295	2,006	2,153	2,278	2,437
Payables					
Suppliers	703	342	316	320	302
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables	-	-	-	-	-
Total payables	703	342	316	320	302
Total liabilities	3,477	2,369	2,481	2,603	2,740

Table 3.2: Budgeted departmental statement of financial position (continued)

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
EQUITY					
Parent entity interest					
Contributed equity	848	848	848	848	848
Reserves	117	117	117	117	117
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	(711)	(711)	(711)	(711)	(711)
Total parent entity interest	254	254	254	254	254
Outside equity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total outside equity interest	-	-	-	-	-
Total equity	254	254	254	254	254
Current assets	2,897	1,442	1,615	1,801	2,018
Non-current assets	834	1,181	1,120	1,056	976
Current liabilities	2,011	1,125	1,153	1,203	1,245
Non-current liabilities	1,466	1,244	1,328	1,400	1,495

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

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	1,513	1,581	830	846	-
Appropriations	9,071	11,810	11,191	11,363	11,554
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	10,584	13,391	12,021	12,209	11,554
Cash used					
Employees	6,540	9,330	8,196	8,340	7,831
Suppliers	2,714	4,511	3,420	3,443	3,264
Grants	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	9,254	13,841	11,616	11,783	11,095
Net cash from/ (used by)					
Operating activities	1,330	(450)	405	426	459
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	3	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Investments (s 39 FMA Act; s 18 CAC Act; s 19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	3	-	-	-	-
Cash used					
Purchase of property, plant and equipment	337	675	289	305	319
Purchase of financial Instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Investments (s 39 FMA Act; s 18 CAC Act; s 19 CAC Act)	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	337	675	289	305	319
Net cash from/(used by)					
investing activities	(334)	(675)	(289)	(305)	(319)

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

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
FINANCING 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 or (decrease) in cash held	1,426	(1,125)	116	121	140
Cash at the beginning of the reporting period	1,051	2,477	1,352	1,468	1,589
Effect of exchange rate movements on cash at the end of the reporting period	-	-	-	-	-
Cash at the end of the reporting period	2,477	1,352	1,468	1,589	1,729

Table 3.4: Departmental capital budget statement

	Actual 2003–04 \$'000	Revised Budget 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	430	-	-	-	-
Total loans	-	-	-	-	-
Represented by					
Purchase of non-financial assets	-	-	-	-	-
Other	430	-	-	-	-
Total	430	-	-	-	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	-	-	-	-
Funded internally by Departmental resources	337	675	289	305	319

Table 3.5: Departmental non-financial assets — summary of movement (Budget year 2004–05)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	-	-	641	-	193	-	834
Additions	-	-	-	210	-	465	-	675
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / decrement	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(189)	-	(139)	-	(328)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	662	-	519	-	1,181
Total additions	-	-	-	210	-	465	-	675
Self funded	-	-	-	-	-	-	-	-
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

BUDGETED FINANCIAL STATEMENTS

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, indicating 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 helps decision-makers to track the management of assets and liabilities.

Budgeted departmental statement of cash flows

Budgeted cash flows, as reflected in the statement of 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 financing activities.

Departmental capital budget statement

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

Departmental non-financial assets — summary of movement

The table shows budgeted acquisitions and disposals of non-financial assets during the budget year.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Departmental

Departmental assets, liabilities, revenues and expenses are those items that are controlled by the Office, and that are used by the Office to produce its outputs. They 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
- Employee, supplier and depreciation expenses incurred in providing outputs.

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.

Departmental expense — employees

This item represents payments and net increases in entitlements to employees for services rendered in the financial year.

Departmental expense — suppliers

This item represents payments to suppliers for goods and services that are used in providing Office outputs.

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.

Departmental assets — financial assets

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

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.

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.

Departmental liabilities — debt

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

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.

Administered

Administered items are those items incurred in providing programmes 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.

