

# OFFICE OF THE COMMONWEALTH OMBUDSMAN

<b>SECTION 1: OVERVIEW, APPROPRIATIONS AND BUDGET MEASURES</b>	
<b>SUMMARY .....</b>	<b>169</b>
Agency overview .....	169
Appropriations and resourcing .....	170
Measures — Department summary .....	172
Receipts from independent sources .....	173
Administered capital and departmental equity injections and loans.....	174
<b>SECTION 2: OUTCOMES AND OUTPUTS INFORMATION .....</b>	<b>175</b>
Outcomes and output groups .....	175
Changes to outcomes and outputs .....	177
Trends in resourcing across outcomes.....	177
Outcome 1 — Description .....	179
Outcome 1 — Resourcing .....	180
Outcome 1 — Contribution of outputs.....	182
Performance information for Outcome 1 .....	182
Evaluations .....	184
<b>SECTION 3: BUDGETED FINANCIAL STATEMENTS .....</b>	<b>185</b>
Analysis of budgeted financial statements .....	185
Departmental financial statements.....	185
Notes to the financial statements.....	193
<b>SECTION 4: PURCHASER—PROVIDER AND COST RECOVERY</b>	
<b>ARRANGEMENTS.....</b>	<b>198</b>
Purchaser–provider arrangements.....	198
Cost recovery arrangements .....	198



## OFFICE OF THE COMMONWEALTH OMBUDSMAN

### Section 1: Overview, appropriations and budget measures summary

#### AGENCY OVERVIEW

The planned outcome for the Office of the Commonwealth Ombudsman is *to achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies.*

The Commonwealth Ombudsman is appointed under the *Ombudsman Act 1976*. The Ombudsman's role is to investigate complaints from people who consider they have been adversely affected by the defective administration of Australian Government departments and agencies and to promote improved public administration. The Commonwealth Ombudsman also fulfils the role of Defence Force Ombudsman and Taxation Ombudsman; reviews, and in some cases undertakes, the investigation of complaints under the *Complaints (Australian Federal Police) Act 1981*; and, under an agreement with the ACT Government, is the ACT Ombudsman. The Office of the Commonwealth Ombudsman deals with around 20,000 plus complaints and 10,000 other approaches each year.

The Office also contributes to improved administration by recommending changes in work practices, procedures and administrative arrangements, arising from the examination of complaints or as a result of own motion investigations of systemic issues.

The Commonwealth Ombudsman performs some specific functions under statute related to the audit of telecommunications intercept records and monitoring of records of controlled operations conducted by Commonwealth law enforcement agencies. Reports on these security-classified areas are made to the Attorney-General or Parliament according to statute.

## **APPROPRIATIONS AND RESOURCING**

The total appropriation for the Office of the Commonwealth Ombudsman in the 2004–05 Budget is \$12.394 million.

Table 1.1 shows the total appropriations for the Office by the government's planned outcome, the price of departmental outputs, agency equity injections and revenue from other sources. Administered items and loans do not apply to these accounts.

**Office of the Commonwealth Ombudsman — appropriations 2004–05**  
**Table 1.1: Appropriations and other revenue ('000)**

Outcome	Departmental (price of outputs) ('\$000)					Administered (\$'000)				Total appropriations (\$'000)
	Revenue from government (appropriations)		Revenue from other sources <sup>(4)</sup>	Price of outputs <sup>(3)</sup>	Annual appropriations (\$'000)	Special approps <sup>(5)</sup>	Total administered approps	Total appropriations		
	Bill No. 1	Special approps <sup>(5)</sup>	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) <sup>(2)</sup>			
	(A)	(B)	(C = A+B) (C1) <sup>(1)</sup>	(D)	(E = C+D) (E1) <sup>(1)</sup>	(F)	(G)	(H)	(I = F+G+H) (I1) <sup>(1)</sup>	(J=C+I)
<b>Outcome 1</b> – To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies	11,340	-	11,340	1,054	12,394	-	-	-	-	11,340
<b>Total</b>	11,340	-	11,340 (K1) <sup>(1)</sup>	1,054	12,394	-	-	-	- (K2) <sup>(1)</sup>	11,340
Departmental capital (equity injections and loans)									(K3) <sup>(1)</sup>	-
Administered assets and liabilities									(K4) <sup>(1)</sup>	-
<b>Total appropriations</b>										11,340

- Cells C1, E1 and I1 refer to information provided in Total Resources for Outcome tables. Amounts K1, K2 to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.
- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), new agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Statement of Financial Performance for application of agency revenue.
- Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources (for example, sales of goods and services by agencies such as the Australian Bureau of Statistics (ABS) or the Australian Broadcasting Corporation (ABC)). Non-appropriated departmental and administered revenues are details in Appendix 1.
- Estimated expenses from individual Special Appropriations are shown in Appendix 2.

Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

## MEASURES — DEPARTMENT SUMMARY

Table 1.2: Summary of measures disclosed in the 2004–05 Budget

Measure	Outcome	Output groups affected	Appropriations budget			Appropriations forward estimate 2005–06 (\$'000)			Appropriations forward estimate 2006–07 (\$'000)			Appropriations forward estimate 2007–08 (\$'000)		
			2004–05 (\$'000)			Admin expense	Dept outputs	Total	Admin expense	Dept outputs	Total	Admin expense	Dept outputs	Total
			Admin expense	Dept outputs	Total									
<b>Increase in Departmental appropriations</b>														
Ombudsman – new roles and better delivery of services	1	1,2	-	1479	1479	-	1397	1397	-	1425	1425	-	1454	1454
Enhanced surveillance capabilities and oversight: whole of government strategy	1	1,2	-	175	175	-	357	357	-	364	364	-	371	371
Comcover supplementation	1	1,2	-	39	39	-	-	-	-	-	-	-	-	-
<b>Total variation in Departmental appropriations</b>			-	1693	1693	-	1754	1754	-	1789	1789	-	1825	1825

172

1. The cross-portfolio measure, Budget estimates – enforced quality and timeliness was appropriated through the 2003–04 Additional Estimates and is therefore not included in this table.

## RECEIPTS FROM INDEPENDENT SOURCES

**Table 1.3: Receipts from independent sources**

	Estimated revenue 2003–04 \$'000	Estimated revenue 2004–05 \$'000
Sales of goods and services	1,016	1,036
<b>Total estimated revenue</b>	<b>1,016</b>	<b>1,036</b>

Receipts from independent sources include:

- Revenues from the Australian Capital Territory (ACT) Government for services provided by the Ombudsman as ACT Ombudsman under the *Ombudsman Act 1989* and other ACT laws including the *Freedom of Information Act 1989* and the *Public Interest Disclosure Act 1994*. Monies are received directly from the ACT Government as section 31 receipts under a memorandum of understanding (MOU). This MOU, which is currently under negotiation, is an intergovernmental and purchaser-provider arrangement, not a cost recovery arrangement.
- Revenues from the ACT Government for services provided by the Ombudsman exercising powers and performing functions under the *Complaints (Australian Federal Police) Act 1981* in relation to police services provided to the ACT by the Australian Federal Police (AFP). Monies are received directly from the ACT Government as section 31 receipts under an MOU, which is currently under negotiation. This is an intergovernmental and purchaser-provider arrangement, not a cost recovery arrangement.
- 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 AUSAID as section 31 receipts under a record of understanding. This is an interagency and purchaser-provider arrangement, not a cost recovery arrangement.
- Revenues from the Department of the Prime Minister and Cabinet to fund accommodation and other overheads for the Australiana Fund at the Sydney office. Monies are received from the Department of the Prime Minister and Cabinet as section 31 receipts. This is an interagency and purchaser-provider arrangement, not a cost recovery arrangement.
- Revenues relating to cost recovery for investigation of decisions under the *Freedom of Information Act 1982 (Cth)*. Receipts are less than \$1,000 per annum. See also 'Cost recovery arrangements'.

**MOVEMENT OF ADMINISTERED FUNDS FROM 2003–04 TO 2004–05**

The Office has no movement of Administered funds.

**SPECIAL ACCOUNTS**

The Office has no special accounts.

**ADMINISTERED CAPITAL AND DEPARTMENTAL EQUITY INJECTIONS AND LOANS**

The Office has no equity injection, loan or appropriation for Administered capital.

## Section 2: Outcomes and outputs information

### **OUTCOMES AND OUTPUT GROUPS**

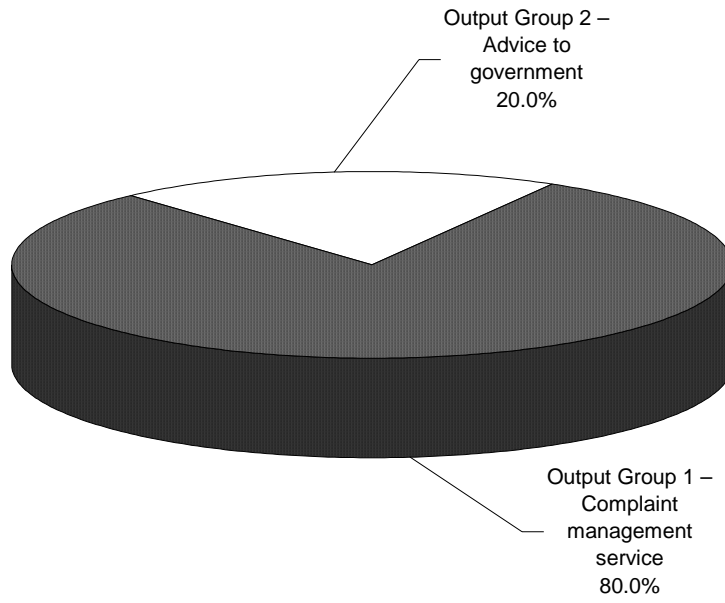
The Office of the Commonwealth Ombudsman works to achieve one outcome specified by government. Chart 1 shows a breakdown of the departmental appropriation across two output groups. Map 1 shows the relationship between the outcome, output groups and contributing outputs for the commission. Financial details for the outcome by output group and contributing outputs appear in Table 2.1 (Total resources for Outcome 1), while non-financial information for the outcome appears in Table 2.2 (Performance information for Outcome 1).

### **Output cost attribution**

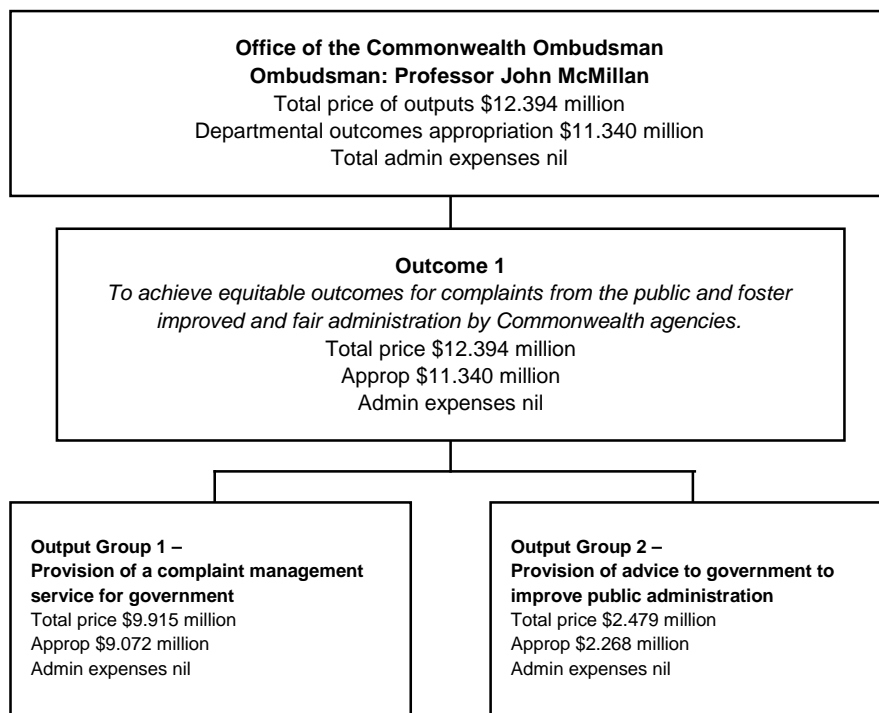
Direct costs for Outputs 1 and 2 are allocated primarily on staff numbers. Indirect costs, such as corporate support expenses, are allocated on staff numbers and square metres occupied. The provision of services by corporate support areas is predominantly driven by staff demands. Some exceptions exist, 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.

**Chart 1: Departmental appropriations by output group, 2004–05 (%)**

*Part C: Agency Budget Statements — Ombudsman*



### Map 1: Outcomes and output groups



### CHANGES TO OUTCOMES AND OUTPUTS

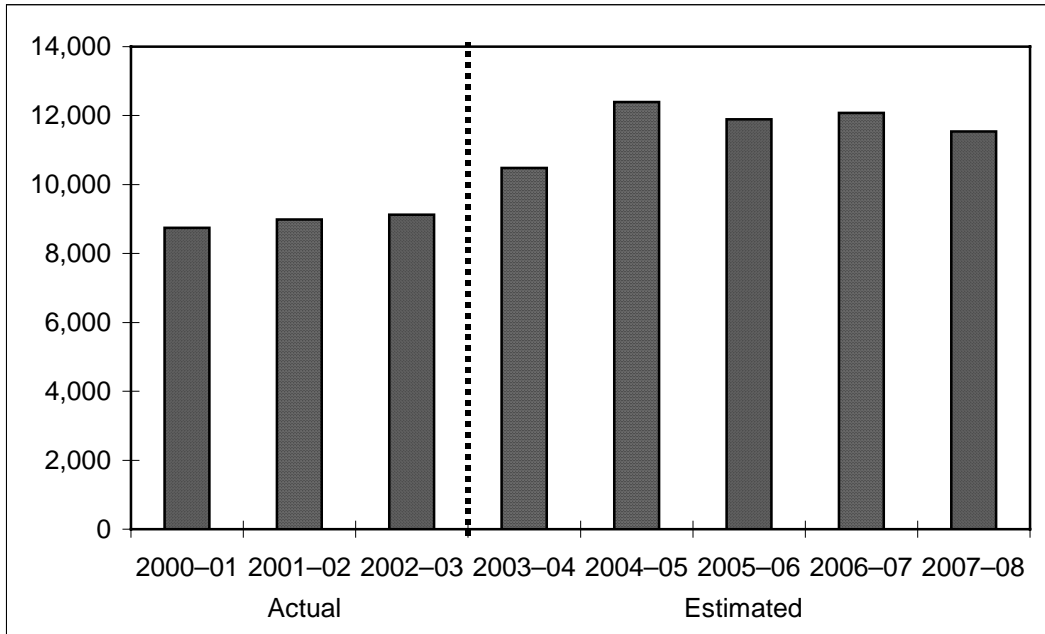
There has been no change in the Office's outcome and outputs since the 2003-04 Portfolio Budget Statements.

### TRENDS IN RESOURCING ACROSS OUTCOMES

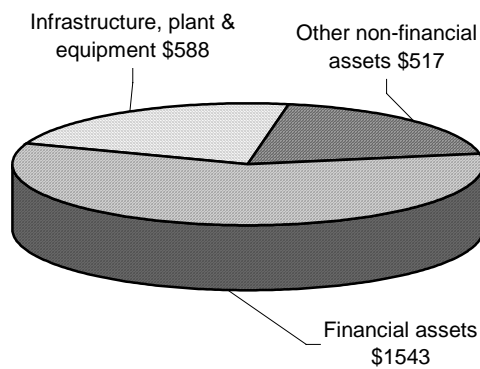
Estimated expenditure in 2004-05 rose because of:

- recent legislation under which there are new roles for the Office
- a strengthening of the Office's capacity to provide public sector accountability in rural and regional Australia at a level comparable to that available in the major cities
- various upgrades of office IT systems required to improve the Office's delivery of on-line services
- enhanced oversight of law enforcement capabilities.

**Chart 2: Trends in Departmental expenses (\$'000)**



**Chart 3: Budgeted assets 2004-05 (\$'000)**



## **OUTCOME 1 — DESCRIPTION**

The planned outcome of the Office of the Commonwealth Ombudsman is *to achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies.*

The Office seeks 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 Australian Government 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.

### **Measures affecting Outcome 1<sup>1</sup>**

In the 2004–05 Budget, the government is providing funding of \$7.1 million over four years to establish new roles for the Office, and for better delivery of Ombudsman services, improved oversight of surveillance devices, and partial funding of Comcover premiums.

#### **Ombudsman – new roles and better delivery of services**

The government will provide \$5.8 million over four years to strengthen the Ombudsman's capacity to promote public sector accountability in relation to law enforcement legislation and in rural and regional Australia, and to improve on-line services.

The funding will enable the Office to undertake real time complaint investigation, twenty-four hours a day, in respect of the *ASIO Amendment (Terrorism) Act 2003*, and to increase inspections of specific enforcement activities under other law enforcement legislation.

The funding will also support remote outreach activities to promote awareness and accessibility to the Office's services by, and to deliver effective on-line services to, regional communities.

#### **Surveillance – enhanced capabilities and oversight**

The government will provide \$17.3 million over four years to modernise and expand the surveillance capabilities of Australian Government agencies. This will help law

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<sup>1</sup> This relates to measures disclosed in the 2004–05 budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook (MYEFO)*).

enforcement agencies to detect and successfully prosecute a range of national and transnational criminal activity including drug trafficking, terrorism, paedophilia and people smuggling. Additional resourcing will enable:

- the Administrative Appeals Tribunal to handle workload increases in issuing warrants authorising surveillance
- the Australian Federal Police and the Australian Crime Commission to acquire additional surveillance expertise and equipment
- the Office of the Commonwealth Ombudsman to inspect records held by other agencies and to ensure their compliance with relevant legislation.

Funding is conditional on the passage of the Surveillance Devices Bill, which will enable law enforcement agencies to make use of modern surveillance equipment including hidden microphones, cameras and homing devices.

### **Comcover premium supplementation**

The government is providing funding of \$39,000 as partial supplementation of the Comcover premium in the 2004–05 year only.

## **OUTCOME 1 — RESOURCING**

Table 2.1 shows how the 2004–05 Budget appropriations translate to total resourcing for Outcome 1, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1 (Appropriations and other revenue).

### **Comments regarding the Total Resources for Outcome table**

1. The Office has no special administered appropriations. The Office has an annual appropriation (Bill Nos. 1 and 2).
2. In a determination signed by the Minister for Finance and Administration on 23 December 2003, the Other Trust Moneys and Services for Other Governments and Non-Agency Bodies special accounts were abolished. The accounts had never been used. The Office is no longer responsible for any special accounts.
3. Average staffing level (ASL) is the average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.

**Table 2.1: Total resources for Outcome 1 (\$'000)**

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000
<b>Departmental appropriations</b>		
Output 1 – Provision of a complaint management service for the government	7,556	9,072
Output 2 – Provision of advice to government to improve public administration	1,889	2,268
<b>Total revenue from government (appropriations)</b>	9,445	11,340
<b>Contributing to price of departmental outputs</b>		(C1) <sup>(1)</sup>
<b>Revenue from other sources</b>		
Sales of goods and services	1,016	1,036
Audit services received free of charge	17	18
<b>Total revenue from other sources</b>	1,033	1,054
<b>Total price from departmental outputs</b> (Total revenue from government and from other sources)	10,478	12,394
		(E1) <sup>(1)</sup>
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	10,478	12,394
	2003–04	2004–05
<b>Average staffing level (number)</b>	82	94

## **OUTCOME 1 — CONTRIBUTION OF OUTPUTS**

The outputs of the Office of the Commonwealth Ombudsman contribute to the achievement of the government's outcome: equitable outcomes for complaints from the public and improved and fair administration by Commonwealth agencies.

The first output covers the provision of a complaint management service for people who consider that they have been adversely affected by defective administration by Australian Government departments and agencies, while the second output covers the provision of advice to government to improve administration. In a number of cases information found through the investigation of individual complaints will also contribute to the development of advice on improving administration.

## **PERFORMANCE INFORMATION FOR OUTCOME 1**

This section outlines a selection of performance information that the Office of the Commonwealth Ombudsman will use to assess the level of achievement of Outcome 1 during 2004–05. Table 2.2 shows the efficiency of the outputs contributing to Outcome 1.

Achievement of planned performance and an expanded analysis of a wider range of performance measures used by the Office will be set out in the 2004–05 annual report.

### **Effectiveness – overall achievement of Outcome 1**

The government provides funds for an independent Ombudsman function to investigate and resolve complaints received from citizens about the administrative actions of Australian Government agencies. From these complaints, inquiries and other systemic and complex investigations, the Office plays an important role in strengthening the accountability of government administration, and in improving the community's satisfaction with government agencies by:

- helping to redress administrative weaknesses, including those of a systemic kind
- seeking to improve the quality of government administration
- making government more understandable and accessible to the ordinary citizen.

The Office provides a range of services, including advice about how to resolve complaints directly with the agency concerned, referral to other avenues of redress where appropriate, and investigation of those complaints that are unlikely to be resolved through other means.

## Efficiency – adequacy of management of the outputs

The Office of the Commonwealth Ombudsman is committed to ensuring that its business is conducted in the most efficient way possible. Individual complaints are completed in the shortest possible time, with the majority of complaints being dealt with in less than one month. Major investigations are prioritised against specific criteria to ensure that they are conducted within available resources and reviewed on a regular basis to ensure that they are conducted within the allocated timeframe.

**Table 2.2: Performance information for Outcome 1**

<b>Performance information by output</b>	
<i>Outcome:</i> To achieve equitable outcomes for complaints from the public and foster improved and fair administration by Commonwealth agencies	
<b>Output and measurement</b>	<b>Performance information for departmental outputs</b>
<b>Output 1: Provision of a complaint management service for government</b>	
Quality	Analysis of feedback from clients and stakeholders on satisfaction with service delivery, timeliness and outcomes, and assessment of quantitative data.
Quantity	Number of complaints received in accordance with long-term trends is expected to be around 20,000, and the number of other approaches from the public is expected to be around 10,000.
Quantity	Number of complaint issues finalised is expected to be approximately 20,000, and number of complaint issues investigated and finalised is expected to be around 6,500.
<b>Output Group 2: Provision of advice to government to improve public administration</b>	
Quality	Assessment of responses from departments and agencies on advice received from the Ombudsman and the extent to which the Ombudsman's recommendations have been implemented, and the effectiveness of the inspection of records and monitoring activities relating to law enforcement.
Quantity	Number of own motion and major investigations completed that make recommendations aimed at improving administration and service delivery in departments and agencies.
Quantity	Completion of biannual audits of telecommunications intercept and surveillance device reports, biannual inspections of law enforcement agency controlled operations records, and provision of timely reports.

## **EVALUATIONS**

There is no formal evaluation activity that relates to this Outcome in 2004–05.

## 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. The estimated actual operating result for 2003–04 is also break even. However, it has recently been agreed to replace the Office's complaint management system at the end of September 2004, giving rise to an unforeseen expense of \$195,000 in 2003–04.

Total revenue and expenses in 2004–05 is estimated to be \$12.394 million, an increase of \$1.916 million over the 2003–04 estimated actual (Additional Estimates 2003–04). The increase is primarily a result of government measures and indexation.

##### **Statement of Financial Position**

The Office's budgeted net asset position of \$297,000 represents an increase of \$430,000 over the 2002–03 actuals; the Office has not posted a positive net asset position since 1996–97. The increase in net assets is due to an equity injection in 2003–04. Further, the Office has also repaid a significant proportion of its accumulated deficits (\$536,000) in 2001–02 and 2002–03, leading to an overall improvement in its financial health. However, the valuation of infrastructure, plant and equipment at fair value in 2004–05 may put at risk the budgeted net asset position.

The Office's primary liability continues to be accrued employee entitlements. The liability is expected to fluctuate in 2004–05 because of a wages accrual, but to continue steadily upwards after 2004–05 as staff are added.

#### **Administered**

The Office has no Administered items.

### **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**

This table 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**

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
<b>REVENUE</b>					
<b>Revenues from ordinary activities</b>					
Revenues from government	9,445	11,340	11,043	11,214	11,525
Goods and services	1,016	1,036	830	846	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Revenue from sales of assets	-	-	-	-	-
Reversals of previous asset write-downs	-	-	-	-	-
Rents	-	-	-	-	-
Royalties	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	17	18	18	19	19
<b>Revenues from ordinary activities</b>	<b>10,478</b>	<b>12,394</b>	<b>11,891</b>	<b>12,079</b>	<b>11,544</b>
<b>EXPENSE</b>					
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>					
Employees	7,111	8,590	8,218	8,337	7,936
Suppliers	2,905	3,509	3,356	3,405	3,242
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	267	295	317	337	366
Write-down of assets	195	-	-	-	-
Value of assets sold	-	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
<b>Expenses from ordinary activities (excluding borrowing costs expense)</b>	<b>10,478</b>	<b>12,394</b>	<b>11,891</b>	<b>12,079</b>	<b>11,544</b>
Borrowing costs expense	-	-	-	-	-
Share of net profits or (losses) of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
<b>Operating surplus or (deficit) from ordinary activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain or (loss) on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
<b>Net surplus or (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	1,592	1,519	1,646	1,767	1,909
Receivables	404	24	51	83	129
Investments accounted for under the equity method	-	-	-	-	-
Investments (s.39 FMA Act; s.18 CAC Act; s.19 CAC Act)	-	-	-	-	-
Other investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other financial assets	-	-	-	-	-
<b>Total financial assets</b>	<b>1,996</b>	<b>1,543</b>	<b>1,697</b>	<b>1,850</b>	<b>2,038</b>
<b>Non-financial assets</b>					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	547	588	620	652	670
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	127	466	407	343	279
Other non-financial assets	42	51	48	49	47
<b>Total non-financial assets</b>	<b>716</b>	<b>1,105</b>	<b>1,075</b>	<b>1,044</b>	<b>996</b>
<b>Total assets</b>	<b>2,712</b>	<b>2,648</b>	<b>2,772</b>	<b>2,894</b>	<b>3,034</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other interest bearing liabilities	29	21	12	5	1
<b>Total interest bearing liabilities</b>	<b>29</b>	<b>21</b>	<b>12</b>	<b>5</b>	<b>1</b>
<b>Provisions</b>					
Employees	2,117	2,005	2,152	2,277	2,436
Capital use charge	-	-	-	-	-
Other provisions	-	-	-	-	-
<b>Total provisions</b>	<b>2,117</b>	<b>2,005</b>	<b>2,152</b>	<b>2,277</b>	<b>2,436</b>
<b>Payables</b>					
Suppliers	269	325	311	315	300
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other payables	-	-	-	-	-
<b>Total payables</b>	<b>269</b>	<b>325</b>	<b>311</b>	<b>315</b>	<b>300</b>
<b>Total liabilities</b>	<b>2,415</b>	<b>2,351</b>	<b>2,475</b>	<b>2,597</b>	<b>2,737</b>

**Table 3.2: Budgeted departmental statement of financial position  
as at 30 June (continued)**

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	848	848	848	848	848
Reserves	117	117	117	117	117
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	(668)	(668)	(668)	(668)	(668)
<b>Total parent entity interest</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>
<b>Outside equity interest</b>					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
<b>Total outside equity interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>	<b>297</b>
<b>Total assets and liabilities by maturity:</b>					
<b>Current assets</b>	2,038	1,594	1,745	1,899	2,085
<b>Non-current assets</b>	674	1,054	1,027	995	949
<b>Current liabilities</b>	1,098	1,108	1,148	1,198	1,243
<b>Non-current liabilities</b>	1,317	1,243	1,327	1,399	1,494

\*Note: 'Equity' is the residual interest in assets after deduction of liabilities.

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

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	1,141	1,036	830	846	-
Appropriations	9,041	11,720	11,016	11,182	11,479
<b>Total cash received</b>	<b>10,182</b>	<b>12,756</b>	<b>11,846</b>	<b>12,028</b>	<b>11,479</b>
<b>Cash used</b>					
Employees	6,946	8,702	8,071	8,212	7,777
Suppliers	2,967	3,452	3,358	3,390	3,240
<b>Total cash used</b>	<b>9,913</b>	<b>12,154</b>	<b>11,429</b>	<b>11,602</b>	<b>11,017</b>
<b>Net cash from or (used by) operating activities</b>	<b>269</b>	<b>602</b>	<b>417</b>	<b>426</b>	<b>462</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Purchase of property, plant and equipment	158	675	290	305	320
<b>Total cash used</b>	<b>158</b>	<b>675</b>	<b>290</b>	<b>305</b>	<b>320</b>
<b>Net cash from or (used by) investing activities</b>	<b>(158)</b>	<b>(675)</b>	<b>(290)</b>	<b>(305)</b>	<b>(320)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations – contributed equity	430	-	-	-	-
<b>Total cash received</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from/(used by) financing activities</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>541</b>	<b>(73)</b>	<b>127</b>	<b>121</b>	<b>142</b>
Cash at the beginning of the reporting period	1,051	1,592	1,519	1,646	1,767
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
<b>Cash at the end of the reporting period</b>	<b>1,592</b>	<b>1,519</b>	<b>1,646</b>	<b>1,767</b>	<b>1,909</b>

**Table 3.4: Departmental capital budget statement**

	Estimated actual 2003–04 \$'000	Budget estimate 2004–05 \$'000	Forward estimate 2005–06 \$'000	Forward estimate 2006–07 \$'000	Forward estimate 2007–08 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	430 (K3)	-	-	-	-
Total loans	-	-	-	-	-
<b>Total capital appropriations</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	-	-	-	-	-
Other	430	-	-	-	-
<b>Total represented By</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	-	-	-	-
Funded internally by departmental resources	158	675	290	305	320
<b>Total</b>	<b>158</b>	<b>675</b>	<b>290</b>	<b>305</b>	<b>320</b>

1 These two lines link to (K3) in Table 1.1

Part C: Agency Budget Statements — Ombudsman

**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	-	-	-	547	-	127	-	674
Additions	-	-	-	210	-	465	-	675
Disposals	-	-	-	-	-	-	-	-
Net revaluation increments/decrements	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(169)	-	(126)	-	(295)
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Other movements (give details below)	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	588	-	466	-	1,054
<b>Total additions</b>								
<b>Represented by:</b>								
Self-funded	-	-	-	210	-	465	-	675
Appropriations	-	-	-	-	-	-	-	-
<b>Total represented by:</b>	-	-	-	210	-	465	-	675

## NOTES TO THE FINANCIAL STATEMENTS

### 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 Act. Their roles are to investigate complaints from people who consider that they have been adversely affected by defective administration of Australian Government 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.

### Resourcing

The total estimated resourcing for the Office for the planned outcome is \$12.394 million. Revenues from the Australian Government are \$11.340 million.

Revenues from independent sources include revenues from the ACT Government under an MOU. The Office carries out the Ombudsman role for the ACT under the *Ombudsman Act 1989*, and handles complaints received for Australian Federal Police community policing in the ACT under the *Complaints (Australian Federal Police) Act 1981* (Cwth). Monies are received directly from the ACT Government as section 31 receipts.

The Office also receives revenues from AusAID for the Indonesian Ombudsman Enhancement Program and the Thailand Ombudsman Enhancement Program. These programs aim to provide fair and consistent assistance in developing Ombudsman offices those countries. Monies are received directly from AusAID as section 31 receipts.

### Departmental Financial Statements and Schedule of Administered Activity

Under the Australian Government's accrual-based budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (Departmental transactions) are separately budgeted for and reported on from transactions agencies do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

- Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.
- Administered items are revenues, expenses, assets and liabilities that are managed by an agency or authority on behalf of the government according to set government directions. Administered expenses include subsidies, grants and personal benefit payments, and Administered revenues include taxes, fees, fines and excises.

The Office has no Administered items.

See 'Analysis of budgeted financial statements' for an explanation of items unusual in size or nature, or significant variations across years.

### **Basis of accounting**

The Office's Budget statements are prepared in compliance with Australian Accounting Standards and 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 program, employee entitlements and 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. See also 'Valuation of assets'.

**Departmental liabilities – Debt**

These are property lease incentives that the Office has received, and which 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 that 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 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.

### **Appropriations in the accrual budgeting framework**

Under the Australian Government's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the government's funding for outputs from agencies
- Departmental capital appropriations: for investments by the government for either additional equity or loans in agencies
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations fund the majority of payments from the Consolidated Revenue Fund (especially those that are entitlement-driven or involve transfers to state governments).

The Office has no Administered or special appropriations.

### **Administered investments in controlled entities**

Each Australian Government department is required to show an Administered investment in each *Commonwealth Authorities and Companies (CAC) Act 1997* entity within their portfolio. These Administered investments should be valued at the Commonwealth's ownership interest in the net assets of those CAC entities, fixed at a notional acquisition date of 30 June 1997.

The Office has no Administered investments.

### **Special accounts**

In a determination signed by the Minister for Finance and Administration on 23 December 2003, the Other Trust Moneys and Services for Other Governments and Non-Agency Bodies special accounts for the Office were abolished. The accounts had never been used. The Office is no longer responsible for any special accounts.

### **Asset valuation**

From 1 July 2002, Australian Government agencies and authorities are required to use either the cost basis or the fair value basis to measure infrastructure, 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.

The Office anticipates revaluing its assets at either a cost or fair value basis in 2004–05.

## Section 4: Purchaser–provider and cost recovery arrangements

### **PURCHASER–PROVIDER ARRANGEMENTS**

See Table 1.3 and ‘Resourcing’ in the notes to the financial statements for a summary of Office purchaser–provider arrangements.

### **COST RECOVERY ARRANGEMENTS**

The Office has no significant cost recovery arrangements. Cost recovery relating to the investigation of decisions under the *Freedom of Information Act 1982* (Cwth) amounted to \$410 in 2002–03 and \$280 in 2003–04.

