

# ANNUAL REPORT

15-16



COMMONWEALTH  
OMBUDSMAN



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15-16



COMMONWEALTH  
OMBUDSMAN



## HIGHLIGHTS

In 2015–16 we received a total of **37 753 approaches** — **34 per cent more than last year.**



**82% complaints were finalised within 90 days**

(whole of office, including Private Health Insurance Ombudsman).

During 2015–16

**the office convened its first Disability Complaint-Handling Forum**

to discuss how best to encourage, receive and handle complaints from people with disability.



In 2015–16 **the Immigration Ombudsman made 490 recommendations,** compared with 172 the previous year.

In 2015–16 the Overseas Students Ombudsman started **315 complaint investigations and completed 291,** compared to 238 investigations started and 239 completed last year.





The office of the **Private Health Insurance Ombudsman merged successfully with the Office of the Commonwealth Ombudsman** on 1 July 2015.

Overall, **85%** of people who complained to the Private Health Insurance Ombudsman were satisfied or very satisfied with the handling of their complaints.



In 2015–16 the Law Enforcement Ombudsman received

**286 complaints about the Australian Federal Police,**  
compared to 288 in 2014–15.



In 2015–16 the Defence Force Ombudsman received

**491 complaints** about Defence agencies, compared to 545 in 2014–15.



A total of **612 Public Interest Disclosures** were made in 2015–16, with **69 of 175 agencies receiving one or more.**

In 2015–16 the Commonwealth Ombudsman continued its international engagement with

**19 countries across the Pacific and Asia**

to develop and share best practice in complaint-handling and to strengthen integrity functions.



# CREDITS

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**Design:** Papercut

# LETTER OF TRANSMITTAL



30 September 2016

The Hon Malcolm Turnbull MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

Dear Prime Minister

I have pleasure in submitting the 39<sup>th</sup> Commonwealth Ombudsman Annual Report for the year ended 30 June 2016, as required by s 46 of the *Public Governance, Performance and Accountability Act 2013*.

I certify that this report has been prepared in accordance with the Requirements for Annual Reports for 2015–16, as approved by the Joint Committee of Public Accounts and Audit under sections 63(2) and 70(2) of the *Public Service Act 1999*.

Furthermore, regarding certification of fraud control arrangements for the office, I certify that the office has:

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

Yours sincerely

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

**Colin Neave**

Commonwealth Ombudsman

# GUIDE TO THE REPORT

This report provides information on the activities, achievements and performance of the Office of the Commonwealth Ombudsman (the office) for the 2015–16 financial year.

## Part 1—REVIEW BY THE OMBUDSMAN

This is the Commonwealth Ombudsman, Colin Neave's review of the year and the outlook for 2016–17.

## Part 2—OVERVIEW OF THE OFFICE

This outlines the roles and functions, the organisational structure, outcome and program structure and the purpose of the office.

## Part 3—REPORT ON PERFORMANCE

This provides an overview of complaints received by the office, our annual performance statement and a summary of our financial performance for the 2015–16 financial year.

## Part 4—WHAT WE DO

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

- Social Services agencies and programs
- Postal Industry Ombudsman
- Immigration Ombudsman
- Overseas Students Ombudsman
- Private Health Insurance Ombudsman
- Defence Force Ombudsman
- Law Enforcement Ombudsman
- Public Interest Disclosure scheme
- International program.

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

## Part 5—MANAGEMENT AND ACCOUNTABILITY

This outlines the office's governance and accountability arrangements including external scrutiny, management of human resources, procurement and asset management.

## Part 6—APPENDICES

This includes the financial statements; a report on compliance with the information publication scheme, statistics on the number of approaches and complaints received by the office, entity resource statement and the ecologically sustainable development and environmental performance for the office.

## Part 7—REFERENCES

This includes a glossary, a list of figures and tables contained in the body of the report, a compliance index and an alphabetical index.

## CONTACTING THE OMBUDSMAN

Enquiries about this report should be directed to the Communication Manager, Office of the Commonwealth Ombudsman (by email to [media@ombudsman.gov.au](mailto:media@ombudsman.gov.au)).

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

### Online

**Visit** [ombudsman.gov.au](http://ombudsman.gov.au)

### By phone

**Call** **1300 362 072** between 9am and 5pm (AEDT) Monday to Friday. *(Note: this is not a toll-free number and calls from mobile phones are charged at mobile phone rates.)*

**Indigenous Line:** **1800 060 789**

### In writing

GPO Box 442,  
Canberra ACT 2601

Services available to help you

If you are a non-English speaking person, we can help you through the Translating and Interpreting Service (TIS) on **131 450**.

If you are hearing, sight or speech impaired, a TTY Service is available through the National Relay Service on **133 677**.



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**PART 1—  
REVIEW BY THE  
OMBUDSMAN**

# REVIEW BY THE OMBUDSMAN



Like most departments and agencies, we experienced considerable change during 2015–16.

From 1 July 2015 we successfully transitioned the Private Health Insurance Ombudsman function into the office. We saw a significant expansion of our oversight responsibilities with the commencement of the Government's data retention reforms.

These additions led to an increase in our staff. I am grateful to my new colleagues, and the many other staff of the office, who worked so hard to implement these new areas of responsibility.

## Complaint handling—digital transformation

Our complaint-handling work has continued to grow. In 2015–16 we received a total of 37 753 approaches, compared to 28 154 in 2014–15, an increase of 34 per cent.

While some of this increase is attributable to the new functions, it is clear that complaints are increasing. We continue to look for ways to innovate and reduce costs in order to meet the increasing demand for our service.

In 2015–16 we developed and launched our new brand and website. The new website design facilitates smartphone and tablet usability and adopted the emerging Digital Service Standard put in place by the Digital Transformation Office.

While most approaches to our office are still made by telephone, more are being made electronically via the smart form on our website.

## Investigations

During 2015–16 I released a number of reports—these are available on our website. Three of them focused on social services issues:

- In September 2015 I released a report into what the Department of Human Services had implemented following my 2014 report, which made 33 recommendations on Centrelink's Service Delivery. My recommendations in 2014 concerned telephone services, the handling of written correspondence, information affecting income support and family payments, Centrelink service centre queues, document management, and Centrelink's complaint and internal merits review processes.
- In February 2016 I released a report about the administration of the 'vulnerable youth' measure of Income Management which had commenced in July 2013. The Department of Human Services and the Department of Social Services responded positively to around half of my recommendations, and have taken steps towards improving some processes and policies.
- In March 2016 I released a report on my investigation into Centrelink's Income Maintenance Period which can affect people whose employment has been terminated due to either redundancy or dismissal. The report's three recommendations were accepted and the Department of Social Services changed its *Guide to Social Security Law* in response to the report. However, in my opinion those changes were inadequate and more of my broader range of recommendations regarding the content of that Guide should be put into effect.

## Private Health Insurance

The integration of the Private Health Insurance Ombudsman function into the office has been very successful.

We engaged with consumers and representatives of the private health insurance industry to ensure a seamless transition.

Consumer satisfaction with the Private Health Insurance Ombudsman function increased in 2015–16 from 84 per cent to 85 per cent. That this result was achieved during a period of transition is a credit to our Private Health Insurance Team.

## Data retention oversight

On 13 October 2015, amendments to the *Telecommunications (Interception and Access) Act 1979* (the TIA Act) took effect. These require telecommunication carriers and service providers to retain certain data (known as ‘metadata’) for two years.

The amendments included a substantial new function for my office to oversee law enforcement agency compliance with the new regime.

In the first year of metadata inspections, we engaged with agencies to understand their processes and policies in exercising metadata powers.

Following these consultations, each agency will be provided with a ‘health check’ assessing its processes and policies. These reports will be consolidated and provided to the Attorney-General for tabling in Parliament.

I am pleased that overall, agencies have been responsive to our inspections and cooperative throughout the process.

## International engagement

My office’s International Program supports the rule of law in the region by working to enhance the capacity of Ombudsman and similar organisations in the Pacific and Indonesia.

In May 2016 I hosted meetings of regional Ombudsman groups in Melbourne. This week-long series of events commenced with the Pacific Ombudsman Alliance members meeting and included a very successful Australasian and Pacific

Ombudsman Conference—*Building Relationships; Meeting Global Challenges*. I was delighted that John R. Walters, President of the International Ombudsman Institute, was able to attend and speak at that conference.

Also, ombudsmen from across the region were then able to participate in the Australian and New Zealand Ombudsman Association’s conference.

The events further developed the strong relationships between ombudsmen and allowed the sharing of useful information to enhance the work of Ombudsman offices throughout the region.

## Looking forward

The Office of the Commonwealth Ombudsman will celebrate its 40th anniversary in 2017.

This will provide us with the opportunity to reflect on our achievements and the challenges ahead.

Undoubtedly, we must be willing to take on new responsibilities to ensure the office remains as relevant to the pursuit of good administration in the future as it has been in the past. The successful implementation of two new functions this year show our capacity to adapt and grow in response to changes in the needs of citizens and governments.

I look forward to working with our dedicated and professional staff, and the agencies and private sector bodies we oversight, to advance the strategic vision of the office.

That is, to provide assurance that the Australian Government entities and prescribed private sector organisations we oversight act with integrity and treat people fairly. And to influence enduring systemic improvement in public administration in Australia and the region.

## Colin Neave

Commonwealth Ombudsman



**PART 2—  
OVERVIEW OF  
THE OFFICE**

## PART 2—OVERVIEW OF THE OFFICE

### Roles and functions

The Office of the Commonwealth Ombudsman (the office) is a non-corporate Commonwealth entity established under the *Ombudsman Act 1976* (the Act). The Act came into effect on 1 July 1977 and is administered by the Prime Minister.

The office seeks to ensure that administrative action by Australian Government agencies is fair and accountable. It does this by handling complaints, conducting investigations, performing audits and inspections, encouraging good administration, and discharging other specialist oversight tasks. The office also influences improvement in public administration in neighbouring countries through collaboration with partner agencies.

The Commonwealth Ombudsman is also the:

- Defence Force Ombudsman
- Postal Industry Ombudsman
- Overseas Students Ombudsman
- Private Health Insurance Ombudsman
- Immigration Ombudsman
- Law Enforcement Ombudsman
- Norfolk Island Ombudsman
- ACT Ombudsman.

The office has the following major statutory functions:

1. Complaint investigations: conducting investigations into the administrative actions of Australian Government officials, agencies and their service providers upon receipt of complaints from individuals, groups or organisations. This includes investigating the actions of registered private providers of training for overseas students, registered private postal operators and private health insurance providers.
2. Own-motion investigations: on the Ombudsman's own initiative, conducting investigations into the administrative actions of Australian Government agencies, registered private providers of training for overseas students, registered private postal operators and private health insurance brokers. These investigations often arise from insights gained through individual complaints and our other oversight responsibilities.
3. Compliance audits: inspecting the records of agencies such as the Australian Federal Police (AFP) and Australian Crime Commission (ACC) to ensure they comply with legislative requirements applying to selected law enforcement and regulatory agencies.
 

The *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015* created new oversight responsibilities for the office. These involve mandatory compliance audits of relevant entities' use of covert and intrusive powers.
4. Immigration detention oversight: under s 486O of the *Migration Act 1958*, reporting to the Immigration Minister on the detention arrangements for people in immigration detention for two years or more (and on a six-monthly basis thereafter). Our reports, as well as the Minister's responses, are tabled in the Parliament. In addition, as Immigration Ombudsman, the office also oversees immigration detention facilities through a program of regular announced and unannounced visits to detention centres.
5. The Commonwealth Public Interest Disclosure scheme: the *Public Interest Disclosure Act 2013* established a Commonwealth Government scheme to encourage public officials to report suspected wrongdoing in the Australian public sector. The office is

responsible for promoting awareness and understanding of the Act and monitoring its operation; as well as providing guidance, information and resources about making, managing and responding to PIDs.

6. Private health insurance consumer information: this includes managing the consumer website ([PrivateHealth.gov.au](http://PrivateHealth.gov.au)), producing comparative complaint and performance reports about private health insurers, providing a range of advisory information products for consumers, and responding to consumer enquiries about health insurance.

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

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

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

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

The Commonwealth Ombudsman performs the following specialist roles:

- i. Defence Force Ombudsman (DFO)—to investigate action arising from the service of a member of the Australian Defence Force. The DFO can investigate complaints from current or former members of the Australian Defence Force about Defence Force employment matters.
- ii. Postal Industry Ombudsman (PIO)—to investigate complaints about Australia Post and private postal operators that elect to register with the PIO scheme.
- iii. Overseas Students Ombudsman (OSO)—to investigate complaints from overseas students about private education providers in Australia. The OSO also gives private registered providers advice and training about best practice for handling complaints by overseas students.
- iv. Private Health Insurance Ombudsman (PHIO)—to protect the interests of private health insurance consumers. This is done in a number of ways including dispute resolution, identifying systemic issues within the practices of private health funds, and providing advice and recommendations to Government and industry. The Ombudsman can deal with complaints from health fund members, health funds, private hospitals or medical practitioners. Complaints must be about a health insurance arrangement. This function was transferred to the office from 1 July 2015.
- v. Immigration Ombudsman—to investigate action taken in relation to immigration administration (including monitoring immigration detention). The Ombudsman has a specific statutory role under s 486O of the *Migration Act 1958* to report to the Minister for Immigration and Border Protection concerning the circumstances of any person who has been in immigration detention for two years or more.



- vi. Law Enforcement Ombudsman—to investigate the conduct and practices of the Australian Federal Police and its members. In addition, under the AFP Act, the Ombudsman is required to review the administration of the AFP’s handling of complaints, through inspection of AFP records. The results of these reviews must be provided to the Parliament on an annual basis.
- vii. Norfolk Island Ombudsman—during 2015–16, the Commonwealth Ombudsman was designated as the Norfolk Island Ombudsman when dealing with matters relating to the Norfolk Island public service and ‘prescribed authorities’, as well as Australian Government agencies.
- viii. ACT Ombudsman—under the *ACT Self-Government (Consequential Provisions) Act 1988* (Commonwealth), the Commonwealth Ombudsman discharges the role of ACT Ombudsman. A service agreement between the Commonwealth Ombudsman and the ACT Government covers this role. The work of the ACT Ombudsman is set

out in a separate annual report made to the ACT Legislative Assembly under the *Ombudsman Act 1989* (ACT).

### Freedom of Information complaints

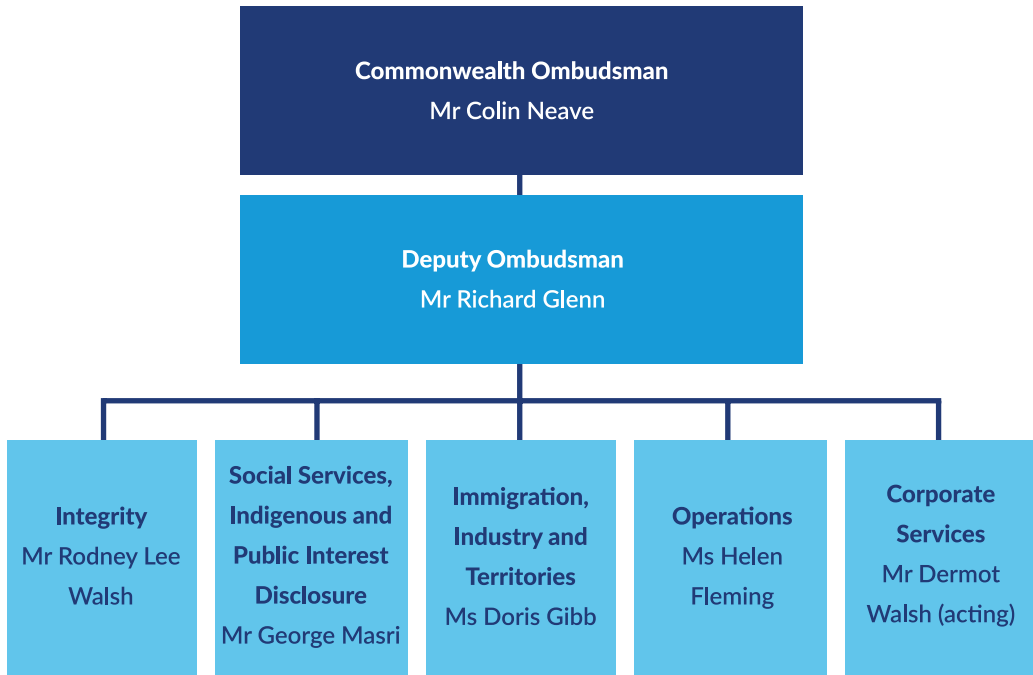
The handling of complaints about actions taken by Australian Government agencies relating to Freedom of Information (FOI) matters under the *Freedom of Information Act 1982* was transferred to the office from 1 January 2015. However, from 1 July 2016, the Office of the Australian Information Commissioner (OAIC) resumed the investigation of these complaints.

### Organisational structure

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

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

Figure 1: Executive and Senior Management structure at 30 June 2016



## Senior Leadership Group members



### Colin Neave—Commonwealth Ombudsman

Colin Neave is the Commonwealth and ACT Ombudsman, Regional President of the Australasian and Pacific Ombudsman Region of the International Ombudsman Institute, and Chair of the Pacific Ombudsman Alliance. He was Chair of the Commonwealth Consumer Affairs Advisory Committee between 1997 and 2013 and President of the Administrative Review Council. He served as the Banking and Financial Services Ombudsman and then Chief Ombudsman of the Financial Ombudsman Service between 1996 and 2011.

He was Company Secretary of listed Company AMI Toyota between 1982 and 1987 and also a Director and Company Secretary of Toyota Group companies in Australia.

Colin has held senior positions with various state governments, including Secretary of the Attorney-General's Department in Victoria, Commissioner for Consumer Affairs in South Australia and Managing Director of the Legal Aid Commission in New South Wales. He also served as Deputy Secretary of the Attorney-General's Department (Commonwealth).

Colin is a member of the Order of Australia.



### Richard Glenn—Deputy Ombudsman

Richard joined the office in September 2013 for a five-year term.

Richard is responsible to the Ombudsman for the day-to-day operation of the office and, as a

statutory office holder, can exercise the powers of the Ombudsman.

Before joining the office, Richard held senior positions in the Attorney-General's Department where he was responsible for major reforms to Commonwealth privacy law and policy, personal property securities law and the Commonwealth's national security law framework.

Richard has also held SES roles with responsibility for copyright, freedom of information and native title law and policy.

He has represented Australia in international fora, including copyright treaty negotiations. A lawyer by training, Richard was an associate to a High Court judge and has worked as a solicitor for the Department of Finance and in private practice.



### Rodney Lee Walsh—Senior Assistant Ombudsman, Integrity Branch

Rodney Lee Walsh joined the office in July 2011. He is responsible for law enforcement and defence; statutory

monitoring and reporting to Parliament on the exercise of covert operations, surveillance devices and telecommunications interceptions powers by state and federal police and other law enforcement entities; and international ombudsman programs across 19 countries.

Rodney is a lawyer and mediator by training; inaugural convener of the Commonwealth Complaint Handling Forum and, since 2005, has held a range of SES roles including IT applications development, senior executive lawyer, organisational strategy, and state and national manager delivering a range of workplace relations inspectorate and employment programs.



**George Masri —  
Senior Assistant  
Ombudsman,  
Social Services,  
Indigenous and  
Public Interest  
Disclosures**

George Masri has worked in the office since February 2005. During this time, he has

been responsible for a variety of areas including Immigration, Overseas Students, Public Interest Disclosures and the Operations (public contact, complaint management and investigation) area.

George has a broad background in public administration, including as a senior business consultant for a company developing automated systems to assist with administrative decision-making, a ministerial adviser in the Immigration, Veterans' Affairs and Environment portfolios, a principal solicitor in community legal centres and as an associate to a member of the Administrative Appeals Tribunal.

In 2015 George became a Fellow of the National Institute of Public Administration.



**Doris Gibb —  
Senior Assistant  
Ombudsman,  
Immigration,  
Industry and  
Territories  
Branch**

Doris Gibb joined the office in June 2013 as Senior Assistant Ombudsman for Immigration and

Overseas Students. The branch has since expanded to include the Postal Industry Ombudsman, Indian Ocean Territories and the Australian Capital Territory Ombudsman.

Her career in the Australian Public Service started in 1995 after 12 years with the Royal Australian

Air Force. She has performed a range of leadership roles across the public service and has led several public policy initiatives in Centrelink, DEEWR, the Defence Materiel Organisation and the Attorney-General's Department.

Her experience ranges from delivery of unemployment services to the formation of industry policy for small business.

**Helen Fleming —  
Senior Assistant Ombudsman,  
Operations Branch  
(photo unavailable)**

Helen Fleming is responsible for the handling and investigation of complaints by the Operations Branch. She has worked in a variety of roles in the office since joining in 2003.

Prior to 2003, Helen worked in a variety of Commonwealth agencies and in particular, for over twelve years as the Assistant Secretary of the Legal Services Branch in the then Department of Family and Community Services where she was responsible for the provision of legal advice and management of the portfolio's extensive legislation program. She has also worked for the Australian Taxation Office, the Department of Finance and the House of Representatives Expenditure Committee.

Helen has also been admitted as a Barrister of the Supreme Court of New South Wales.



**Dermot Walsh —  
Chief Operating  
Officer (acting),  
Corporate Services  
Branch**

Dermot Walsh joined the office in November 2014 as the Chief Financial Officer. Since October 2015 he has been acting as Chief Operating

Officer and leads the Corporate Services Branch.

Before joining the office, he held leadership roles in both the Australian and ACT Public Service, in a diverse range of organisations

including: the ACT Land Development Agency, ACT Economic Development Directorate, Comcare, the National Gallery of Australia, the Defence Service Homes Insurance Scheme and the Department of Veterans' Affairs.

Dermot is a Fellow member of CPA Australia.

## Outcome and program structure

The planned outcome for the office as described in the 2015–2016 Portfolio Budget Statement (PBS) was:

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.

The office only has one program, which is 'the Office of the Commonwealth Ombudsman'.

## Purpose of the office

The purpose of the office, as detailed in the 2015–16 Corporate Plan, is to:

- provide assurance that the organisations the office oversees act with integrity and treat people fairly
- influence systemic improvement in public administration in Australia and the region.



**PART 3—  
REPORT ON  
PERFORMANCE**

# PART 3 — REPORT ON PERFORMANCE

## Complaints overview

### Complaints and approaches received

In 2015–16 the office received a total of 37 753 approaches (complaints and other approaches, such as requests for publications), compared to 28 154 in 2014–15, an increase of 34 per cent.

Of the total approaches received, 31 191 were in-jurisdiction complaints (compared to 20 940 in 2014–15). 56 per cent of the in-jurisdiction complaints related to the following agencies: the Department of Human Services (Centrelink 8702; Child Support 1452), Australia Post (5103) and the Department of Immigration and Border Protection (2341). Complaints received about Centrelink increased by 38 per cent over the previous year and comprised 27 per cent of all in-jurisdiction complaints received.

In 2015–16, the office received 93 complaints about agencies' handling of freedom of information applications, compared to 121 in 2014–15 (note: 2014–15 statistics represent the six months since FOI complaints came into the office's jurisdiction on 1 January 2015).

Most of the approaches the office receives are by telephone, and increasingly by electronic submissions. Table 1 below shows how this has changed over the past five years.

**Table 1:** How approaches were received by the office

| Year    | Telephone | Written | In Person | Electronic |
|---------|-----------|---------|-----------|------------|
| 2015–16 | 58%       | 3%      | 1%        | 38%        |
| 2014–15 | 58%       | 4%      | 2%        | 36%        |
| 2013–14 | 56%       | 5%      | 3%        | 36%        |
| 2012–13 | 57%       | 6%      | 2%        | 35%        |
| 2011–12 | 70%       | 5%      | 2%        | 23%        |

### Complaint-handling

In 2015–16 the office finalised 31 209 in-jurisdiction complaints, 48 per cent more than in 2014–15. Most of these (90 per cent) were finalised without having to commence an investigation. This was due to the office's practice of encouraging complainants to first approach the agency concerned. Furthermore, where appropriate, some key agencies are encouraged to resolve complaints without the office needing to become involved.

Of the complaints the office investigated, 19 per cent required more substantial investigation (categories four and five in the office's five-category complaint system). This is slightly less than in 2014–15 (24 per cent).

### Reviews

The office has a formal non-statutory review process for complainants who are dissatisfied with the conclusions reached by the office.

As a first step, where a complainant indicates dissatisfaction with a decision, the investigation officer will reconsider the decision. A complainant who remains dissatisfied may request a review by an officer not previously involved in the matter.

In 2015–16, the office received 104 requests for review, compared to 154 in 2014–15.

Of these, the office declined 20 requests, affirmed the original investigation decision in 79 reviews, and further investigated 23 complaints. In three of these cases the office changed the earlier decision. (One request for review was withdrawn by the complainant).

The reason why the office declined to reconsider 20 decisions was that there was no reasonable prospect of getting a better outcome for the complainant. It is worth noting that some complainants provide no reason for a review other than that they disagree with the investigation officer's decision.

## Annual Performance Statement

As required under paragraph 39(1) of the *Public Governance, Performance and Accountability Act 2013* the office has prepared its 2015–16 Annual Performance Statement, which accurately reflects its performance during the 2015–16 reporting period.

The office's Annual Performance Statement provides information and analysis on the office's performance in achieving its purpose by reporting overall outcomes against each Key Performance Indicator (KPI) established in the 2015–16 Corporate Plan and Portfolio Budget Statement. Table 2 on page 30 shows how the office met six of nine KPIs during the financial year, which demonstrates its ability to carry out its purpose effectively.

As per the analysis section of Annual Performance Statement, the office achieved these results under increasing work volumes with constrained resources. Despite the challenging environment, significant investment has been made in stakeholder engagement activities to enhance the office's position as an oversight body and driver of public administration improvement in Australia and the region.

Throughout the year, the office considered how the KPIs could be improved. Consequently, following extensive consultation, the office has further refined its KPIs. They will be incorporated in the office's 2016–17 Corporate Plan.

Overall, the office was successful in achieving its objectives for the 2015–16 financial year.

## Statement of Preparation

I, as the accountable authority of the Office of the Commonwealth Ombudsman (the office), present the 2015–16 Annual Performance Statement of the office, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). In my opinion, this Annual

Performance Statement is based on properly maintained records, accurately reflects the performance of the entity, and complies with subsection 39(2) of the PGPA Act.

Colin Neave



Commonwealth Ombudsman

## Purpose Statement

The office is a non-corporate Commonwealth entity established by the *Ombudsman Act 1976* (the Ombudsman Act) and is subject to the PGPA Act.

Our purpose is to:

- provide assurance that the organisations we oversight act with integrity and treat people fairly
- influence systemic improvement in public administration in Australia and the region.

## Outcome

The office's outcome as described in its Portfolio Budget Statement for 2015–16 is:

**“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.”**

The office established nine KPIs that will enable measurement of performance in achieving this outcome. The results and subsequent analysis of performance are presented within this document.

### KPI 1—Percentage of systemic issue recommendations accepted by entities

One of the major functions of the office is to identify and report on systemic issues in public administration. As a measure of its success in influencing entities to improve the administration of their programs and complaint-handling systems, the office measures the adoption of its systemic issue recommendations.

The office’s result for KPI 1 is 81.25 per cent.

Data sources for this result were the office’s public investigation reports and other formal reports and letters issued during 2015–16.

#### Methodology

|  |  |
|--|--|
| Total recommendations made in reports regarding systemic issues accepted   | <b>KPI Target Achieved</b><br><br>Results — 81.25%<br>Target — 80% |
| <hr style="border: 0; border-top: 1px solid white; margin: 5px 0;"/> Total recommendations made in reports regarding systemic issues |  |

The office submitted three reports to the Department of Human Services (DHS) and the Australian Securities and Investments Commission (ASIC) during 2015–16. Sixteen systemic recommendations were made across the reports, of which 13 were accepted or partially accepted.

### KPI 2—Stakeholders participating in engagement activities are satisfied

Another method that the office uses to achieve its first strategic objective is through regular stakeholder engagement. These engagement sessions are an enabler for improved Australian public administration through collaboration with agency, private sector and community stakeholders.

The office’s result for KPI 2 is 96 per cent.

The office measured the feedback from participants at stakeholder engagement activities (including stakeholder forums and communities

of practice). This included post-event online surveys and evaluation forms completed by hand.

#### Methodology

|  |   |
|--|---|
| Number of respondents who answered Satisfactory or better to all questions in a survey | <b>KPI Target Achieved</b><br><br>Results — 96%<br>Target — 80% |
| <hr style="border: 0; border-top: 1px solid white; margin: 5px 0;"/> Total respondents |   |

The office measured feedback from participants at seven stakeholder engagement activities held by the Social Services Team during 2015–16. Feedback was provided via handwritten responses to survey questions and post-event online surveys. A total of 124 stakeholders provided feedback following the sessions, of which five responded that they were less than satisfied to at least one question asked.

### KPI 3(a)—Office obligations under Australian Aid arrangements are met (outputs delivered)

The office provides assistance to a range of regional partners consistent with Australian Aid priorities through the Department of Foreign Affairs and Trade (DFAT). Regional Ombudsmen partners include: Indonesia, Solomon Islands, Papua New Guinea, and other Pacific nations under the Pacific Ombudsman Alliance.

Data sources used to calculate the results were reviews of grant assessments and related correspondence.

#### Methodology

|  |   |
|--|---|
| Number of outputs delivered  | <b>KPI Target Achieved</b><br><br>Results — 92%<br>Target — 80% |
| <hr style="border: 0; border-top: 1px solid white; margin: 5px 0;"/> Number of outputs scheduled |   |



The office is required to carry out scheduled activities each year in order to comply with obligations under Australian Aid arrangements with DFAT.

### KPI 3(b)—Office obligations under Australian Aid arrangements are met (reporting obligations)

The continuing success of the office administering its Australian Aid arrangements is contingent on strictly meeting DFAT reporting requirements for grant agreements.

#### Methodology

|  |   |
|--|---|
| Number of reporting requirements met       | <b>KPI Target Achieved</b><br><br>Results — 100%<br>Target — 100% |
| Number of reporting requirements scheduled |   |

All reporting requirements for DFAT were met during 2015–16.

### KPI 4—Percentage of complaints finalised within the office's service standards

Receiving and investigating complaints/ approaches is an important function of the office as it enables the public to challenge (and seek independent review of) the actions of the entities the office oversees.

The majority of complaints are handled by two areas in the office—the Operations Branch and Private Health Insurance Team. A comparatively small number of complaints are handled by the Social Services, Indigenous and Public Interest Disclosure, and Immigration and Overseas Students Teams.

The office measures timeliness of complaint handling services based on the category of approaches received. Approaches can be assigned to one of five Categories based on the complexity of the issue, with Category 1 being the least complex, and Category 5 being the most complex. The service standard timeframe for each Category is consistent throughout the office as follows:

| Approach Category | To be finalised within |
|-------------------|------------------------|
| Category 1        | 3 working days         |
| Category 2        | 2 weeks                |
| Category 3        | 3 months               |
| Category 4        | 6 months               |
| Category 5*       | 12 months              |

\*Private Health Insurance do not handle Category 5 complaints

#### Methodology

|  |   |
|--|---|
| Number of approaches closed within service standard timeframes | <b>KPI Target NOT Achieved</b><br><br>Results — 76.5%<br>Target — 85% |
| Total approaches closed  |   |

### Results by Category

Taking the varied timeframes into account, the following results were calculated for whole-of-office during 2015–16:

| Approach category | Approaches closed | Approaches closed within timeframe | Percentage finalised within timeframe |
|-------------------|-------------------|------------------------------------|---------------------------------------|
| Category 1        | 13 708            | 11 851                             | 86.5%                                 |
| Category 2        | 15 484            | 10 386                             | 67.1%                                 |
| Category 3        | 2364              | 1942                               | 82.1%                                 |
| Category 4        | 566               | 398                                | 70.3%                                 |
| Category 5        | 9                 | 2                                  | 22.2%                                 |
| Total             | 32 131            | 24 579                             | 76.5%                                 |

### KPI 5—Percentage of statutory requirements met

In providing effective oversight of entities' compliance with legislation and policy in the use of selected intrusive or coercive powers, the office has a range of statutory requirements in relation to law enforcement and immigration detention.

#### Methodology

|  |   |
|--|---|
| Number of statutory requirements met             | <b>KPI Target Achieved</b><br>Results — 100%<br>Target — 100% |
| Total number of statutory requirements to be met |   |

The office has statutory obligations to carry out inspection regimes on relevant agencies, and meet reporting requirements following those inspections.

### KPI 6—Percentage of recommendations accepted by entities

In providing effective oversight of entities' and prescribed private sector organisations' compliance with legislation and policy in the use of selected intrusive or coercive

powers, the office identifies and reports on compliance and provides recommendations to these entities.

Data sources were records, Law enforcement report recommendations, Immigration report compliance and Immigration Detention inspections (excluding s 486O reports).

#### Methodology

|  |   |
|--|---|
| Total number of recommendations accepted | <b>KPI Target Achieved</b><br>Results — 100%<br>Target — 100% |
| Total number of recommendations made     |   |

All recommendations made by the office were accepted. The office adopts an approach of consultation with agencies in order to achieve high acceptance rates when making recommendations.

### KPI 7—Percentage of statutory requirements met

In providing effective oversight and promotion of the administration of the Public Interest Disclosure scheme for the Commonwealth public sector, the office has a range of statutory requirements. These include legislation, records and internal standards.

### Methodology

|  |  |
|--|--|
| Number of statutory requirements met                   | <b>KPI Target NOT Achieved</b><br>Results — 93.8%<br>Target — 100% |
| <hr/> Total number of statutory requirements to be met |  |

The extent to which the office met its statutory requirements in relation to the PID scheme was measured by analysis of the timeliness of allocation decisions made. Under the *Public Interest Disclosure Act 2013*, an authorised officer must use best endeavours to make an allocation decision within 14 days of receipt of a disclosure. Over the course of the year, authorised officers assessed 65 internal PIDs, of which 61 were allocated within 14 days, while four allocation decisions were delayed.

### KPI 8—Stakeholders participating in engagement activities are satisfied

The office conducts regular stakeholder engagement and guidance in an endeavour to: ensure that its statutory requirements in relation to PIDs are met; and raise awareness and assist entities with the proper implementation of PID within the public sector.

### Methodology

|  |   |
|--|---|
| Number of respondents who answered Satisfactory or better to all questions in a survey | <b>KPI Target Achieved</b><br>Results — 96.8%<br>Target — 90% |
| <hr/> Total respondents  |   |

The office measured the feedback from participants at 26 PID-related stakeholder engagement activities (including stakeholder forums and communities of practice). Feedback was provided via post-event online surveys. A total of 285 stakeholders provided feedback

following these sessions, of which nine indicated they were less than satisfied in at least one question asked. The responses available to respondents were Excellent, Very Good, Good, Satisfactory and Poor.

### KPI 9—Reliable information is provided to consumers via the private health insurance consumer website

### Methodology

|   |   |
|---|---|
| Number of respondents who answered Excellent, Good or Average when surveyed | <b>KPI Target NOT Achieved</b><br>Results — 75.1%<br>Target — 80% |
| <hr/> Total respondents   |   |

The office gauged consumer satisfaction with the private health insurance consumer website via online surveys submitted by users throughout 2015–16. The number of respondents who found the quality of information provided on the website to be Very Good or Satisfactory was 525 out of a total of 699 responses.

The key area of concern was the functionality of the PrivateHealth.gov.au website, which is currently being updated.

### Overall analysis of office performance

By meeting six of nine KPIs established for the 2015–16 financial year, the office has demonstrated its ability to carry out its purpose effectively throughout the year.

With respect to complaint-handling, the office is currently operating in an environment of constrained resources and increasing work volume. A total of 37 753 approaches were received during 2015–16, compared to 28 154 approaches in 2014–15. This is an increase of 34 per cent, while the increase from 2013–14 to 2014–15 was 20 per cent. Additionally, delays in receiving responses from the Department of Human Services and

the Department of Immigration and Border Protection, both of which constitute a significant proportion of complaints received about agencies, has hampered the office's ability to meet the service standard target. Nevertheless, the office is endeavouring to improve service standards by reducing timeframes for closing of approaches. A key strategy in place for improving performance during 2016–17 is to improve the responsiveness of agencies to our investigations as well as seeking to reduce staff turnover and consequent loss of expertise.

The office invested heavily in stakeholder engagement activities throughout the year to provide robust oversight and influence systemic improvement in public administration in Australia and the region.

### Office results

The table below presents the office's performance against each of its 2015–16 Key Performance Indicators (KPIs) and how each KPI relates to the office's strategic objectives, deliverables and anticipated targets.

**Table 2:** Summary of office's Annual Performance results

| Strategic Objectives  | Key Deliverables   | Key Performance Indicators for 2015–16  | Target | Result |
|---|--|---|--------|--------|
| <b>Objective 1</b><br>Influence Australian Government entities, prescribed private sector organisations and our regional partners, to improve the administration of their programmes and complaint-handling systems | Identifying and reporting on systemic issues in public administration, including making recommendations  | <b>KPI 1</b><br>Percentage of systemic issue recommendations accepted by entities                       | 80%    | 81.25% |
|   | Influencing Australian Government entities, prescribed private sector organisations and our regional partners to improve complaint-handling systems and administration of programs through stakeholder engagement and guidance | <b>KPI 2</b><br>Stakeholders participating in engagement activities are satisfied                       | 90%    | 96%    |
|   | Assistance to regional partners consistent with the Australian Aid priorities  | <b>KPI 3(a)</b><br>Office obligations under Australian Aid arrangements are met (outputs delivered)     | 80%    | 92%    |
|   |  | <b>KPI 3(b)</b><br>Office obligations under Australian Aid arrangements are met (reporting obligations) | 100%   | 100%   |

| Strategic Objectives   | Key Deliverables  | Key Performance Indicators for 2015–16  | Target | Result |
|--|---|---|--------|--------|
| <b>Objective 1</b><br>Provide an efficient and effective complaint-handling service  | Ensuring the office's complaint-handling service is delivered within its service standards  | <b>KPI 4</b><br>Percentage of complaints finalised within the office's service standards                        | 85%    | 76.5%  |
| <b>Objective 2</b><br>Provide effective oversight of entities and prescribed private sector organisations compliance with legislation and policy in the use of selected intrusive or coercive powers | Office statutory requirements in relation to oversight of entities and prescribed private sector organisations compliance with legislation and policy in the use of selected intrusive or coercive powers are met | <b>KPI 5</b><br>Percentage of statutory requirements met  | 100%   | 100%   |
| <b>Objective 3</b><br>Provide effective oversight of entities and prescribed private sector organisations compliance with legislation and policy in the use of selected intrusive or coercive powers | Inspecting and reporting on entity and private sector organisation compliance with accountability principles and policy requirements  | <b>KPI 6</b><br>Percentage of recommendations accepted by entities  | 80%    | 100%   |
| <b>Objective 4</b><br>Provide effective oversight and promotion of the administration of the Public Interest Disclosure scheme for the Commonwealth public sector                                    | Office statutory requirements in relation to Commonwealth PIDs are met  | <b>KPI 7</b><br>Percentage of statutory requirements met  | 100%   | 93.8%  |
|  |   | <b>KPI 8</b><br>Stakeholders participating in engagement activities are satisfied                               | 90%    | 96.8%  |
| <b>Objective 5</b><br>Provide quality and accessible private health insurance information  | Providing consumers with accurate and up-to-date private health insurance information   | <b>KPI 9</b><br>Reliable information is provided to consumers via the private health insurance consumer website | 80%    | 75.1%  |

## Financial performance

In 2015–16 the office recorded an operating deficit of \$0.079 million (excluding depreciation and amortisation). In 2014–15 the operating deficit was \$0.002 million.

The deficit was caused mainly by revenue of \$0.100m that was not provided by Fair Work Building and Construction for reviews of the exercise of powers under Division 3 (Examination Notices) under s 54A(3) of the *Fair Work (Building Industry) Act 2012*. If this revenue had been received, the office would have achieved a balanced operating result consistent with the 2015–16 Portfolio Budget Statements.

### Expenses

Total expenses increased from \$21.7 million in 2014–15 to \$24.4 million in 2015–16. The increase was mainly due to costs associated with the Private Health Insurance Ombudsman (PHIO) function, which was transferred to the office on 1 July 2015, and the work associated with the new data retention oversight function under the *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015*. Costs for the International Program also increased.

### Income

Appropriation revenue increased from \$18.4 million in 2014–15 to \$20.8 million in 2015–16, an increase of \$2.4 million. The \$2.4 million included \$1.8 million for the new data retention oversight function, and \$2.1 million for the PHIO function. These increases were offset by the \$0.5 million funding transfer for the tax complaints function to the Inspector-General of Taxation; \$0.7 million reduction from 2014–15 for profiling and restructuring and a further \$0.4 million reduction for efficiency dividends and other savings measures.

Sale of goods and rendering of services revenue stayed consistent, the majority of this income comes from the International Program funded by the Department of Foreign Affairs and Trade, and the work undertaken for the ACT Ombudsman which is funded by the ACT Government.

### Assets

Total assets increased by \$0.482 million, mainly comprising:

- asset purchases: \$0.864 million
- acquisition of assets through restructure: \$0.494 million
- an asset revaluation increment: \$0.121 million
- offset by depreciation and amortisation: \$0.894 million and a decrease in financial assets of \$0.074 million.

The \$0.864 million in new assets acquired by the office in 2015–16 was funded through the Departmental Capital Budget. It included the replacement of Information and Communications Technology (ICT) infrastructure, purchase of new software, refurbishment of offices and enhancements to existing ICT systems. The office also acquired \$0.494 million in assets through the transfer of the Private Health Insurance Ombudsman function. This included \$0.067 million in infrastructure and \$0.427 million in intangibles ([PrivateHealth.gov.au](http://PrivateHealth.gov.au) website).

### Liabilities

Total liabilities decreased by \$0.587 million, which was mainly due to decreased payables for salaries (\$1.184 million), offset by an increase in provisions of \$0.597 million. The increase in provisions was a result of the movement in employee provisions due to the lower bond rate (\$0.548 million) and a revision of the estimated costs for 'make good', for the office's property leases following a property revaluation (\$0.050 million).



**PART 4—  
WHAT WE DO**

# PART 4—WHAT WE DO

## Social Services agencies and programs

### Case study

Ms W complained that Centrelink had raised a debt of over \$1000 as a result of events 12 years earlier. The office investigated and established that there were three debts in total, the earliest of which was raised in 1997. The office established that Centrelink was legally entitled to recover the debts as it had taken action to recover them individually within six years of the date that it knew or ought to have known about each of them.

But while the office was satisfied that Ms W's debts were legally recoverable, the investigation discovered that the Department of Human Services's (DHS) internal procedures meant that action to recover one debt from a person had the effect of extending the time limit on all Centrelink debts the person owes.

After the office had discussed this with DHS and the Department of Social Services (DSS), both departments accepted the view that this procedure was unreasonable. Accordingly, they amended the procedure to make clear that action to recover a debt only extends the time limit for that particular debt.

This section of the report focuses on agencies that are responsible for government payments and services (such as DSS and the Department of Employment) and for the delivery of those services—in most cases, DHS.

It also discusses the office's oversight of programs specifically delivered to or for Indigenous people and people with disability, including the National Disability Insurance Scheme.

### Department of Human Services

In 2015–16, complaints about DHS represented 49.8 per cent of all Commonwealth Government department related complaints received. Most of these were about DHS's Centrelink program (40.6 per cent). DHS complaints also increased across a number of programs in the previous year, as shown in Figure 2.

**Figure 2:** Complaint trends in DHS programs

| DHS program        | Number of complaints in 2015–16 | Number of complaints in 2014–15 |
|--------------------|---------------------------------|---------------------------------|
| Centrelink         | 8702<br>38.6% increase          | 6280                            |
| Child Support      | 1452<br>1.1% decrease           | 1468                            |
| Other DHS programs | 508<br>38% increase             | 368                             |



The office investigated seven per cent of those complaints and referred 52 per cent back to DHS because they had not already been raised with that agency.

In cases where the person is vulnerable or requires help to make a complaint, the office follows a process known as a 'warm transfer'. This means the complaint is passed directly to DHS on the understanding that the complainant may come back to us if the complaint has not been resolved within five working days. In 2015–16 the office referred 1152 cases back to DHS in this way.

## DHS—Centrelink

Centrelink operates on a large scale: it provides services, including social security and family assistance payments, to millions of people in Australia and overseas, including to some of the most vulnerable members of our community. Efficiency initiatives, such as the diversion of resources to online rather than person-to-person channels and the phasing out of payments by cheque, can save money. But, as complaints to this office show, these benefits need to be carefully balanced against the potential for increased disadvantage to Centrelink's clients, some of whom have no access to the internet or mobile phones.

### Significant issues

#### Service delivery

The office continues to work with DHS, highlighting areas of concern and making recommendations both formally and informally in relation to individual cases and more strategic issues.

This year the office published a follow-up report on recommendations the office had made in 2014 about Centrelink's service delivery. The office found that phone and online services, complaint and review process and records management continue to be key points of frustration.

The report detailed problems with access to phone services and the challenge of contacting Centrelink to have actions explained or decisions reviewed. These have remained recurrent themes in 2015–16. The inability to access Centrelink in order to fix problems with online services or generally to make a complaint resulted in added frustration.

In its response to the updated report, DHS advised that its facility allowing customers to request a call back, 'Place In Queue' (PIQ) would receive additional capacity. However, the office then learned that the PIQ facility was deactivated in July 2015 and that DHS is considering whether it will be reinstated pending the rollout of its managed telecommunications service.

#### Debts

In 2015–16 the office continued to liaise with and make suggestions to DHS about improving customers' experience of Centrelink debts. Based on complaints the office has found that customers often:

- are unaware of a debt until contacted by a debt recovery agency
- are unable to talk to DHS by phone to find out why they have a debt, to make payment arrangements or to request a review of a debt decision
- face difficulties gathering evidence to verify or challenge decisions when very old debts are raised
- have been pursued for debts despite DHS agreeing there was a factual or system error affecting the debt and/or its calculation.

Encouragingly, in the last of these, DHS has advised that it will change its guidance to staff on their capacity to temporarily write-off debts in those situations.

Customers' experience of debt will continue to be a focus of our engagement with DHS.

## DHS—Child Support

DHS's Child Support program has a variety of functions in relation to the transfer of payments between separated parents or other carers of eligible children.

The Ombudsman has jurisdiction to investigate complaints about DHS's administration of child support cases.

The number of complaints received about Child Support has remained fairly stable (see Figure 2). Collection activities remain the main source of complaint.

The Ombudsman made an extensive submission to, and appeared before the House of Representatives Standing Committee on Social Policy and Legal Affairs' Inquiry into the Child Support Program. The Committee published its report *From Conflict to Co-operation* in July 2015. One area highlighted in that submission—and also in our *Annual Report 2014–15* and in our discussions with DHS, the DSS and the Australian Taxation Office (ATO)—has been the impact of corrected tax assessments on child support liability. Complainants have found that, while the ATO can quickly correct a wrongly inflated assessment of taxable income, DHS cannot. As a result, people have been pursued for child support 'arrear' based on incomes which were incorrectly reported due to errors (sometimes beyond their control) which have since been corrected. This situation can also affect recipients of Child Support: their rates of Family Tax Benefit are affected by Child Support received, or deemed to have been received. It appears that a legislative solution is required to address this anomaly. The office notes that the Standing Committee has recommended changes to the legislation, but that the Government is yet to respond to the Committee's report.

Most child support-related complaints arise from collection activities, with payers who experience financial difficulties complaining that the agency has not or cannot take their changed capacity into account. Payees complain that the agency does not actively collect their ongoing child support payments, cannot tell them what collection action it has taken and cannot give them information about the payer's actual financial circumstances so that they can form a view about what is reasonable.

## Department of Employment

During 2015–16 complaints about the Department of Employment increased by 45.1 per cent from 344 complaints in 2014–15 to 499 complaints in 2015–16. This followed a 53.1 per cent increase in 2014–15 from 224 complaints in 2013–14.

### Significant issues

Complaints about the department are overwhelmingly about job services providers. Common complaints include the standard of

services, complaint-handling outcomes and dissatisfaction with expected job search and training activities.

### Jobactive rollout

Since July 2015 job services providers have been able to recommend that DHS reduce an income support payment as a form of penalty where the jobseeker has failed to attend an appointment.

The office received many complaints from people who had their payment suspended for failing to attend an interview, who have been referred to Centrelink or, not knowing the reason for their reduced pay and how to resolve it, have been unable to call Centrelink for an explanation. Coupled with the difficulty of accessing Centrelink phone lines, some have experienced significant delays in having their payments restored.

### Referrals under the Jobactive Deed

A long-standing and frequent source of complaint is that employment providers do not send jobseekers to activities or Work for the Dole placements relevant to their previous experience or skills, but focus on low skill positions and entry level activities (for example cleaning jobs and resume-writing courses).

The Jobactive Deed, which sets out the arrangements between the department and the provider, provides no effective way for the department to direct that efforts be more targeted and focused on the participants' prior experience. The Deed simply requires that the provider must use its 'best endeavours' to place a jobseeker in a 'suitable' activity, job or placement. The Jobactive Deed is in place until 2020.

The office continues to see and investigate complaints where it appears that there are manifestly unreasonable referrals, for example where a person with an established physical injury is referred to a labouring position.

## Department of Social Services

In March 2016 the Ombudsman published a report on Income Maintenance Periods (IMPs) and Special Benefit. These are administered by DHS according to instructions provided by DSS.

When someone receives an employment termination payment (for example, redundancy pay) he or she may have to serve an IMP during which time he or she cannot receive certain Centrelink payments for the period that the termination payment represents.

In 2014–15, 54 160 IMPs were applied. Complaints showed that it was not unusual for people to become aware of these non-payment periods only after they had spent their termination payment and were in financial difficulty.

DHS has discretion under social security law to reduce the length of IMPs in certain circumstances. It can also pay 'Special Benefit', a payment designed for people who are in financial hardship and who, for reasons beyond their control, are unable to earn a sufficient livelihood for themselves and their dependants.

The office found that DSS's instructions, which detail the rules under which Special Benefit may be paid to people serving an IMP, were too narrow to allow DHS to exercise fully its discretion under the legislation.

DSS's and DHS's responses to the Ombudsman's recommendations were positive and encouraging. DSS agreed to amend its *Guide to Social Security Law* and DHS its *Operational Blueprint*, so staff would be aware that they could take the particular circumstances of an individual into account when considering their discretion to shorten the non-payment period and/or to pay Special Benefit. DSS also agreed to continue to review the *Guide to Social Security Law* to ensure clarity around the IMP rules and how they work. DHS agreed to tell people about Special Benefit and the circumstances in which they might be eligible to receive it.

## National Disability Insurance Agency

The National Disability Insurance Agency (NDIA) is responsible for administering the National Disability Insurance Scheme (NDIS), a government scheme that funds support for people with permanent and significant disability to help them take part in everyday activities.

The NDIS was established in a number of trial sites around Australia from July 2013. From 1 July 2016 the scheme will be fully

rolled out in stages over three years. The arrangements for accessing the services of the NDIS vary depending on the state or territory in which participants live.

The Ombudsman has jurisdiction to investigate the administrative actions of the NDIA. During 2015–16 the office received 62 complaints about the agency. While this represents many more than the 25 complaints received during 2014–15, the increase is not unexpected given the increase in the number of people entering the scheme over the past year.

Common issues in complaints included:

- delays in scheduling a planning meeting
- dissatisfaction with an assigned planner
- confusion or unhappiness regarding the planning process
- conflicting or inadequate information about the scheme
- delays in paying for goods and services delivered
- confusion or dissatisfaction with the NDIA's internal review and complaint-handling arrangements.

During 2015–16 the office worked closely with the NDIA to provide feedback on issues arising from complaints, and will continue to do so as the national rollout of the scheme commences from 1 July 2016.

### Major activities

#### *Trial site consultations*

Over the past year the office visited the Hunter (NSW), Barwon (Vic), South Australian and Tasmanian trial sites to meet with local NDIA staff, peak bodies, advocates and participants. These visits have the dual purpose of deepening our understanding of people's experience of the NDIS, and of building community awareness of our role in handling complaints. The office expects to visit the Perth Hills, Barkly (NT) and North Queensland regions during 2016–17 to conduct similar consultations.

The office has also given presentations at a number of public forums, in conjunction with state and territory disability organisations, about our respective roles in handling complaints about the NDIS.

### Submissions

In 2015–16 the office made submissions to:

- the Department of Social Services' review of the National Disability Advocacy Framework (July 2015)
- the Senate Education and Employment Standing Committee's inquiry into 'current levels of access and attainment for students with disability in the school system, and the impact on students and families associated with inadequate levels of support' (August 2015)
- the Senate Community Affairs Reference Committee's inquiry into 'violence, abuse and neglect of people with disability in institutional and residential settings, including the gender and age related dimensions, and the particular situation of Aboriginal and Torres Strait Islander people with disability, and culturally and linguistically diverse people with disability' (September 2015)
- the statutory review of the *National Disability Insurance Scheme Act 2013* (October 2015)
- the Department of Social Services' review of the National Disability Advocacy Program (June 2016).

These submissions are available online on the respective reviewing bodies' website.

### Broader disability oversight

In addition to handling complaints about the NDIA, the Ombudsman also has a role in ensuring that Commonwealth government agencies deliver services, including complaint services, in ways that take account of the different needs of its users.

In 2015–16 the office held discussions with government agencies, oversight bodies and community organisations about providing services for people with disabilities.

### Commonwealth Ombudsman's Disability Complaint-Handling Forum

In May 2016 the Ombudsman's office convened its first Disability Complaint-Handling Forum. This brought together representatives of

Australian, state and territory government agencies, oversight agencies and peak disability bodies to discuss how best to encourage, receive and handle complaints from people with disability.

In 2016–17, the office will coordinate a number of working groups for government and non-government agencies to foster continued learning and collaboration in this area.

### Indigenous

#### Major Activities

##### Community Development Program (CDP)

The CDP is an employment program which operates in 60 regions in remote Australia. More than 80 per cent of CDP participants are Aboriginal and Torres Strait Islander Australians.

Since the CDP commenced in July 2015 our office has observed a significant increase in the number of compliance penalties being applied to Indigenous Australians in remote communities. The office will continue to monitor and investigate the program's administration through complaints and feedback received from our stakeholders and members of the public.

In December 2015 the government introduced the *Social Security Legislation Amendment (Community Development Program) Bill 2015* (the CDP Bill) which included measures for job seekers to receive their payments directly from a CDP provider, rather than through Centrelink. Providers would also have the power to apply financial penalties if job seekers did not comply with their mutual obligations.

Our office made a submission in response to the Department of Prime Minister and Cabinet's consultation paper outlining the proposed changes and the development of the legislative instruments supporting the Bill.

Our submission focused on the lessons learned from our oversight of the CDP and its predecessor programs and our concerns about the proposed compliance framework. The office was concerned about CDP providers being able to apply mandatory penalties based on hourly non-attendance; about providers having the power to determine reasonable excuses and exemptions and to undertake

compliance reviews; and the creation of a new internal review framework separate to the DHS internal review framework.

The office suggested a number of measures to ensure that the proposed compliance framework contains adequate safeguards for job seekers.

### **Administration of Income Management for ‘Vulnerable Youth’**

In February 2016 the Ombudsman published a report on the Administration of Income Management for ‘Vulnerable Youth’. DSS is the agency responsible for the Income Management (IM) legislation and associated policies, and DHS administers it through Centrelink.

IM is designed for people receiving income support payments who are considered to be at a higher risk of social isolation and disengagement, to have poor financial literacy and to be participating in risky behaviour. Under the current vulnerable youth measure, IM is automatically applied to people who live in an IM declared area and are classed as ‘vulnerable youth’ by virtue of their age and their qualification for a particular Centrelink payment. This can include children aged under 16 years who receive Special Benefit; people aged 16 years and over who have been granted the Unreasonable to Live at Home (UTLAH) payment; and people under the age of 25 who receive a Crisis Payment due to prison release.

In the report, areas of concern included:

- failures of the automated decision-making process
- failures by Authorised Review Officers to consider all the mandatory legislative criteria
- the lack of any process to allow DHS to give effect to the legislative power to revoke a determination and exit a person from IM when that person was otherwise eligible
- decision letters that did not provide adequate reasons for decisions and a failure to inform people of their rights.

The Ombudsman made ten recommendations to DSS and DHS. The departments responded positively to around half of those recommendations and have taken steps

towards improving some processes and policies. The office will continue to work closely with them to monitor the implementation of the recommendations.

### **Engagement**

This year, the office continued to engage with community and government stakeholders.

A number of Indigenous roundtable discussions were held in Adelaide, Canberra, Melbourne and Perth. These offered community stakeholders an opportunity to identify key issues and problems affecting Aboriginal and Torres Strait Islander people.

During the year the office also travelled to Alice Springs, Katherine, Darwin, Shepparton, Murray Bridge, Tamworth, Armidale and the Sunshine Coast to meet with government and community stakeholders.

In June 2016 the office hosted an Indigenous Interpreter Service Forum, in partnership with the Northern Territory (NT) Ombudsman. This was an opportunity for people to share their views on the accessibility and use of Indigenous language interpreters by Government agencies. These views will inform the own motion investigations being conducted by the NT Ombudsman and this office into the use and accessibility of Indigenous language interpreters.

### **Improving Indigenous complaint-handling**

Creative approaches can be useful in making government complaint systems more accessible and meaningful for Aboriginal and Torres Strait Islander people. The office wants to resolve individual issues and to ensure that complaints and feedback lead to systemic improvements.

Indigenous complaint-handling forums were conducted in Canberra and Darwin. Indigenous leaders, community organisations, government agencies and oversight bodies discussed accessibility issues. As a result of these forums, the office has started four key projects.

#### ***Commonwealth Government Community of Practice – Indigenous complaint-handling***

The Community of Practice is a forum for Commonwealth Government agency representatives to share contacts, information, ideas and resources with a view to improving

Indigenous complaint-handling within and across government. Eventually, the office hopes to use this forum to develop and implement some agreed best practice Indigenous complaint and feedback principles.

#### *Right to Complain Strategy*

The office has established a working group made up of government and non-government stakeholders focused on improving the uptake rate and use of government complaint and feedback mechanisms by Indigenous people and communities.

The group aims to develop a communication strategy promoting people's right to complain and/or raise issues or concerns, targeting Indigenous people and communities and encouraging the view that complaints and feedback are important and can make a difference to the individual and more broadly.

#### *Australian and New Zealand Ombudsman Association (ANZOA) Interest Group*

The office is leading an ANZOA interest group made up of participants from Australian and New Zealand government and industry ombudsmen.

Meeting regularly, the group will focus on sharing information, contacts and resources, as well as supporting a more coordinated approach to Indigenous outreach and engagement between member organisations. It aims to establish a coordinated approach to encourage the agencies and organisations the office oversees to make their complaint processes more accessible and effective for Indigenous people.

#### *Information Sharing Portal*

The office developed an online platform using Govdex to facilitate the sharing of ideas, contacts, tools, strategies, resources and information to support and improve Indigenous complaint-handling.

The portal is available for use by community groups, government agencies oversight bodies and other interested parties, and will support the work of the various working groups, interest groups and communities of practice focused on improving Indigenous complaint-handling.

## POSTAL INDUSTRY OMBUDSMAN

### Case Study

Sam has a Post Office (PO) Box at his local post office. After receiving no mail for over a month, he received a few letters and a collection card. When he took the card into the Post Office, he received a bundle of undelivered mail. Post Office staff said that the mail had been bundled as it had not been collected and because the PO Box was too full.

Sam asked Australia Post for an explanation. He was not satisfied with the response, so he complained to the office.

As a result of the office's investigation, Australia Post agreed to consider the actions taken by the Post Office staff and review its procedures for dealing with uncollected mail. Australia Post also provided a written explanation and apology and refunded the service fee as a gesture of goodwill.

### Overview

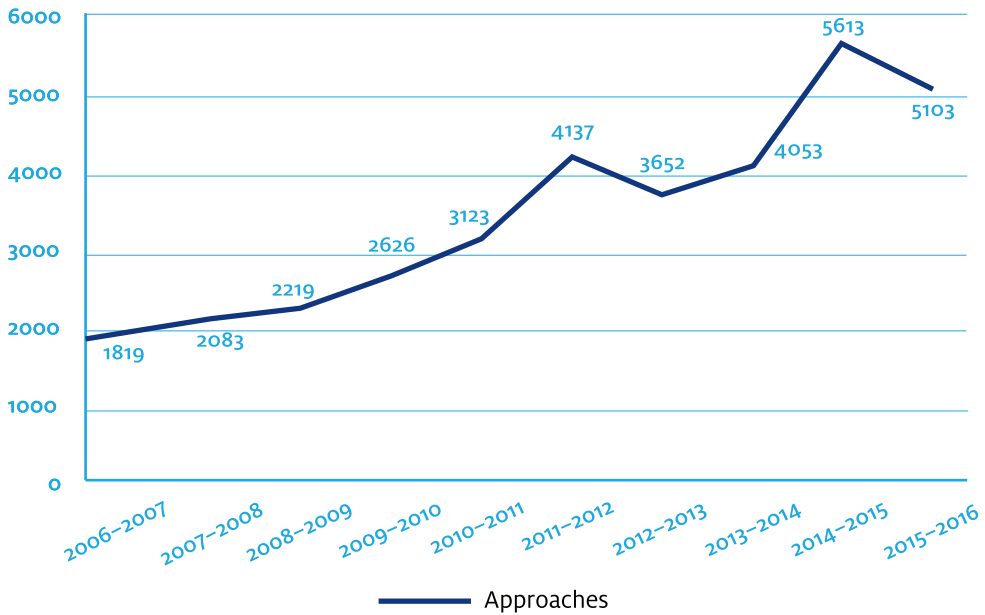
The Ombudsman is also the Postal Industry Ombudsman (PIO). The PIO role was established in 2006 to provide an industry Ombudsman service for postal operators and their customers.

Australia Post is a mandatory member of the scheme, while Private Postal Operations (PPOs) can register voluntarily. As at 30 June 2016, there were six PPOs on the register.

The PIO can investigate complaints about postal or similar services provided by Australia Post and PPOs. The Ombudsman can also investigate complaints about administrative actions and decisions taken by Australia Post. Most commonly, people complain to the PIO about lost letters or parcels, delivery issues (including the failure to attempt delivery of parcels and incorrect safe drop procedures), and delay in the arrival of postal items.

### Statistics

In 2015–16, the office received 5113 in-jurisdiction complaints, a nine per cent decrease on the previous financial year. In general, the number of complaints has grown steadily since the PIO was established.

**Figure 3:** All approaches for Australia Post (Commonwealth and Postal Industry Ombudsman)

Most complaints were about Australia Post (5103). Only ten complaints concerned Private Postal Operators.

The office did not investigate all complaints received. The main reasons for declining were that:

- the complaint was outside the office's jurisdiction (for example, it was about employment or not concerning a postal or similar service matter)
- the complainant could not show that he or she had made a reasonable attempt to resolve the issue with Australia Post or the PPO, or
- it was assessed that no better practical outcome was likely.

In 2015-16 the office finalised 168 investigations, 141 of them were under the PIO jurisdiction and 27 under the Commonwealth Ombudsman jurisdiction.

### Second-chance transfers—Australia Post

The office has an arrangement with Australia Post where complaints can be referred to them. These are usually uncomplicated matters or those the office thinks Australia Post should be able to offer a satisfactory outcome.

Most transferred complaints were successfully resolved by Australia Post. However, complainants can return to our office if they are dissatisfied with Australia Post's response.

In 2015-16 the office transferred 1221 complaints to Australia Post for reconsideration. Around 12 per cent (152) of these complainants returned to our office. The office investigated a small proportion of these, but were generally satisfied with Australia Post's response and no investigation was warranted.

## Fees

The PIO seeks to recover its costs from the industry by charging investigation fees. Fees are calculated and applied after each financial year and returned to Consolidated Revenue. Figures for 2015-16 will be available in next year's annual report.

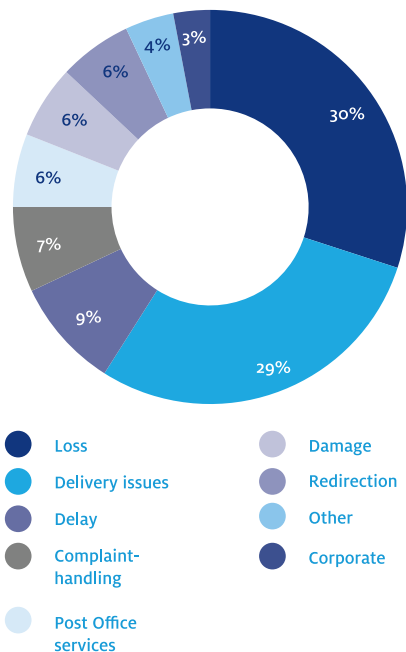
The fees received for 2014-15 were \$551 690 for Australia Post and \$2933 for FedEx, totalling \$554 623.

The cost recovery arrangements in place for the PIO function do not adequately reflect the true cost to the office of providing the service. The office will work with government and industry stakeholders in 2016-17 to review its cost recovery payment structure.

## Significant issues in the reporting period

Complaints about loss, delivery, and delay are the three most common issues concerning Australia Post.

**Figure 4: Complaint Issues received by Postal Industry Ombudsman in 2015-16**



### 1. Loss

The most common complaints received by the PIO relate to lost letters or parcels. In these cases, the dispute typically arises because Australia Post believes it has correctly delivered an article, but the addressee claims it has not been received.

### 2. Delivery

Delivery issues are mainly about failure to attempt delivery of parcels, incorrect safe drop procedures and failure to obtain a signature on delivery when required to do so.

### 3. Delay

Complainants often complain to the PIO about delayed delivery of a letter or a parcel. Post items may be delayed due to routing errors or incorrectly addressed envelopes.

## Issues from 2014-15

In our last annual report the office identified some issues relating to newly-introduced services and the Government's reform agenda:

### 1. Australia Post—MyCustomer

Australia Post introduced its new enquiries management system, 'MyCustomer', in late 2014. It experienced some early technical problems, which resulted in a backlog of complaints and some delays. This in turn led to a rise in complaints to the PIO. Australia Post resolved the technical issues and the office considered this to be finalised.

### 2. Australia Post—ShopMate

In October 2014, Australia Post launched its ShopMate service for customers who want to purchase goods from sellers in the US who do not offer shipping to Australia. PIO received a significant number of complaints relating to the dimensions of articles and whether they exceeded ShopMate's size limits. Other complaints related to a lack of clarity regarding pricing calculations, and delivery problems that occurred



before arrival at Australia Post's warehouse.

In response to PIO recommendations, Australia Post has improved the information available to consumers concerning packaging dimensions, size limits and costings. While the office continues to receive ShopMate complaints, these are mostly about delay, loss or delivery, rather than the more systemic issues of the previous financial year.

Of the 80 complaints received in 2015–16, around eight per cent required further investigation, with an appropriate remedy provided in each case.

### 3. Reform of Australia Post

In March 2015, the Federal Government approved Australia Post's request for regulatory reform of its letters service including an increase in the basic postal rate and the introduction of a regular and priority letter delivery service. The introduction of a Regular and Priority letter delivery service for consumers and an increase in the Basic Postage Rate from 70 cents to \$1 came into effect on 4 January 2016.

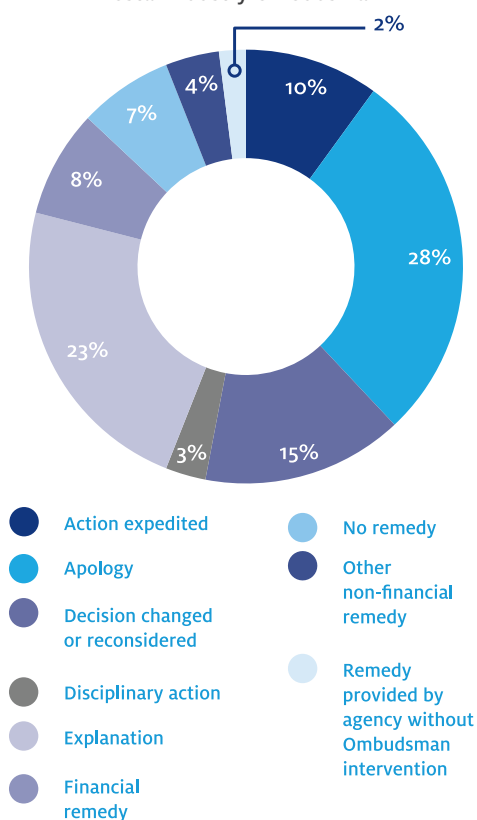
The Australian Competition and Consumer Commission (ACCC) has responsibility under the *Competition and Consumer Act 2010* to oversee the prices of Australia Post's notified letter services. On 9 December 2015, ACCC released its decision to not object to Australia Post's price notification.

The office received a small number of complaints concerning the increase in the cost of the basic postal rate and the introduction of the two-speed mail service. However as the pricing decision had been reviewed by the ACCC and the two-speed mail service was supported by Government, the office did not investigate these complaints.

## Major outcomes—remedies

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

**Figure 5: Remedies to complaints received by Postal Industry Ombudsman**



As outlined in Figure 5, a number of the office's investigations have resulted in better outcomes for complainants. These include expedited action, comprehensive searches for lost items, apologies, compensation payments, postage refunds, staff being counselled or disciplined, and the provision of better explanations by the PPO or the office.

## Additional reporting on the PIO function as required under s 19X of the Ombudsman Act

- Details of the circumstances and number of occasions where the Postal Industry Ombudsman has made a requirement of a person under s 9

The Postal Industry Ombudsman made no requirements under section 9 during 2014–15.

- Details of the circumstances and number of occasions where the holder of the office of the Postal Industry Ombudsman has decided under subsection 19N (3) to deal with, or to continue to deal with, a complaint or part of a complaint in his or her capacity as the holder of the Office of the Commonwealth Ombudsman:

There were no occasions where a complaint—or part of a complaint—was transferred from the Postal Industry Ombudsman to the Commonwealth Ombudsman under subsection 19N (3).

- Details of recommendations made in reports during the year under section 19V; and statistical information about actions taking during that year as a result of such information:

The Postal Industry Ombudsman made no reports during the year under section 19V.

## IMMIGRATION OMBUDSMAN

### Overview

The Immigration Ombudsman investigates complaints about immigration detention and general immigration matters, including Customs, and also monitors the department's compliance activities. The office's statutory reporting function, for people who have been detained for more than two years, is a major part of this oversight function, as is the office's program of regular inspections of immigration detention facilities.

## Complaints

In 2015–16 the office received 2341 complaints about the department, compared with 1913 in 2014–15, an increase of 22 per cent. Of these, the office investigated 496 (21 per cent).

The reasons the office declined to investigate included:

- the matter was out of jurisdiction (for instance it might relate to the actions of a minister)
- the complainant had not approached the agency first (the office gives the agency the opportunity to rectify the matter first)
- matter complained of was more than 12 months old
- there was no prospect of getting a remedy for the complainant.

Common themes for detention complaints are similar to those in previous years: loss or damage to detainees' property, placement within the detention network and medical issues such as access to specialist care, appropriate treatment for injuries and illness, and delays in the processing of claims for asylum.

General immigration complaints showed a large increase regarding delays in granting citizenship. The office sought a briefing on this issue and was advised that the department is taking actions to minimise the delay for people applying for citizenship, taking into account the need to ensure that appropriate attention is given to identity and security matters. The office is maintaining a watching brief on these delays.

Delays in processing visa applications, as well as dissatisfaction with visa decisions, remain a common cause for complaints.

### Investigations

In 2015–16 the office finalised an own motion investigation into the operation of the Tourist Refund Scheme (TRS).

The office investigated a number of complaints about the operation of the TRS, in particular the '30 minute rule'. This rule, imposed by the department, requires departing passengers

who wish to claim a refund of the Goods and Services Tax (GST) on goods purchased before departing Australia, to present themselves at the airport's TRS counter at least 30 minutes prior to their flight's scheduled departure time.

The stated purpose of the rule is to ensure people claiming a refund allow sufficient time to do so, so that flight departures are not delayed.

The department has acknowledged that the 30 minute rule is not supported by legislation and says it is considering how changes to the processes at the TRS facilities can be implemented.

The Ombudsman made two recommendations:

- that, as an interim measure, the department should take all reasonable steps to ensure that travellers who wish to claim a TRS refund are able to do so in a way that is consistent with the law.
- that the department considers the permanent use of the drop box facility at TRS facilities at all international points of departure, and takes all necessary steps to ensure the appropriate regulations are in place to give effect to this arrangement.

The department accepted the recommendations and the office will monitor the implementation of these changes in 2016–17.

## Liaison and stakeholder engagement

The office continues to meet regularly with the department to discuss systemic issues and matters of interest to both agencies. The office also received briefings from the department where detailed information was requested on a specific issue.

The office continued a program of community roundtable meetings as well as liaison with advocacy groups such as the Refugee Council of Australia.

The office also hosts quarterly meetings with the heads of the Australian Human Rights Commission, the United Nations High Commissioner for Refugees, the Australian Red Cross and Foundation House.

## Compliance monitoring

In 2015–16 the office continued its ongoing own motion investigation into the department's (now the Australian Border Force—ABF) compliance activities involving locating, detaining and removing unlawful non-citizens. The investigation provides the government and the public with assurance that the ABF's processes are lawful and in accordance with good practice.

This is important as a departmental delegate may approve warrants allowing immigration officers to enter and search premises under s 251 of the *Migration Act 1958*. The office presented sessions to compliance staff on the functions of the Ombudsman's office and observed field compliance operations in the following locations:

- Griffith—August 2015
- Melbourne—November 2015
- Adelaide—June 2015
- Perth—June 2015.

The office observed that the ABF officers in the field act in a professional manner, and the office did not identify any areas of significant or systemic concern. However, some areas for improvement were identified. The office recommended that the ABF:

- ensures that when detaining a person, departmental officers secure and tag the detainee's valuables in bags and provide a receipt to the detainee
- affords detainees a reasonable opportunity to secure and dispose of their assets before their removal, where practical
- examines options to allow the ABF to seize identity documents not belonging to household members

- adopts guidelines for the amount of time a person may be questioned without breaks
- facilitates the claiming of superannuation by persons being removed, by providing the appropriate form as a standard part of the removal process

In December 2015 the department advised that a number of reviews were underway that covered most of these recommendations.

### People detained and later released as ‘not-unlawful’

The department provides the office with six-monthly reports on people who were detained but later released with the system descriptor ‘not-unlawful’. This descriptor is used when a detained person is found to be holding a valid visa, usually because of case law affecting his or her particular circumstance or because of notification issues surrounding visa cancellation decisions.

For the calendar year 2015, the department reported that out of a total of 7563 people detained, 22 (0.29 per cent) were later released as not-unlawful, compared to 29 (0.83 per cent) out of 3486 persons detained during 2014. The office is satisfied that detention in these cases was not the result of systemic issues or maladministration.

However, the average time people have spent in detention prior to errors being identified, and their subsequent release as ‘not-unlawful’, has increased from an average of five to six days in 2014 to an average of 12 days during the first half of 2015. For the latter half of 2015, this average increased to 65 days. It is understood that this increase is the result of significant delays in identifying lawfulness in five individual cases.

## Immigration detention reviews

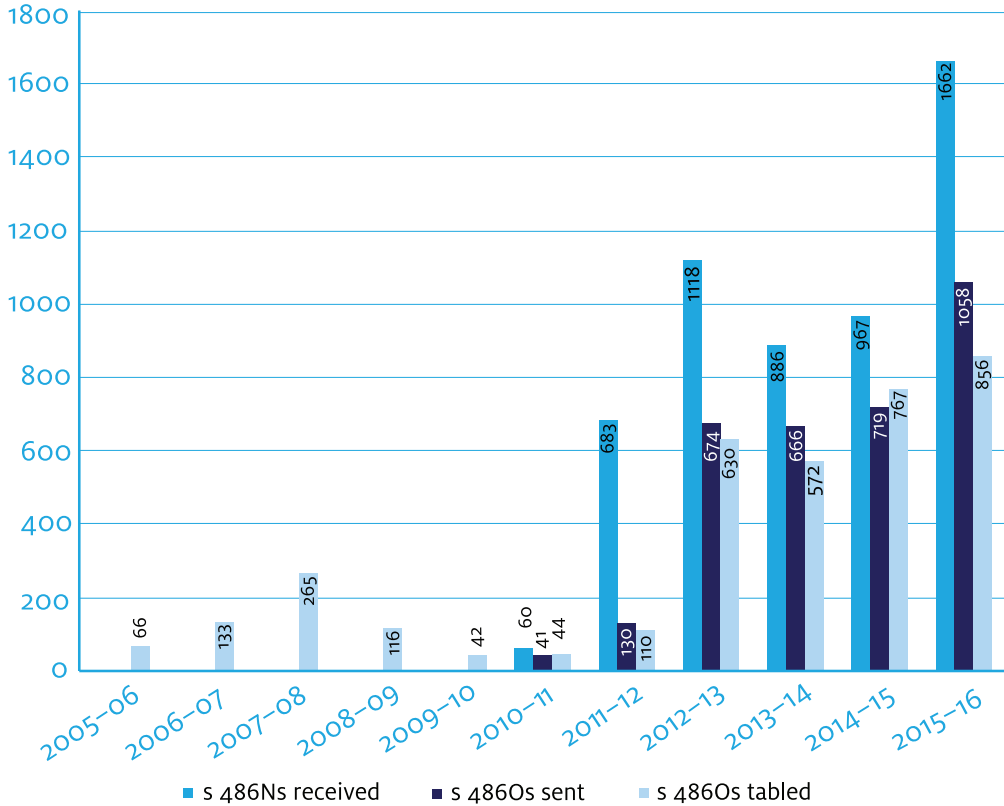
### Statutory reporting (two-year review reports)

When a person has been in immigration detention for two years, and then after every six months, the Secretary of the department must give the Ombudsman a review, under s 486N of the *Migration Act 1958*, relating to the circumstances of the person’s detention.

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

In 2015–16 the number of people subject to reporting under s 486O was at its highest point since the oversight function commenced in 2005. Although there was an increase in the number of people released from detention, the number of cases no longer subject to reporting was matched by new cases, including people detained after their visas had expired or were cancelled due to character concerns. The number of reportable cases therefore remained steady, although it is expected to decline in the next financial year.

The office conducts interviews, primarily by telephone, with people in long-term detention. This highlights individual and emerging systemic issues experienced by people in community detention and in detention facilities.

**Figure 6:** Number of reports received and tabled by Immigration Ombudsman

In 2015-16 the Ombudsman made a total of 490 recommendations, compared with 172 the previous year. Of these recommendations, 154 remained open at the time of tabling.

Issues raised in the two-year reports include:

- the continued detention (in some cases over six years) of people who have been found to be owed protection, but have received an adverse security assessment
- people who have been found not to be owed protection, but who are unwilling to return to their home country voluntarily and cannot be returned involuntarily
- placement considerations for individuals to be closer to family support
- incomplete or inaccurate health records which may have adversely affected treatment of detainees
- concerns arising from the mix of the detainee population at certain centres
- delay in status resolution for certain groups of transitory persons who were returned to Australia from a regional processing centre
- continued detention of individuals with vulnerabilities and/or significant mental health concerns.

## Detention Inspections

The Ombudsman oversees immigration detention and has done so since 2005.

During 2015–16 our detention inspections team visited the immigration detention facilities listed in Table 3 below.

**Table 3: Visits to immigration detention facilities during 2015–16**

| Immigration Detention Facility                | Location            | Timing                   |
|---|---------------------|--------------------------|
| Brisbane Immigration Transit Accommodation    | Brisbane QLD        | Aug–Sep 2015<br>Feb 2016 |
| Manus Island Regional Processing Centre       | Papua New Guinea    | Oct 2015<br>May 2016     |
| Maribyrnong Immigration Detention Centre      | Melbourne VIC       | Nov 2015<br>Jun 2016     |
| Melbourne Immigration Transit Accommodation   | Melbourne VIC       | Nov 2015<br>Jun 2016     |
| Nauru Regional Processing Centre              | Nauru               | Sep 2015<br>Feb 2016     |
| North West Point Immigration Detention Centre | Christmas Island WA | Nov 2015<br>Jan 2016     |
| Perth Immigration Detention Centre            | Perth WA            | Jan 2016                 |
| Perth Immigration Residential Housing         | Perth WA            | Jan 2016                 |
| Sydney Immigration Residential Housing        | Sydney NSW          | Dec 2015<br>Jun 2016     |
| Villawood Immigration Detention Centre        | Sydney NSW          | Dec 2015<br>Jun 2016     |
| Wickham Point Immigration Detention Facility  | Darwin NT           | Aug 2015<br>May 2016     |
| Yongah Hill Immigration Detention Centre      | Northam WA          | Aug 2015<br>Apr 2016     |

The inspection function is undertaken under the Ombudsman's own motion powers<sup>1</sup>, and in accordance with our jurisdiction to consider the actions of agencies and their subcontractors. Each visit generates a report recording the observations made and makes suggestions. As at 30 June 2016 the office submitted 15 reports to the department. The office is awaiting the department's response to eight of them. Despite the delay in responding to the reports, the level of cooperation experienced within

the Australian immigration detention facilities is generally high. This is because Detention Service Providers<sup>2</sup> and on-site departmental officers are aware of the office's role and the legislative framework it works within.

1 Ombudsman Act 1976 section 5(1)(b)

2 'Detention Service Providers' are defined by contract as providing services to the onshore immigration detention network currently Serco-Asia Pacific Pty Ltd, while 'service provider' is aligned to offshore or regional processing, currently Broadpectrum. International Health and Medical Services (IHMS) provides medical services across the entire network.

## Information sharing

Limitations on information sharing between relevant stakeholders continued to be a substantive issue for the management of the Regional Processing Centres.

The office was advised in November 2015 by senior ABF officers that this had been rectified, but the office's observations and discussions in February 2016 indicated otherwise.

The office's subsequent visit to a Regional Processing Centre in May 2016 indicated that steps to address this shortfall had now been implemented, albeit with some residual issues.

## Placement of detainees within the network

The Commonwealth, through the ABF and its respective facility Superintendents, is required to exercise a duty of care to all detainees<sup>3</sup>. This means that decisions regarding detainee placements within the facility and the broader network cannot be made in isolation.

The office acknowledges that the ABF is required to manage the operational and logistical pressures on the network and that this means that some detainees will be placed in more remote and isolated locations such as Christmas Island.

The office is concerned that most operational decisions do not take account of key supporting information from status resolution or service provider staff, and are made based upon generic risk profiling. It appears that when a person is placed in a particular facility, little consideration is given to family connections, legal cases and medical treatment.

During this period, the office has noted an increase in the level of non-compliant behaviour by detainees. This may in part be attributed to the increasing pressure on them because their families are prevented from visiting due to distance or cost.

The office considers that where the department restricts a detainee to a facility or transfers detainees between facilities, this should be done with consideration to individual circumstances and not be based solely on the detainee's ethnicity, criminal history, age or other generic factors. The office notes the introduction of the National Detention Placement Model in the later part of this reporting period and acknowledge that this has the potential to address our key concerns. The office will continue to monitor the effectiveness of this placement model.

## Risk assessments and use of mechanical restraints

In May 2015, before the establishment of the ABF, a directive was issued concerning the manner in which detainees are transferred. In summary, this removed individual assessments of risk and substituted a generic risk profile based on cohort and immigration status. Although this directive has been recently rescinded, it is the case that for a significant part of this reporting period, the decision to transport detainees while using mechanical restraints was based solely on generic risk profiling.

Where the department decides to restrain a detainee for transportation or other reasons, this must be exercised with consideration to individual circumstances and not be solely based on the detainee's ethnicity, criminal history, age or other generic influence. Service providers have revised the security risk assessment tool so that in future, decisions to restrain an individual will be based on individual circumstances.

It remains that ABF must ensure that force is not applied in a punitive manner and can be fully supported by the individual's circumstances rather than a generic group profiling.

## Continuum of Force

The use of restraints and force when dealing with detainees has increased. Under some circumstances the use of force is both necessary and appropriate to protect the individual or others. However when the office has examined the incident reports involving unplanned use of force, there has been little or no evidence of de-escalation techniques having been applied. The Continuum of Force

<sup>3</sup> *Behrooz v Secretary of the Department of Immigration and Multicultural and Indigenous Affairs* [2004] HCA 36; 219 CLR 486; 208 ALR 271; 78 ALJR 1056 (6 August 2004) Gleeson CJ at para [21].

commences with verbal de-escalation and escalates through a number of phases to the ultimate use of deadly force. It is apparent that service provider staff members, in particular, consider the application of physical force to address non-compliant behaviour as the start-point rather than the mid-point of the continuum.

### Internal complaint-handling

One of the primary focuses for this inspection cycle was the management of internal complaints by both the ABF and its service providers. Good complaint management<sup>4</sup> requires a systemic approach that is timely, appropriate and responsive.

Overall the standard of complaint management was reasonable, although there was considerable variation between the various facilities.

The office is concerned that complaint resolution and recording practices are inconsistently applied by the ABF and their service providers for all complaints that are resolved locally. Furthermore it would appear that there is considerable variation in the management of complaints from individual officers within the various facilities.

While the office understands that there is an overarching complaint policy, it would appear that it is not well understood or applied across the detention network. An alignment of the processes and procedures across the network to reflect good complaint-handling practices and in particular the provision of detailed responses to complaints that address the issues, would lead to consistent and effective administrative practices.

### Access to mobile telephones

Since 2010 the office has raised the issue of the inequity within the department's policy relating to the possession of mobile telephones by detainees. Irregular Maritime Arrivals (IMAs) are the only detainee category not permitted to have mobile telephones in their possession. While the office has been repeatedly assured that this inequity is being addressed, the office is yet to see any substantive evidence to support this.

4 <http://www.ombudsman.gov.au/docs/better-practice-guides/onlineBetterPracticeGuide.pdf>

### Impact of duration of detention/processing on mental health and welfare

Management of the welfare and engagement function has been applied with varying degrees of success across the network and regional processing centres. Welfare and engagement is pivotal to the good order, security and wellbeing of detainees within the network and those held in the Regional Processing Centres. As the office has previously stated, the positive engagement of detainees in an enclosed and restrictive environment is directly related to the management of their ongoing physical and mental health<sup>5</sup>.

It appears from our engagement with the mental health teams, welfare teams and the detainee/asylum seeker/refugee population that the mental health of people who have been detained for extended periods has deteriorated further. This is particularly notable among refugees and asylum seekers and those detainees who have had their visas cancelled on character grounds.

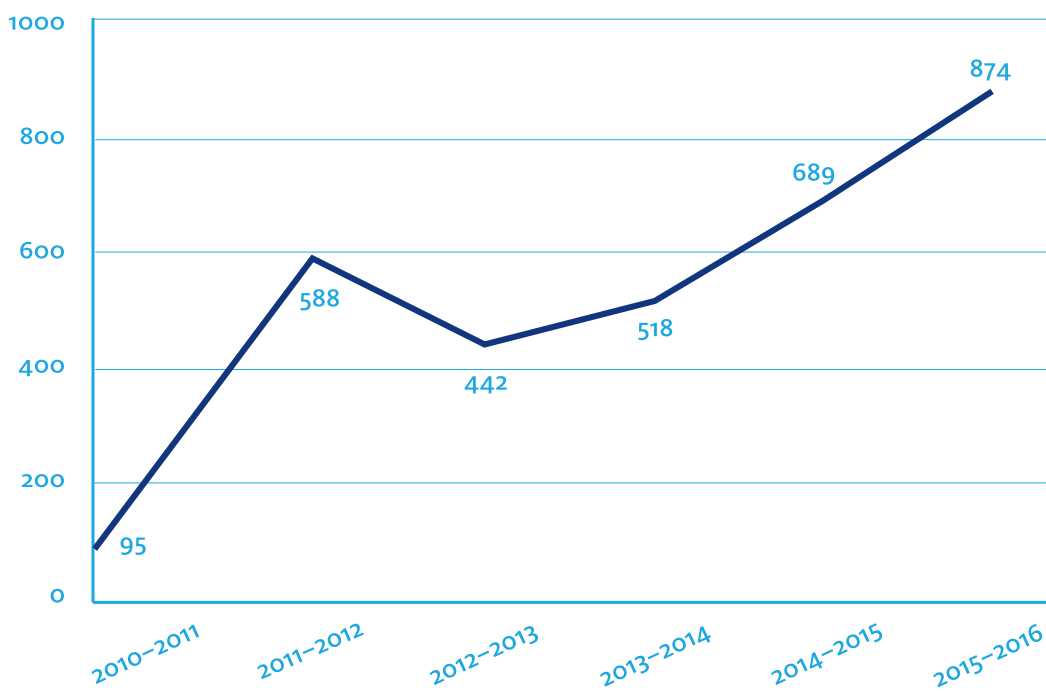
## OVERSEAS STUDENTS OMBUDSMAN

The Overseas Students Ombudsman (OSO) investigates complaints and appeals from intending, current and former international students about private colleges, universities and schools.

In 2015–16, the OSO received 874 complaints and appeals, 27 per cent more than in 2014–15 and 69 per cent more than in 2013–14. This represents a correlation between the considerable and sustained growth in the international student sector and the number of complaints received.

5 Commonwealth Ombudsman report No: 02/2013, Suicide and Self-harm in the Immigration Detention Network, May 2013, pp.51 - 52



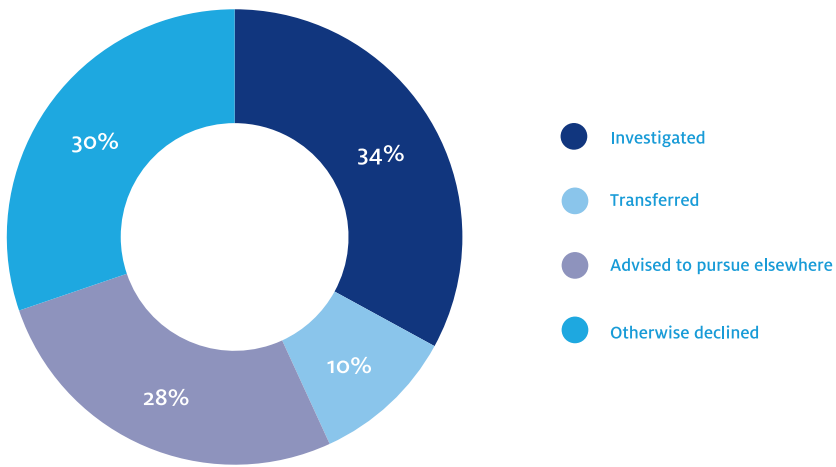
**Figure 7:** Overseas Students Ombudsman complaints received by year

In 2015-16 the office started 315 complaint investigations and completed 291, compared to 238 investigations started and 239 completed last year.

Of the completed investigations, 56.7 per cent were resolved in favour of the provider; and 25.7 per cent in favour of the complaining student. In 17.6 per cent of cases the office's investigation outcome favoured neither party because the case was otherwise finalised. For example, the provider fixed the problem quickly before the office needed to fully investigate or the office decided after starting its investigation that the issue would be better dealt with by another complaint-handling body.

The office finalised 575 complaints without investigating (compared to 441 last year) because the office:

- formed a view on the documents provided by the student
- referred the student back to his or her education provider's internal complaints and appeals process, or
- transferred the complaint to another complaint-handling body as provided by s 19ZK of the Act.

**Figure 8:** How complaints were finalised by Overseas Students Ombudsman**Table 4:** Complaints transferred to other complaint bodies

| Complaint body                             | Number of complaints transferred in 2015–16 | Number of complaints transferred in 2014–15 |
|--|---|---|
| Australian Human Rights Commission         | 1   | 0   |
| Australian Skills Quality Authority (ASQA) | 21  | 19  |
| Fair Work Ombudsman                        | 1   | 0   |
| Office of the Training Advocate, SA        | 12  | 10  |
| Tuition Protection Service (TPS)           | 55  | 33  |
| <b>Total</b>                               | <b>90</b>                                   | <b>62</b>                                   |

## Helping students through impartial complaint-handling

### Complaint issues

The two main complaint types continued to be provider refunds and fees disputes (325 complaints) and providers' decisions to refuse a student transfer to another provider under Standard 7 of the National Code (174 complaints/external appeals).

Providers' decisions to report students to the Department of Immigration and Border Protection for failing to meet attendance requirements under Standard 11 (115 complaints/external appeals) moved from the fourth to the third most common issue.

The fourth main complaint issue was providers' decisions to cancel, suspend or defer a student's enrolment under Standard 13 (104 complaints/external appeals).

## Student Feedback

*“Hi, Thank you very much for your reply. I am really glad to see that you have taken action against my complain. This would have never happened in my country. I am proud to be living in Australia, where even complaints from foreigners are listen without any discrimination. [My education provider] was not even listening to me before but after lodging this complain and action taken by OSO, he has now been really respectful to me. Once again thank you OSO” (sic)*

### Reports to the regulators

The OSO has the power under s 35A of the Act to disclose information about providers of concern to the relevant regulator. In 2015–16 the office made six s 35A reports to the Australian Skills Quality Authority, compared to three last year.

### Reports on trends and systemic issues

Our publications this year were:

- a report on the OSO’s first four years of operations, including key outcomes and activities
- a *Written Agreement (Fees and Refunds)* student fact sheet to help students avoid the problems that commonly lead to complaints
- an updated version of our *Written Agreements Issues Paper and Provider Checklist* to reflect the December 2015 *Education Service for Overseas Students 2000* changes
- Four quarterly statistical reports highlighting key issues, trends and outcomes
- two e-newsletters for private education providers
- an e-newsletter for international students.

The office participated in interagency meetings about the Department of Health’s review of the *Overseas Student Health Cover Deed of Agreement*, providing observations based on issues identified in our complaint investigations. The office also collaborated with the publication *Insider Guides* that published an online article on the role of the OSO, which was promoted to students through social media.

### Stakeholder engagement and promoting best practice complaint-handling

In 2015–16, the Ombudsman met with the embassies of Brazil, China and Indonesia to raise awareness of our role in helping students from these countries with complaints.

The office convened a complaint-handling panel at the Council for International Students Australia (CISA) national conference to highlight to the attendees their right to complain and who to contact for different issues. The office provided training to the new CISA Executive to advise where to direct students experiencing problems. The office also presented at the IDP Education Brisbane International Students Expo and the Australian Federation of International Students/ Study Melbourne international student information day.

The office:

- collaborated with English Australia (EA) and the Australian Council of Private Education and Training (ACPET) to deliver three provider training webinars on course progress, attendance and best practice complaint-handling
- provided training through the International Student Advisors Network Australia (ISANA) and participated in an ISANA symposium on international student accommodation issues
- spoke at the EA, ACPET and ISANA national conferences as well as presenting at the Australian International Education Conference (AIEC) for the first time, and
- attended the NSW Ombudsman’s University Complaint Handlers forum, which includes two private universities in the OSO’s jurisdiction.

- The office held regular liaison meetings with regulators, the Australian Skills Quality Authority (ASQA) and the Tertiary Education Quality Standards Agency (TEQSA), to discuss common issues as well as the Tuition Protection Service (TPS), the Department of Education and Training and the Department of Immigration and Border Protection (DIBP) to discuss issues relating to international education and overseas student complaints.

### Looking forward

In April 2016, the government released Australia's first *National Strategy for International Education 2025* and the *AIE2025 Roadmap*, which envisages Australia's welcoming 720 000 international students each year by 2025. The strategy notes the OSO's role in supporting this growth by ensuring strong student protections.

As the international education sector continues to grow, the office expects to see a continued increase in complaints. The office wants to find out whether the current complaint arrangements meet students' needs and whether any changes could be made to strengthen or simplify student protections.

The office will have commenced that process before publication of this report by releasing a consultation paper on the external complaints avenues for international students.

### Case study

A student complained to the OSO that her private education provider had cancelled her enrolment while she was overseas on holiday during the mid-year break. She was informed at the airport when she attempted to re-enter Australia that her visa had been cancelled. It seemed that her private education provider had informed DIBP that she had not paid her tuition fees and had therefore cancelled her enrolment. The student contended that she had paid her fees and should be allowed to continue studying.

The office found that the student had in fact paid her fees but had not labelled her bank transfer with sufficient identifying details. This meant that the provider was unable to establish that the bank transfer was hers. Some instalments were also paid several weeks late, but the provider had not followed this up with the student.

In addition, the office found that the provider had not notified the student in writing of its intention to cancel her enrolment for non-payment of fees, nor had it offered her an opportunity to lodge an internal appeal against its decision. This is a breach of Standard 13 of the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2007 (the National Code)*.

The office recommended that the provider update its cancellation policy to ensure that in such cases in future a letter is sent to the student, inviting him or her to appeal. The office also recommended that the provider follow up on all outstanding fees in a timely manner and revise its fee policy to document this process.

Finally, the office recommended that the provider reinstate the student's enrolment while it conducted an internal appeal, and to inform DIBP that the student's enrolment had been cancelled in error.

## PRIVATE HEALTH INSURANCE OMBUDSMAN

Readers of previous PHIO annual reports: please refer to [www.ombudsman.gov.au/about/private-health-insurance](http://www.ombudsman.gov.au/about/private-health-insurance) for more detailed complaint statistics on the private health insurance industry. From 2016–17, PHIO will be providing additional quarterly updates of complaint statistics online.

### Overview of 2015–16

The office of PHIO merged successfully with the Commonwealth Ombudsman on 1 July 2015. It is pleasing that the standard of service provided to complainants was maintained, and in some areas improved, as measured by audit and survey data. The level of overall satisfaction as reported by complainants to PHIO increased from 84 per cent in 2014–15 to 85 per cent in 2015–16 (see page 65).

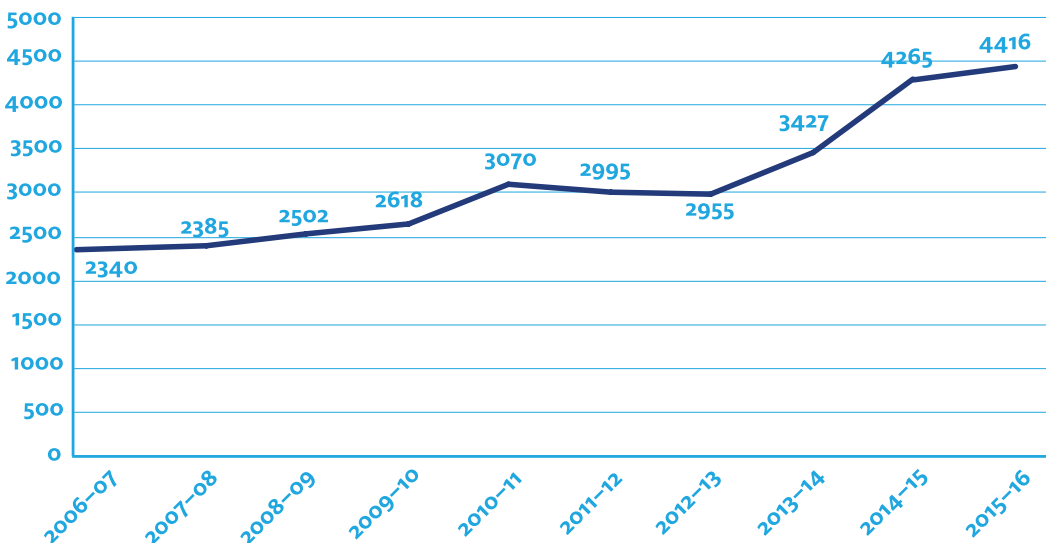
After several years where PHIO complaint levels remained steady, the past two years have seen an increase. In 2015–16, PHIO received 4416 complaints, compared with 4265, in 2014–15 and 3427 in 2013–14.

In our consumer information and advice role, the office received 3999 consumer information enquiries in 2015–16, of which 59 per cent were received through consumer website [PrivateHealth.gov.au](http://PrivateHealth.gov.au)

### Context

The role of the Private Health Insurance Ombudsman (PHIO) is to protect the interests of consumers in relation to private health insurance. The Ombudsman is an independent body that resolves complaints about private health insurance and acts as the umpire in dispute resolution at all levels within the private health industry. The Ombudsman also reports and provides advice to industry and government about these issues. The office has a significant consumer information and advice role including managing the consumer website [PrivateHealth.gov.au](http://PrivateHealth.gov.au)

**Figure 9:** Total complaints by year received by Private Health Insurance Ombudsman



## Complaints about Private Health Insurers

Table 5 shows the number of complaints and disputes<sup>6</sup> received about registered private health insurers, and compares these to their market share. A high ratio of complaints or disputes compared to market share usually

indicates either a less-than-adequate internal dispute-resolution process, especially for complex issues, or an underlying systemic or policy issue.

**Table 5:** Complaints by registered private health insurer, by market share 2015–16

| 2015–16                            |            |                          |          |                        |              |
|------------------------------------|------------|--------------------------|----------|------------------------|--------------|
|                                    | Complaints | Percentage of Complaints | Disputes | Percentage of Disputes | Market Share |
| ACA                                | 0          | 0.0%                     | 0        | 0.0%                   | 0.1%         |
| Australian Unity                   | 195        | 5.1%                     | 33       | 4.8%                   | 3.1%         |
| BUPA                               | 834        | 21.7%                    | 196      | 28.6%                  | 26.8%        |
| CBHS                               | 35         | 0.9%                     | 9        | 1.3%                   | 1.4%         |
| CDH (Cessnock)                     | 2          | 0.1%                     | 0        | 0.0%                   | <0.1%        |
| CUA                                | 70         | 1.8%                     | 17       | 2.5%                   | 0.6%         |
| Defence                            | 26         | 0.7%                     | 6        | 0.9%                   | 1.8%         |
| Doctors                            | 11         | 0.3%                     | 2        | 0.3%                   | 0.2%         |
| GMHBA                              | 55         | 1.4%                     | 6        | 0.9%                   | 2.0%         |
| Grand United Corporate             | 17         | 0.4%                     | 5        | 0.7%                   | 0.4%         |
| HBF                                | 125        | 3.3%                     | 21       | 3.1%                   | 7.4%         |
| HCI                                | 1          | 0.0%                     | 0        | 0.0%                   | 0.1%         |
| Health.com.au                      | 53         | 1.4%                     | 13       | 1.9%                   | 0.6%         |
| Health Insurance Fund of Australia | 22         | 0.6%                     | 3        | 0.4%                   | 0.9%         |
| HealthGuard (GMF/ Central West)    | 10         | 0.3%                     | 0        | 0.0%                   | 0.5%         |
| Health-Partners                    | 13         | 0.3%                     | 1        | 0.1%                   | 0.6%         |
| Hospitals Contribution Fund (HCF)  | 406        | 10.6%                    | 66       | 9.6%                   | 10.5%        |
| Latrobe                            | 16         | 0.4%                     | 1        | 0.1%                   | 0.7%         |
| Medibank (AHM)                     | 1544       | 40.2%                    | 252      | 36.8%                  | 28.6%        |
| Mildura                            | 1          | 0.0%                     | 1        | 0.1%                   | 0.2%         |

<sup>6</sup> A Dispute is a high level complaint where significant intervention is required.

| 2015–16                                |             |                          |            |                        |              |
|--|-------------|--------------------------|------------|------------------------|--------------|
|  | Complaints  | Percentage of Complaints | Disputes   | Percentage of Disputes | Market Share |
| National Health Benefits (Onemedifund) | 1           | 0.0%                     | 0          | 0.0%                   | 0.1%         |
| Navy                                   | 2           | 0.1%                     | 0          | 0.0%                   | 0.3%         |
| NIB                                    | 301         | 7.8%                     | 42         | 6.1%                   | 7.9%         |
| Peoplecare                             | 6           | 0.2%                     | 1          | 0.1%                   | 0.5%         |
| Phoenix                                | 0           | 0.0%                     | 0          | 0.0%                   | 0.1%         |
| Police                                 | 1           | 0.0%                     | 0          | 0.0%                   | 0.3%         |
| Queensland Country Health              | 2           | 0.1%                     | 0          | 0.0%                   | 0.3%         |
| Railway and Transport                  | 15          | 0.4%                     | 1          | 0.1%                   | 0.4%         |
| Reserve                                | 0           | 0.0%                     | 0          | 0.0%                   | <0.1%        |
| St Lukes                               | 4           | 0.1%                     | 0          | 0.0%                   | 0.4%         |
| Teachers Health                        | 47          | 1.2%                     | 6          | 0.9%                   | 2.1%         |
| Teachers Union                         | 6           | 0.2%                     | 1          | 0.1%                   | 0.5%         |
| Transport                              | 8           | 0.2%                     | 1          | 0.1%                   | 0.1%         |
| Westfund                               | 10          | 0.3%                     | 1          | 0.1%                   | 0.7%         |
| <b>Total</b>                           | <b>3839</b> |                          | <b>685</b> |                        |              |

## Complaint issues

### BENEFITS

Complaints: 1359

Key issues:

- Hospital exclusions and restrictions
- General treatment (extras or ancillary benefits)
- Medical gaps

This was the largest area of complaint. The main issues of concern were hospital policies with unexpected exclusions and restrictions. Some basic and budget levels of hospital cover exclude or restrict services that many consumers assume are routine treatments or standard items. Delays in benefit payments and complaints about insurer rules that limited benefits were the other large areas of complaint.

### CASE STUDY—Benefit: Hospital exclusion or restriction

Ayesha required surgery to her hand. The surgery was defined in the Medicare Benefits Schedule, under the 'Hand Operations' sub-group, as a *'carpal bone replacement or resection arthroplasty using adjacent tendon or other soft tissue including associated tendon transfer or realignment when performed'*.

Initially, her health fund refused to cover the surgery because it considered the surgery to be 'joint replacement' which was an excluded service on her cover. However, this type of surgery does not involve the replacement of bone, but rather the removal of it.

On reviewing the information available to consumers about Ayesha's policy, the office noticed there was little guidance on what the insurer includes in the 'joint replacement' exclusion. However, it is a term used outside of its use by the health insurer; and our view is that the insurer should only use a definition of that term that is commonly understood in the community.

The office concluded that the surgery should be included in Ayesha's policy as it is not a joint replacement under any definition the office could find. After reviewing the case, the health fund agreed that the surgery was not 'joint replacement' and paid an appropriate benefit.

### MEMBERSHIP

Complaints: 845

Key Issues:

- Policy/Membership Cancellation
- Clearance certificates
- Continuity of cover

Membership complaints typically involve policy administration issues, such as processing cancellations or payment of premium arrears. Delays in the provision of clearance certificates when transferring between health insurers is also a major cause of complaint.

### CASE STUDY—Membership: arrears and cancellation

Kim joined his health fund in 2012 and had paid premiums by direct debit every month afterwards. In 2015 he required a hospital admission, but his booking was refused by the hospital as his membership appeared to have been cancelled.

On contacting the fund, Kim found that due to an administrative error, he had been undercharged for his premiums ever since joining in 2012. The fund had recently discovered this and corrected its records. But this had the effect of putting his policy into arrears and cancelling it.

The office concluded that Kim should not be adversely affected for an error the fund had made. The fund agreed to write off the arrears, bringing Kim's policy back up to date and allowing him to be covered for his hospital admission. However in future, Kim would need to pay the correct higher premium.



**INFORMATION***Complaints: 599**Key issues:*

- *Verbal advice*
- *Lack of notification*

Information complaints usually arise because of disputes or misunderstandings about verbal or written information provided by an insurer. Verbal advice is the cause of more complaints than any other sub-issue, and these can be particularly complex if the insurer has not kept a clear record or call recording of its interaction with the member.

**CASE STUDY—Information:  
verbal advice**

Adam realised he needed surgery which was not covered on his basic hospital policy. He called his health insurer to upgrade his policy, explaining he wanted to book a hospital admission within the next few months. The insurer told him that only a two month waiting period would apply, so Adam proceeded with the upgrade and booked a hospital admission in four months' time.

However, Adam was later advised that his treatment was actually subject to a 12 month waiting period for pre-existing conditions. This meant he was not covered for the surgery and he was asked to pay the full cost of the hospitalisation as he was about to be admitted.

On investigation, phone records confirmed that the health insurer had given incorrect advice about waiting periods when Adam upgraded his cover. The insurer had also encouraged Adam to upgrade to a more expensive policy to better cover hospital services.

Although Adam was made aware of the correct waiting periods for his cover before he was admitted, the office asked the insurer to consider a response to his complaint which accounted for the costs and inconvenience he had already incurred. The insurer instead decided to compensate Adam more than this and offered to honour the information it had provided him by paying the full hospital costs.

**SERVICE***Complaints: 704**Key issues:*

- *General service issues*
- *Premium payment problems*

Service issues are usually not the sole reason for complaints. The combination of unsatisfactory customer service, untimely responses to simple issues, and poor internal escalation processes can cause members to become more aggrieved and dissatisfied in their dealings with the insurer, until the service itself becomes a cause of complaint as well as the original issue.

**WAITING PERIODS***Complaints: 363**Key Issues:*

- *Pre-existing condition disputes*
- *Compliance with PEC Best Practice Guidelines*

Health insurers are able to apply a 12 month waiting period to new members if treatment is for a Pre-Existing Condition (PEC). Details about how the PEC waiting period is applied can be obtained by referring to our brochure 'Waiting Periods' and our factsheet on Pre-Existing Conditions, which are available at [ombudsman.gov.au](http://ombudsman.gov.au). PHIO's role in investigating complaints about the PEC waiting period is to ensure that the insurer has applied the waiting period correctly, and that the insurer and hospital have complied with the PEC Best Practice Guidelines.

**RULE CHANGE***Complaints: 147**Key Issues:*

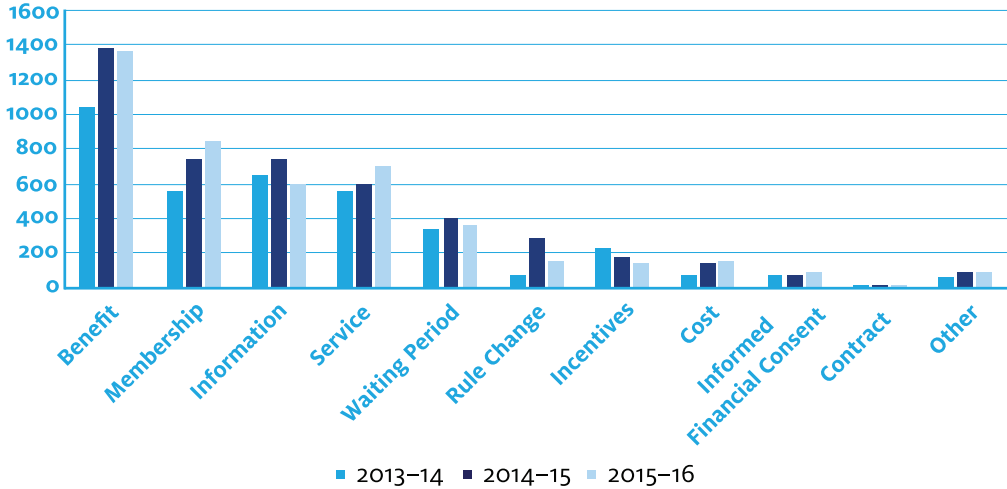
- *Detrimental changes to policies*
- *Adequate notice to consumers*

Health insurers are permitted to make detrimental changes to their policies provided they give suitable advance warning to the affected members so they can change their cover or make other plans. In our view,

a significant detrimental change to a hospital policy includes the exclusion or restriction of a previously included benefit, or the addition or increase of an excess or co-payment. It is important for insurers to communicate detrimental policy changes in clear and

unambiguous language, without diluting the message by interspersing unrelated promotional material. Insurers should honour any pre-booked hospital admissions and ensure that benefits for patients currently in a 'course of treatment' continue for up to six months.

**Figure 10: Complaint issues, previous three years**



**Table 6: Complaint issues**

| Issue   | Sub-issue                            | 2013-14 | 2014-15 | 2015-16 |
|---------|--------------------------------------|---------|---------|---------|
| Benefit | Accident and emergency               | 23      | 40      | 49      |
| Benefit | Accrued benefits                     | 4       | 9       | 3       |
| Benefit | Ambulance                            | 36      | 51      | 66      |
| Benefit | Amount                               | 58      | 63      | 67      |
| Benefit | Delay in payment                     | 147     | 154     | 142     |
| Benefit | Excess                               | 48      | 56      | 56      |
| Benefit | Gap—Hospital                         | 23      | 50      | 53      |
| Benefit | Gap—Medical                          | 38      | 131     | 151     |
| Benefit | General treatment (extras/ancillary) | 78      | 105     | 194     |
| Benefit | High cost drugs                      | 11      | 13      | 13      |
| Benefit | Hospital exclusion/restriction       | 242     | 320     | 276     |
| Benefit | Insurer rule                         | 152     | 192     | 131     |
| Benefit | Limit reached                        | 28      | 24      | 14      |
| Benefit | New baby                             | 11      | 22      | 6       |

| Issue                      | Sub-issue                                | 2013–14 | 2014–15 | 2015–16 |
|----------------------------|--|---------|---------|---------|
| Benefit                    | Non-health insurance                     | 19      | 8       | 9       |
| Benefit                    | Non-health insurance - overseas benefits | 8       | 8       | 3       |
| Benefit                    | Non-recognised other practitioner        | 16      | 29      | 22      |
| Benefit                    | Non-recognised podiatry                  | 15      | 12      | 15      |
| Benefit                    | Other compensation                       | 10      | 16      | 14      |
| Benefit                    | Out of pocket not elsewhere covered      | 12      | 9       | 15      |
| Benefit                    | Out of time                              | 15      | 19      | 15      |
| Benefit                    | Preferred provider schemes               | 44      | 50      | 32      |
| Benefit                    | Prostheses                               | 10      | 9       | 11      |
| Benefit                    | Workers compensation                     | 1       | 2       | 2       |
| Contract                   | Hospitals                                | 15      | 10      | 18      |
| Contract                   | Preferred provider schemes               | 9       | 9       | 8       |
| Contract                   | Second tier default benefit              | 4       | 3       | 2       |
| Cost                       | Dual charging                            | 2       | 5       | 2       |
| Cost                       | Rate increase                            | 78      | 132     | 147     |
| Incentives                 | Lifetime Health Cover                    | 163     | 156     | 121     |
| Incentives                 | Medicare Levy Surcharge                  | 21      | 12      | 11      |
| Incentives                 | Rebate                                   | 39      | 13      | 9       |
| Incentives                 | Rebate tiers and surcharge changes       | 5       | 1       | 2       |
| Information                | Brochures and websites                   | 65      | 47      | 34      |
| Information                | Lack of notification                     | 96      | 91      | 90      |
| Information                | Oral advice                              | 410     | 522     | 430     |
| Information                | Radio and television                     | 2       | 4       | 1       |
| Information                | Standard Information Statement           | 5       | 8       | 6       |
| Information                | Written advice                           | 66      | 64      | 38      |
| Informed Financial Consent | Doctors                                  | 25      | 19      | 35      |
| Informed Financial Consent | Hospitals                                | 40      | 50      | 36      |
| Informed Financial Consent | Other                                    | 7       | 1       | 13      |

| Issue          | Sub-issue                               | 2013–14 | 2014–15 | 2015–16 |
|----------------|---|---------|---------|---------|
| Membership     | Adult dependants                        | 15      | 25      | 15      |
| Membership     | Arrears                                 | 93      | 144     | 106     |
| Membership     | Authority over membership               | 16      | 20      | 16      |
| Membership     | Cancellation                            | 218     | 299     | 315     |
| Membership     | Clearance certificates                  | 106     | 108     | 196     |
| Membership     | Continuity                              | 72      | 100     | 114     |
| Membership     | Rate and benefit protection             | 5       | 19      | 32      |
| Membership     | Suspension                              | 41      | 50      | 51      |
| Service        | Customer service advice                 | 52      | 82      | 106     |
| Service        | General service issues                  | 207     | 184     | 234     |
| Service        | Premium payment problems                | 141     | 184     | 211     |
| Service        | Service delays                          | 164     | 155     | 153     |
| Waiting Period | Benefit limitation period               | 5       | 6       | 1       |
| Waiting Period | General                                 | 34      | 41      | 29      |
| Waiting Period | Obstetric                               | 47      | 49      | 51      |
| Waiting Period | Other                                   | 22      | 19      | 14      |
| Waiting Period | Pre-existing conditions                 | 229     | 283     | 268     |
| Other          | Access                                  | 0       | 0       | 3       |
| Other          | Acute care certificates                 | 1       | 4       | 2       |
| Other          | Community rating                        | 1       | 0       | 1       |
| Other          | Complaint not elsewhere covered         | 33      | 56      | 54      |
| Other          | Confidentiality and privacy             | 12      | 12      | 11      |
| Other          | Demutualisation/sale of health insurers | 2       | 1       | 1       |
| Other          | Discrimination                          | 1       | 3       | 4       |
| Other          | Medibank sale                           | 1       | 0       | 1       |
| Other          | Non-English speaking background         | 0       | 0       | 0       |
| Other          | Non-Medicare patient                    | 3       | 8       | 2       |
| Other          | Private patient election                | 10      | 3       | 6       |
| Other          | Rule change                             | 72      | 281     | 147     |

## Complaints about hospitals, doctors, brokers and others

Most complaints (88 per cent in 2015–16) are made about health insurers. However, complaints can also be made about providers including hospitals, doctors, health insurance brokers and other practitioners (such as dentists). There was an increase in complaints about verbal advice and incorrect information provided by health insurance brokers in 2015–16, which accounts for the increase in complaints from 34 to 75 complaints.

**Table 7:** Complaints about hospitals, doctors, brokers and others

|                          | 2013–14 | 2014–15 | 2015–16 |
|--------------------------|---------|---------|---------|
| Hospitals                | 40      | 38      | 47      |
| Health Practitioners     | 53      | 29      | 58      |
| Health Insurance Brokers | 42      | 34      | 75      |

## Overseas Visitors Health Cover

Each year, the Ombudsman helps consumers with complaints about Overseas Visitors Health Cover (OVHC) and Overseas Student Health Cover (OSHC) policies for visitors to Australia. These complaints are counted separately from complaints made against domestic health insurance policies.

Unlike Australians, who have the option of using the public Medicare system at no cost if they are not covered for a hospital treatment under their private health insurance policy, most visitors to Australia have no choice about whether they are treated at private patient rates.

The most common issue for overseas visitors included 74 complaints about policy cancellation and refunds, 40 complaints about the pre-existing condition waiting period and 38 complaints about delays in paying benefit payments.

**Table 8:** Complaints received from overseas visitors in 2015–16

| Insurer                      | 2013–14 | 2014–15 | 2015–16 |
|------------------------------|---------|---------|---------|
| Allianz (Lysaght Peoplecare) | 32      | 63      | 69      |
| Australian Unity             | 11      | 25      | 12      |
| BUPA                         | 84      | 160     | 119     |
| HBF                          | 1       | 1       | 1       |
| HCF                          | 1       | 1       | 1       |
| HIF                          | 2       | 7       | 3       |
| Medibank Private (AHM)       | 44      | 62      | 73      |
| NIB                          | 25      | 28      | 43      |
| Total                        | 200     | 347     | 321     |

NOTE: Figures for providers of cover for overseas visitors are not directly comparable, as market share data is not available. These figures show the number of complaints over time and it can be assumed market share numbers are relatively similar to those for domestic providers (see Table 5 on page 56) and do not greatly change from year to year.

## Complaint-handling procedures and categories

PHIO has three levels of complaint:

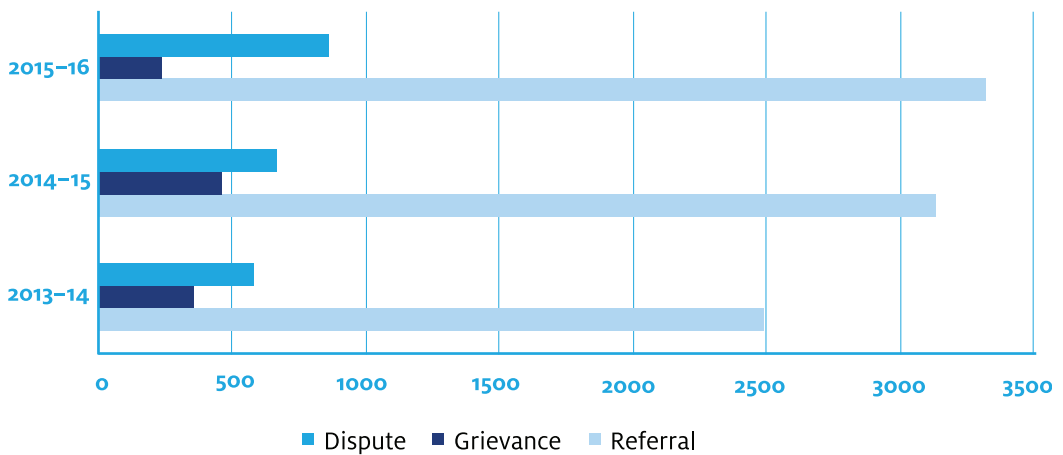
- Assisted Referrals for moderate complaints
- Grievances for moderate complaints that do not require a report or further investigation, and
- Disputes for high-level complaints where significant intervention is required.

In 2015–16, 75 per cent of complaints were resolved as Assisted Referrals. In these instances, the Dispute Resolution Officer refers a complaint directly to a nominated representative of the insurer or service provider, on behalf of the complainant. This approach ensures a quicker turnaround time and our client satisfaction survey confirms that complainants have a high satisfaction rate with this method of resolution.

Grievances are a moderate level of complaint. They are dealt with by investigating the issues of grievance and providing additional information or a clearer explanation directly to the complainant, without the need for a report from the health insurer or health care provider. Approximately five per cent of complaints were registered as Grievances.

Approximately 20 per cent of complaints were classified as Disputes, slightly higher than last year's 16 per cent (858 complaints compared to 668 complaints). In these cases, a member of the Ombudsman's Dispute Resolution Office requests a detailed report from a health insurer or other object of a complaint. The report is then reviewed and a decision is made as to whether the initial response was satisfactory or whether a further investigation is warranted.

**Figure 11: Private health insurance complaints by level**



## Complaint outcomes

Most cases (72 per cent) were resolved as Assisted Referrals, with complaints referred directly to health insurers with our assistance, on the understanding that the complainant may ask us to review the complaint if he or she remains unsatisfied. A further 16 per cent of cases were resolved by our providing an additional and independent explanation of the issues.

These ratios change for high-level disputes. Most of these cases are resolved with the provision of a further explanation (54 per cent), but 45 per cent received additional payments or some other satisfactory outcome.

## Client survey

PHIO regularly carries out a postal survey of randomly selected complainants. Each fortnight, the office sends survey forms to a sample of complainants whose cases have been closed during the previous period. In 2015–16, the office received 128 responses (23 per cent)—a reasonable participation rate for a postal survey of this kind.

Overall, 85 per cent of clients who responded were satisfied or very satisfied with the handling of their complaint, compared to 84 per cent the previous year.

**Table 9:** Client survey feedback results

|   | 2014–15 | 2015–16 |
|---|---------|---------|
| Overall satisfaction                                | 84%     | 85%     |
| Agreed that staff listened adequately               | 88%     | 93%     |
| Satisfied with staff manner                         | 87%     | 90%     |
| Resolved complaint or provided adequate explanation | 85%     | 81%     |
| Thought PHIO acted independently                    | 86%     | 86%     |
| Would recommend PHIO to others                      | 85%     | 86%     |
| Happy with time taken to resolve complaint          | 86%     | 79%     |

## Health policy: Liaison with other bodies

PHIO has a role in assisting with the broader issues associated with health policy. During the year, the office provided information and assistance to various bodies involved in the formulation of health policy and compliance with established rules and laws.

This included:

- Submission to the ACCC's Report to the Senate on Anti-Competitive and Other Practices by Health Funds and Providers in relation to private health insurance.
- Advice to the Private Health Insurance Industry Code Compliance Committee in relation to the voluntary industry code.
- Consultation with state health departments, public hospitals and health insurers in relation to acute care certification processes for long-stay private patients in public hospitals.
- Consultation with the Overseas Students Ombudsman and private health insurers regarding issues relating to private health insurance for overseas students.

## Consumer website: PrivateHealth.gov.au

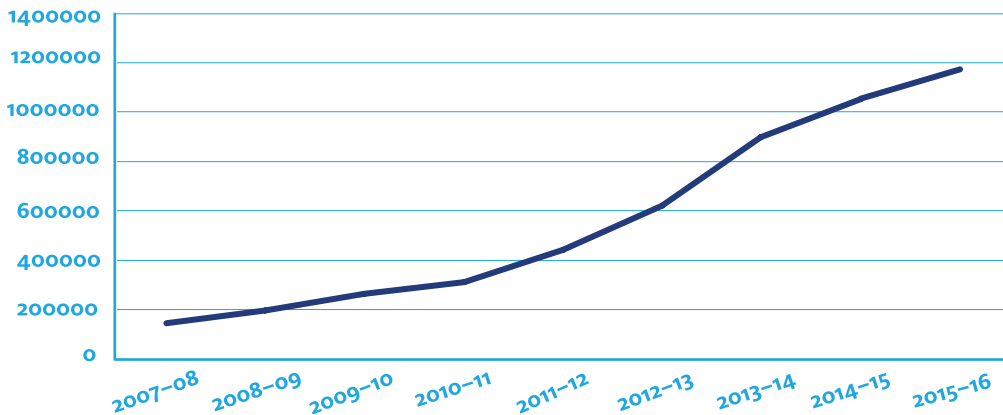
In 2015–16 the office responded to 3999 individual enquiries, providing written consumer information and advice and managing the consumer website **PrivateHealth.gov.au**. This is Australia's leading source of independent information about health insurance for consumers. Its major features include:

1. Compare Policies: consumers can use the Compare Policies feature to easily compare all health insurance policies provided in Australia.
2. 'Ask a Question' web form and phone number: the office responded to over 2300 people using the website for advice on details of the health insurance system, particularly people seeking help understanding lifetime health cover, health cover for visitors and overseas students in Australia and advice on how to use the website and choose a policy.

3. Health insurers are required to maintain up-to-date Standard Information Statements (SISs) and use the website's industry interface to manage this process.
4. 'Health Insurance Explained': comprehensive and independent information on private health insurance including government surcharges and incentives.
5. Lifetime Health Cover Calculator: consumers can calculate how much Lifetime Health Cover (LHC) loading applies to their hospital policy premiums. If they already have a loading they can calculate whether they qualify to have the loading removed.
6. Agreement Hospitals Locator: check which funds and hospitals have agreements, meaning out-of-pocket expenses for consumers are minimised.
7. Average Dental Charges: the website publishes information on the average cost of the most common dental procedures.

Website usage has continued to grow annually since the website's launch in 2007, with over 1,173,644 visits in 2015–16.

**Figure 12: Website visitors per year to PrivateHealth.gov.au**



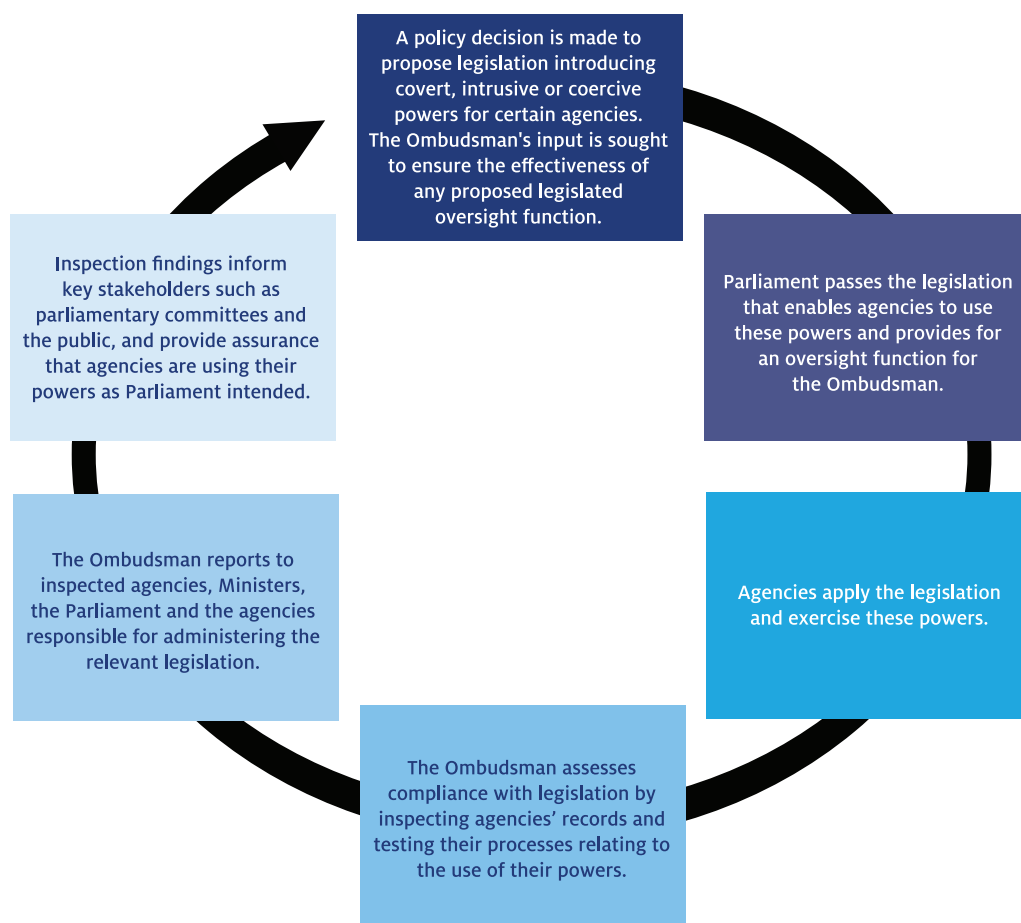
During 2015–16 PHIO has worked with industry representatives on improving the search feature for consumers using the website. One difficulty, which has been reported in consumer surveys, is that too much information and too many results are presented when searching for policies. This is a difficult issue

because the website must impartially list all policies available in the marketplace. On the other hand, the office wants to make the search process as simple as possible. The office expects to make changes to the website early in 2016–17.



## Inspections of covert, intrusive or coercive powers

Figure 13: The independent oversight process



## Our oversight activities

The Ombudsman has oversight responsibilities under the *Telecommunications (Interception and Access) Act 1979*, the *Surveillance Devices Act 2004*, Part IAB of the *Crimes Act 1914* and the *Fair Work (Building Industry) Act 2012*. This legislation grants intrusive (and often covert) powers to certain

government agencies. The Ombudsman's role is to provide assurance to the public that these agencies are using their powers as Parliament intended, and if not, hold the agencies to account. Table 10 gives an overview of our oversight activities in 2015–16.

**Table 10:** Inspection and review activities in 2015–16

| Function   | Number of inspections or reviews in 2015–16 | Number of inspection reports (finalised internal reports to inspected agencies and statutory reports to ministers and the Parliament during 2015–16) |
|--|---|--|
| Inspection of telecommunications interception records under the <i>Telecommunications (Interception and Access) Act 1979</i>                   | 6   | 4  |
| Inspection of stored communications—preservation and access records under the <i>Telecommunications (Interception and Access) Act 1979</i>     | 17  | 20   |
| Inspection of the use of surveillance devices under the <i>Surveillance Devices Act 2004</i>   | 8   | 11   |
| Inspection of controlled operations conducted under Part 1AB of the <i>Crimes Act 1914</i>   | 5   | 3  |
| Inspection of metadata records under the <i>Telecommunications (Interceptions and Access) Act 1979</i>   | 20  | 0  |
| Review of Fair Work Building and Construction's use of its coercive examination powers under the <i>Fair Work (Building Industry) Act 2012</i> | 17  | 1  |
| <b>Total</b>   | <b>73</b>                                   | <b>39</b>  |

## Our submissions and briefings

In 2015–16, the office made one committee submission and provided two briefings to Parliamentary Committees.

Our submission to the Select Committee on the Establishment of a National Integrity Commission was informed by our inspection and review findings. All unclassified submissions and published reports are available on our website at [ombudsman.gov.au](http://ombudsman.gov.au)

The office provided a briefing to the Parliamentary Joint Committee on Law Enforcement and another to the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity.

In addition to our inspection and review activities, in 2015–16, the office also regularly responded to requests from agencies for advice about best practices, and requests from other oversight bodies for advice about developing inspection methodologies.

## Our approach

The office values independence, fairness and transparency.

These inform the way the office conducts inspections and reviews and how the office engages with the agencies it oversees.

For each inspection and review function the office performs, it develops a set of methodologies that is applied consistently across all agencies. These methodologies comprise test plans, risk registers, checklists

and templates. They are based on legislative requirements and best-practice standards in auditing, and ensure the integrity of each inspection and review.

The office focuses inspections and reviews on areas of high risk and takes into consideration the effect of non-compliance; for example, unnecessary privacy intrusion. It is the office's practice to regularly review its methodologies to ensure their effectiveness.

The office gives notice to agencies of its intention to inspect their records and provides them with a broad outline of its inspection or review criteria.

To ensure procedural fairness, the office provides a draft report on its findings to the agency for comment before it is finalised. Depending on the office's reporting requirements under each function, the final report is either presented to the relevant minister or forms the basis of the office's published reports.

The above values also inform any briefings the office prepares for Parliamentary Committees.

For our published reports, the office removes reference to any sensitive information that could undermine or compromise law enforcement.

### New metadata oversight for 2015–16

On 13 October 2015 new laws came into effect under the *Telecommunications (Interception and Access) Act 1979* (the TIA Act) requiring telecommunication carriers and service providers to retain certain data (associated with its services, known as 'metadata') for a mandatory two year period.

Following the introduction of these new laws, the Commonwealth Ombudsman is now required to conduct assessment and audit inspections of government agencies accessing metadata and report back to government. Inspections were conducted from October 2015 until May 2016 and analysis of inspection findings continued until 30 June 2016. Internal reports will be provided to agencies, with these reports expected to be finalised in early 2016–17.

In our first year of metadata inspections we have engaged with agencies to learn and understand their processes and policies in exercising metadata powers. We want to influence agencies' compliance with the TIA Act and to adopt best practices. Overall, agencies have been responsive to these inspections and cooperative throughout the process.

Following these initial inspections, each agency will be provided with a 'health check' report outlining the strength of its processes and policies. These reports will be consolidated and provided to the Commonwealth Attorney-General for tabling in Parliament.

Our future reports and inspections will use these 'health checks' as a baseline for assessing future compliance.

## LAW ENFORCEMENT OMBUDSMAN

The office has a comprehensive role in the oversight of the Australian Federal Police (AFP).

When performing functions in relation to the AFP, the Commonwealth Ombudsman may also be called the Law Enforcement Ombudsman.

These functions include:

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

In 2015–16 the office received 286 complaints about the AFP, compared to 288 in 2014–15. Of these, the office investigated 46. The reasons the office declined to investigate 240 included:

- more than half had not complained to the AFP in the first instance
- based on the information available, we assessed that an investigation was not warranted and there was no need to contact the AFP, because the actions and decisions appeared to be reasonable
- the matter had been dealt with by a court or tribunal
- it was more appropriate for another oversight or advice body to consider the matter.

The office conducted one review of the AFP's administration of Part V of the AFP Act and published a report on the results of the two reviews undertaken in the previous review period.

The office engaged with the Professional Standards branch (PRS) of the AFP in relation to complaints, issues arising from the reviews and PRS procedures. The office also participated in the induction program for new PRS investigators.

## DEFENCE FORCE OMBUDSMAN

The Defence Force Ombudsman (DFO) investigates complaints from serving or former members of the Australian Defence Force (ADF).

Complaints typically involve ADF employment matters such as pay and conditions, entitlements and benefits, promotions, discharge and delays involving the 'Redress of Grievance' processes or decisions by Defence agencies regarding Compensation for Detriment caused by Defective Administration (CDDA) claims.

Complaints about Defence agencies are also received from members of the public, but these fall under the jurisdiction of the Commonwealth Ombudsman. They usually involve complaints about behaviour by military personnel, military bases and disruptions to local communities, contracting matters and service delivery issues.

Defence agencies include:

- Department of Defence
- Australian Defence Force
- Department of Veterans' Affairs
- Defence Housing Australia
- Australian Defence Force Cadets (Navy, Army and Airforce)
- Australian War Memorial.

In 2015–16, our office received 491 complaints about Defence agencies, compared to 545 in 2014–15. Of these, about 77 per cent were made under the DFO jurisdiction by current or former serving members of the ADF.

Of these cases, the office finalised 375 complaints without an investigation (compared to 419 last year). The reasons the office declined to investigate included:

- There were existing avenues within the relevant agency to seek a review or have the issue considered in the first instance.
- The office formed a view, on the documents provided by the complainant, that the agency's actions were reasonable, or that there was not enough information provided to support an investigation.
- The office referred the complainant to another complaint-handling body, such as the Office of the Australian Information Commissioner, the Inspector General of the Australian Defence Force or the Australian Public Service Commission.

## Complaint issues

The most common complaint issues in 2015–16 were:

- Redress of Grievance, including delay in finalising, procedural fairness and outcome
- discharge, including mode of discharge and procedural fairness
- allegations of inappropriate conduct or bias by chain of command or other ADF members
- decisions regarding a veteran's entitlements to pensions, benefits, and/or access to health care services.

## PUBLIC INTEREST DISCLOSURE SCHEME

### Public Interest Disclosure

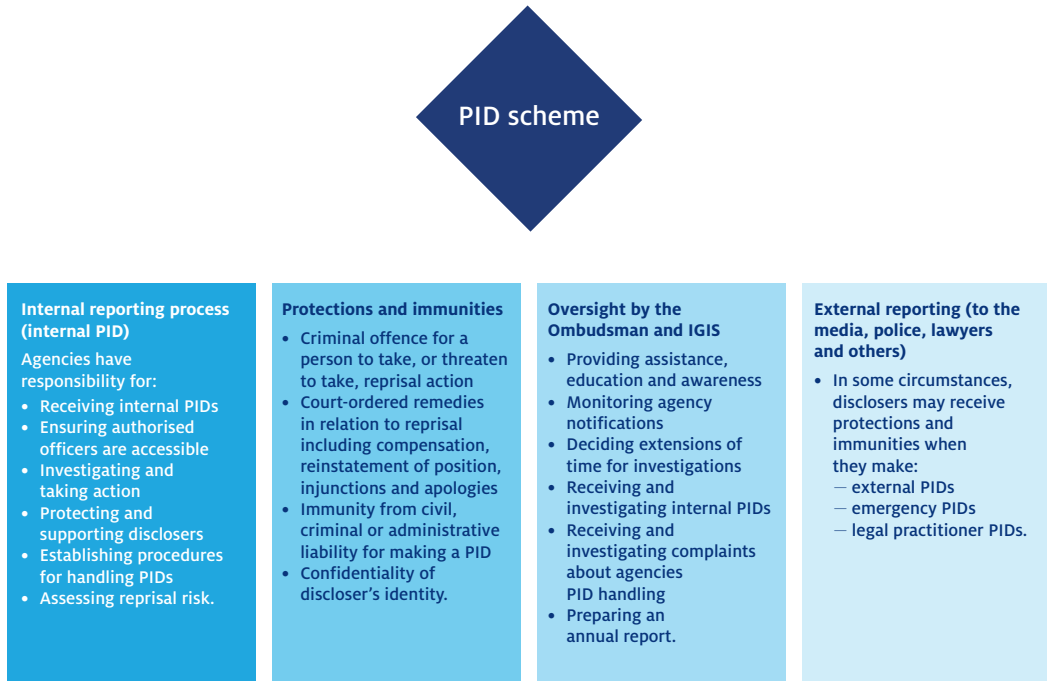
The *Public Interest Disclosure Act 2013* (PID Act) provides a mechanism for officials of Australian Government agencies to report suspected wrongdoing, providing protections from reprisal and requiring agencies to respond to those reports with appropriate action.

Having now been in place for two and a half years, the PID Act has achieved a level of maturity. Along with the Inspector-General of Intelligence and Security (IGIS), the office has had the opportunity through our oversight and awareness-raising functions to observe the bedding down of the scheme. It has become evident that, as envisaged by the legislation, the scheme is operating far beyond the APS. This breadth of operation has posed some challenges but has also brought benefits to both APS and non-APS agencies.

The two-year anniversary of the PID Act prompted a review of the legislation (in accordance with s 82A). The review took place between 15 January and 15 July 2016 led by the former Commissioner of Law Enforcement Integrity, Mr Philip Moss AM, assisted by a secretariat within the Department of the Prime Minister and Cabinet. The review has been submitted to government but at the time of writing, the government had not responded. The office and IGIS contributed to the review. Many of the issues identified in our two previous annual reports, and during this reporting period, were dealt with in our submission. The office has not canvassed them further in this report.

## Overview of the PID scheme

**Figure 14:** Overview of the Public Interest Disclosure scheme



### The PID landscape

Section 76(1) of the PID Act requires the Ombudsman to prepare a report on the operation of the Act during the financial year. To collect this information, in conjunction with IGIS, the office asked the 175 agencies subject to the Act to complete a survey and workbook for the 2015–16 financial year<sup>7</sup>. Broadly, what the office observed from the information provided by agencies, taken with the number and nature of enquiries and complaints received by the office and IGIS, was agencies' growing confidence applying the Act.

The Act applies to a diverse range of agencies. Sixty per cent of them employ 250 or fewer employees, and 25 per cent employ fewer than 50. In addition, 36 per cent reported that their employees are predominantly employed other than under the *Public Service Act 1999* or *Parliamentary Service Act 1999*. With the diversity of employment arrangements, it is not

surprising that agency data shows the PID Act is interacting with a broad range of governing and enabling legislation across the Commonwealth.

In addition, the Act is increasingly being used by contracted service providers. Agencies reported that 19 per cent of disclosures were made by contractors, up from two per cent in the previous year. Despite this trend, only 32 per cent of agencies conducted awareness-raising and/or training for their contractors<sup>8</sup>. Additionally, while the vast majority of agencies reported having PID procedures, only 66 per cent reported that those procedures were publicly available on their website. It is important that agencies promote an accessible PID scheme to the broad range of officials who may wish to report wrongdoing, including contractors and former public officials.

<sup>7</sup> Information was obtained from the survey/workbook responses of 170 agencies, including a consolidated response from the six intelligence agencies.

<sup>8</sup> In contrast, 86 per cent of agencies conducted awareness raising/training for agency staff.

## PIDs received

The overall number of internal PIDs remains steady, however the number of agencies receiving PIDs has increased.<sup>9</sup> A total of 612 PIDs were made during the financial year, with 69 of 175 agencies receiving one or more<sup>10</sup>. Most PIDs were made in large agencies<sup>11</sup>, with only 16 per cent of PIDs made in agencies with fewer than 1000 employees<sup>12</sup>. Nevertheless small agencies are receiving PIDs, albeit in smaller numbers. Almost a quarter of agencies which received a PID had fewer than 250 staff. In addition, non-APS agencies are receiving a significant proportion of PIDs. Over 30 per cent of PIDs were made in agencies whose employees are predominantly employed otherwise than under the *Public Service Act 1999* or *Parliamentary Service Act 1999*.

Section 76(2) of the Act requires the Ombudsman to report certain information about each agency. Table 13 sets out the number of PIDs received and the types of disclosable conduct by agency. Table 14 lists the agencies which did not receive any PIDs. The office notes that the number of PIDs reported by agencies at the end of the financial year was greater than the number of notifications of allocation decisions received by the Ombudsman throughout the year, pursuant to s 44 of the Act. A possible reason for the discrepancy may be agencies' failure to notify the Ombudsman of all PIDs received. The number of PIDs relates to 'untested' information assessed as showing possible 'disclosable conduct', and which is further considered in an investigation phase. It is also noted that a PID may concern more than one type of disclosable conduct.

Of the 612 PIDs reported, agencies identified 707 kinds of disclosable conduct. As shown in Table 11, the largest group (33 per cent)

9 An internal PID is made when a public official discloses to an authorised internal recipient information which tends to show, or which the discloser believes on reasonable grounds tends to show, disclosable conduct (s 26).

10 This figure includes the Ombudsman, IGIS and a consolidated response from the six intelligence agencies. By comparison, 639 PIDs were reported in FY 2014–15, with 58 of 185 agencies receiving one or more PIDs.

11 84 per cent of PIDs were made within 31 agencies with 1000 or more employees.

12 16 per cent of PIDs were made within 38 agencies with less than 1000 employees.

concerned conduct that could amount to a contravention of a law of the Commonwealth, state or territory. This is a broad category that can incorporate wrongdoing in other categories, including maladministration or a breach of the APS Code of Conduct or *Public Governance, Performance and Accountability Act 2013*. It may include relatively minor conduct, including employment-related grievances, which would not usually be considered criminal behaviour. The other common categories of alleged misconduct were actions which, if proven, could result in disciplinary action (24 per cent) and maladministration (19 per cent).

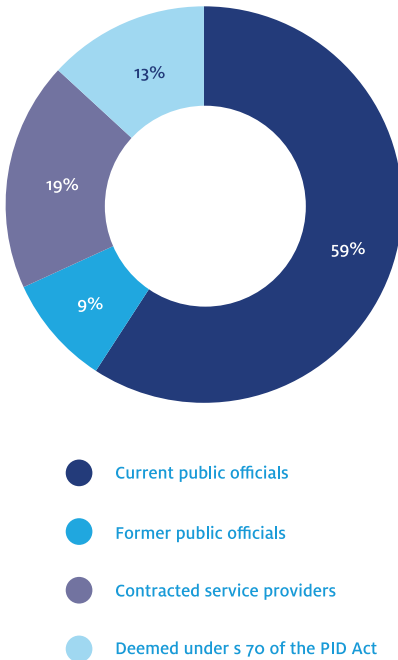
**Table 11: Kinds of disclosable conduct**

| Kinds of disclosable conduct  | Number of instances (%) |
|---|-------------------------|
| Contravention of a law of the Commonwealth, state or territory  | 232 (33%)               |
| Conduct that may result in disciplinary action  | 170 (24%)               |
| Maladministration   | 137 (19%)               |
| Wastage of Commonwealth resources (including money and property)  | 45 (6%)                 |
| Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons   | 36 (5%)                 |
| Conduct engaged in for the purpose of corruption  | 25 (4%)                 |
| Abuse of public office  | 21 (3%)                 |
| Perversion of the course of justice   | 16 (2%)                 |
| Abuse of public trust   | 14 (2%)                 |
| Other (conduct in a foreign country that contravenes a law; fabrication, falsification, plagiarism or deception in relation to scientific research; and conduct that endangers, or risks endangering the environment) | 11 (2%)                 |
| <b>Total</b>  | <b>707 (100%)</b>       |

As shown in Figure 15, the PID Act is being used by a broad range of individuals to report possible wrongdoing across the Commonwealth. Agencies reported that most disclosers were current public officials (59 per cent).

However, 19 per cent of PIDs were made by contracted service providers, a significant increase from the previous financial year<sup>13</sup>. This can be attributed to the increase in PIDs received in Australia Post, where more than 60 per cent of PIDs were made by contracted service providers. Thirteen per cent were made by persons who were deemed to be public officials under s 70 of the PID Act. This figure may include anonymous disclosers or individuals who have 'inside information' through their close connection with an agency or public official.

**Figure 15: Types of disclosers**



<sup>13</sup> In 2014–15, two per cent of disclosers were identified by agencies as contracted service providers.

The Ombudsman remains concerned that supervisors' obligations to provide information which could be a PID to an authorised officer, are not being met. Agencies reported that only five per cent of disclosures were made to a supervisor, who then passed the information to an authorised officer. The office would expect this figure to be higher and we suspect that supervisors are not sufficiently aware of their obligations under the PID Act. The vast majority of PIDs were received by authorised officers (83 per cent), and a smaller percentage directly to principal officers (11 per cent).

#### **Matters that were not internal PIDs**

Twenty-eight of the 175 agencies reported that they had recorded the number of disclosures that were assessed by an authorised officer as not meeting the requirements for a PID. In those agencies, there were 182 matters that were assessed as not being PIDs. Consistent with previous years, the most common reason was that the information did not allege disclosable conduct (59 per cent). A small percentage of agencies (three per cent) reported that they had determined a matter was not a PID for reasons other than the threshold criteria. This means there may still be a number of instances where irrelevant considerations are leading to incorrect decisions regarding the classification of a disclosure as a PID.

#### **PIDs investigated**

As noted in last year's report, the PID Act provides an administrative or 'handling' overlay with some specific features designed primarily to protect disclosers. Nevertheless, the Ombudsman recognises that the Act is not intended to displace well-established principles of investigation or procedures established under other laws for investigating specific types of conduct.



Once an internal PID is allocated for investigation, there are four permissible outcomes:

- not investigate (or not investigate further) for one of the reasons in s 48 of the PID Act
- complete an investigation with a s 51 report (with or without findings of disclosable conduct or recommendations)
- complete an investigation with a s 51 report having considered whether a different investigation is more appropriate under s 47(3), and recommending an investigation under another law or procedure of the Commonwealth
- investigate under a separate investigative power (currently the Ombudsman and IGIS only).

#### **Matters not investigated (s 48)**

Of the 612 PIDs reported, covering 707 instances of possible disclosable conduct, agencies reported that in 145 instances they decided not to investigate (or not investigate further) based on a reason in s 48 of the PID Act<sup>14</sup>. As shown in Table 12, the most commonly used reasons were that the information did not concern serious disclosable conduct (37 per cent); and that the information was the same or substantially the same, as information the disclosure of which, had been, or was being, investigated under another law of the Commonwealth (27 per cent). The main categories included investigation under the *Public Service Act 1999* (e.g. code of conduct) (27 per cent), Defence Force legislation or regulations (23 per cent) and investigations by an Australian Police Force (seven per cent)<sup>15</sup>.

**Table 12: Reasons for s 48 decisions**

| Reasons for s 48 decisions   |     |
|--|-----|
| The information does not concern serious disclosable conduct   | 37% |
| The information concerns disclosable conduct that is the same, or substantially the same, as disclosable conduct that is being investigated, or has been investigated                            | 27% |
| The discloser does not wish the PID investigation to be pursued and the principal officer is reasonably satisfied that there are no matters concerning the disclosure that warrant investigation | 8%  |
| The discloser refuses, fails or is unable to assist the investigation  | 8%  |
| Because of the age of the information  | 6%  |
| The information is the same/ substantially the same as information which has been or is being investigated as a disclosure investigation   | 5%  |
| The discloser's name and contact details have not been disclosed   | 5%  |
| The disclosure is frivolous or vexatious   | 3%  |
| Discloser is not a public official   | 1%  |

#### **Completed Investigations**

##### **Findings, recommendations and actions taken**

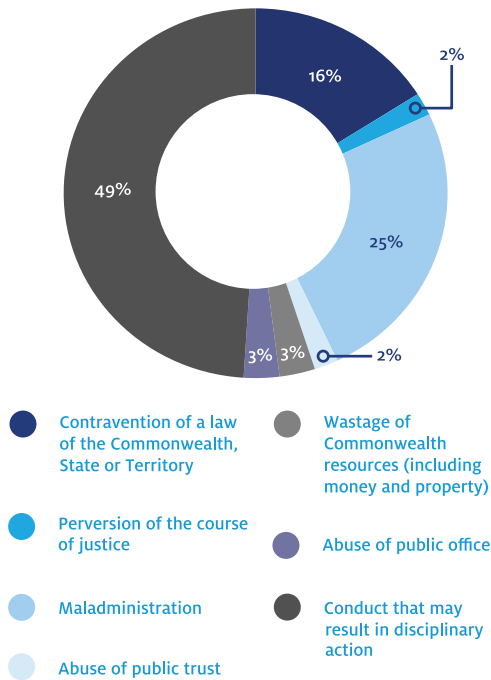
During the reporting period 40 agencies reported that they had completed 391 disclosure investigations. Table 13 (see page 80) summarises the information provided by agencies about the number of disclosure investigations completed in the reporting period, and the actions taken in response to recommendations those disclosure investigations.

Agencies reported that 49 investigations were finalised with at least one finding of disclosable conduct. Figure 16 details the kinds of disclosable conduct found to have been engaged in. In addition, agencies reported a range of actions taken in response to recommendations in disclosure investigations, including disciplinary action, termination of employment, internal reviews, and changes to policies and procedures.

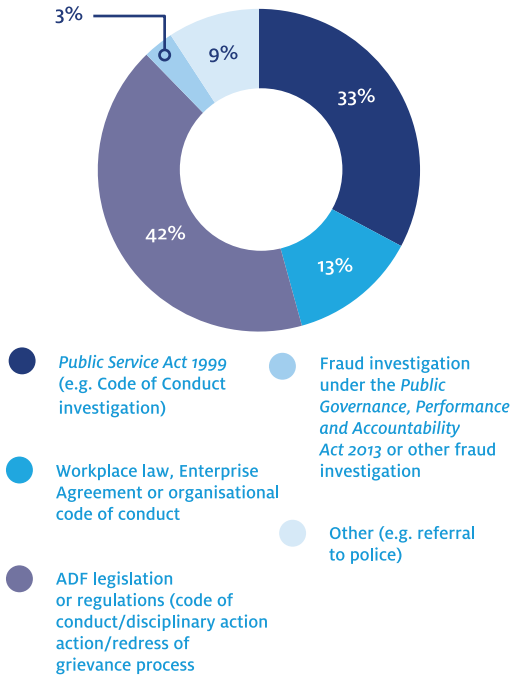
14 Noting that there may be more than one reason for not investigating a PID, or an instance of disclosable conduct contained in a PID.

15 This should be differentiated from an investigation under the *Australian Federal Police Act 1979* (five per cent).

**Figure 16:** Findings of disclosable conduct



**Figure 17:** Referrals to other investigative mechanisms



**Referrals to other investigative mechanisms**

As noted above, an investigation can result in a recommendation that another investigation under a law or procedure of the Commonwealth be conducted. Of the 391 investigations conducted, agencies reported that 97 concluded with this type of recommendation. Agency data confirms the PID Act is regularly used as a ‘gateway’ for investigating conduct through other established investigative mechanisms.

The most obvious and frequently-cited example is an investigation under the APS Code of Conduct procedures, established under s 15(3) of the *Public Service Act 1999*. However, agencies are reporting referrals in significant numbers under other legislation. As shown in Figure 17, the top three categories were ADF legislation or regulations (42 per cent), the *Public Service Act 1999* (33 per cent) and a category described as ‘workplace law, Enterprise Agreement or organisational code of conduct’ (13 per cent).

**Ombudsman and IGIS investigations**

The Ombudsman received 65 approaches from people wishing to make a PID about another Commonwealth agency. We determined that 36 of those approaches were not PIDs<sup>16</sup> for the reasons set out below:

- in 58 per cent of matters the Ombudsman was not an authorised internal recipient because there were no reasonable grounds for the discloser to believe that the matter should be investigated by the office
- in 36 per cent of matters the information disclosed did not amount to disclosable conduct
- in six per cent of matters the discloser was not a public official.

<sup>16</sup> The threshold for an internal PID is in s 26 of the PID Act.

Of the 29 PIDs which we accepted, 15 were allocated to the agency concerned. The remaining 14 were allocated to the Ombudsman for investigation under his separate investigative power under the Ombudsman Act. Two of the 14 PIDs allocated to the Ombudsman were received from other agencies.

During the reporting period, 14 investigations were finalised, nine with a referral to either the Australian Public Service Commission or the Australian Commission for Law Enforcement Integrity, as the relevant integrity bodies with jurisdiction to investigate in those particular cases. As required by the Ombudsman Act, the office complied with a requirement to transfer cases of corruption or allegations of breaches of the APS Code of Conduct. A number of those cases concerned allegations about agency heads breaching the Code of Conduct.

In addition, one investigation was finalised by the Ombudsman and four were ceased under s 48 of the Act. Two of those four investigations ceased due to our decision to commence an own motion investigation into the issues raised. This own motion investigation will be finalised next financial year.

IGIS received four PIDs and allocated all to itself for investigation. During the year, three investigations were completed under the IGIS's separate investigative powers under *Inspector General of Intelligence and Security Act 1986* (IGIS Act).

### Managing reprisal risk and incidents of reprisal

The PID Act requires agencies to have in place procedures for assessing risks of reprisal to those who make disclosures. The PID Act also obliges principal officers to take reasonable steps to protect public officials from detriment, or threats of detriment, relating to PIDs by those public officials<sup>17</sup>.

Eighty-six percent of agencies reported they had procedures for assessing reprisal risk. During the year, 12 agencies reported having taken action in relation to 15 instances of potential or actual reprisal relating to a PID. As noted below, the office has received a number of complaints from disclosers relating to allegations of reprisal action. The office is not

aware of any actions taken in the Federal Court or Federal Circuit Court in relation to alleged reprisal or in pursuit of immunity from liability in relation to a PID.

## The Ombudsman and IGIS functions

### Complaints

During the reporting period, the office received 56 complaints about agencies' conduct in relation to PIDs and finalised 55<sup>18</sup> complaint investigations. IGIS did not receive any complaints about the handling of PIDs this financial year. The majority of complaints the office received were made by disclosers about the process and outcome of PIDs. A number of complaints were received from potential disclosers about their attempts to make PIDs.

Consistent with previous years, timeliness, transparency and communication with disclosers, remain the most common areas of complaint. Disclosers continue to raise concerns about agencies' failure to keep them informed and comply with notification requirements. Additionally, disclosers complained about delays in the investigation and issuing the investigation report under s 51 of the PID Act, as well as the extent to which those reports were redacted.

Unsurprisingly, another common area of complaint related to the way in which PID investigations were conducted and the outcome of those investigations. Consistent with previous years, the key issues identified in complaints were:

- the investigation process was flawed because of a conflict of interest or bias
- insufficient enquiries were made, including failure to interview the discloser or key witnesses
- the investigator reached the wrong conclusion based on evidence.

Last financial year the office noted an increase in complaints alleging reprisal action. This trend continues, with disclosers concerned about reprisals against them and a lack of support, risk assessment and action in relation to reprisals and reprisal risk. Reprisal issues were often accompanied by concerns about breaches

<sup>18</sup> 43 of those investigations related to complaints from this financial year; and 12 were from the previous financial year.

<sup>17</sup> See section 59 (1) and (3).

of secrecy and confidentiality in the PID process and fears that a discloser's identity had been compromised.

There has also been an increase in complaints alleging agencies' failure to identify the full range of possible disclosable conduct in a PID. Some of these complaints focus on the conduct of individuals, rather than broader procedural or systemic problems. The office also received a number of complaints about agencies' failure to treat particular matters as a potential PID, and either not dealing with them or dealing with them outside of the PID Act.

In the course of our complaint investigations, the office identified some shortcomings in agencies' PID handling and recommended remedial action and improvements. In most of those cases the office asked agencies to provide greater transparency for disclosers and to comply with timeframes, notifications and reporting requirements in the Act. In some matters the office identified a need for improvements in the handling of PID information and recommended further developing processes for confidentiality in PID investigations.

### Assistance, education and awareness

#### *Inquiries about the PID Act*

The office received 304 enquiries in relation to the PID Act through dedicated telephone line and email contact points, over and above complaints, disclosures and agency notifications. Sixty-six percent of these were from agency representatives, 33 per cent from public officials and one per cent from either non-government organisations or members of the public. Throughout the year the IGIS also provided assistance and advice to officials within the intelligence agencies.

Information gathered from these inquiries provides an important insight into the day-to-day operational issues faced by agencies and officials. The office notes a growing understanding of the Act by both agencies and disclosers. Additionally, the office notes varying levels of support available to disclosers and officials with respect to PIDs within agencies.

### *Information and guidance materials*

During the year the office published four new guidance materials:

- an updated *Agency Guide to the PID Act*. This comprises a substantial revision of our overall guidance incorporating learnings from over two years of the scheme's operation, and addresses key areas of agency inquiries
- *Public Interest Disclosure scheme Reference Guide*
- a guide for supervisors on their obligations under the Act
- a guide for managing the risk of reprisal.

Our website continues to be a key resource for agencies looking for information about the PID scheme. During the year there were 17 762 visits to the PID website<sup>19</sup>. Additionally, the office published two editions of PID e-News—in October 2015 and April 2016—providing useful articles for PID practitioners, information about relevant events and issues, and links to new guidance products and forms.

### *Stakeholder engagement*

The PID practitioner community continues to contribute positively to the operation of the PID scheme. The office hosted 11 Community of Practice forums during the year, talking directly with PID practitioners about best practice and challenging areas of the PID Act. The Community of Practice forums proved to be an invaluable source of information in relation to the independent review of the PID Act. Forums were held in Canberra, Sydney and Melbourne, bringing together 125 PID practitioners to discuss their experience with the PID Act's operation directly with the Ombudsman's office and the review team.

The office also delivered 26 presentations on the PID Act to agencies. Feedback from these sessions and our Community of Practice forums

<sup>19</sup> We counted the number of unique page views to seven of our main pages on the PID website, that is, the number of visits during which the specific page was viewed at least once. Where a person views the same webpage from the same computer more than once, this will only be counted as one unique page view.

indicate a high level of satisfaction. This year, the office also met directly with 12 agencies, and in a number of cases helped to review their procedures and information for staff and contractors.

IGIS coordinates meetings involving all Australian intelligence community agencies on PID matters, as the need arises.

### **The broader PID oversight community**

Amongst the broader PID oversight community, the office continues to play an active role in supporting greater sharing of information and cooperative projects between jurisdictions. In April 2016, the office hosted the third oversight forum in Canberra, attended by representatives from oversight bodies in other PID jurisdictions around Australia.

The office also grew the Commonwealth PID agency membership to an online PID community (PID Wiki), which the office jointly administers with the NSW and Qld Ombudsman offices. Through the PID Wiki, practitioners have access to a wealth of information about PID events, materials, case studies, news and blogs on relevant issues across various jurisdictions.

In addition, the office is a research partner for the *Whistling While They Work 2* Project led by Griffith University. The project is looking at improving managerial responses to whistleblowing in the public and private sector. During the year, the office has been actively involved in the research design and promoting the first round of data collection with Commonwealth PID agencies.

### **Notifications and extensions of time**

During the year the office received 121 requests for extensions of time within agencies, over double the requests received last financial year. The vast majority of these requests were approved in full or in part, with only five denied and four withdrawn before a decision was made. The office also received 147 notifications of decisions not to investigate and 539 notifications of allocation of PIDs. IGIS received four notification of allocations, no notifications of s 48 decisions, and no requests for extensions of time.

### **PID review**

A key focus for the year was the independent review of the PID Act led by Philip Moss,

assisted by the Department of the Prime Minister and Cabinet. Mr Moss was appointed on 15 January 2016, two years after the commencement of the Act. Both IGIS and the Ombudsman's office provided submissions to the review.

The Ombudsman's submission identified key operational issues with the Act and recommended 24 changes to it. These concerned:

- strengthening the transparency and accessibility of the Act
- clarifying the obligations of supervisor in relation to when he or she should refer a matter to an authorised officer for assessment
- reviewing the secrecy provisions to provide clarity and allow for the disclosure of information in certain cases
- clarifying particular terms in the Act, including:
  - disciplinary action
  - when an external disclosure of information can be made, and
  - a Commonwealth contract not including grant funding
- clarifying that PIDs and PID investigations are not automatically exempt from the operation of the FOI Act
- broadening the circumstances in which discretion can be exercised to cease investigating a PID
- adjusting the PID threshold so that personal grievances are excluded from the PID Act
- extending the disclosure protections to public officials who were the original source of the information
- allowing disclosure of information to the Australian Commission for Law Enforcement Integrity, rather than the AFP, in certain circumstances
- clarifying aspects of the deeming provision
- strengthening the notification requirements to the Ombudsman and IGIS.

The full submission from the Office of the Commonwealth Ombudsman is available on the website at [pid.ombudsman.gov.au](http://pid.ombudsman.gov.au)

**Table 13:** Number of disclosures received and kinds of disclosable conduct

| Agency                   | Number of PIDs received by authorised officers (s 76(2)(a)(i) PID Act) <sup>20</sup> | Kinds of disclosable conduct to which the disclosures relate (s 76(2)(a)(ii) PID Act) <sup>21</sup>  |
|--------------------------|--|--|
| 1. Department of Defence | 194  | <ul style="list-style-type: none"> <li>• Contravention of a law of the Commonwealth, State or Territory (36%)</li> <li>• Maladministration (29%)</li> <li>• Conduct that may result in disciplinary action (12%)</li> <li>• Wastage of Commonwealth resources (including money and property) (9%)</li> <li>• Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons (7%)</li> <li>• Abuse of public office (4%)</li> <li>• Conduct in a foreign country that contravenes a law (1%)</li> <li>• Conduct engaged in for the purpose of corruption (1%)</li> <li>• Abuse of public trust (1%)</li> </ul> |

20 A PID is information that has been assessed as meeting all the requirements under s 26(1) of the PID Act. These statements do not include reference to disclosures that were received under the PID Act but not assessed as meeting the s 26 requirements.

21 This column details the percentage of each kind of disclosable conduct within the PIDs referred to in Column 1, as reported by agencies, noting that an individual PID may contain allegations of instances of more than one kind of disclosable conduct. It should be noted that this table lists the disclosable conduct alleged by the discloser, but does not represent the findings made at the conclusion of any investigation of the PID.

|                                  |                  |   |
|----------------------------------|------------------|---|
| 2. Australian Postal Corporation | 146              | <ul style="list-style-type: none"> <li>• Contravention of a law of the Commonwealth, State or Territory (55%)</li> <li>• Conduct that may result in disciplinary action (25%)</li> <li>• Perversion of the course of justice (7%)</li> <li>• Conduct engaged in for the purpose of corruption (7%)</li> <li>• Abuse of public trust (2%)</li> <li>• Maladministration (1%)</li> <li>• Wastage of Commonwealth resources (including money and property) (1%)</li> <li>• Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons (1%)</li> <li>• Abuse of public office (1%)</li> </ul> |
| 3. Commonwealth Ombudsman        | 29 <sup>22</sup> | <ul style="list-style-type: none"> <li>• Maladministration (38%)</li> <li>• Conduct that may result in disciplinary action (31%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (17%)</li> <li>• Wastage of Commonwealth resources (including money and property) (7%)</li> <li>• Conduct engaged in for the purpose of corruption (3.5%)</li> <li>• Conduct that endangers, or risks endangering the environment (3.5%)</li> </ul>  |
| 4. Department of Human Services  | 27               | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (41%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (24%)</li> <li>• Maladministration (24%)</li> <li>• Abuse of public office (12%)</li> </ul>   |
| 5. Australian Taxation Office    | 24               | <ul style="list-style-type: none"> <li>• Contravention of a law of the Commonwealth, State or Territory (77%)</li> <li>• Abuse of public trust (14%)</li> <li>• Maladministration (9%)</li> </ul>   |

<sup>22</sup> The Office of the Commonwealth Ombudsman received 29 PIDs relating to other agencies.

|  |    |   |
|--|----|---|
| 6. Department of Immigration and Border Protection | 21 | <ul style="list-style-type: none"> <li>• Contravention of a law of the Commonwealth, State or Territory (38%)</li> <li>• Maladministration (31%)</li> <li>• Wastage of Commonwealth resources (including money and property) (19%)</li> <li>• Conduct engaged in for the purpose of corruption (6%)</li> <li>• Conduct that may result in disciplinary action (6%)</li> </ul>   |
| 7. Airservices Australia                           | 17 | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (47%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (17%)</li> <li>• Maladministration (13%)</li> <li>• Wastage of Commonwealth resources (including money and property) (10%)</li> <li>• Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons (7%)</li> <li>• Perversion of the course of justice (3%)</li> <li>• Conduct engaged in for the purpose of corruption (3%)</li> </ul>  |
| 8. Australian Federal Police                       | 10 | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (28%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (19%)</li> <li>• Maladministration (14%)</li> <li>• Conduct in a foreign country that contravenes a law (14%)</li> <li>• Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons (10%)</li> <li>• Perversion of the course of justice (5%)</li> <li>• Conduct engaged in for the purpose of corruption (5%)</li> <li>• Wastage of Commonwealth resources (including money and property) (5%)</li> </ul> |
| 9. Attorney-General's Department                   | 8  | <ul style="list-style-type: none"> <li>• Contravention of a law of the Commonwealth, State or Territory (37.5%)</li> <li>• Conduct that may result in disciplinary action (37.5%)</li> <li>• Wastage of Commonwealth resources (including money and property) (12.5%)</li> <li>• Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons (12.5%)</li> </ul>   |



|     |  |   |   |
|-----|--|---|---|
| 10. | Australian Broadcasting Corporation                    | 7 | <ul style="list-style-type: none"> <li>• Maladministration (87.5%)</li> <li>• Wastage of Commonwealth resources (including money and property) (12.5%)</li> </ul>   |
| 11. | Department of Agriculture and Water Resources          | 7 | <ul style="list-style-type: none"> <li>• Wastage of Commonwealth resources (including money and property) (14%)</li> <li>• Conduct that may result in disciplinary action (86%)</li> </ul>                                    |
| 12. | Australian Sports Commission                           | 6 | <ul style="list-style-type: none"> <li>• Wastage of Commonwealth resources (including money and property) (67%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (33%)</li> </ul>                    |
| 13. | Australian Crime Commission                            | 5 | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (80%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (20%)</li> </ul>                                      |
| 14. | Department of Health                                   | 5 | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (60%)</li> <li>• Maladministration (20%)</li> <li>• Wastage of Commonwealth resources (including money and property) (20%)</li> </ul> |
| 15. | Office of the Fair Work Building Industry Inspectorate | 5 | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (83%)</li> <li>• Contravention of a law of the Commonwealth, State or Territory (17%)</li> </ul>                                      |

|   |  |   |
|---|--|---|
| <ol style="list-style-type: none"> <li>16. Aboriginal Hostels Limited</li> <li>17. ASC Pty Ltd</li> <li>18. Australian Accounting Standards Board</li> <li>19. Australian Bureau of Statistics</li> <li>20. Australian Competition and Consumer Commission</li> <li>21. Australian Electoral Commission</li> <li>22. Australian Film Television and Radio School</li> <li>23. Australian Financial Security Authority</li> <li>24. Australian Human Rights Commission</li> <li>25. Australian Institute of Marine Science</li> <li>26. Australian National Maritime Museum</li> <li>27. Australian National University</li> <li>28. Australian Nuclear Science and Technology Organisation</li> <li>29. Australian Radiation Protection and Nuclear Safety Agency</li> <li>30. Australian Rail Track Corporation</li> <li>31. Australian Securities and Investments Commission</li> <li>32. Australian Skills Quality Authority</li> <li>33. Australian Trade Commission (“Austrade”)</li> <li>34. Australian Transaction Reports and Analysis Centre</li> <li>35. Australian Transport Safety Bureau</li> <li>36. Australian War Memorial</li> <li>37. Bureau of Meteorology</li> <li>38. Civil Aviation Safety Authority</li> <li>39. Comcare</li> <li>40. Commonwealth Director of Public Prosecutions</li> <li>41. Commonwealth Scientific and Industrial Research Organisation</li> <li>42. Defence Housing Australia</li> </ol> | <p>101 (aggregated total of all PIDs received by these agencies)</p> <p>This section aggregates data for agencies reporting four or fewer PIDs received during the reporting period.</p> | <ul style="list-style-type: none"> <li>• Conduct that may result in disciplinary action (30%)</li> <li>• Maladministration (25%)</li> <li>• Commonwealth, State or Territory (11%)</li> <li>• Conduct that results in, or that increases, the risk of danger to the health or safety of one or more persons (9%)</li> <li>• Abuse of public office (6%)</li> <li>• Conduct engaged in for the purpose of corruption (5%)</li> <li>• Wastage of Commonwealth resources (including money and property) (5%)</li> <li>• Abuse of public trust (4%)</li> <li>• Contravention of a law of the</li> <li>• Fabrication, falsification, plagiarism or deception in relation to scientific research (2%)</li> <li>• Perversion of the course of justice (2%)</li> <li>• Conduct that endangers, or risks endangering the environment (1%)</li> </ul> |
|---|--|---|

|  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>43. Department Foreign Affairs and Trade</li> <li>44. Department of Education and Training</li> <li>45. Department of Employment</li> <li>46. Department of Finance</li> <li>47. Department of Industry, Innovation and Science</li> <li>48. Department of Parliamentary Services</li> <li>49. Department of Social Services</li> <li>50. Department of the Environment</li> <li>51. Department of the Prime Minister and Cabinet</li> <li>52. Department of Treasury</li> <li>53. Department of Veterans' Affairs</li> <li>54. Fair Work Ombudsman</li> <li>55. Family Court and Federal Circuit Court</li> <li>56. Murray-Darling Basin Authority</li> <li>57. Museum of Australian Democracy at Old Parliament House</li> <li>58. National Disability Insurance Agency</li> <li>59. National Film and Sound Archive</li> <li>60. National Health and Medical Research Council</li> <li>61. National Library of Australia</li> <li>62. National Museum of Australia</li> <li>63. National Offshore Safety and Environmental Management Authority</li> <li>64. NBN Co Limited</li> <li>65. Reserve Bank of Australia</li> <li>66. Special Broadcasting Service Corporation</li> <li>67. Torres Strait Regional Authority</li> <li>68. Inspector-General of Intelligence and Security</li> <li>69. Intelligence agencies</li> </ul> |  |  |
|--|--|--|

**Table 14:** Agencies that have reported not receiving PIDs

|   |   |
|---|---|
| 1. AAF Company  | 21. Australian Law Reform Commission                              |
| 2. Administrative Appeals Tribunal  | 22. Australian Military Forces Relief Trust Fund                  |
| 3. Anindilyakwa Land Council  | 23. Australian National Audit Office                              |
| 4. Army and Air Force Canteen Service                                     | 24. Australian Pesticides and Veterinary Medicines Authority      |
| 5. Asbestos Safety and Eradication Agency                                 | 25. Australian Prudential Regulation Authority                    |
| 6. Auditing and Assurance Standards Board                                 | 26. Australian Public Service Commission                          |
| 7. Australia Council for the Arts   | 27. Australian Reinsurance Pool Corporation                       |
| 8. Australian Aged Care Quality Agency                                    | 28. Australian Renewable Energy Agency                            |
| 9. Australian Centre for International Agricultural Research              | 29. Australian Research Council                                   |
| 10. Australian Commission for Law Enforcement Integrity                   | 30. Australian Sports Anti-Doping Authority                       |
| 11. Australian Commission on Safety and Quality in Health Care            | 31. Australian Sports Foundation Limited                          |
| 12. Australian Communications and Media Authority                         | 32. Australian Strategic Policy Institute                         |
| 13. Australian Curriculum, Assessment and Reporting Authority             | 33. Bundanon Trust  |
| 14. Australian Fisheries Management Authority                             | 34. Cancer Australia  |
| 15. Australian Grape and Wine Authority                                   | 35. Central Land Council  |
| 16. Australian Hearing Services   | 36. Clean Energy Finance Corporation                              |
| 17. Australian Institute of Aboriginal and Torres Strait Islander Studies | 37. Clean Energy Regulator  |
| 18. Australian Institute of Criminology                                   | 38. Climate Change Authority                                      |
| 19. Australian Institute of Family Studies                                | 39. Coal Mining Industry (Long Service Leave Funding) Corporation |
| 20. Australian Institute of Health and Welfare                            | 40. Commonwealth Superannuation Corporation                       |

|   |  |
|---|--|
| 41. Corporations and Markets Advisory Committee           | 62. Indigenous Land Corporation                              |
| 42. Cotton Research & Development Corporation             | 63. Infrastructure Australia                                 |
| 43. Creative Partnerships Australia                       | 64. Inspector-General of Taxation                            |
| 44. CrimTrac  | 65. Moorebank Intermodal Company Limited                     |
| 45. Department of Communications and the Arts             | 66. National Archives of Australia                           |
| 46. Department of Infrastructure and Regional Development | 67. National Australia Day Council                           |
| 47. Department of the House of Representatives            | 68. National Blood Authority                                 |
| 48. Department of the Senate                              | 69. National Capital Authority                               |
| 49. Digital Transformation Office                         | 70. National Competition Council                             |
| 50. Director of National Parks                            | 71. National Gallery of Australia                            |
| 51. Export Finance and Insurance Corporation              | 72. National Health Funding Body                             |
| 52. Fair Work Commission                                  | 73. National Health Performance Authority                    |
| 53. Federal Court of Australia                            | 74. National Mental Health Commission                        |
| 54. Fisheries Research & Development Corporation          | 75. National Portrait Gallery of Australia                   |
| 55. Food Standards Australia New Zealand                  | 76. National Transport Commission                            |
| 56. Future Fund Management Agency                         | 77. Northern Land Council                                    |
| 57. Grains Research and Development Corporation           | 78. Office of Parliamentary Counsel                          |
| 58. Great Barrier Reef Marine Park Authority              | 79. Office of the Australian Information Commissioner        |
| 59. High Court of Australia                               | 80. Office of the Official Secretary to the Governor-General |
| 60. Independent Hospital Pricing Authority                | 81. Organ and Tissue Authority                               |
| 61. Indigenous Business Australia                         | 82. Outback Stores Pty Ltd                                   |

|      |   |
|------|---|
| 83.  | Parliamentary Budget Office                                     |
| 84.  | Productivity Commission   |
| 85.  | Professional Services Review                                    |
| 86.  | RAAF Veterans' Residences Trust                                 |
| 87.  | RAAF Welfare Recreational Company                               |
| 88.  | RAAF Welfare Trust Fund   |
| 89.  | Royal Australian Navy Central Canteens Board                    |
| 90.  | Royal Australian Navy Relief Trust Fund                         |
| 91.  | Rural Industries Research and Development Corporation           |
| 92.  | Safe Work Australia   |
| 93.  | Screen Australia  |
| 94.  | Sydney Harbour Federation Trust                                 |
| 95.  | Tertiary Education Quality and Standards Agency                 |
| 96.  | Australian Institute for Teaching and School Leadership Limited |
| 97.  | Australian Maritime Safety Authority                            |
| 98.  | Tiwi Land Council   |
| 99.  | Tourism Australia   |
| 100. | Workplace Gender Equality Agency                                |
| 101. | Wreck Bay Aboriginal Community Council                          |

**Table 15:** PID investigations completed and actions taken in response to recommendations

| Agency                           | Number of disclosure investigations conducted during the financial year (s 76(2)(a)(iii) PID Act) <sup>23</sup> | Actions taken during the financial year in response to recommendations relating to those disclosure investigations (s 76(2)(a)(iv) PID Act) <sup>24</sup>  |
|----------------------------------|---|--|
| 1. Department of Defence         | 149   | <ul style="list-style-type: none"> <li>• Administrative action</li> <li>• Further investigation under the <i>Defence Force Disciplinary Act 1982</i></li> <li>• Further investigation under the <i>Criminal Code Act 1995</i></li> <li>• Further investigation under the <i>Crimes Act 1914 (Cth)</i></li> <li>• Further investigation under the <i>Defence Act 1903</i></li> <li>• Further investigation under the <i>Public Service Act 1999</i></li> <li>• Further investigation under the <i>Public Governance, Performance Accountability Act 2013</i></li> </ul> |
| 2. Australian Postal Corporation | 127   | <ul style="list-style-type: none"> <li>• Referral for investigation pursuant to the <i>Fair Work Act 2009</i> (e.g. Enterprise Agreements)</li> <li>• Change to control environment</li> <li>• Clarification and strengthening of tendering processes and controls in relation to conditions of engagement of contractors and ongoing monitoring of contractor compliance</li> <li>• Disciplinary action</li> <li>• Management action (change of policy procedures)</li> </ul>   |
| 3. Australian Taxation Office    | 15  | <ul style="list-style-type: none"> <li>• Matter referred for investigation under the <i>Public Service Act 1999</i> (Code of Conduct investigation)</li> <li>• Suspension of employment</li> </ul>   |

23 This column details the number of disclosure investigations that agencies completed during 2015-16. It includes investigations that commenced during the previous financial year but were not completed. It does not include investigations by the Ombudsman and IGIS under their separate investigative powers.

24 Noting that a disclosure investigation may or may not result in a recommendation being made, and the actions taken may or may not occur in the same financial year that the disclosure investigation was completed.

|  |    |   |
|--|----|---|
| 4. Department of Immigration and Border Protection | 11 | <ul style="list-style-type: none"> <li>• Management Action (including staff training, establishment of complaints process and Standard Operating Procedures)</li> <li>• Management review (including assessment of supervision, performance management and quality assurance)</li> <li>• Disciplinary action</li> <li>• Audit of Information Systems</li> <li>• Management Action (review of procedures and practices)</li> <li>• Medical Assessment</li> </ul>   |
| 5. Airservices Australia                           | 11 | <ul style="list-style-type: none"> <li>• Internal reviews per Airservices Code of Conduct Investigation or Security and Resilience Investigation procedures conducted</li> <li>• Staff leave application requested, supplied and approved</li> <li>• Rostering manual updated to address inconsistency with the current workplace agreement</li> <li>• Referral to police</li> <li>• Incident/emergency support procedures updated to clarify employee requirements</li> <li>• Termination of employment</li> <li>• Sanctions applied in relation to substantiated allegations</li> </ul> |
| 6. Australian Broadcasting Corporation             | 8  | <ul style="list-style-type: none"> <li>• Management action (change of policy procedures)</li> </ul>   |
| 7. Department of Human Services                    | 8  | <ul style="list-style-type: none"> <li>• Recommendations made to pursue other HR processes in line with departmental policies, procedures and guidelines</li> <li>• Recommended action to refer a matter to the Privacy Branch for investigation</li> <li>• Recommended action to refer a matter to Internal Fraud for investigation</li> </ul>   |
| 8. Department of Agriculture and Water Resources   | 5  | <ul style="list-style-type: none"> <li>• Management action (change of policy procedures)</li> <li>• Matter referred for investigation under the <i>Public Service Act 1999</i> (Code of Conduct investigation)</li> </ul>   |



|   |  |  |
|---|--|--|
| <ol style="list-style-type: none"> <li>9. Attorney-General's Department</li> <li>10. Australian Bureau of Statistics</li> <li>11. Australian Crime Commission</li> <li>12. Australian Federal Police</li> <li>13. Australian Film Television and Radio School</li> <li>14. Australian Rail Track Corporation</li> <li>15. Australian Securities and Investments Commission</li> <li>16. Australian Sports Commission</li> <li>17. Australian Transaction Reports and Analysis Centre</li> <li>18. Bureau of Meteorology</li> <li>19. Comcare</li> <li>20. Department of Treasury</li> <li>21. Commonwealth Director of Public Prosecutions</li> <li>22. Commonwealth Scientific and Industrial Research Organisation</li> <li>23. Department Foreign Affairs and Trade</li> <li>24. Department of Education and Training</li> <li>25. Department of Finance</li> <li>26. Department of Health</li> <li>27. Department of Parliamentary Services</li> <li>28. Department of Social Services</li> <li>29. Department of the Prime Minister and Cabinet</li> <li>30. Department of Veterans' Affairs</li> <li>31. Family Court &amp; Federal Circuit Court</li> <li>32. Museum of Australian Democracy at Old Parliament House</li> <li>33. National Disability Insurance Agency</li> <li>34. National Health and Medical Research Council</li> <li>35. National Offshore Safety and Environmental Management Authority</li> <li>36. NBN Co Limited</li> <li>37. Office of the Fair Work Building Industry Inspectorate</li> <li>38. Reserve Bank of Australia</li> <li>39. Torres Strait Regional Authority</li> <li>40. Intelligence agencies</li> </ol> | <p>57 investigations were completed by the agencies in this section</p> <p>This section aggregates data for agencies reporting four or fewer investigations being conducted during the period.</p> | <ul style="list-style-type: none"> <li>• Adjustment to recruitment processes</li> <li>• CEO considering further investigation under the <i>Public Service Act 1999</i> (Code of Conduct investigation)</li> <li>• Clarification of policy/procedures</li> <li>• Consideration for review of internal procedures</li> <li>• Disciplinary action</li> <li>• Email circulated to staff regarding best practice procurement</li> <li>• Management action (change of policy/procedures)</li> <li>• Management action (update of policy/procedures)</li> <li>• Matter referred for investigation under the <i>Public Service Act 1999</i> (Code of Conduct investigation)</li> <li>• Matters investigated with no findings of disclosable conduct</li> <li>• Misconduct proceedings commenced</li> <li>• No findings of disclosable conduct and no action recommended</li> <li>• No action yet taken in relation to report recommendations</li> <li>• Procurement review/audit undertaken</li> <li>• Referral to the Australian Federal Police</li> <li>• Review of internal controls</li> <li>• Review of procedures</li> <li>• Referral to delegate for consideration under misconduct procedures</li> <li>• Response to be provided to discloser</li> <li>• Support for discloser</li> <li>• Staff educated on managerial practices relating to assessment of staff performance</li> <li>• Suspension of employee</li> <li>• Seven agencies reported completing investigations which did not result in recommendations being made for further action to be taken</li> </ul> |
|---|--|--|

## INTERNATIONAL PROGRAM

In 2015–16 the Department of Foreign Affairs and Trade funded the office's delivery of an International Program to improve the governance and accountability of integrity agencies in the Asia-Pacific Region.

Under the program the office worked with international ombudsmen, auditors-general, attorneys-general and law enforcement agencies to develop and share best practice complaint-handling and integrity oversight.

In 2015–16, the office delivered two programs in the Pacific region: the Pacific Ombudsman Alliance and the Pacific Governance and Anti-Corruption Program. The office also delivered three country specific programs in Indonesia, Papua New Guinea and the Solomon Islands.

### The Pacific Ombudsman Alliance

Since 2008 the office has provided the secretariat for the Pacific Ombudsman Alliance. This is a service delivery and support organisation for ombudsmen and allied institutions in countries that are members of the Pacific Islands Forum.

**Figure 18:** 2015–16 Commonwealth Ombudsman's Asia-Pacific regional engagement





*The Members and Secretariat of the Pacific Ombudsman Alliance, Melbourne, May 2016.*

The Alliance now has 19 members and is governed by a seven member Board. In 2015–16 the Chairperson of the Board was the Commonwealth Ombudsman, Colin Neave AM.

Activities carried out by the Alliance in 2015–16 included:

#### Palau

Investigative training to Auditor-General

#### Samoa

Facilitating corporate planning for the Ombudsman

#### Tonga

Legislative Review of the Commissioner of Public Relations

### The Pacific Governance and Anti-Corruption program

As part of a larger program of work within the United Nations Pacific Regional Anti-Corruption Project, the office worked with partners and stakeholders of the program (including the United Nations Development Program, the United Nations Office of Drugs and Crime and the Pacific Island Centre for Public Administration) to:

- deliver regional anti-corruption training and to improve the capacity of ombudsmen, Leadership Code Commissions<sup>25</sup> and auditors-general to investigate and report on potential corruption
- help members' integrity agencies to assess the administrative and criminal investigations conducted by others.

<sup>25</sup> Leadership Code Commissions have been established in some Pacific nations to enforce the Leadership Code and so improve accountability within the government and public service. They also establish criteria for defining, promoting and managing integrity, disclosure, government contracts, conflicts of interest and the application of public funds and benefits.

Seven countries participated in the program: the Solomon Islands, Vanuatu, Samoa, Tonga, the Federated States of Micronesia, the Republic of the Marshall Islands and Papua New Guinea. Key outcomes in 2015–16 included:

- a Memorandum of Understanding (MOU) with PICPA to express the partnership between the Commonwealth Ombudsman and PICPA
- supporting and strengthening members' integrity agencies in the creation of 'Integrity Hubs' which bring together anti-corruption mechanisms and practices at a regional level

- an anti-corruption workshop in Nadi, Fiji to identify common regional challenges in implementing anti-corruption processes across the Pacific.

The office also developed a mechanism for referring matters between integrity anti-corruption agencies in the Solomon Islands, and facilitated training of integrity agency officers in Vanuatu.

**Table 16: Country-specific engagement case studies in 2015–16**

|                           | <b>Indonesia</b>  | <b>Papua New Guinea</b>  | <b>Solomon Islands</b>   |
|---------------------------|---|--|--|
| <b>Program Objectives</b> | Assist the Ombudsman of the Republic of Indonesia to develop and promote effective complaint-handling.  | To build capacity by providing technical advisors, develop tailored training programs, and provide mentored placements for integrity agencies to the Ombudsman Commission of Papua New Guinea (OCPNG).   | Strengthen both information and computer technology and case management practices at the Office of the Ombudsman of the Solomon Islands.   |
| <b>Key Outcomes</b>       | Senior Indonesian Ombudsmen visited Australia in May 2016.<br><br>A program of workshops, training and professional mentoring has been developed. | Review of the OCPNG's Enabling Legislation including public consultation and a joint submission to the PNG Parliamentary inquiry.<br><br>Training in Security and Risk Management (and drafting of procedural policies) as well as cyber-security training for OCPNG staff. Participation in the PNG Information Studies Workshop. | As a result of this program there was a streamlining of administrative processes and strengthening of corporate services between the Ombudsman and the Leadership Code Commission. |

## CASE STUDY—Commonwealth Ombudsman Trans Pacific support to Tonga


The office continued its international engagement with 19 countries across the Pacific and Asia, to develop and share best practice in complaint-handling and to strengthen integrity functions.

In May, the office hosted conferences for the Pacific Ombudsman Alliance (POA) and the Australasia and Pacific Ombudsman Region. The office has robust partnerships with our counterparts in Indonesia and Papua New Guinea, and program planning on a number of joint activities is underway. Our work with the Pacific Governance and Anti-corruption Program continues to grow, delivering regional anti-corruption training and helping agencies to assess investigations conducted by others.

In late 2015, our office (acting as the POA Secretariat) delivered training for the Commissioner for Public Relations (Ombudsman) (CPR) in Tonga. This sought to improve the capacity of the CPR to manage its complaints processes and to improve engagement with government agencies and the community.

This four week program took place in Tonga and included experts from the Commonwealth, New Zealand and Samoan Ombudsman offices who also collaborated to design and deliver a training course on administrative investigations.

Trainers and participants agreed that drawing experts from different jurisdictions exposed them to different challenges and opportunities to resolve issues. The activity enhanced the network of integrity agencies in the region and emphasised the important contribution of the office.



**PART 5—  
MANAGEMENT AND  
ACCOUNTABILITY**

# PART 5—MANAGEMENT AND ACCOUNTABILITY

## Corporate Governance

As required by the Commonwealth's Enhanced Performance Framework, the office developed and publicly released its 2015–16 Corporate Plan (the Plan) in August 2015. The Plan frames the office's strategic vision, objectives, deliverables and key performance measures for the next four years.

In developing the Plan, the office's performance was reviewed with the aim of providing meaningful information to the Parliament and the public on how the office is delivering its strategic objectives. The office also reduced its key performance indicators (KPIs) from 26 to nine.

### Internal audit review

The office engaged Ernst & Young (the office's internal auditor) to review our Governance Framework. The review delivered five findings and 15 recommendations. It concluded that:

The Governance Committee structure currently established within the office is robust and provides adequate breadth of coverage on key areas; however there are a number of areas identified in this report where this could be better.

The office is now in the process of addressing these recommendations.

### Audit Committee

The office established an Audit Committee, in compliance with s 45 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and PGPA Rule s 17 Audit Committees for Commonwealth Entities.

The Audit Committee provides independent assurance to the Ombudsman on the office's financial and performance reporting responsibilities, risk oversight, management and systems of internal control.

As required, the Committee met four times during the year. Its members were:

| Name          | Position                       | Period of membership during year  |
|---------------|--------------------------------|-----------------------------------|
| Peter Hoefer  | Chair, independent             | 1 July 2015 to 30 August 2015     |
| Richard Glenn | Deputy Chair, Deputy Ombudsman | 1 July 2015 to 14 September 2015  |
|               | Chair, Deputy Ombudsman        | 15 September 2015 to 30 June 2016 |
| Joanna Stone  | Member, independent            | 1 July 2015 to 30 June 2016       |
| Kurt Munro    | Member, independent            | 1 September 2015 to 30 June 2016  |

Regular observers at meetings of the Committee included representatives from the Australian National Audit Office, Ernst & Young, the Chief Operating Officer and the Chief Financial Officer.

### Senior Leadership Group

The Senior Leadership Group comprises the Ombudsman, Deputy Ombudsman, Senior Assistant Ombudsmen and the Chief Operating Officer. It meets twice a month.

### Management Committees

Management committees assist the Ombudsman and Senior Leadership Group with decision making in key areas. The committees (shown below) make recommendations to the Senior Leadership Group.

### People Committee

The People Committee is chaired by the Deputy Ombudsman and comprises the Chief Operating Officer; the Senior Assistant Ombudsman, Social Services, Indigenous and Public Interest Disclosure Branch; the Senior Assistant Ombudsman, Immigration,

Industry and Territories Branch; the Manager, Human Resources; and staff representatives from each branch.

The committee advises on the office's People Plan. The Committee meets as required with the key focus this year being the development of an action plan and addressing issues arising from the 2015 APS Employee Census.

### **Work Health and Safety Committee**

The Work Health and Safety Committee is made up of elected staff representatives from each of the state and Canberra offices, and is chaired by the Senior Assistant Ombudsman, Immigration, Industry and Territories Branch. The committee meets quarterly. It reviews work health and safety matters and procedures to ensure the office complies with the terms of the *Work Health and Safety Act 2011*.

### **Workplace Relations Committee**

The Chief Operating Officer chairs the Workplace Relations Committee. It comprises employee, management and union representatives, and is the principal forum for change and workplace issues.

### **Business Improvement Steering Committee**

This Committee was established to facilitate business improvements within the office, to ensure our business is conducted as effectively and efficiently as possible, and in a manner that furthers the office's strategic objectives and maintains its viability and reputation. It is chaired by the Deputy Ombudsman.

### **Information Management Committee**

This is chaired by the Deputy Ombudsman and provides strategic oversight and guidance in information management policy, processes and systems, and examining information management issues.

### **Risk and Security Governance Committee**

This Committee was established to provide guidance and advice on operational risk and security governance matters for the office. It is chaired by the Chief Operating Officer, has representatives from the branches and subject matter experts and meets at least quarterly.

### **Inclusion Committee**

This was established in May 2016 with the aim of providing guidance and advice on inclusion matters, especially concerning the Reconciliation Action Plan, the Multicultural Plan, the Workplace Diversity Program and others. It is chaired by the Deputy Ombudsman and includes staff members from throughout the organisation at various levels.

## **Corporate Governance Practices**

### **Risk management**

Our risk management framework includes a formal policy and protocol, a strategic risk plan and register, and quarterly monitoring and reporting.

The Senior Leadership Group regularly reviews strategic and operational risks. The office also participates in the annual Comcover Risk Management Benchmarking Survey, which independently assesses our risk management maturity.

Additional oversight of risk-management is provided by the Audit Committee and the Risk and Security Governance Committee.

### **Fraud Prevention and Control**

The office engaged Ernst & Young to conduct an independent review of the office's Fraud Control Plan and to undertake an entity-wide fraud risk assessment.

The review concluded that the office had a medium overall fraud risk profile and made three recommendations, all of which were implemented.



Ernst & Young also provided fraud awareness training sessions to office staff. Our intranet page was updated to be more comprehensive and user friendly.

### Business Continuity Planning

Our Business Continuity Plan is one of our key risk management strategies. It sets out strategies to ensure that our most important work can continue or be quickly resumed in the event of a disaster.

The office reviewed the plan in 2015–16 and confirmed that it has the capacity to maintain its critical business requirements and ability to function following a disruption. The office is continuing to refine the plan.

### Ethical Standards

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

- APS Values and Code of Conduct
- workplace discrimination, bullying and harassment
- conflict of interest
- acceptance of gifts and hospitality
- procedures for determining breaches of the Code of Conduct
- procedures for dealing with Public Interest Disclosures relating to the office.

Employee Performance Development Agreements include the following mandatory key behaviour:

*'in undertaking my duties I will act in accordance with the APS Values, Employment Principles and APS Code of Conduct.'*

The Induction Handbook for new starters provides appropriate information on ethical standards and behaviours. The office also implemented APS Learn Hub which contains eLearning modules on APS Values and Principles and Fraud Awareness.

### Accessibility

In developing and maintaining the office's websites, the office used the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines 2.0 as the benchmark.

The office has substantially improved its online services. This has improved compliance with Web Content Accessibility Guidelines 2.0 (AA level). The upgraded systems included authoring tools to check for accessibility issues, and compliance reporting against the website. A graphic design refresh also simplified the presentation of content and increased contrast to assist readability.

### External scrutiny

#### Court and tribunal litigation

No decisions of courts or administrative tribunals made in 2015–16 had, or may have, a significant impact on our operations.

#### Office of the Australian Information Commissioner

During the reporting period, the Australian Information Commissioner advised the office of three instances in which an applicant had sought review of our decisions under the *Freedom of Information Act 1982*. At the time of reporting, all three matters were under consideration by the Information Commissioner.

The office is subject to the *Privacy Act 1988*. The Privacy Commissioner has advised of one complaint about our office during the reporting period. At the time of reporting, that complaint was still under consideration. The Privacy Commissioner did not issue any report or make any adverse comment about the office during 2015–16.

#### Australian Human Rights Commission

The office is subject to the jurisdiction of the Australian Human Rights Commission. During the reporting period the commission did not receive any new complaints about this office.

## Management of Human Resources

### Overview

The office's Workforce Plan 2015–19 covers a four-year time period and is aligned to business planning processes. Specifically, it:

- seeks to identify high-level trends and developments (i.e. the risks) that will affect the availability of the workforce capability required to deliver organisational outcomes
- tells the office how it can avoid these risks.

The Workforce Plan is reviewed on an ongoing basis.

Our People Plan 2014–17, defines three key aims: attract, develop and motivate, and retain and align. The Plan is reviewed regularly to ensure it reflects our people priorities.

These Workforce Plan and People Plan are complemented by our:

- Workplace Diversity Program 2015–18
- Reconciliation Action Plan 2015–17
- Multicultural Plan 2013–15.

A quarterly report on the status of activities being undertaken against the Workforce and People Plans is provided to the Senior Leadership Group.

### Learning and Development

This year the office continued to deliver training against the core competencies established under the Learning and Development Strategy 2013–16, together with other targeted learning and development opportunities. The training delivered included:

- Principles of decision-making
- Privacy Refresher Training
- Business Classification Systems
- Editing and proof reading
- Financial skills

- Productivity Toolkit
- Mental Health First Aid
- Building a bullying free workplace
- Indigenous cultural awareness
- Building high performance teams
- Courageous conversations
- Website content publishing
- Work health and safety
- Attendance at APSC Event Series sessions.

The office implemented Learn Hub and Lynda.com through the Shared Services Centre. These interactive learning solutions enable us to deliver a broad range of targeted eLearning programs to all staff on their desktops.

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

### Work Health and Safety

The office is committed to maintaining a safe and healthy workplace for all our employees, contractors and visitors. The office acknowledges its employer responsibilities under the *Work Health and Safety Act 2011* (WHS Act), the *Rehabilitation and Compensation Act 1988* and anti-discrimination legislation.

During 2015–16 the office undertook the following health and safety initiatives:

- conducted individual workplace assessments
- made available first aid facilities and supplies, and provided first aid training to First Aid Officers (refresher and senior first aid for new officers)
- provided workplace health and safety training to Health and Safety Representatives
- provided flu vaccinations to employees free of charge, a healthy lifestyle reimbursement of up to \$299 per year and provision of mental health first aid training

- conducted work health and safety hazard inspections in all offices
- provided access to an employee assistance program, which offers a confidential counselling service, facilitation of teamwork issues, career advice and the management of work-related or personal issues
- required all employees and contractors to complete the eLearning course on Work Health and Safety.

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

During the reporting period no accidents or injuries occurred that are reportable under s 38 (5) of the WHS Act.

There were no investigations conducted within the office under Part 10 of the Act.

The office has also conducted an internal audit of the:

- work health and safety policies and procedures to perform a compliance review against legislative requirements
- Rehabilitation Management Systems, in accordance with the requirements of the Guidelines for Rehabilitation Authorities 2012.

## Workplace arrangements

The office's Enterprise Agreement 2011–14 (the Agreement) came into effect on 27 July 2011 and reached its nominal expiry date on 30 June 2014. The office has continued to bargain in good faith in relation to the new Enterprise Agreement and it is expected that the new Agreement will be finalised in 2016–17.

As at 30 June 2016, 166 employees were covered under the current Agreement. The Agreement does not make provision for performance pay. Salary advancement within

each of the non-SES classifications is linked to performance. Four employees have an Individual Flexibility Agreement in place.

Conditions are provided for four SES staff under s24 (1) of the *Public Service Act 1999*. Determinations under s 24 (1) of the *Public Service Act 1999* provide for SES annual salary advancement based on performance and do not make provision for performance pay.

The office does not have any staff employed under Australian Workplace Agreements or common law contracts.

The office offers non-salary benefits to our people under relevant enterprise agreements and other individual industrial instruments. These include various types of leave, as well as flexible working arrangements, access to salary packaging and eyewear reimbursement for screen based work.

## Workforce profile

As at 30 June 2016 there were 172 staff (157.5 full-time equivalents) employed in the office. This includes the Ombudsman and Deputy Ombudsman who are statutory office holders.

Women made up 66 per cent of the office's workforce as at 30 June 2016 and 26 per cent of our employees worked part-time. The number of staff who identified as Indigenous was 2.3 per cent (1.33 per cent in 2015) and 3.49 per cent of staff identify as having a disability (four per cent in 2015).

Table 17 provides further information in relation to the office's workforce profile.

**Table 17:** Workforce profile as at 30 June 2016 and 30 June 2015

| Category                         | At 30 June 2016 |             |            | At 30 June 2015 |             |            |
|----------------------------------|-----------------|-------------|------------|-----------------|-------------|------------|
|                                  | Ongoing         | Non-ongoing | Total      | Ongoing         | Non-ongoing | Total      |
| APS Classification               |                 |             |            |                 |             |            |
| APS3                             | 11              | 3           | 14         | 10              | 4           | 14         |
| APS4                             | 17              | 6           | 23         | 19              | 4           | 23         |
| APS5                             | 26              | 3           | 29         | 19              | 1           | 20         |
| APS6                             | 29              | 2           | 31         | 28              | 1           | 29         |
| Executive Level 1                | 45              | 6           | 51         | 38              | 1           | 39         |
| Executive Level 2                | 15              | 2           | 17         | 16              | 2           | 18         |
| SES Band 1                       | 4               | -           | 4          | 4               | -           | 4          |
| Statutory Officers <sup>26</sup> | 3               | -           | 3          | 3               | -           | 3          |
| <b>Total</b>                     | <b>150</b>      | <b>22</b>   | <b>172</b> | <b>137</b>      | <b>13</b>   | <b>150</b> |
| Location                         |                 |             |            |                 |             |            |
| ACT                              | 83              | 13          | 96         | 84              | 7           | 91         |
| NSW                              | 16              | 4           | 20         | 7               | 1           | 8          |
| QLD                              | 12              | 3           | 15         | 12              | 1           | 13         |
| SA                               | 19              | 1           | 20         | 17              | 3           | 20         |
| VIC                              | 16              | 1           | 17         | 13              | 1           | 14         |
| WA                               | 4               | -           | 4          | 4               | -           | 4          |
| <b>Total</b>                     | <b>150</b>      | <b>22</b>   | <b>172</b> | <b>137</b>      | <b>13</b>   | <b>150</b> |
| Gender/Diversity                 |                 |             |            |                 |             |            |
| Female                           | 102             | 12          | 114        | 89              | 7           | 96         |
| Male                             | 48              | 10          | 58         | 48              | 6           | 54         |
| Indigenous                       | 1               | 3           | 4          | 2               | -           | 2          |
| People with a disability         | 5               | 1           | 6          | 5               | 1           | 6          |
| Employment status                |                 |             |            |                 |             |            |
| Full time                        | 110             | 17          | 127        | 104             | 10          | 114        |
| Part time                        | 40              | 5           | 45         | 33              | 3           | 36         |

26 The office had three statutory officers and four SES Band 1s this year (30 June 2016) and last year (30 June 2015) due to acting arrangements, as a result of a statutory officer being on leave at that time.

**Table 18:** Remuneration by classification as at 30 June 2016

| Classification    | Salary range        |
|-------------------|---------------------|
| APS1              | \$43,283–\$47,841   |
| APS2              | \$48,985–\$54,321   |
| APS3              | \$55,796–\$60,222   |
| APS4              | \$62,186–\$67,518   |
| APS5              | \$69,359–\$73,547   |
| APS6              | \$74,914–\$86,053   |
| Executive Level 1 | \$96,035–\$103,702  |
| Executive Level 2 | \$111,820–\$126,743 |
| SES Band 1        | \$145,000–\$185,400 |

Note: Under the Enterprise Agreement 2011–2014, where an employee moves to the office from another agency and his or her salary exceeds the maximum point in the office's salary range for the relevant classification, the higher salary will be maintained until the difference has been absorbed by the office's salary rates.

## Purchasing

The office is committed to achieving the best value for money in procurement activity and uses procurement practices that are consistent with the Commonwealth Procurement Rules. This includes the use of the Commonwealth Contracting Suite to prepare approaches to market and manage procurement processes. These practices are supported by the Accountable Authority Instructions and internal policy and guidance material.

To improve efficiency in procurement, the office used established procurement panels where possible. The office supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website. The office's procurement methods aim not to discriminate against small and medium-sized enterprises. Our policies and processes highlight the requirement to first access the Supply Nation website to check whether there are any Indigenous businesses that can provide the goods and services required. The office will seek to enter into arrangements with Indigenous business where possible and ensure that the

arrangement adheres to the value for money and best fit principles. All procurements entered into are done on the basis of value for money and best fit.

Procurement plans are published on AusTender as they become known, to facilitate early procurement planning and to draw attention to our planned activity. All procurements that are in excess of \$10 000 are published on AusTender as soon as practical.

## Consultants

The office engages consultancy services when a specific expertise is not available internally or when independent advice is required. During 2015–16, seven new consultancy contracts were entered into, involving total actual expenditure of \$0.152 million (including GST). In addition, three ongoing consultancy contracts were active during the 2015–16 year, with total expenditure of \$0.139 million. These contracts covered financial services, IT development and mediation services.

No contracts were let containing provisions that do not allow the Auditor-General to have access to the contractor's premises, and no contracts were entered into that

were exempt from being published on AusTender. Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at [tenders.gov.au](http://tenders.gov.au). The office does not administer any grant programs.

**Table 19: Expenditure on consultancy contracts 2013–14 to 2015–16**

| Year    | Number of consultancy contracts | Total actual expenditure \$'000 |
|---------|---------------------------------|---------------------------------|
| 2015–16 | 10                              | 291                             |
| 2014–15 | 9                               | 321                             |
| 2013–14 | 13                              | 163                             |

## Advertising campaigns

There were no advertising campaigns undertaken by the office.

## Exempt contracts

There were no contracts over \$10 000 exempted from reporting to AusTender.

## Compliance reporting

There have been no significant issues reported to the responsible Minister under paragraph 19 (1) (e) of the *Public Governance, Performance and Accountability Act 2013* that relate to non-compliance with the finance law in relation to the office. An internal compliance review process is undertaken throughout the year and the results considered by the Senior Leadership Group and the Audit Committee.

## Asset management

The assets managed by the office include ICT assets, plant and equipment, property and intangible assets such as software. With the exception of the property all of these assets are handled internally and the five year capital replacement and capital investment plans predict our requirements. The office currently has a Memorandum of Understanding with the Department of Industry to help manage our properties. This assistance extends through project management, reporting, legal advice, property searches and ongoing maintenance and refurbishment.

Our ICT assets are managed in-house and the property plant and equipment category of assets is primarily ICT in nature and supported by maintenance agreements and warranties. This category currently represents approximately 30 per cent of the total assets. Intangible assets are made up of software and websites. These are either supported internally or through a support contract. This class of asset is approximately 24 per cent of total assets. The final asset category is property and this represents approximately 46 per cent of our asset base. These assets are managed through an agreement with the Department of Industry. The office has offices in Adelaide, Brisbane, Canberra, Melbourne, Perth and Sydney.

Assets were checked for impairment and an asset stocktake was undertaken at year end. All assets are kept and maintained in good working order by the office.



**PART 6—  
APPENDICES**

# PART 6—APPENDICES

## Appendix 1—Financial Statements



### INDEPENDENT AUDITOR'S REPORT

#### To the Prime Minister

I have audited the accompanying annual financial statements of the Office of the Commonwealth Ombudsman for the year ended 30 June 2016, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the Financial Statements.

#### *Opinion*

In my opinion, the financial statements of the Office of the Commonwealth Ombudsman:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Office of the Commonwealth Ombudsman as at 30 June 2016 and its financial performance and cash flows for the year then ended.

#### *Accountable Authority's Responsibility for the Financial Statements*

The Commonwealth Ombudsman of the Office of the Commonwealth Ombudsman is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act and is also responsible for such internal control as the Commonwealth Ombudsman determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Independence***

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Australian National Audit Office



Ron Wah  
Audit Principal

Delegate of the Auditor-General

Canberra  
15 September 2016

## OFFICE OF THE COMMONWEALTH OMBUDSMAN

### STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

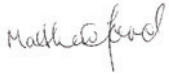
In our opinion, the attached financial statements for the year ended 30 June 2016 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Office of the Commonwealth Ombudsman will be able to pay its debts as and when they fall due.

Signed  .....

Colin Neave  
Commonwealth Ombudsman  
Accountable Authority

15 September 2016

Signed  .....

Mathew Ford  
Chief Financial Officer

15 September 2016

**OFFICE OF THE COMMONWEALTH OMBUDSMAN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2016*

|   | Notes | 2016<br>\$'000 | 2015<br>\$'000 | Original budget<br>\$'000 |
|---|-------|----------------|----------------|---------------------------|
| <b>NET COST OF SERVICES</b>   |       |                |                |                           |
| <b>Expenses</b>   |       |                |                |                           |
| Employee Benefits   | 2A    | 16,749         | 16,123         | 17,344                    |
| Supplier  | 2B    | 6,716          | 4,907          | 5,913                     |
| Depreciation and amortisation   | 2C    | 894            | 697            | 788                       |
| Write-down and impairment of assets   | 2D    | 6              | 8              | -                         |
| <b>Total expenses</b>   |       | <b>24,365</b>  | <b>21,735</b>  | <b>24,046</b>             |
| <b>OWN-SOURCE INCOME</b>  |       |                |                |                           |
| <b>Own-source revenue</b>   |       |                |                |                           |
| Sale of goods and rendering of services   | 3A    | 2,559          | 2,601          | 2,422                     |
| Other revenue   | 3B    | 53             | 43             | 45                        |
| <b>Total own-source revenue</b>   |       | <b>2,612</b>   | <b>2,644</b>   | <b>2,467</b>              |
| <b>Total own-source income</b>  |       | <b>2,612</b>   | <b>2,644</b>   | <b>2,467</b>              |
| <b>Net cost of services</b>   |       | <b>21,753</b>  | <b>19,091</b>  | <b>21,579</b>             |
| Revenue from Government   | 3C    | 20,780         | 18,392         | 20,790                    |
| <b>Deficit</b>  |       | <b>(973)</b>   | <b>(699)</b>   | <b>(789)</b>              |
| <b>OTHER COMPREHENSIVE INCOME</b>   |       |                |                |                           |
| <b>Items not subject to subsequent reclassification to net cost of services</b> |       |                |                |                           |
| Changes in asset revaluation surplus  |       | 31             | -              | -                         |
| <b>Total other comprehensive income</b>   |       | <b>31</b>      | <b>-</b>       | <b>-</b>                  |
| <b>Total comprehensive (loss)</b>   |       | <b>(942)</b>   | <b>(699)</b>   | <b>(789)</b>              |

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary**

**Expenses**

Supplier expenses increased by \$803k and was mainly driven by travel costs, additional consultancies and additional staffing costs associated with new business represented by the Private Health Insurance Ombudsman (PHIO) and the work associated with the new function of metadata *Telecommunications (Interception and Access) Amendment (Data Retention)*. Property costs were higher this year as we consolidated two properties in Sydney to a single property. This was possible after taking over the PHIO lease and there was additional rent being paid during the consolidation period. The additional lease was surrendered during the financial year and there was an increase in costs for that period. There was an increase in the expenses for the International program.

Depreciation variance of \$106k is attributed to the revaluation undertaken by an independent valuer as at 30 June 2016 and the restructure. The increase of \$6k for the write-down and impairment of assets is attributed to the results of the annual stocktake.

**Own-Source Income and Revenue from Government**

The other revenue variance of \$8k is attributed to the increase of external audit services provided by the Australian National Audit Office.

Sale of goods and rendering of services increase of \$137k is represented by the International program funded by the Department of Foreign Affairs and Trade, and recoveries from other agencies where staff are currently outposted. The Appropriation revenue variance of (\$10k) is attributed to the quarantine of the WoAG Public Sector Superannuation savings.

**Other Comprehensive Income**

The \$31k variance in the asset revaluation reserve is attributed to the revaluation undertaken by an independent valuer as at 30 June 2016.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
STATEMENT OF FINANCIAL POSITION  
as at 30 June 2016

|                                   | Notes | 2016<br>\$'000 | 2015<br>\$'000 | Original budget<br>\$'000 |
|-----------------------------------|-------|----------------|----------------|---------------------------|
| <b>ASSETS</b>                     |       |                |                |                           |
| <b>Financial assets</b>           |       |                |                |                           |
| Cash and cash equivalents         | 4A    | 154            | 975            | 216                       |
| Trade and other receivables       | 4B    | 9,573          | 9,327          | 9,067                     |
| Other financial assets            | 4C    | 547            | 45             | 17                        |
| <b>Total financial assets</b>     |       | <b>10,274</b>  | <b>10,347</b>  | <b>9,300</b>              |
| <b>Non-financial assets</b>       |       |                |                |                           |
| Land and buildings                | 5A-C  | 1,493          | 1,198          | -                         |
| Property, plant and equipment     | 5B-C  | 942            | 1,040          | 2,184                     |
| Intangibles                       | 5D-E  | 755            | 390            | 1,628                     |
| Other non-financial assets        | 5F    | 288            | 294            | 277                       |
| <b>Total non-financial assets</b> |       | <b>3,478</b>   | <b>2,922</b>   | <b>4,089</b>              |
| <b>Total assets</b>               |       | <b>13,752</b>  | <b>13,269</b>  | <b>13,389</b>             |
| <b>LIABILITIES</b>                |       |                |                |                           |
| <b>Payables</b>                   |       |                |                |                           |
| Suppliers                         | 7A    | 321            | 526            | 714                       |
| Other payables                    | 7B    | 3,493          | 4,322          | 2,691                     |
| <b>Total payables</b>             |       | <b>3,814</b>   | <b>4,848</b>   | <b>3,405</b>              |
| <b>Provisions</b>                 |       |                |                |                           |
| Employee provisions               | 8A    | 3,926          | 3,527          | 3,830                     |
| Other provisions                  | 8B    | 188            | 138            | 167                       |
| <b>Total provisions</b>           |       | <b>4,114</b>   | <b>3,666</b>   | <b>3,997</b>              |
| <b>Total liabilities</b>          |       | <b>7,928</b>   | <b>8,514</b>   | <b>7,402</b>              |
| <b>Net assets</b>                 |       | <b>5,824</b>   | <b>4,755</b>   | <b>5,987</b>              |
| <b>EQUITY</b>                     |       |                |                |                           |
| Contributed equity                |       | 7,613          | 5,602          | 8,031                     |
| Reserves                          |       | 1,143          | 1,112          | 1,213                     |
| Accumulated deficit               |       | (2,932)        | (1,959)        | (3,257)                   |
| <b>Total equity</b>               |       | <b>5,824</b>   | <b>4,755</b>   | <b>5,987</b>              |

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary**

**Assets**

The restructure that saw the Private Health Insurance Ombudsman function move to the Commonwealth Ombudsman had a flow on effect in the Statement of Financial Position. This restructure contributed to the variance of \$505k in trade and other receivables, the variance of \$530k in the other financial assets and through the recognition of assets transferred.

The variance in the non-financial assets can be attributed to the revaluation provided by an independent valuer as at 30 June 2016.

**Liabilities**

Employee provisions variance of \$96k can be attributed to the change in the Government bond rate as at 30 June 2016. Other provisions variance of \$21k can be attributed to the independent revaluation provided as at 30 June 2016.

**OFFICE OF THE COMMONWEALTH OMBUDSMAN**  
**STATEMENT OF CHANGES IN EQUITY**  
*for the period ended 30 June 2016*

|  | Notes | 2016<br>\$'000 | 2015<br>\$'000 | Original Budget<br>\$'000 |
|--|-------|----------------|----------------|---------------------------|
| <b>CONTRIBUTED EQUITY</b>                    |       |                |                |                           |
| <b>Opening Balance</b>                       |       |                |                |                           |
| Balance carried forward from previous period |       | 5,602          | 4,867          | 5,627                     |
| <b>Opening Balance</b>                       |       | <b>5,602</b>   | <b>4,867</b>   | <b>5,627</b>              |
| <b>Comprehensive income</b>                  |       |                |                |                           |
| <b>Transactions with owners</b>              |       |                |                |                           |
| <b>Distributions to owners</b>               |       |                |                |                           |
| Reduction to appropriation                   |       | -              | (25)           | -                         |
| <b>Contributions by owners</b>               |       |                |                |                           |
| Departmental capital budget                  |       | 1,181          | 760            | 1,181                     |
| Restructuring                                | 12    | 830            | -              | 1,223                     |
| <b>Total transactions with owners</b>        |       | <b>2,011</b>   | <b>735</b>     | <b>2,404</b>              |
| Transfers between equity components          |       | -              | -              | -                         |
| <b>Closing Balance as at 30 June</b>         |       | <b>7,613</b>   | <b>5,602</b>   | <b>8,031</b>              |
| <b>RETAINED EARNINGS</b>                     |       |                |                |                           |
| <b>Opening Balance</b>                       |       |                |                |                           |
| Balance carried forward from previous period |       | (1,959)        | (1,260)        | (1,941)                   |
| <b>Opening Balance</b>                       |       | <b>(1,959)</b> | <b>(1,260)</b> | <b>(1,941)</b>            |
| <b>Comprehensive income</b>                  |       |                |                |                           |
| Surplus/(Deficit) for the period             |       |                |                |                           |
|  |       | (973)          | (699)          | (788)                     |
| <b>Total comprehensive income</b>            |       | <b>(973)</b>   | <b>(699)</b>   | <b>(788)</b>              |
| <b>Transactions with owners</b>              |       |                |                |                           |
| <b>Contributions by owners</b>               |       |                |                |                           |
| Restructuring                                |       | -              | -              | (528)                     |
| <b>Total transactions with owners</b>        |       | <b>-</b>       | <b>-</b>       | <b>(528)</b>              |
| <b>Closing Balance as at 30 June</b>         |       | <b>(2,932)</b> | <b>(1,959)</b> | <b>(3,257)</b>            |
| <b>ASSET REVALUATION RESERVE</b>             |       |                |                |                           |
| <b>Opening Balance</b>                       |       |                |                |                           |
| Balance carried forward from previous period |       | 1,112          | 1,112          | 1,113                     |
| <b>Opening Balance</b>                       |       | <b>1,112</b>   | <b>1,112</b>   | <b>1,113</b>              |
| <b>Comprehensive income</b>                  |       |                |                |                           |
| Other comprehensive income                   |       |                |                |                           |
|  |       | 31             | -              | -                         |
| <b>Total comprehensive income</b>            |       | <b>31</b>      | <b>-</b>       | <b>-</b>                  |
| <b>Transactions with owners</b>              |       |                |                |                           |
| <b>Contributions by owners</b>               |       |                |                |                           |
| Restructuring                                |       | -              | -              | 100                       |
| <b>Total transactions with owners</b>        |       | <b>-</b>       | <b>-</b>       | <b>100</b>                |
| <b>Closing Balance as at 30 June</b>         |       | <b>1,143</b>   | <b>1,112</b>   | <b>1,213</b>              |
| <b>TOTAL EQUITY</b>                          |       |                |                |                           |
| <b>Opening Balance</b>                       |       |                |                |                           |
| Balance carried forward from previous period |       | 4,755          | 4,719          | 4,799                     |
| <b>Adjusted Opening Balance</b>              |       | <b>4,755</b>   | <b>4,719</b>   | <b>4,799</b>              |
| <b>Comprehensive income</b>                  |       |                |                |                           |
| Surplus/(Deficit) for the period             |       |                |                |                           |
|  |       | (973)          | (699)          | (788)                     |
| Other comprehensive income                   |       | 31             | -              | -                         |
| <b>Total comprehensive income</b>            |       | <b>(942)</b>   | <b>(699)</b>   | <b>(788)</b>              |
| <b>Transactions with owners</b>              |       |                |                |                           |
| <b>Distributions to owners</b>               |       |                |                |                           |
| Reduction to appropriation                   |       | -              | (25)           | -                         |
| <b>Contributions by owners</b>               |       |                |                |                           |
| Departmental capital budget                  |       | 1,181          | 760            | 1,181                     |
| Restructuring                                | 12    | 830            | -              | 795                       |
| <b>Total transactions with owners</b>        |       | <b>2,011</b>   | <b>735</b>     | <b>1,976</b>              |
| <b>Closing balance as at 30 June</b>         |       | <b>5,824</b>   | <b>4,755</b>   | <b>5,987</b>              |

The above statement should be read in conjunction with the accompanying notes.

**Accounting Policy****Equity Injections**

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

**Restructuring of Administrative Arrangements**

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are

**Budget Variances Commentary****Contributed Equity**

With the inclusion of the Private Health Insurance Ombudsman there was an increase in the contributed equity that was the net amount of all movements in reserves including Asset revaluation and retained earnings.

**Asset Revaluation Reserve**

The variance in the asset revaluation reserve is due to the revaluation provided by an independent valuer as at 30 June 2016.

**Total Equity**

The variance in total equity can be attributed to the inclusion of the Private Health Insurance function and the revaluation provided by an independent valuer as at 30 June 2016.

**OFFICE OF THE COMMONWEALTH OMBUDSMAN**  
**CASH FLOW STATEMENT**  
*for the period ended 30 June 2016*

|   | 2016           | 2015          | Original budget |
|---|----------------|---------------|-----------------|
| Note:   | \$'000         | \$'000        | \$'000          |
| <b>OPERATING ACTIVITIES</b>   |                |               |                 |
| <b>Cash received</b>  |                |               |                 |
| Sales of goods and rendering of services                            | 2,289          | 2,826         | 2,621           |
| Appropriations  | 24,039         | 21,440        | 21,584          |
| Net GST received  | 515            | 365           | -               |
| Other   | 337            | 119           | -               |
| <b>Total cash received</b>  | <b>27,180</b>  | <b>24,749</b> | <b>24,205</b>   |
| <b>Cash used</b>  |                |               |                 |
| Employees   | 17,390         | 15,715        | 17,684          |
| Suppliers   | 8,036          | 5,255         | 6,431           |
| Section 74 receipts transferred to the OPA                          | 2,607          | 3,008         | -               |
| <b>Total cash used</b>  | <b>28,033</b>  | <b>23,977</b> | <b>24,115</b>   |
| <b>Net cash from operating activities</b>                           | <b>9</b> (853) | <b>772</b>    | <b>90</b>       |
| <b>INVESTING ACTIVITIES</b>   |                |               |                 |
| <b>Cash used</b>  |                |               |                 |
| Purchase of property, plant and equipment                           | 571            | 625           | -               |
| Purchase of intangibles   | 293            | 251           | 1,181           |
| <b>Total cash used</b>  | <b>864</b>     | <b>877</b>    | <b>1,181</b>    |
| <b>Net cash (used) by investing activities</b>                      | <b>(864)</b>   | <b>(877)</b>  | <b>(1,181)</b>  |
| <b>FINANCING ACTIVITIES</b>   |                |               |                 |
| <b>Cash received</b>  |                |               |                 |
| Departmental Capital Budget   | 896            | 609           | 1,181           |
| <b>Total cash received</b>  | <b>896</b>     | <b>609</b>    | <b>1,181</b>    |
| <b>Net cash from financing activities</b>                           | <b>896</b>     | <b>609</b>    | <b>1,181</b>    |
| <b>Net increase in cash held</b>                                    | <b>(821)</b>   | <b>504</b>    | <b>90</b>       |
| Cash and cash equivalents at the beginning of the reporting period  | 975            | 471           | 126             |
| <b>Cash and cash equivalents at the end of the reporting period</b> | <b>4A</b> 154  | <b>975</b>    | <b>216</b>      |

The above statement should be read in conjunction with the accompanying notes.

**Budget Variances Commentary**

**Operating Activities**

**Cash received**

Sales of goods and rendering of services can be attributed to the entity not recovering expenses for provision of services. These services include the International program and work undertaken for the Fair Work Building and Construction (FWBC).

**Cash used**

Supplier expenses was mainly driven by travel costs, additional consultancies, property costs and additional staffing costs associated with the Private Health Insurance Ombudsman (PHIO) and the work associated with the new function of metadata *Telecommunications (Interception and Access) Amendment (Data Retention)*. There was an increase in the expenses for the International program.

**Investing Activities**

**Cash used**

Delays in the capital project plan attributed to the entity not utilising the Departmental Capital Budget.

**Financing Activities**

**Cash received**

Delays in the capital project plan attributed to the entity not utilising the Departmental Capital Budget.

**OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**Note**

- 1: Overview
- 2: Expenses
- 3: Income
- 4: Financial Assets
- 5: Non-Financial Assets
- 6: Fair Value Measurement
- 7: Payables
- 8: Provisions
- 9: Cash Flow Reconciliation
- 10: Senior Management Personnel Remuneration
- 11: Financial Instruments
- 12: Restructuring
- 13: Appropriations
- 14: Reporting of Outcomes



**OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016**

**Note 1: Overview**

**1.1 Office of the Commonwealth Ombudsman Objectives**

The Office of the Commonwealth Ombudsman is an Australian Government controlled entity. It is a not for profit entity. The objective of the Office is to assist the Commonwealth Ombudsman to carry out his duties and responsibilities under the *Ombudsman Act 1976* and other relevant legislation.

The Office is structured to meet one outcome:

*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.*

The continued existence of the Office in its present form and with its present program is dependent on Government policy and on continuing appropriations by Parliament for the Office's administration and programs.

The Office's activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Office in its own right.

**1.2 Basis of Preparation of the Financial Statements**

The Financial Statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The Financial Statements have been prepared in accordance with the:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The Financial Statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The Financial Statements are presented in Australian dollars.

**1.3 Significant Accounting Judgements and Estimates**

No accounting assumptions or estimates or other judgements have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

**1.4 New Australian Accounting Standards**

**Adoption of New Australian Accounting Standard Requirements**

No accounting standard has been adopted earlier than the application date as stated in the standard. There have been no further new standards, revised standards, amended standards or interpretations that were issued by the AASB prior to the sign off date, which are applicable to the current reporting period and have a material financial impact on the Office.

**Future Australian Accounting Standard Requirements**

The following new, revised or amended standards and interpretations were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Accountable Authority and Chief Financial Officer, which are expected to have a material impact on the Office's financial statements for future reporting period(s):

- The Office will apply AASB 124 Related Party Disclosures in 2016-17. This Standard requires the disclosure of significant transactions with related parties. Related parties include key managers of the Office, relevant Ministers, and other Australian Government entities.
- The Office expects to apply AASB 16 Leases from 2019-20. This Standard will require the net present value of payments under most operating leases to be recognised as assets and liabilities. The Office's existing operating lease commitments are disclosed in Note 2B.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

**Note 1: Overview**

**1.5 Contingent Liabilities and Contingent Assets**

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

The Office had no contingent assets or liabilities in 2016 (2015: nil).

The Office has identified in its contracts and leases a number of indemnity provisions. None of these are quantifiable and all are considered remote. There are no existing or likely claims of which the Office is aware (2015: nil).

**1.6 Taxation**

The Office is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- o where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- o for receivables and payables.

**1.7 Events After the Reporting Period**

No significant events occurred after balance date.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2016

**Note 2: Expenses**

|   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| <b>Note 2A: Employee Benefits</b>   |                |                |
| Wages and salaries  | 12,354         | 11,353         |
| Superannuation:   |                |                |
| Defined contribution plans  | 988            | 842            |
| Defined benefit plans   | 1,365          | 1,280          |
| Leave and other entitlements  | 1,894          | 1,645          |
| Separation and redundancies   | 149            | 1,002          |
| <b>Total employee benefits</b>  | <b>16,749</b>  | <b>16,123</b>  |
| <b>Note 2B: Suppliers</b>   |                |                |
| <b>Goods and services</b>   |                |                |
| Travel  | 1,122          | 823            |
| Information technology and communications   | 744            | 590            |
| Employee related  | 666            | 467            |
| Property operating expenses   | 423            | 297            |
| Media related   | 178            | 132            |
| Consultants and contractors   | 809            | 247            |
| Printing, stationery and postage  | 139            | 79             |
| Legal   | 36             | 1              |
| Memberships fees and subscriptions  | 68             | 35             |
| Translate, Interpret and Transcript   | 70             | 77             |
| Insurance premiums  | 37             | 29             |
| Other   | 145            | 87             |
| <b>Total goods and services</b>   | <b>4,438</b>   | <b>2,864</b>   |
| <b>Goods and services are received in connection with:</b>  |                |                |
| Provision of goods  | 255            | 125            |
| Rendering of services   | 4,183          | 2,739          |
| <b>Total goods and services</b>   | <b>4,438</b>   | <b>2,864</b>   |
| <b>Other supplier expenses</b>  |                |                |
| Operating lease rentals – external parties:   |                |                |
| Minimum lease payments  | 1,922          | 1,580          |
| Workers compensation expenses   | 357            | 463            |
| <b>Total other supplier expenses</b>  | <b>2,278</b>   | <b>2,043</b>   |
| <b>Total supplier expenses</b>  | <b>6,716</b>   | <b>4,907</b>   |
| <b>Leasing commitments</b>  |                |                |
| <b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b> |                |                |
| Within 1 year   | 1,960          | 1,899          |
| Between 1 to 5 years  | 7,877          | 6,141          |
| More than 5 years   | 6,146          | 6,984          |
| <b>Total operating lease commitments</b>  | <b>15,983</b>  | <b>15,024</b>  |

**Accounting Policy**

An operating lease is a lease when the lessor effectively retains substantially all risks and benefits.  
 Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2016

**Note 2: Expenses**

|  | 2016   | 2015   |
|--|--------|--------|
|  | \$'000 | \$'000 |

**Note 2C: Depreciation and Amortisation**

**Depreciation:**

|                               |     |     |
|-------------------------------|-----|-----|
| Leasehold improvements        | 271 | 233 |
| Property, plant and equipment | 268 | 263 |

**Amortisation:**

|                                 |     |     |
|---------------------------------|-----|-----|
| Intangibles - Computer Software | 355 | 201 |
|---------------------------------|-----|-----|

|  |            |            |
|--|------------|------------|
| <b>Total depreciation and amortisation</b> | <b>894</b> | <b>697</b> |
|--|------------|------------|

**Note 2D: Write-Down and Impairment of Assets**

**Asset write-downs and impairments from:**

|   |   |   |
|---|---|---|
| Impairment of property, plant and equipment | 6 | 8 |
|---|---|---|

|  |          |          |
|--|----------|----------|
| <b>Total write-down and impairment of assets</b> | <b>6</b> | <b>8</b> |
|--|----------|----------|

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

**Note 3: Income**

|                           |               |        |
|---------------------------|---------------|--------|
|                           | <b>2016</b>   | 2015   |
| <b>OWN-SOURCE REVENUE</b> | <b>\$'000</b> | \$'000 |

**Note 3A: Sale of Goods and Rendering of Services**

|  |              |              |
|--|--------------|--------------|
| Rendering of services                                | 2,559        | 2,601        |
| <b>Total sale of goods and rendering of services</b> | <b>2,559</b> | <b>2,601</b> |

**Accounting Policy**

*Rendering of Services*

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

The majority of revenue received by the Office relates to the ACT Ombudsman service provided to the ACT Government and international programmes funded by the Department of Foreign Affairs and Trade.

**Note 3B: Other Revenue**

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Resources received free of charge |           |           |
| Remuneration of auditors          | 53        | 43        |
| <b>Total other revenue</b>        | <b>53</b> | <b>43</b> |

**Accounting Policy**

*Resources Received Free of Charge*

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition unless received from another Government Office or authority as a consequence of a restructuring of administrative arrangements.

*Sale of Assets*

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

**REVENUE FROM GOVERNMENT**

**Note 3C: Revenue from Government**

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Appropriations:                      |               |               |
| Departmental appropriation           | 20,780        | 18,392        |
| <b>Total revenue from Government</b> | <b>20,780</b> | <b>18,392</b> |

**Accounting Policy**

*Revenue from Government*

Amounts appropriated for departmental outcomes for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Office gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

**Note 4: Financial Assets**

|   | 2016       | 2015       |
|---|------------|------------|
|   | \$'000     | \$'000     |
| <b>Note 4A: Cash and Cash Equivalents</b> |            |            |
| Cash on hand or on deposit                | 154        | 975        |
| <b>Total cash and cash equivalents</b>    | <b>154</b> | <b>975</b> |

**Accounting Policy**

Cash

Cash and cash equivalents includes cash on hand, cash held by outsiders, demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

**Note 4B: Trade and Other Receivables**

**Good and Services:**

|   |           |            |
|---|-----------|------------|
| Goods and services                              | 48        | 184        |
| <b>Total receivables for goods and services</b> | <b>48</b> | <b>184</b> |

**Appropriations receivable:**

|  |              |              |
|--|--------------|--------------|
| For existing programmes                | 9,421        | 9,047        |
| <b>Total appropriations receivable</b> | <b>9,421</b> | <b>9,047</b> |

**Other receivables:**

|  |              |              |
|--|--------------|--------------|
| GST receivable from the Australian Taxation Office | 103          | 96           |
| <b>Total trade and other receivables (net)</b>     | <b>9,573</b> | <b>9,326</b> |

Receivables are expected to be recovered within 12 months.

Receivables are aged as follows:

|  |              |              |
|--|--------------|--------------|
| Not overdue                                    | 9,573        | 9,310        |
| Overdue by:                                    |              |              |
| 31 to 60 days                                  | -            | 16           |
| <b>Total trade and other receivables (net)</b> | <b>9,573</b> | <b>9,326</b> |

No receivables are deemed to be impaired as at 30 June 2016.

**Note 4C: Other Financial Assets**

|                                     |            |           |
|-------------------------------------|------------|-----------|
| Lease incentives                    | 547        | 45        |
| <b>Total other financial assets</b> | <b>547</b> | <b>45</b> |

Total other financial assets are expected to be recovered within the term of the lease.

**Accounting Policy**

Financial Assets

Refer note 11

Effective Interest Method

Refer note 11

Income

Refer note 11

Receivables

for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

OFFICE OF THE COMMONWEALTH OMBUDSMAN  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

**Note 5: Non-Financial Assets**

|                                     | 2016<br>\$'000 | 2015<br>\$'000 |
|-------------------------------------|----------------|----------------|
| <b>Note 5A: Land and Buildings</b>  |                |                |
| <b>Leasehold improvements:</b>      |                |                |
| Fair value                          | 1,493          | 1,440          |
| Accumulated depreciation            | -              | (242)          |
| <b>Total leasehold improvements</b> | <u>1,493</u>   | <u>1,198</u>   |
| <b>Total Land and Buildings</b>     | <u>1,493</u>   | <u>1,198</u>   |

**Note 5B: Property, Plant and Equipment**

|  |            |              |
|--|------------|--------------|
| <b>Other property, plant and equipment:</b>      |            |              |
| Fair value                                       | 1,485      | 1,282        |
| Accumulated depreciation                         | (542)      | (242)        |
| <b>Total other property, plant and equipment</b> | <u>942</u> | <u>1,040</u> |

**Revaluations**

All revaluations were conducted in accordance with the valuation policy stated at Note 5. An independent valuer conducted the revaluations as at 30 June 2016.

No indicators of impairment were found for property, plant and equipment.

No property, plant and equipment is expected to be sold or disposed of within the next 12 months.

**Note 5C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2015-16)**

|  | Leasehold<br>improvements<br>\$'000 | Other<br>property, plant<br>& equipment<br>\$'000 | Total<br>\$'000 |
|--|-------------------------------------|---|-----------------|
| <b>As at 1 July 2015</b>   |                                     |   |                 |
| Gross book value   | 1,440                               | 1,282   | 2,722           |
| Accumulated depreciation and impairment                              | (242)                               | (242)   | (485)           |
| <b>Net book value 1 July 2015</b>                                    | <u>1,198</u>                        | <u>1,040</u>                                      | <u>2,238</u>    |
| Additions:   |                                     |   |                 |
| By purchase  | 426                                 | 145   | 571             |
| From acquisition of entities or operations (including restructuring) | 35                                  | 32  | 67              |
| Revaluations recognised in the operating result <sup>(a)</sup>       | 121                                 | -   | 121             |
| Depreciation expense   | (271)                               | (268)   | (540)           |
| Other movements  |                                     |   |                 |
| Restoration of Makegood  | (15)                                | -   | (15)            |
| Disposals:   |                                     |   |                 |
| Other  | -                                   | (6)   | (6)             |
| <b>Net book value 30 June 2016</b>                                   | <u>1,493</u>                        | <u>942</u>  | <u>2,435</u>    |
| <b>Net book value as of 30 June 2016 represented by:</b>             |                                     |   |                 |
| Gross book value   | 1,493                               | 1,485   | 2,978           |
| Accumulated depreciation   | -                                   | (542)   | (542)           |
| <b>Net book value 30 June 2016</b>                                   | <u>1,493</u>                        | <u>942</u>  | <u>2,435</u>    |

(a) The changes in the asset revaluation surplus in the Statement of Comprehensive Income does not reflect the revaluations recognised in the operating result due to other movements in the asset revaluation reserve including an increase and reversal in the make good provision.

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**Note 5: Non-Financial Assets**

**Note 5C: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment (2014-15)**

|  | Leasehold<br>improvements<br>\$'000 | Other property,<br>plant &<br>equipment<br>\$'000 | Total<br>\$'000 |
|--|-------------------------------------|---|-----------------|
| <b>As at 1 July 2014</b>                                 |                                     |   |                 |
| Gross book value   | 1,410                               | 720   | 2,130           |
| Accumulated depreciation and impairment                  | (9)                                 | (5)   | (14)            |
| <b>Net book value 1 July 2014</b>                        | <b>1,401</b>                        | <b>715</b>  | <b>2,116</b>    |
| Additions:   |                                     |   |                 |
| By purchase  | 30                                  | 595   | 625             |
| Depreciation expense                                     | (233)                               | (263)   | (496)           |
| Disposals:   |                                     |   |                 |
| Other  | -                                   | (8)   | (8)             |
| <b>Net book value 30 June 2015</b>                       | <b>1,198</b>                        | <b>1,040</b>                                      | <b>2,238</b>    |
| <b>Net book value as of 30 June 2015 represented by:</b> |                                     |   |                 |
| Gross book value   | 1,440                               | 1,282   | 2,722           |
| Accumulated depreciation                                 | (242)                               | (242)   | (485)           |
| <b>Net book value 30 June 2015</b>                       | <b>1,198</b>                        | <b>1,040</b>                                      | <b>2,238</b>    |



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**Note 5: Non-Financial Assets**

|                                | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------------|----------------|----------------|
| <b>Note 5D: Intangibles</b>    |                |                |
| <b>Computer software:</b>      |                |                |
| Purchased                      | 3,352          | 1,756          |
| Work in progress               | 63             | 132            |
| Accumulated amortisation       | (2,659)        | (1,499)        |
| <b>Total computer software</b> | <u>755</u>     | <u>390</u>     |
| <b>Total intangibles</b>       | <u>755</u>     | <u>390</u>     |

**Note 5E: Reconciliation of the Opening and Closing Balances of Intangibles**

|  | 2016<br>Computer<br>software<br>purchased<br>\$'000 | 2015<br>Computer<br>software<br>purchased<br>\$'000 |
|--|---|---|
| <b>As at 1 July 2015</b>   |   |   |
| Gross book value   | 1,889   | 1,693   |
| Accumulated amortisation and impairment                              | (1,499)   | (1,353)   |
| <b>Net book value 1 July 2015</b>                                    | <u>390</u>  | <u>340</u>  |
| Additions:   |   |   |
| By purchase  | 73  | 154   |
| Internally developed   | 220   | 97  |
| From acquisition of entities or operations (including restructuring) | 1,232   | -   |
| Accumulated amortisation on restructure                              | (805)   | -   |
| Amortisation expense   | (355)   | (201)   |
| <b>Net book value 30 June 2016</b>                                   | <u>755</u>  | <u>390</u>  |
| <b>Net book value as of 30 June 2016 represented by:</b>             |   |   |
| Gross book value   | 3,414   | 1,889   |
| Accumulated amortisation and impairment                              | (2,659)   | (1,499)   |
| <b>Net book value 30 June 2016</b>                                   | <u>755</u>  | <u>390</u>  |

No indications of impairment were found for intangibles

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| <b>Note 5F: Other Non-Financial Assets</b> |                |                |
| Prepayments                                | 288            | 294            |
| <b>Total other non-financial assets</b>    | <u>288</u>     | <u>294</u>     |

No indicators of impairment were found for other non-financial assets.  
Total other non-financial assets are expected to be recovered in within 12 months.

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**Note 5: Non-Financial Assets**

**Property, Plant and Equipment**  
**Acquisition of Assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

**Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'makegood' provisions in property leases taken up by the Office where there exists an obligation to restore the property to its original condition. These costs are included in the value of the Office's leasehold improvements with a corresponding provision for the 'makegood' recognised.

**Revaluations**

Fair values for each class of asset are determined as shown below:

| <b>Asset Class</b>     | <b>Fair value measured at:</b> |
|------------------------|--------------------------------|
| Leasehold improvements | Depreciated replacement cost   |
| Plant and equipment    | Market selling price           |

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

**Depreciation**

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Office using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

|                        | <b>2016</b>          | 2015          |
|------------------------|----------------------|---------------|
| Leasehold improvements | <b>Lease term</b>    | Lease term    |
| Plant and Equipment    | <b>3 to 10 years</b> | 3 to 10 years |

**Note 5: Non-Financial Assets****Property, Plant and Equipment****Impairment**

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Office were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

**Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

**Intangibles**

The Office's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Office's software are 1 to 8 years (2015: 1 to 8 years).

All software assets were assessed for indications of impairment as at 30 June 2016.

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**Note 6: Fair Value Measurement**

The following table provides an analysis of assets and liabilities that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used**

|                                   | Fair value measurements at the end of the reporting period |                |                               | Valuation techniques <sup>(a)</sup> |
|-----------------------------------|--|----------------|-------------------------------|-------------------------------------|
|                                   | 2016<br>\$'000   | 2015<br>\$'000 | Category<br>(Level 1, 2 or 3) |                                     |
| <b>Non-financial assets:</b>      |  |                |                               |                                     |
| Leasehold improvements            | 1,493  | 1,198          | Level 3                       | Cost Approach                       |
| Property, plant and equipment     | 942  | 1,040          | Level 2                       | Market Approach                     |
| <b>Total non-financial assets</b> | <b>2,435</b>   | <b>2,238</b>   |                               |                                     |

(a) All non-financial assets were measured at fair value in the statement of financial position.

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**Note 7: Payables**

|                                | 2016<br>\$'000 | 2015<br>\$'000 |
|--------------------------------|----------------|----------------|
| <b>Note 7A: Suppliers</b>      |                |                |
| Trade creditors and accruals   | 321            | 526            |
| <b>Total supplier payables</b> | <u>321</u>     | <u>526</u>     |

Settlement is usually made within 30 days.

**Note 7B: Other Payables**

|                              |              |              |
|------------------------------|--------------|--------------|
| Salaries and wages           | 87           | 559          |
| Superannuation               | 3            | 73           |
| Separations and redundancies | 104          | 349          |
| Lease incentives             | 1,628        | 1,274        |
| Operating lease rentals      | 1,266        | 1,209        |
| Unearned income              | 304          | 723          |
| Other                        | 99           | 134          |
| <b>Total other payables</b>  | <u>3,493</u> | <u>4,322</u> |

Total other payables are expected to be settled in:

|                             |              |              |
|-----------------------------|--------------|--------------|
| No more than 12 months      | 2,309        | 2,105        |
| More than 12 months         | 1,184        | 2,217        |
| <b>Total other payables</b> | <u>3,493</u> | <u>4,322</u> |

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**Note 8: Provisions**

|   | 2016         | 2015         |
|---|--------------|--------------|
|   | \$'000       | \$'000       |
| <b>Note 8A: Employee Provisions</b>                       |              |              |
| Leave   | 3,926        | 3,378        |
| Separations and redundancies                              | -            | 149          |
| <b>Total employee provisions</b>                          | <b>3,926</b> | <b>3,527</b> |
| <b>Employee provisions are expected to be settled in:</b> |              |              |
| No more than 12 months                                    | 1,490        | 1,559        |
| More than 12 months                                       | 2,435        | 1,969        |
| <b>Total employee provisions</b>                          | <b>3,926</b> | <b>3,527</b> |

**Accounting policy**

Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Office is estimated to be less than the annual entitlement for sick leave. The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Office's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination. The liability for long service leave has been determined by reference to the estimated future cash flows to be made in respect to all employees as at 30 June 2016. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Office recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Employees of the Office are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other contributory funds as nominated by the employee. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap and the other funds are defined contribution schemes. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance as an administered item. The Office makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Office accounts for the contributions as if they were contributions to defined contribution plans. The liability for superannuation recognised as at 30 June represents outstanding contributions for the final working day of the year.

**Note 8: Provisions**

|  | 0          | 0          |
|--|------------|------------|
|  | \$'000     | \$'000     |
| <b>Note 8B: Other Provisions</b>                       |            |            |
| Provision for restoration obligations                  | 188        | 138        |
| <b>Total other provisions</b>                          | <u>188</u> | <u>138</u> |
| <b>Other provisions are expected to be settled in:</b> |            |            |
| No more than 12 months                                 | 93         | 68         |
| More than 12 months                                    | 95         | 70         |
| <b>Total other provisions</b>                          | <u>188</u> | <u>138</u> |

There was a \$50k movement in the carrying amount of the provision for restorations in 2015-16 due to an independent revaluation as at 30 June 2016. This includes an additional provision made of \$132k and an amount reversed of \$82k (2015: nil).

The Office currently has two agreements (2015: three) for the leasing of premises which have provisions requiring the Office to restore the premises to their original condition at the conclusion of the lease. The Office has made a provision to reflect the value of this obligation. Adjustments to provisions have been taken to the asset revaluation reserve.

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**Note 9: Cash Flow Reconciliation**

|  | 2016<br>\$'000 | 2015<br>\$'000 |
|--|----------------|----------------|
| <b>Reconciliation of net cost of services to net cash from operating activities:</b> |                |                |
| Net cost of services   | (21,753)       | (19,090)       |
| Add revenue from Government  | 20,780         | 18,392         |
| <b>Adjustments for non-cash items</b>  |                |                |
| Depreciation / amortisation  | 894            | 697            |
| Net write down of non-financial assets   | 6              | 8              |
| (Gain)/loss on restructure   | 337            | -              |
| (Gain)/loss on reversal of makegood provision  | (75)           | -              |
| <b>Changes in assets / liabilities</b>   |                |                |
| (Increase) / decrease in net receivables   | 48             | 96             |
| Increase in other financial assets   | (459)          | 31             |
| (Increase) in prepayments  | 6              | (7)            |
| Increase in employee provisions  | 548            | 107            |
| Increase / (decrease) in supplier payables   | (933)          | 624            |
| Increase / (decrease) in other payable   | (419)          | (86)           |
| Increase / (decrease) in other provisions  | 174            | -              |
| Increase / (decrease) in tax liabilities   | (7)            | -              |
| <b>Net cash from (used by) operating activities</b>                                  | <u>(853)</u>   | <u>772</u>     |



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**Note 10: Senior Management Personnel Remuneration**

|   | <b>2016</b>   | 2015   |
|---|---------------|--------|
|   | <b>\$'000</b> | \$'000 |
| <b>Short-term employee benefits:</b>      |               |        |
| Salary                                    | 1,452         | 1,406  |
| Motor vehicle and other allowances        | 149           | 142    |
| <b>Total short-term employee benefits</b> | <b>1,601</b>  | 1,548  |
| <b>Post-employment benefits:</b>          |               |        |
| Superannuation                            | 263           | 246    |
| <b>Total post-employment benefits</b>     | <b>263</b>    | 246    |
| <b>Other long-term benefits:</b>          |               |        |
| Annual leave accrued                      | 125           | 118    |
| Long-service leave                        | 42            | 38     |
| <b>Total other long-term benefits</b>     | <b>167</b>    | 156    |
| <b>Total</b>                              | <b>2,031</b>  | 1,950  |

The total number of senior management personnel that are included in the above table are 8 individuals (2015: 7 individuals). The reason for the increase is there have been two incumbents in one role the first finishing in November and the other from then until year end.

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**Note 11: Financial Instruments**

|  | Note | 2016<br>\$'000 | 2015<br>\$'000 |
|--|------|----------------|----------------|
| <b>Note 11A: Categories of Financial Instruments</b> |      |                |                |
| <b>Financial Assets</b>                              |      |                |                |
| <b>Loans and receivables:</b>                        |      |                |                |
| Cash and cash equivalents                            | 4A   | 154            | 975            |
| Trade and other receivables                          | 4B   | 48             | 184            |
| <b>Carrying amount of financial assets</b>           |      | <b>202</b>     | <b>1,159</b>   |
| <b>Financial Liabilities</b>                         |      |                |                |
| <b>At amortised cost:</b>                            |      |                |                |
| Supplier payables                                    | 7A   | 321            | 526            |
| <b>Carrying amount of financial liabilities</b>      |      | <b>321</b>     | <b>526</b>     |

**Accounting Policy**

**Financial Assets**

The Office classifies its financial assets as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date.

**Effective Interest Method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset/liability, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

**Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period.

**Financial Assets held at Amortised Cost**

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

**Financial Liabilities**

Financial liabilities are recognised and derecognised upon 'trade date'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

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**Note 11: Financial Instruments**

**Note 11B: Fair Value of Financial Instruments**

The fair values of the financial instruments approximates their carrying amounts.

**Note 11C: Credit Risk**

The Office is exposed to minimal credit risk due to the nature of its financial assets. The maximum exposure to credit risk is the amount held as trade and other receivables should default occur, \$48k (2015: \$184k). The risk of default on these amounts was assessed to be nil as at 30 June 2016 (2015: nil).

Ageing of financial assets that are past due can be found in note 4B.

**Note 11D: Liquidity Risk**

The Office's exposure to liquidity risk is minimal due to the appropriation funding mechanisms available from the Department of Finance. The Office manages liquidity risk through its policies and procedures.

**Maturities for non-derivative financial liabilities 2016**

|                   | On demand | within 1 year | 1 to 2 years | 2 to 5 years | > 5 years | Total      |
|-------------------|-----------|---------------|--------------|--------------|-----------|------------|
|                   | \$'000    | \$'000        | \$'000       | \$'000       | \$'000    | \$'000     |
| Supplier payables | -         | 321           | -            | -            | -         | 321        |
| <b>Total</b>      | -         | <b>321</b>    | -            | -            | -         | <b>321</b> |

**Maturities for non-derivative financial liabilities 2015**

|                   | On demand | within 1 year | 1 to 2 years | 2 to 5 years | > 5 years | Total      |
|-------------------|-----------|---------------|--------------|--------------|-----------|------------|
|                   | \$'000    | \$'000        | \$'000       | \$'000       | \$'000    | \$'000     |
| Supplier payables | -         | 526           | -            | -            | -         | 526        |
| <b>Total</b>      | -         | <b>526</b>    | -            | -            | -         | <b>526</b> |

The Office has no derivative financial liabilities in both the current and prior year.

**Note 11E: Market Risk**

The Office holds only basic financial instruments that do not pose any market risk. The Office is not exposed to currency risk or other price risk.

**Note 12: Restructuring****Note 12: Departmental Restructuring**

|  | 2016<br>Private Health<br>Insurance<br>Ombudsman <sup>(a)</sup><br>\$'000 |
|--|---|
| <b>FUNCTIONS ASSUMED</b>                   |   |
| <b>Assets recognised</b>                   |   |
| Cash and cash equivalents                  | 18  |
| Trade and other receivables                | 777   |
| Leasehold improvements                     | 35  |
| Property, plant and equipment              | 32  |
| Intangibles                                | 427   |
| Other non-financial assets                 | 26  |
| <b>Total assets recognised</b>             | <b>1,316</b>  |
| <b>Liabilities recognised</b>              |   |
| Suppliers                                  | 162   |
| Other payables                             | 50  |
| Employee provisions                        | 229   |
| Other provisions                           | 43  |
| <b>Total liabilities recognised</b>        | <b>485</b>  |
| <b>Net assets recognised<sup>(b)</sup></b> | <b>830</b>  |

(a) The Private Health Insurance Ombudsman was assumed on 1 July 2015 due to administrative arrangements.

(b) In respect of functions assumed, the net book values of assets and liabilities (\$830k) were transferred to the Office for no consideration.

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Note 13: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

| Annual Appropriations for     | Appropriation Act                 |               | PGPA Act             |                      | Total<br>Appropriation<br>\$'000 | Appropriation<br>applied<br>(current and<br>prior years)<br>\$'000 | Variance <sup>(a)</sup><br>\$'000 |
|-------------------------------|-----------------------------------|---------------|----------------------|----------------------|----------------------------------|--|-----------------------------------|
|                               | Annual<br>Appropriation<br>\$'000 | AFM<br>\$'000 | Section 74<br>\$'000 | Section 75<br>\$'000 |                                  |  |                                   |
| <b>DEPARTMENTAL</b>           |                                   |               |                      |                      |                                  |  |                                   |
| Ordinary annual               | 21,462                            | -             | 2,607                | -                    | 24,069                           | 24,911   | (841)                             |
| Capital Budget <sup>(c)</sup> | 1,181                             | -             | -                    | -                    | 1,181                            | 864  | 317                               |
| <b>Total departmental</b>     | <b>22,643</b>                     | <b>-</b>      | <b>2,607</b>         | <b>-</b>             | <b>25,250</b>                    | <b>25,775</b>  | <b>(524)</b>                      |

Notes:

- (a) The variance of \$0.5m in ordinary annual services was primarily due to the restructure.  
(b) \$10,000 was permanently quarantined due to WoAG Public Sector Superannuation Accumulation Plan administration fees.  
(c) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Annual Appropriations for  
2015

|                               | Appropriation Act                 |               | PGPA Act             |                      | Total<br>Appropriation<br>\$'000 | Appropriation<br>applied<br>(current and<br>prior years)<br>\$'000 | Variance <sup>(b)</sup><br>\$'000 |
|-------------------------------|-----------------------------------|---------------|----------------------|----------------------|----------------------------------|--|-----------------------------------|
|                               | Annual<br>Appropriation<br>\$'000 | AFM<br>\$'000 | Section 74<br>\$'000 | Section 75<br>\$'000 |                                  |  |                                   |
| <b>DEPARTMENTAL</b>           |                                   |               |                      |                      |                                  |  |                                   |
| Ordinary annual<br>services   | 17,720                            | -             | 3,008                | -                    | 20,728                           | 20,668   | 60                                |
| Capital Budget <sup>(d)</sup> | 760                               | -             | -                    | -                    | 760                              | 877  | (117)                             |
| <b>Total departmental</b>     | <b>18,480</b>                     | <b>-</b>      | <b>3,008</b>         | <b>-</b>             | <b>21,488</b>                    | <b>21,545</b>  | <b>(57)</b>                       |

Notes:

- (a) In 2014-15 there was an adjustment that met the recognition criteria of a formal addition in revenue of \$672,000, which was additional funding for redundancy costs (in accordance with FRR Part 6 Div 3) but at law the appropriation had not been amended before the end of the reporting period.  
(b) The variance of \$56,947 in ordinary annual services was primarily due to separation and redundancy payments.  
(c) \$15,704 was permanently quarantined due to WoAG ICT Internet Based Network Connection Services Panel Procurement Savings.  
(d) Departmental and Administered Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts.

Table B: Unspent Annual Appropriations ('Recoverable GST exclusive')

| Authority   | 2016<br>\$'000 | 2015<br>\$'000 |
|---|----------------|----------------|
| <b>DEPARTMENTAL</b>                                     |                |                |
| 2013-14 Appropriation Act 1- Departmental Capital Budge | -              | 608            |
| 2014-15 Appropriation Act 1                             | -              | 6,471          |
| 2014-15 Appropriation Act 3                             | -              | 537            |
| 2014-15 Appropriation Act 1- Departmental Capital Budge | 1,046          | 760            |
| 2015-16 Appropriation Act 1                             | 7,204          | -              |
| 2015-16 Appropriation Act 1- Departmental Capital Budge | 1,181          | -              |
| Cash on hand or on deposit                              | 154            | 975            |
| <b>Total</b>  | <b>9,585</b>   | <b>9,351</b>   |

Notes:

- (a) The office received \$574,000 as a result of the restructure. \$544,000 relates to 2014-15.

**Notes 14: Reporting of Outcomes**

**Note 14: Net Cost of Outcome Delivery**

The Office has one outcome, therefore the Major Classes of Departmental Expense, Income, Assets and Liabilities by Outcomes table has not been prepared. These figures are represented in the Statement of Comprehensive Income and the Statement of Financial Position.

## Appendix 2— Statistics

### Office of the Commonwealth Ombudsman—Approaches and Complaints 2015–2016

| Jurisdiction/Portfolio/<br>Agency | Received |       |       |       |       | Finalised       |                  |         |                                  |                     | Remedies    |                  |                                 |                            |  |      |  |  |  |  | Total Remedies |
|-----------------------------------|----------|-------|-------|-------|-------|-----------------|------------------|---------|----------------------------------|---------------------|-------------|------------------|---------------------------------|----------------------------|--|------|--|--|--|--|----------------|
|                                   | Cat 1    | Cat 2 | Cat 3 | Cat 4 | Cat 5 | Total Finalised | Action expedited | Apology | Decision changed or reconsidered | Disciplinary action | Explanation | Financial remedy | Law, policy or practice changed | Other non-financial remedy | Remedy provided by agency without Ombudsman Intervention |      |  |  |  |  |                |
| ACT GOVERNMENT                    | 568      | 212   | 283   | 64    | 27    | 586             | 12               | 5       | 22                               |                     | 75          | 6                | 4                               | 5                          | 4  | 133  |  |  |  |  |                |
| Commonwealth                      | 21410    | 8512  | 11002 | 1401  | 417   | 21341           | 255              | 185     | 321                              | 70                  | 1335        | 383              | 57                              | 151                        | 52   | 2809 |  |  |  |  |                |
| Agriculture and Water Resources   | 52       | 13    | 32    | 4     | 2     | 51              |                  |         |                                  |                     | 6           | 1                |                                 |                            |  | 7    |  |  |  |  |                |
| Attorney-General's                | 515      | 201   | 272   | 33    | 22    | 529             | 6                | 2       | 8                                | 0                   | 30          | 0                | 3                               | 1                          | 0  | 50   |  |  |  |  |                |
| Commonwealth Parliament           | 6        | 1     | 5     |       |       | 6               |                  |         |                                  |                     |             |                  |                                 |                            |  | 0    |  |  |  |  |                |
| Communications and the Arts       | 5188     | 1382  | 3655  | 144   | 29    | 5210            | 17               | 57      | 56                               | 21                  | 142         | 83               | 3                               | 27                         | 8  | 414  |  |  |  |  |                |
| Courts                            | 90       | 41    | 43    | 6     |       | 90              |                  |         |                                  |                     | 4           | 1                |                                 | 1                          |  | 6    |  |  |  |  |                |
| Defence                           | 491      | 126   | 249   | 86    | 27    | 490             | 20               | 7       | 27                               | 1                   | 59          | 9                | 1                               | 5                          | 5  | 134  |  |  |  |  |                |
| Education and Training            | 100      | 26    | 45    | 17    | 6     | 94              |                  | 1       | 1                                |                     | 16          |                  |                                 | 2                          |  | 20   |  |  |  |  |                |
| Employment                        | 653      | 296   | 270   | 57    | 13    | 636             | 9                | 4       | 11                               | 2                   | 75          | 7                | 2                               | 4                          | 3  | 117  |  |  |  |  |                |
| Environment                       | 26       | 10    | 15    | 1     | 1     | 27              |                  |         |                                  |                     | 2           |                  |                                 |                            |  | 2    |  |  |  |  |                |

PART 6—APPENDICES

| Jurisdiction/Portfolio/<br>Agency       | Received    |            |          |          |       | Finalised        |          |                                  |                     |             | Total Finalised | Remedies         |                                 |                            |  |  |  |  |  |          | Total Remedies |
|---|-------------|------------|----------|----------|-------|------------------|----------|----------------------------------|---------------------|-------------|-----------------|------------------|---------------------------------|----------------------------|--|--|--|--|--|----------|----------------|
|   | Cat 1       | Cat 2      | Cat 3    | Cat 4    | Cat 5 | Action expedited | Apology  | Decision changed or reconsidered | Disciplinary action | Explanation |                 | Financial remedy | Law, policy or practice changed | Other non-financial remedy | Remedy provided by agency without Ombudsman intervention |  |  |  |  |          |                |
| Finance                                 | 23          | 62         | 7        | 2        |       | 2                | 1        | 1                                |                     | 1           | 1               |                  |                                 |                            |  |  |  |  |  | 6        |                |
| Foreign Affairs and Trade               | 62          | 112        | 10       | 2        |       | 1                |          |                                  |                     |             |                 |                  |                                 |                            |  |  |  |  |  | 18       |                |
| Health                                  | 33          | 48         | 6        |          |       |                  |          |                                  |                     |             |                 |                  |                                 |                            |  |  |  |  |  | 4        |                |
| Immigration and Border Protection       | 702         | 1105       | 394      | 101      | 1     | 85               | 7        | 41                               | 6                   | 332         | 17              | 14               | 56                              | 18                         |  |  |  |  |  | 576      |                |
| Industry, Innovation and Science        | 14          | 41         | 5        | 3        | 1     | 1                | 2        |                                  |                     |             | 4               | 1                | 1                               |                            |  |  |  |  |  | 11       |                |
| Infrastructure and Regional Development | 20          | 42         | 5        | 4        |       |                  | 1        | 3                                |                     | 7           |                 |                  | 1                               |                            |  |  |  |  |  | 12       |                |
| Prime Minister and Cabinet              | 9           | 27         | 16       | 7        |       | 2                | 1        | 3                                | 1                   | 15          | 1               | 2                | 1                               |                            |  |  |  |  |  | 26       |                |
| Social Services                         | 5378        | 4687       | 586      | 190      | 4     | 112              | 99       | 162                              | 39                  | 608         | 253             | 28               | 47                              | 17                         |  |  |  |  |  | 1365     |                |
| Treasury                                | 175         | 292        | 24       | 8        |       | 3                | 7        |                                  |                     | 19          | 4               | 2                | 3                               | 1                          |  |  |  |  |  | 39       |                |
| <b>Norfolk Island</b>                   | <b>1</b>    | <b>4</b>   | <b>1</b> | <b>1</b> |       |                  |          |                                  |                     | <b>3</b>    |                 |                  |                                 |                            |  |  |  |  |  | <b>3</b> |                |
| <b>Commonwealth Ombudsman General</b>   | <b>573</b>  | <b>668</b> | <b>1</b> |          |       |                  | <b>1</b> |                                  |                     |             |                 |                  | <b>1</b>                        |                            |  |  |  |  |  | <b>2</b> |                |
| <b>Out of Jurisdiction</b>              | <b>4446</b> | <b>893</b> |          |          |       |                  |          |                                  |                     |             |                 |                  |                                 |                            |  |  |  |  |  | <b>0</b> |                |



| Jurisdiction/Portfolio/<br>Agency  | Received     |              |              |             |            | Finalised       |                  |            |                                  |                     | Remedies    |                  |                                 |                            |  |             |  |  |  |  | Total Remedies |
|------------------------------------|--------------|--------------|--------------|-------------|------------|-----------------|------------------|------------|----------------------------------|---------------------|-------------|------------------|---------------------------------|----------------------------|--|-------------|--|--|--|--|----------------|
|                                    | Cat 1        | Cat 2        | Cat 3        | Cat 4       | Cat 5      | Total Finalised | Action expedited | Apology    | Decision changed or reconsidered | Disciplinary action | Explanation | Financial remedy | Law, policy or practice changed | Other non-financial remedy | Remedy provided by agency without Ombudsman intervention |             |  |  |  |  |                |
| Overseas Students Ombudsman        | 55           | 520          | 201          | 90          |            | 866             | 18               | 3          | 108                              |                     | 226         | 32               | 18                              | 11                         | 19   | 435         |  |  |  |  |                |
| Private Health Insurance Ombudsman | 4404         | 3077         | 872          | 47          |            | 8400            |                  |            |                                  |                     |             |                  |                                 |                            |  |             |  |  |  |  |                |
| Postal Industry Ombudsman          | 1            | 8            |              |             |            | 9               |                  |            |                                  |                     |             |                  |                                 |                            |  | 0           |  |  |  |  |                |
| <b>TOTAL</b>                       | <b>37753</b> | <b>18204</b> | <b>16455</b> | <b>2540</b> | <b>582</b> | <b>37790</b>    | <b>285</b>       | <b>194</b> | <b>451</b>                       | <b>70</b>           | <b>1639</b> | <b>421</b>       | <b>79</b>                       | <b>168</b>                 | <b>75</b>  | <b>3382</b> |  |  |  |  |                |

Private Health Insurance Ombudsman (PHIO) complaint figures reflect private health insurance complaint types; these figures may differ slightly from the complaint categories reported for PHIO from page 55

## Appendix 3—Information Publication Scheme

The Information Publication Scheme (IPS) applies to Australian Government agencies that are subject to the *Freedom of Information Act 1982*. This scheme requires an agency to publish a broad range of information on their website.

The Office of the Commonwealth Ombudsman's website makes available the Ombudsman's Information Publication Scheme plan, describing how the office complies with these requirements and giving access to information published under the scheme.

More information can be found at: [ombudsman.gov.au/about/information-publication-scheme](http://ombudsman.gov.au/about/information-publication-scheme)

## Appendix 4—Entity Resource Statement

### Entity Resource Statement 2015–16

| Ordinary Annual Services <sup>1</sup>              | Actual available appropriation for 2015-16 \$'000 (a) | Payments made 2015-16 \$'000 (b) | Balance 2015-16 \$'000 (a) – (b) |
|--|---|----------------------------------|----------------------------------|
| Departmental appropriation <sup>2</sup>            | 35,111  | 25,439                           | 9,672                            |
| Adjustment—actual s74 <sup>3</sup>                 | 335   | 335                              | -                                |
| Adjustment—s51 determination <sup>4</sup>          | (10)  |                                  | (10)                             |
| Adjustment Departmental Appropriation <sup>5</sup> | (77)  |                                  | (77)                             |
| <b>Total resourcing and payments</b>               | <b>35,359</b>   | <b>25,775</b>                    | <b>9,585</b>                     |

- 1 Appropriation Act (No. 1) 2015–16 and Appropriation Act (No. 3) 2015–16. This also includes prior year departmental appropriation and S74 relevant agency receipts.
- 2 Includes an *available* amount of \$1.181m in 2015–16 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contribution by owners'.
- 3 Actual s74 receipts in 2015–16 were \$2.607m compared to the Budget estimate of \$2.272m.
- 4 \$0.010m was quarantined for Superannuation fees but not yet removed from the appropriation.
- 5 Adjustment to departmental appropriation for the inclusion of the PHIO restructure.

### Resources Summary Table – Expenses for Outcome 1

**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       | Budget 2015–16 \$'000 | Actual 2015–16 \$'000 | Variance 2015–16 \$'000 |
|---|-----------------------|-----------------------|-------------------------|
| Departmental expenses                                   |                       |                       |                         |
| Departmental appropriation <sup>1</sup>                 | 23,212                | 23,471                | (259)                   |
| Expenses not requiring appropriation in the Budget year | 833                   | 894                   | (61)                    |
| <b>Total for Program 1.1</b>                            | <b>24,045</b>         | <b>24,365</b>         | <b>(320)</b>            |
| <b>Total for Outcome 1</b>                              | <b>24,045</b>         | <b>24,365</b>         | <b>(320)</b>            |
| Average Staffing Level (number)                         | 149                   | 152                   | (3)                     |

- 1 Departmental Appropriation combines 'Ordinary annual services' (Appropriation Act No. 1 and Appropriation Act No. 3) and 'Revenue from independent sources (S74)'.

## Appendix 5—Ecologically Sustainable Development and Environmental performance

Section 516A of the *Environment Protection and Biodiversity Act 1999* sets out the principles and framework for the office to report on environmental matters. The office also have an environmental-management policy to help the office manage activities in an environmentally sustainable manner. Our environmental impact is mainly through office-based energy consumption, paper resources and waste management.

### Energy consumption

During the year the office maintained its energy consumption and this is due primarily to the office obtaining a new premise in Sydney. If the second premise is excluded and calculations are based on the same data as the previous year then the result would have been a reduction of one per cent. This was for both total megajoules consumed and megajoules consumed per person.

### Paper resources

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

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

One of the project areas of the program involves further steps to ensure we engage in predominantly digital record keeping and e-business practices to reduce paper files. Our paper supplies are either manufactured from at least 50 per cent recycled products or carbon neutral. Other office materials such as files, folders and unused stationery are recycled within the office to reduce procurement activity for stationery.

### Waste management

We actively manage the waste we produce through several mechanisms:

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



**PART 7—  
REFERENCES**

# PART 7— REFERENCES

## Glossary

| Term   | Definition   |
|--|--|
| Approach   | Contact with the office about a matter. An approach may be about a matter outside our jurisdiction.  |
| Authorised internal recipient  | A person who is authorised to disclose material. In certain cases, also an authorised officer of the Commonwealth Ombudsman and the Inspector General of Intelligence and Security.  |
| Authorised officer   | An officer appointed by the principal officer of an agency to receive and allocate PIDs.   |
| Category   | Approaches to the office are divided into five categories—see below.   |
| Category 1—<br>Initial approach<br>(approach)                                    | An approach made by phone or in person that can be resolved simply, including by referral to a more appropriate agency. Also where the office used its discretion not to investigate.  |
| Category 2—<br>Further assessment<br>(approach)                                  | An approach which calls for further assessment. This might include internal enquiries/research or obtaining more information from the complainant, but where the office applied its discretion not to investigate.   |
| Category 3—<br>Investigation<br>(complaint)                                      | An approach investigated and resolved after a single contact with the agency.  |
| Category 4—<br>Further investigation<br>(complaint)                              | An approach that was resolved after two or more substantive contacts with the agency.  |
| Category 5—<br>Formal reports<br>(complaint)                                     | An approach where formal powers have been exercised and/or a s 15 report issued.   |
| Closed approach  | An approach that has been finalised.   |
| Community detention  | A form of immigration detention that enables people in detention to reside and move about freely in the community without having to be accompanied or restrained by an officer under the <i>Migration Act 1958</i> .   |
| Compensation for<br>Detriment caused<br>by Defective<br>Administration<br>(CDDA) | A scheme that allows Australian Government agencies under the <i>Public Governance, Performance and Accountability Act 2013</i> to provide discretionary compensation to people who have experienced detriment as a result of an agency's defective actions or inaction. |
| Compliance auditing  | The action of inspecting the records of law enforcement agencies to determine compliance with relevant legislation.  |

| Term                                 | Definition  |
|--------------------------------------|---|
| Complaint                            | An approach to the Ombudsman that expresses dissatisfaction about government administrative action, and where a response or resolution is expected. It does not include an approach that merely seeks information.  |
| Controlled operation                 | A covert operation carried out by law enforcement officers under the <i>Crimes Act 1914</i> (Cth) for the purpose of obtaining evidence that may lead to a prosecution of a person for a serious offence. The operation may involve law enforcement officers engaging in conduct that would otherwise constitute an offence.  |
| Cross-agency issue                   | A complaint or investigation that involves more than one agency, for example where the policy of one agency administered by another; or if an issue is common to a number of agencies.  |
| Decision to investigate              | The Ombudsman may investigate the administrative actions of most Australian Government departments and agencies, and private contractors delivering government services. The Ombudsman can decide to not investigate complaints that are 'stale' or frivolous; where the complainant has not first sought redress from the agency; where some other form of review or appeal is more appropriate or where he considers that an investigation would not be warranted in all the circumstances. |
| Established complaint                | The Australian Federal Police (AFP) considers a complaint has been 'established' if an AFP investigation concludes in favour of the complaint or against the AFP member.  |
| Finalised complaint                  | A complaint that has been resolved or in which investigation has ceased.  |
| Formal powers                        | The formal powers of the Ombudsman are similar to those of a Royal Commission. They include the ability to compel an agency to produce documents and to examine witnesses under oath.   |
| Garnishee                            | Some government agencies such as the Department of Human Services (Child Support) have the power to seize money from a third party (such as a bank) to pay a debt. To seize this money is to 'garnishee' it.  |
| Garnishee notice                     | A written advice to a debtor and a third party, such as a financial institution or employer, that a person or business will be garnisheed.  |
| General treatment policy             | Private health insurance that covers non-hospital medical services that are not covered by Medicare, such as dental, physiotherapy, and ambulance services. Also known as 'extras' or 'ancillary' cover.  |
| Hospital policy                      | Private health insurance that covers costs incurred by a private patient in hospital.   |
| Hospital exclusions and restrictions | An exclusion is a treatment or service which is not covered by a hospital insurance policy. A restriction is a treatment or service which is covered to a limited extent, such as covering the cost of admission as a private patient in a shared room in a public hospital; rather than the cost of a private room.  |
| Informed Financial Consent (IFC)     | The provision of information to patients, including notification of likely out-of-pocket expenses (gap fees) by all relevant service providers, preferably in writing, prior to admission to hospital.  |

| Term                      | Definition   |
|---------------------------|--|
| Inspection (immigration)  | Inspection of immigration detention facilities and other places of detention to monitor the conditions of, and services provided to, detainees and to assess whether those services are compatible with good public administration and operational effectiveness. This includes assessments of the services provided to Regional Processing Centres by the Australian Border Force.  |
| Inspection (other)        | The Ombudsman has statutory responsibility for inspecting or auditing the records of law enforcement and other enforcement agencies in relation to the use of covert powers. The office inspects records relating to telecommunications interceptions, stored communications, surveillance devices and controlled operations.  |
| Investigated complaint    | An approach that is classified by the office as Category 3 or above.   |
| Investigation             | Occurs when the office contacts an agency about an issue raised by a complainant, or because the Ombudsman has chosen to use her/his own motion powers.  |
| Improvised dwelling       | Makeshift accommodation considered to be unsafe and unsuitable for living in. These can range from tin sheds to car bodies and makeshift shelters.   |
| Income management         | A scheme that enables the Department of Human Services (Centrelink) to retain and manage at least 50 per cent of a person's income support payments. The managed funds can only be allocated to priority goods and services, such as housing, clothing, food, utilities, education and health care. Managed funds cannot be used to purchase alcohol, gambling products, tobacco or pornography.   |
| Independent Merits Review | These are conducted by reviewers appointed by the Minister for Immigration. They are experienced decision-makers, most of whom have a background in merits review decision-making in federal and state administrative tribunals, such as Administrative Appeals Tribunal.  |
| Integrity agency          | An independent body that oversees the actions of public sector and/or other specified organisations to ensure that they are accountable for their decisions and that their clients are treated fairly. Integrity agencies may carry out their functions by investigating complaints, conducting investigations, auditing records or reviewing processes.   |
| Jurisdiction              | <p>Under the <i>Ombudsman Act 1976</i>, the Commonwealth Ombudsman may investigate the administrative actions of most Australian Government agencies and offices; Australia Post and registered private postal operators; private registered education providers in relation to overseas students; and private health funds or health care providers in relation to private health insurance.</p> <p>The Commonwealth Ombudsman also undertakes the role of the ACT Ombudsman in accordance with s 28 of the <i>ACT Self-Government (Consequential Provisions) Act 1988</i> (Cth).</p> |



| Term                                  | Definition  |
|---------------------------------------|---|
| Lifetime Health Cover (LHC)           | A government initiative that determines how much consumers pay for private hospital insurance, based primarily on their age. The Lifetime Health Cover rules are contained in the <i>Private Health Insurance Act 2007 (Cth)</i> .  |
| Medical gap                           | The amount a private patient pays personally for medical treatment in hospital, over and above what is received from Medicare or a private health insurer. Health insurers may have gap cover arrangements with service providers to insure against some or all of these additional payments.   |
| Medicare Benefits Schedule (MBS)      | A listing of the Medicare services subsidised by the Australian Government. It includes a schedule of fees.   |
| Medicare Levy Surcharge               | An income tax levy that applies to Australian taxpayers who earn above a certain income threshold and who do not hold appropriate private hospital insurance.   |
| Natural justice                       | In administrative decision-making, natural justice means procedural fairness. This includes the right to a fair hearing; that decisions are made without undue bias; providing an opportunity for a person to present a case addressing any adverse matters; and providing reasons for decisions.   |
| Non-refoulement                       | The principle that people seeking asylum may not be returned to a place where they fear harm, including persecution.  |
| Outcomes                              | The results, consequences or impacts of government actions.   |
| Outcome statements                    | These articulate government objectives and serve three main purposes within the financial framework, to: <ol style="list-style-type: none"> <li data-bbox="427 982 1163 1039">1. explain why annual appropriations are approved by the Parliament for use by agencies</li> <li data-bbox="427 1054 1116 1111">2. provide a basis for budgeting and reporting against the use of appropriated funds</li> <li data-bbox="427 1127 1130 1184">3. measure and assess the non-financial performance of agencies and programs in contributing to government policy objectives.</li> </ol> |
| Out of jurisdiction (OOJ)             | A matter about which the office has no legal power under the <i>Ombudsman Act 1976</i> to investigate.  |
| Overseas Student Health Cover (OSHC)  | A type of health cover designed for overseas student visa holders which can be purchased from some Australian private health insurers.  |
| Overseas Visitors Health Cover (OVHC) | A type of health cover designed for people without Medicare benefits or with only reciprocal (partial) Medicare benefits which can be purchased from some Australian private health insurers and some international insurers.   |
| Own motion investigation              | An investigation conducted on the Ombudsman's own initiative.   |
| Principal officer                     | The head of an agency.  |
| Private Health Insurance Rebate       | The Australian Government provides an income tested rebate to help people meet the cost of private health insurance. The rebate is income-tested and varies depending on age group and family composition.  |

| Term                             | Definition  |
|----------------------------------|---|
| Program                          | Commonwealth programs deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.   |
| Public Interest Disclosure       | Unless otherwise stated, this relates to an internal disclosure of wrongdoing, which has been reported by a public official to an authorised internal recipient.  |
| Redress of Grievance (ROG)       | Members of the Australian Defence Force are encouraged to seek resolution of any complaint at the lowest possible level in the chain of command. Members who are not satisfied with the outcome of the normal administrative processes may seek review through a formal Redress of Grievance submission to their commanding officer.  |
| Remedy                           | A solution or correction to a problem that has been the subject of a complaint.   |
| Review rights                    | People who disagree with a decision made about them or who believe they have been treated unfairly by a government agency may appeal against the decision or ask for it to be reviewed by the agency. If a person is not satisfied with this process, he or she may complain to the Ombudsman.  |
| Review (Ombudsman)               | A complainant who disagrees with a decision by the Ombudsman may request that the matter be reconsidered by an officer within the office who was not involved in the original investigation.  |
| Root cause                       | The reason or source of a problem that, if adequately addressed, may prevent the problem recurring.   |
| Root cause Analysis              | A structured approach to identifying the reason or source of a problem in order to prevent it recurring.  |
| Second Chance Transfer           | These refer to complaints about Australia Post, and refer to relatively uncomplicated complaints which were not investigated but instead were referred back to Australia Post for reconsideration.  |
| Stored communications            | This typically refers to emails and text (SMS) messages, but may also include images or videos, that have been electronically stored by a telecommunications carrier or internet service provider. For instance, an SMS message is stored by a carrier and sent when the intended recipient is able to receive it. Stored communications access occurs under warrant for the purposes of obtaining information relevant to the investigation of an offence. |
| Surveillance devices             | These are typically listening devices, cameras and tracking devices. The use of these devices will, in most circumstances, require the issue of a warrant.  |
| Systemic issue                   | A problem that is likely to be repeated. These issues are often identified through the analysis of similar individual complaints.   |
| Telecommunications interceptions | The recording of telephone conversations or other transmissions passing over a telecommunications network. Interceptions occur under warrant for the purposes of obtaining information relevant to a criminal investigation.  |

| Term                 | Definition   |
|----------------------|--|
| The office           | The Office of the Commonwealth Ombudsman.  |
| The Ombudsman        | The person occupying the statutory position of Commonwealth Ombudsman.   |
| Unlawful non-citizen | A national of another country who does not have the right to be in Australia. The majority of unlawful non-citizens in Australia at any given time have either overstayed their visa or had their visa cancelled. Some unlawful non-citizens will have entered Australia without a visa.   |
| Waiting period       | How long a person needs to be covered under a private health insurance policy before he or she is eligible for benefits. The maximum waiting periods for hospital policies are set down in the <i>Private Health Insurance Act 2007 (Cth)</i> .  |
| Warm transfer        | An arrangement between the Ombudsman's office and the Department of Human Services (Centrelink) whereby the Ombudsman's office will forward the details of a complaint to Centrelink to enable for it to investigate it in the first instance. This arrangement is used most commonly in situations that are urgent or which seem simple, or where the office thinks there are good reasons why the complainant should not be required to make a direct complaint to the agency. |
| Within jurisdiction  | An approach about a matter that the office may investigate under the <i>Ombudsman Act 1976</i> .   |
| 486O report          | The Ombudsman has a specific statutory role under s 486O of the <i>Migration Act 1958</i> to report to the Minister for Immigration and Border Protection concerning the circumstances of anyone who has been in immigration detention for two years or more.  |

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## List of requirements

Below is the table set out in Schedule 2 of the PGPA Rule. Section 17AJ(d) requires this table to be included in the Commonwealth Ombudsman annual report as an aid of access.

| Ref             | Part of report                         | Description   | Requirement                     | Page number(s) in this report |
|-----------------|--|---|---------------------------------|-------------------------------|
| 17AD(g) & 17AI  |  | Letter of transmittal   | Mandatory                       | 5                             |
| <b>17AD(h)</b>  | <b>Aids to access</b>                  |   |                                 |                               |
| 17AJ(a)         |  | Table of contents   | Mandatory                       | 8–9                           |
| 17AJ(b)         |  | Alphabetical index  | Mandatory                       | 160–175                       |
| 17AJ(c)         |  | Glossary  | Mandatory                       | 146–151                       |
| 17AJ(d)         |  | List of requirements  | Mandatory                       | 154–159                       |
| 17AJ(e)         |  | Contact officer   | Mandatory                       | 7                             |
| 17AJ(f)         |  | Website address   | Mandatory                       | 7                             |
| 17AJ(g)         |  | Electronic address of report  | Mandatory                       | 7                             |
| <b>17AD(a)</b>  | <b>Review by the Ombudsman</b>         |   |                                 |                               |
| 17AD(a)         |  | Review by the Ombudsman   | Mandatory                       | 11–13                         |
| <b>17AD(b)</b>  | <b>Commonwealth Ombudsman Overview</b> |   |                                 |                               |
| 17AE(1)(a)(i)   |  | Role and functions  | Mandatory                       | 16–18                         |
| 17AE(1)(a)(ii)  |  | Organisational structure  | Mandatory                       | 18                            |
| 17AE(1)(a)(iii) |  | Outcomes and programme structure  | Mandatory                       | 21                            |
| 17AE(1)(a)(iv)  |  | A description of the purposes of the entity as included in corporate plan   | Mandatory                       | 21                            |
| 17AE(1)(b)      |  | Portfolio structure   | Portfolio departments mandatory | Not applicable                |
| 17AE(2)         |  | Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change | If applicable, Mandatory        | Nil to report                 |

| Ref                                  | Part of report                         | Description   | Requirement              | Page number(s) in this report |
|--------------------------------------|--|---|--------------------------|-------------------------------|
| 17AD(c)                              | <b>Report on the Performance</b>       |   |                          |                               |
| <i>Annual performance Statements</i> |  |   |                          |                               |
| 17AD(c)(i); 16F                      |  | Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule   | Mandatory                | 25                            |
| 17AD(c)(ii)                          | <b>Report on Financial Performance</b> |   |                          |                               |
| 17AF(1)(a)                           |  | Discussion and analysis of the office's financial performance   | Mandatory                | 32                            |
| 17AF(1)(b)                           |  | Total resources and total payments  | Mandatory                | 143                           |
| 17AF(2)                              |  | Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations  | If applicable, Mandatory | Nil to report                 |
| 17AD(d)                              | <b>Management and Accountability</b>   |   |                          |                               |
| <i>Corporate Governance</i>          |  |   |                          |                               |
| 17AG(2)(a)                           |  | Information on compliance with section 10 (fraud systems)   | Mandatory                | 5                             |
| 17AG(2)(b)(i)                        |  | A certification by the Commonwealth Ombudsman that fraud risk assessments and fraud control plans have been prepared  | Mandatory                | 5                             |
| 17AG(2)(b)(ii)                       |  | A certification by the Commonwealth Ombudsman that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the office are in place | Mandatory                | 5                             |
| 17AG(2)(b)(iii)                      |  | A certification by the Commonwealth Ombudsman that all reasonable measures have been taken to deal appropriately with fraud relating to the office  | Mandatory                | 5                             |
| 17AG(2)(c)                           | Section 5                              | Structures and processes for the office to implement principles and objectives of corporate governance  | Mandatory                | 98–100                        |

| Ref                                  | Part of report | Description  | Requirement              | Page number(s) in this report |
|--------------------------------------|----------------|--|--------------------------|-------------------------------|
| 17AG(2)(d) – (e)                     |                | A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance                               | If applicable, Mandatory | 105                           |
| <b>External Scrutiny</b>             |                |  |                          |                               |
| 17AG(3)                              |                | Significant developments in external scrutiny  | Mandatory                | 100                           |
| 17AG(3)(a)                           |                | Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner  | If applicable, Mandatory | 100                           |
| 17AG(3)(b)                           |                | Reports by the AuditorGeneral (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman  | If applicable, Mandatory | Not applicable                |
| 17AG(3)(c)                           |                | Capability reviews   | If applicable, Mandatory | Nil to report                 |
| <b>Management of Human Resources</b> |                |  |                          |                               |
| 17AG(4)(a)                           |                | Assessment of effectiveness in managing and developing employees to achieve the office's objectives  | Mandatory                | 101–102                       |
| 17AG(4)(b)                           |                | Statistics on staffing   | Mandatory                | 103                           |
| 17AG(4)(c)                           |                | Information on enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> | Mandatory                | 102                           |
| 17AG(4)(c)(i)                        |                | SES and nonSES employees covered by agreements etc. identified in paragraph 17AG(4)(c)   | Mandatory                | 102                           |
| 17AG(4)(c)(ii)                       |                | Salary ranges by classification level  | Mandatory                | 104                           |



| Ref                      | Part of report | Description   | Requirement              | Page number(s) in this report |
|--------------------------|----------------|---|--------------------------|-------------------------------|
| 17AG(4)(c)(iii)          |                | Nonsalary benefits provided to employees  | Mandatory                | 102                           |
| 17AG(4)(d)(i – iv)       |                | Performance pay   | If applicable, Mandatory | Nil to report                 |
| <b>Assets Management</b> |                |   |                          |                               |
| 17AG(5)                  |                | Assessment of effectiveness of assets management  | If applicable, mandatory | 105                           |
| <b>Purchasing</b>        |                |   |                          |                               |
| 17AG(6)                  |                | Assessment of entity performance against the <i>Commonwealth Procurement Rules</i>  | Mandatory                | 104                           |
| <b>Consultants</b>       |                |   |                          |                               |
| 17AG(7)(a)               |                | A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST) | Mandatory                | 104–105                       |
| 17AG(7)(b)               |                | Statement that “During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].”   | Mandatory                | 104                           |
| 17AG(7)(c)               |                | Summary of the policies and procedures for selecting and engaging consultants   | Mandatory                | 104                           |

| Ref  | Part of report | Description   | Requirement              | Page number(s) in this report |
|--|----------------|---|--------------------------|-------------------------------|
| 17AG(7)(d)   |                | Statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”   | Mandatory                | 105                           |
| <b>Australian National Audit Office Access Clauses</b> |                |   |                          |                               |
| 17AG(8)  |                | Absence of provisions in contracts allowing access by the Auditor-General   | If applicable, Mandatory | 104                           |
| <b>Exempt contracts</b>                                |                |   |                          |                               |
| 17AG(9)  |                | Contracts exempted from publication in AusTender  | If applicable, Mandatory | 105                           |
| <b>Small business</b>                                  |                |   |                          |                               |
| 17AG(10)(a)  |                | Statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”   | Mandatory                | 104                           |
| 17AG(10)(b)  |                | Procurement initiatives to support small business   | Mandatory                | 104                           |
| 17AG(10)(c)  |                | If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.” | If applicable, Mandatory | Not applicable                |
| <b>Financial Statements</b>                            |                |   |                          |                               |
| 17AD(e)  |                | Annual financial statements in accordance with subsection 43(4) of the Act  | Mandatory                | 108–138                       |

| Ref            | Part of report              | Description   | Requirement              | Page number(s) in this report |
|----------------|-----------------------------|---|--------------------------|-------------------------------|
| 17AD(f)        | Other Mandatory Information |   |                          |                               |
| 17AH(1)(a)(i)  |                             | If the entity conducted advertising campaigns, a statement that <i>“During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”</i> | If applicable, Mandatory | Not applicable                |
| 17AH(1)(a)(ii) |                             | Advertising campaigns statement   | If applicable, Mandatory | 105                           |
| 17AH(1)(b)     |                             | Statement that <i>“Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”</i>  | If applicable, Mandatory | Not applicable                |
| 17AH(1)(c)     |                             | Outline of mechanisms of disability reporting, including reference to website for further information   | Mandatory                | 7, 103                        |
| 17AH(1)(d)     |                             | Website reference to Information Publication Scheme statement pursuant to Part II of FOI Act  | Mandatory                | 142                           |
| 17AH(1)(e)     |                             | Correction of material errors in previous annual report   | If applicable, mandatory | Not applicable                |
| 17AH(2)        |                             | Information required by other legislation   | Mandatory                | 44, 71–91                     |

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