

OFFICE OF THE COMMONWEALTH OMBUDSMAN

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The strategic direction statement for the Office of the Commonwealth Ombudsman (OCO) can be found in the Prime Minister and Cabinet Portfolio's 2018-19 Portfolio Budget Statements. The OCO's strategic direction has not changed as a result of Additional Estimates.

The OCO's Portfolio Additional Estimates Statements include funding of \$5.7 million over two years from 2018-19 for the VET FEE-HELP Debts – additional student protection measure. Funding is provided for the VET Student Loans Ombudsman to support administration of a remedy mechanism for students who incurred debts under the VET FEE-HELP loans scheme following inappropriate conduct by Vocational Education and Training (VET) providers.

This measure builds on the 2018-19 budget measure titled VET Student Loans Ombudsman – additional resources.

The OCO will receive an additional \$3.4 million over four years from 2018-19 to fund the full cost of undertaking the Postal Industry Ombudsman function.

1.2 ENTITY RESOURCE STATEMENT

The entity resource statement details the resourcing for the OCO at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2018-19 budget year, including variations through Appropriation Bills No. 3 and No. 4, special appropriations and special accounts.

Table 1.1: Entity resource statement – additional estimates for 2018-19 as at Additional Estimates February 2019

	Actual available appropriation 2017-18 \$'000	Estimate as at Budget 2018-19 \$'000	Proposed Additional Estimates 2018-19 \$'000	Total estimate at Additional Estimates 2018-19 \$'000
DEPARTMENTAL				
Annual appropriations - ordinary annual services (a)				
Prior year appropriations available	8,288	12,143	(3,714)	8,429
Departmental appropriation	23,730	35,228	3,872	39,100
s74 External Revenue (b)	11,039	2,330	1,937	4,267
Departmental capital budget (c)	821	817	–	817
Total departmental annual appropriations	43,878	50,518	2,095	52,613
Total departmental resourcing	43,878	50,518	2,095	52,613
Total resourcing for OCO	43,878	50,518	2,095	52,613
			Actual 2017-18	2018-19
Average staffing level (number)			203	222

Prepared on a resourcing (appropriations available) basis.

Note: All figures are GST exclusive and may not match figures in the cash flow statement.

- (a) *Appropriation Act No. 1 2018-19* and *Appropriation Bill No. 3 2018-19*.
 (b) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*.
 (c) Departmental capital budgets are not separately identified in *Appropriation Act No. 1* and form part of ordinary annual services items. Refer to Table 3.6 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 ENTITY MEASURES

Table 1.2 summarises new government measures taken since the 2018-19 Budget.

Table 1.2: Entity 2018-19 measures since Budget

Program	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Expense measures				
VET FEE-HELP Debts - additional student protection (a)				
1.1 Departmental expenses	3,052	2,598	–	–
Postal Industry Ombudsman				
1.1 Departmental expenses	820	838	862	889
Total	3,872	3,436	862	889
Total expense measures				
Departmental	3,872	3,436	862	889
Total	3,872	3,436	862	889

Prepared on a Government Financial Statistics (fiscal) basis.

- (a) The lead entity for this measure is the Department of Education and Training. The full measure description and package details appear in the 2018-19 Mid-Year Economic and Fiscal Outlook under the Education and Training portfolio.

1.4 ADDITIONAL ESTIMATES, RESOURCING AND VARIATIONS TO OUTCOMES

Table 1.3 details the Additional Estimates resulting from new measures and other variations since the 2018-19 Budget in Appropriation Bill No. 3.

Table 1.3: Additional estimates and other variations to outcomes since 2018-19 Budget

	Program impacted	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
OUTCOME 1					
DEPARTMENTAL					
Annual appropriations					
VET FEE-HELP Debts – additional student protection	1.1	3,052	2,598	–	–
Postal Industry Ombudsman	1.1	820	838	862	889
Changes in Parameters					
Price and Wages Indices	1.1	–	32	61	97
Net impact on appropriations for Outcome 1 (departmental)		3,872	3,468	923	986
Total net impact on appropriations for Outcome 1		3,872	3,468	923	986

Prepared on a Government Financial Statistics (fiscal) basis.

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.4 details the Additional Estimates sought by the OCO through Appropriation Bill No. 3.

Table 1.4: Appropriation Bill No. 3 2018-19

	2017-18 Available \$'000	2018-19 Budget \$'000	2018-19 Revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL PROGRAMS					
Outcome 1					
Fair and accountable administrative action by Australian Government entities and prescribed private sector organisations, by investigating complaints, reviewing administrative action and statutory compliance inspections and reporting.	24,551	36,045	39,100	3,872	–
Total departmental	24,551	36,045	39,100	3,872	–

Section 2: Revisions to outcomes and planned performance

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

The OCO has had no changes to the outcome and program structures since the 2018-19 Portfolio Budget Statements.

Outcome 1: Fair and accountable administrative action by Australian Government entities and prescribed private sector organisations, by investigating complaints, reviewing administrative action and statutory compliance inspections and reporting.

Budgeted expenses for Outcome 1

This table shows how much the OCO intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by administered and departmental funding sources.

Table 2.1.1 Budgeted expenses for Outcome 1

	2017-18 Actual expenses \$'000	2018-19 Revised estimated expenses \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Program 1.1: Office of the Commonwealth Ombudsman					
Departmental expenses					
Departmental appropriation	23,730	39,100	35,763	32,066	33,618
s74 External Revenue (a)	11,039	4,267	3,377	2,765	2,800
Expenses not requiring appropriation in the budget year (b)	1,065	1,004	1,024	1,054	1,054
Departmental total	35,834	44,371	40,164	35,885	37,472
Total expenses for program 1.1	35,834	44,371	40,164	35,885	37,472
Total expenses for Outcome 1	35,834	44,371	40,164	35,885	37,472

	2017-18	2018-19
Average staffing level (number)	203	222

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

- (a) Estimated expenses incurred in relation to receipts retained under section 74 of the *PGPA Act*.
 (b) Expenses not requiring appropriation in the budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Table 2.1.2: Performance criteria for Outcome 1

This table details the performance criteria for each program associated with Outcome 1. It describes the results OCO plans to achieve with the resources provided for new programs, or materially changed existing programs resulting from decisions made since the 2018-19 Budget.

Outcome 1: Fair and accountable administrative action by Australian Government entities and prescribed private sector organisations, by investigating complaints, reviewing administrative action and statutory compliance inspections and reporting.		
Program 1.1 – Office of the Commonwealth Ombudsman		
The objectives of this program are to:		
<ul style="list-style-type: none"> provide <i>assurance</i> that the Australian Government entities and prescribed private sector organisations OCO oversights act with <i>integrity</i> and treat people fairly. influence enduring systemic improvement in public administration in Australia and the region. 		
Delivery	<ul style="list-style-type: none"> Influence Australian and ACT Government entities to improve public administration and complaint handling systems through public reports, recommendations and direct engagement. Provide an efficient, effective and accessible government complaint handling service. Undertake oversight and assurance activities relating to the integrity of Australian Government entities, ACT Government entities and prescribed private sector organisations. Provide effective and unbiased industry complaint handling services and consumer information. Deliver capacity building programs under the Australian Aid arrangements to support ombudsmen and allied integrity bodies in improving governance and accountability. 	
Performance information		
Year	Performance criteria (a)	Targets
2018-19	<ol style="list-style-type: none"> Percentage of recommendations made in public reports accepted by entities. Percentage of stakeholders who participated in engagement activities that provided an average of 'satisfied' or 'very satisfied' ratings in feedback forms or surveys. Percentage of government complaints finalised within the Office's service standards Percentage of Office statutory requirements in relation to Commonwealth public interest disclosures met. Percentage of OCO statutory requirements in relation to law enforcement met. Percentage of public law enforcement reports finalised within OCO standards. 	<p>75% of recommendations accepted by entities.</p> <p>90% 'satisfied' or 'very satisfied' ratings for stakeholders participating in engagement activities.</p> <p>85% of complaints finalised within OCO standards.</p> <p>100% of OCO statutory requirements in relation to public interest disclosures met.</p> <p>100% of OCO statutory requirements met.</p> <p>85% of reports finalised within Office standards.</p>

Outcome 1: Fair and accountable administrative action by Australian Government entities and prescribed private sector organisations, by investigating complaints, reviewing administrative action and statutory compliance inspections and reporting.		
Program 1.1 – Office of the Commonwealth Ombudsman		
The objectives of this program are to:		
<ul style="list-style-type: none"> provide <i>assurance</i> that the Australian Government entities and prescribed private sector organisations OCO oversights act with <i>integrity</i> and treat people fairly. influence enduring systemic improvement in public administration in Australia and the region. 		
Year	Performance criteria (a)	Targets
2018-19 (continued)	7. Percentage of reports on long-term detention cases sent to the Minister for Home Affairs within 12 months of the review being received from the Department of Home Affairs. 8. Percentage of immigration detention state of the network reports issued within three months of the reporting cycle. 9. Percentage of public users who completed the survey for Privatehealth.gov.au and were 'satisfied' or 'very satisfied' with the quality of information provided by the website. 10. Percentage of industry complaints handled within OCO service standards. 11. Percentage of outputs delivered under the Australian Aid arrangements. 12. Percentage of stakeholders that participated in activities delivered under Australian Aid arrangements who provided an average of 'satisfied' or 'very satisfied' rating in the feedback forms or surveys.	90% of reports sent to the Minister within 12 months of the review being received. 90% of immigration detention state of the network reports issued within three months. 80% 'satisfied' or 'very satisfied' rating received from completed surveys on the Privatehealth.gov.au website 85% of complaints handled within OCO service standards. 80% of outputs delivered. 90% 'satisfied' or 'very satisfied' rating received from stakeholders participating in activities delivered under Australian Aid arrangements.
2019-20 and beyond	As per 2018-19.	As per 2018-19.
Purposes	<ul style="list-style-type: none"> <i>Provide assurance that the Australian Government entities and prescribed private sector organisations that OCO oversights act with integrity and treat people fairly.</i> Influence <i>enduring</i> systemic improvement in public administration in Australia and the region. 	

(a) New or modified performance criteria that reflect new or materially changed programs are shown in italics.

Section 3: Special account flows and budgeted financial statements

3.1 SPECIAL ACCOUNT FLOWS

Estimates of special account flows

The OCO has no special accounts.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Departmental revised income for 2018-19 is estimated at \$43.421 million, an increase of \$5.809 million since the 2018-19 Budget. This increase comprises \$3.872 million in additional revenue from government as outlined in section 1.3 and \$1.937 million in own-source revenue mainly related to the international program.

This \$5.809 million increase is offset by an increase in expenses, which leaves the break-even operating result attributable to the OCO unchanged since the Budget.

3.2.2 Budgeted financial statements

Table 3.2: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2017-18 Actual \$'000	2018-19 Revised budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
EXPENSES					
Employee benefits	23,308	28,314	26,180	24,933	25,662
Suppliers	11,442	15,107	13,014	9,952	10,810
Depreciation and amortisation	1,011	950	970	1,000	1,000
Write-down and impairment of assets	11	–	–	–	–
Other expenses	209	–	–	–	–
Total expenses	35,981	44,371	40,164	35,885	37,472
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	11,039	4,267	3,377	2,765	2,800
Total own-source revenue	11,039	4,267	3,377	2,765	2,800
Gains					
Other gains	54	54	54	54	54
Total gains	54	54	54	54	54
Total own-source income	11,093	4,321	3,431	2,819	2,854
Net cost of/(contribution by) services	(24,888)	(40,050)	(36,733)	(33,066)	(34,618)
Revenue from Government	23,730	39,100	35,763	32,066	33,618
Surplus/(deficit) attributable to the Australian Government	(1,158)	(950)	(970)	(1,000)	(1,000)
Total comprehensive income/(loss) attributable to the Australian Government	(1,158)	(950)	(970)	(1,000)	(1,000)
Note: Impact of net cash appropriation arrangements					
	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	(147)	–	–	–	–
Less depreciation/amortisation expenses previously funded through revenue appropriations (a)	1,011	950	970	1,000	1,000
Total comprehensive income/(loss) as per the statement of comprehensive income	(1,158)	(950)	(970)	(1,000)	(1,000)

Prepared on Australian Accounting Standards basis.

- (a) From 2010-11, the government introduced net cash appropriation arrangements. This meant *Appropriation Act No. 1* or Bill No. 3 revenue appropriations for the depreciation and amortisation expenses of non-corporate Commonwealth entities were replaced with a separate capital budget (the departmental capital budget) provided through *Appropriation Act No. 1* or Bill No. 3 equity appropriations. For information regarding departmental capital budgets, refer to Table 3.6: Departmental capital budget statement.

Table 3.3: Budgeted departmental balance sheet (as at 30 June)

	2017-18 Actual \$'000	2018-19 Revised budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	141	141	141	141	141
Trade and other receivables	11,023	10,673	10,457	10,457	10,457
Total financial assets	11,164	10,814	10,598	10,598	10,598
Non-financial assets					
Property, plant and equipment	3,997	4,094	4,102	4,002	3,913
Intangibles	776	659	498	420	343
Other non-financial assets	565	565	565	565	565
Total non-financial assets	5,338	5,318	5,165	4,987	4,821
Assets held for sale					
Total assets	16,502	16,132	15,763	15,585	15,419
LIABILITIES					
Payables					
Suppliers	407	394	389	389	389
Other payables	4,572	4,285	3,969	3,969	3,969
Total payables	4,979	4,679	4,358	4,358	4,358
Provisions					
Employee provisions	5,888	5,913	5,949	5,949	5,949
Other provisions	220	220	220	220	220
Total provisions	6,108	6,133	6,169	6,169	6,169
Total liabilities	11,087	10,812	10,527	10,527	10,527
Net assets	5,415	5,320	5,236	5,058	4,892
EQUITY (a)					
Parent entity interest					
Contributed equity	9,262	10,079	10,896	11,718	12,552
Reserves	1,069	1,069	1,069	1,069	1,069
Retained surplus/(accumulated deficit)	(4,916)	(5,828)	(6,729)	(7,729)	(8,729)
Total parent entity interest	5,415	5,320	5,236	5,058	4,892
Total equity	5,415	5,320	5,236	5,058	4,892

Prepared on Australian Accounting Standards basis.

(a) Equity is the residual interest in assets after the deduction of liabilities.

Table 3.4: Departmental statement of changes in equity – summary of movement (2018-19 budget year)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2018					
Balance carried forward from previous period	(4,916)	1,069	–	9,262	5,415
Adjustment for changes in accounting policies	–	–	–	–	–
Adjusted opening balance	(4,916)	1,069	–	9,262	5,415
Comprehensive income					
Surplus/(deficit) for the period	(950)	–	–	–	(950)
Total comprehensive income	(950)	–	–	–	(950)
Of which:					
Attributable to the Australian Government	(950)	–	–	–	(950)
Transactions with owners					
Distributions to owners					
Other	38	–	–	–	38
Contributions by owners					
Departmental capital budget (DCB)	–	–	–	817	817
Sub-total transactions with owners	38	–	–	817	855
Estimated closing balance as at 30 June 2019	(5,828)	1,069	–	10,079	5,320
Closing balance attributable to the Australian Government	(5,828)	1,069	–	10,079	5,320

Prepared on Australian Accounting Standards basis.

Table 3.5: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2017-18 Actual \$'000	2018-19 Revised budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	24,187	39,449	35,978	32,066	33,618
Sale of goods and rendering of services	11,410	4,262	3,378	2,765	2,800
Total cash received	35,597	43,711	39,356	34,831	34,831
Cash used					
Employees	22,514	28,289	26,144	24,933	25,662
Suppliers	11,967	15,141	12,896	9,898	10,756
Other	(159)	281	316	–	–
Total cash used	34,322	43,711	39,356	34,831	34,831
Net cash from/(used by) operating activities	1,275	–	–	–	–
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant, and equipment and intangibles	2,153	817	817	822	834
Total cash used	2,153	817	817	822	834
Net cash from/(used by) investing activities	(2,153)	(817)	(817)	(822)	(834)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	821	817	817	822	834
Total cash received	821	817	817	822	834
Net cash from/(used by) financing activities	821	817	817	822	834
Net increase/(decrease) in cash held	(57)	–	–	–	–
Cash and cash equivalents at the beginning of the reporting period	198	141	141	141	141
Cash and cash equivalents at the end of the reporting period	141	141	141	141	141

Prepared on Australian Accounting Standards basis.

Table 3.6: Departmental capital budget statement (for the period ended 30 June)

	2017-18 Actual \$'000	2018-19 Revised budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget – Act No. 1 and Bill No. 3 (DCB)	821	817	817	822	834
Total new capital appropriations	821	817	817	822	834
Provided for:					
Purchase of non-financial assets	821	817	817	822	834
Total Items	821	817	817	822	834
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	821	817	817	822	834
Total amount spent	821	817	817	822	834
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	821	817	817	822	834
Total cash required to acquire assets	821	817	817	822	834

Prepared on Australian Accounting Standards basis.

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' departmental capital budgets (DCBs).

Table 3.7: Statement of asset movements (2018-19 budget year)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	6,529	3,347	9,876
Accumulated depreciation/ amortisation and impairment	(2,532)	(2,571)	(5,103)
Opening net book balance	3,997	776	4,773
CAPITAL ASSET ADDITIONS			
Estimated expenditure on new or replacement assets			
By purchase – appropriation ordinary annual services (a)	661	156	817
Total additions	661	156	817
Other movements			
Depreciation/amortisation expense	(677)	(273)	(950)
Other	113		113
Total other movements	(564)	(273)	(837)
As at 30 June 2019			
Gross book value	7,303	3,503	10,806
Accumulated depreciation/ amortisation and impairment	(3,209)	(2,844)	(6,053)
Closing net book balance	4,094	659	4,753

Prepared on Australian Accounting Standards basis.

(a) "Appropriation ordinary annual services" refers to funding provided through *Appropriation Act No. 1 2018-19* and *Bill No.3 2018-19* for depreciation and amortisation expenses, departmental capital budgets or other operational expenses.