



Performance highlights

The Fair Work Ombudsman (FWO) is a statutory office responsible for ensuring compliance with Australian workplace laws and educating employers and employees about their rights and responsibilities at work.

For 2013–14, we met all of our deliverables, key performance indicators, service standards and specific commitments to government.

Across our core functions of advice, assistance and enforcement we:

Advice

- › **Responded to** more than **595,000 enquiries** received through Fair Work Infoline services.
- › **Resolved 99% of call enquiries** at first contact.
- › Answered almost **90,000 Small Business Helpline calls** in seven months.
- › Received more than **11 million visits to fairwork.gov.au** and more than two million fact sheet, best practice guide and template downloads.
- › **Introduced** our **transformed website** offering increased accessibility and customisation including tailored industry information.
- › Received more than **1.57 million visits to pay tools**.
- › **Expanded and updated** our suite of **online self-service resources**, including developing 'starting a new job' and 'hiring an employee' guides.
- › Implemented **strategies to educate** areas, industries and workers most in need of our assistance, including **young hospitality workers, overseas Harvest Trail workers** and **small business operators**.

Assistance

- › Finalised **25,650 complaints** and **recovered more than \$23 million for 15,483 workers**.
- › Finalised **94%** of complaints **within 90 days**.
- › Finalised **4,567** targeted campaign **audits** recovering more than \$4 million for 7,541 workers.
- › Recovered more than **\$700,000 for 285 workers** who were considering lodging a complaint **through pilot 'pre-complaint interventions.'**
- › Finalised **79%** of complaints through assessment and **dispute resolution processes**.
- › Entered into **partnerships with seven businesses** through proactive compliance deeds.
- › **Assessed** sponsorship obligations of **1,029 employers of 457 visa holders** as part of our expanded visa monitoring role, **referring 243 possible breaches** to the Department of Immigration and Border Protection.

Enforcement

- › **Commenced 37 civil penalty litigations** to address serious, wilful and repeated non-compliance.
- › Achieved **court ordered penalties of more than \$3 million** in 39 cases decided.
- › **Issued 116 infringement notices** to employers who breached record-keeping or pay slip obligations.
- › Issued **65 compliance notices** to recover unpaid wages.
- › Entered into **15 enforceable undertakings** to address non-compliance issues and put in place preventative measures to avoid future breaches.
- › Initiated **several test cases** to clarify the operation of the *Fair Work Act 2009*.
- › Litigated our **first successful age discrimination** case and **secured a record \$343,860 in penalties** against a cleaning company for deliberately underpaying six workers.



Australian Government

Fair Work OMBUDSMAN

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The Hon Eric Abetz MP
Minister for Employment
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with section 686 of the *Fair Work Act 2009* and Section 70 of the *Public Service Act 1999*, I am pleased to submit the annual report of the Fair Work Ombudsman for the financial year ending 30 June 2014.

This report has been prepared in accordance with Section 70 of the *Public Service Act 1999* and the guidelines approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.

Yours sincerely

Natalie James
FAIR WORK OMBUDSMAN

7 October 2014

Cover image
Halima Fiqi and
Peter D'Agata

Fair Work Infoline

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Natalie James

Fair Work Ombudsman



Year in review

In my first year as Fair Work Ombudsman the agency has continued to streamline and evolve its services to provide the community with accessible and reliable advice on Australian workplace laws.

I'm pleased with our progress and achievements in 2013–14. We delivered on our core responsibilities and met key performance targets, while modernising our operations and services to deliver better outcomes for businesses and workers.

Small Business Helpline

We launched our Small Business Helpline in December 2013 (p16). To 30 June 2014, we provided close to 90,000 small business operators with prioritised and tailored advice on workplace relations issues.

Underpinning this service is our commitment to provide reliable advice that callers can confidently act on and implement in their workplace. The helpline, along with our new website, assists small businesses who are trying to do the right thing and minimises the risk that inadvertent mistakes result in workplace complaints in the future.

Transformed website

We transformed our website (fairwork.gov.au) in 2014 with a focus on delivering reliable information in a convenient, accessible way. The new features equip people with what they need to make decisions about their businesses and jobs, and provide advice on how they can resolve issues that arise in their workplace (p18).

With 11 million visits in 2013–14 – up 14% on last year – investing in self-help technologies remains a priority. Now that phasing to modern awards has ended and the award system is less complex, online tools are the most convenient way to deliver simplified information on pay rates.

End of transition to modern award rates of pay

Since 2010, wages in awards have been gradually phasing from multiple state-based rates to one national rate. People have had to identify 'old' and 'new' award classifications and perform calculations to determine what they should be paying and getting paid. These time-consuming processes are no longer necessary under the majority of awards from 1 July 2014.

A mobile friendly pay tool will be launched in 2015 to make accessing pay rates even easier.

Modern award review

Despite things getting simpler, the workplace relations framework can still be complex for those who are not experts. The most common enquiries to the agency continue to involve pay rates and conditions of employment.

After five years advising on the application of modern awards, we have a comprehensive understanding of where people can struggle to interpret and apply the framework. We are sharing this information with the Fair Work Commission via its review of modern awards (p23). Through our experience, we believe we can assist the Commission to inject greater clarity into the awards system and make the instruments more accessible.

Resolving disputes

We prefer to resolve the complaints we receive through dispute resolution processes such as mediation. This process can resolve issues quickly and cooperatively.

Two new dispute resolution approaches were successfully piloted during the year. We recovered over \$700,000 for 285 employees through 'pre-complaint interventions'. Our 'three strikes' pilot focused on intervening in tailored and proportionate ways to address repeated non-compliance. See p28 for more details on these pilots.

Enforcing the law

It's important that we are proportionate in framing our response to cases of non-compliance. We reserve formal enforcement action for deliberate breaches of workplace laws, matters involving vulnerable workers or where a person hasn't been willing to engage with us about legitimate problems.

Successful litigations send a clear message to the community that there are serious and visible consequences to deliberate non-compliance. This deters others from undercutting wages and conditions to gain an unfair competitive advantage.

Our record \$343,860 in penalties secured against a cleaning company for deliberately underpaying six vulnerable workers grabbed headlines. The ruling and significant penalties handed down in our first age discrimination litigation also demonstrates that every employee – regardless of their age – has the right to work without fear of discrimination (p41).

Partnering with industry

Compliant workplaces are not achieved by merely responding to complaints. Through analysis of our data and other intelligence, and by working with influential partners, we are identifying and addressing the root causes of non-compliance in different industries and regions.

We'll continue to work collaboratively with industry and individuals to identify and address non-compliance, with a focus on assisting those most vulnerable to exploitation.

The Productivity Commission's good practice principles for regulators, outlined in their Regulator Audit Framework, and independent research into our work by the University of Melbourne is assisting us to assess and improve our performance as an effective regulator (p48). Our focus will remain on finding better ways of working to achieve results efficiently across all our activities.



Natalie James
Fair Work Ombudsman

Michael Campbell

Deputy Fair Work Ombudsman Operations

Natalie James

Fair Work Ombudsman



Mark Scully

Deputy Fair Work Ombudsman Corporate



About the FWO

We are responsible for ensuring compliance with Australian workplace laws and educating employers and employees about their rights and responsibilities at work.

Our jurisdiction is set out in the *Fair Work Act 2009* and our services are free to all workers and employers in Australia.

We are accountable through Parliament, the courts and tribunals and the Commonwealth Ombudsman. We are also bound by the Australian Public Service Code of Conduct.



Responsibilities

- › We are a single point of contact for reliable and timely information about Australia's workplace relations system.
- › We educate people working in Australia about fair work practices, rights and obligations.
- › We assess complaints or suspected breaches of workplace laws, awards and enterprise agreements.
- › We enforce workplace laws, in some cases through the courts, to achieve appropriate remedies and to deter people from breaching the law.
- › We build strong and effective relationships with industry, unions and other stakeholders.

Guiding principles

Aligned with the Productivity Commission's best practice principles for regulators, our work is guided by the following principles:

- › Clear and effective communication
 - We listen to the workplace concerns of workers and businesses.
 - We make compliance with workplace laws simpler by providing information that is easy to understand.
 - We provide effective and timely customer service.
- › Consistency
 - We provide advice which can be relied and acted on.
 - We assist in creating a level playing field.
 - We apply consistent and transparent principles in deciding when and how to use our enforcement tools.
- › Risk-based and proportionate
 - We reduce the time and cost of resolving workplace disputes by using dispute resolution processes such as mediation, to help people to find their own solutions.
 - We concentrate our enforcement tools on areas of serious non-compliance where we can have the greatest impact (e.g. vulnerable workers).
 - We take action in the courts to seek penalties against serious offenders.

- › Accountable and transparent
 - We remain neutral and impartial in doing our work.
 - We provide the community with the right to review all our decisions.
 - We publish information on our compliance and enforcement activities.
 - We ensure our customers' private details are kept confidential.
- › Continuous improvement
 - We identify opportunities to improve our operations and services through feedback and research.
 - We consider the findings, ideas and views of all stakeholders and are open to working with others to devise solutions to issues and make the most of opportunities.

Program structure

We have a single outcome and three deliverables as prescribed in the Portfolio Budget Statements.

Outcome

Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.

Objective

Educate employers, employees, organisations and contractors about the workplace relations system and ensure compliance with workplace laws.

Deliverables

The deliverables of the FWO are to:

- › provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance
- › investigate claims regarding alleged breaches of workplace laws and undertake targeted activities
- › litigate, where necessary, to enforce compliance with workplace laws.

Fair Work Ombudsman

Our statutory-appointed Fair Work Ombudsman and Deputy Ombudsmen set the strategic direction of the agency and monitor the delivery of our commitments to government and the community.

Natalie James

Natalie James was appointed to the position of Fair Work Ombudsman by the Governor-General for a five-year term starting on 15 July 2013.

Prior to her appointment, Natalie was the Manager of the Victorian State Office of the then Department of Education, Employment and Workplace Relations.

Deputy Fair Work Ombudsmen

The FWO has two Deputy Fair Work Ombudsmen who provide high level strategic advice. They monitor expenditure, ensure compliance with relevant government directives and oversee recruitment and professional development of staff within their respective business group.

Michael Campbell

Michael Campbell is Deputy Fair Work Ombudsman, Operations. He leads the national inspectorate and advisory service groups in their mission to deliver consistent and high quality workplace relations advice, education, dispute resolution and compliance outcomes for the Australian community.

Prior to his appointment at the FWO, Michael was Chief of Field Operations at Fair Work Building and Construction and is a former Deputy Commissioner of the Australian Building and Construction Commission.

Mark Scully

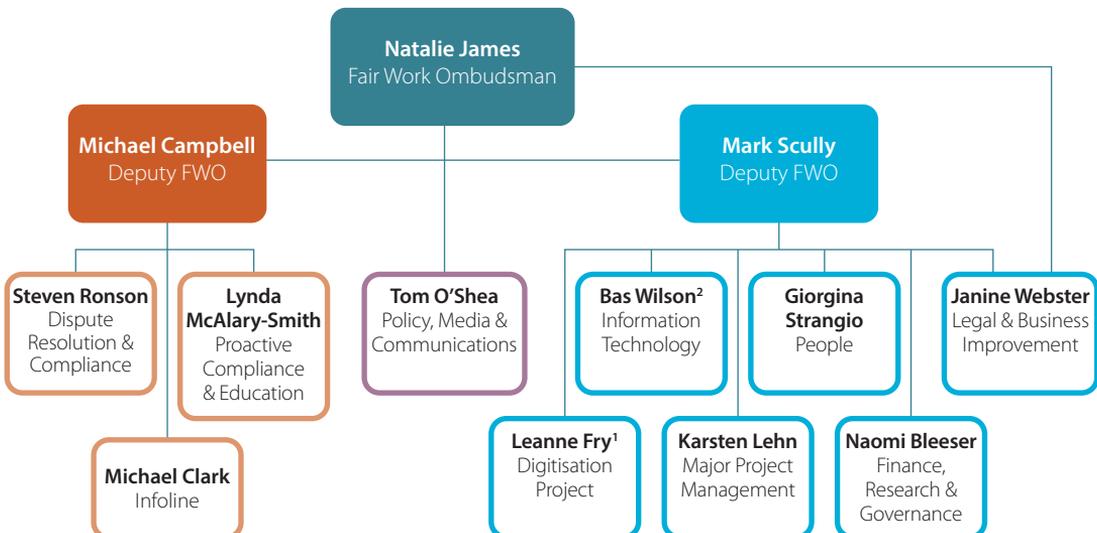
Mark Scully is Deputy Fair Work Ombudsman, Corporate. He oversees human resources, finance, legal, IT, property and major project management. Mark has worked for the FWO and its predecessor organisations for seven years.

Prior to joining the federal public service, Mark worked for more than 20 years in the Victorian public service, mainly in the area of public transport.

Organisational structure

Our staff are located in 22 sites across Australia.

FIGURE 1: FWO ORGANISATIONAL STRUCTURE AS AT 30 JUNE 2014



Notes: Reporting line between FWO and Chief Counsel as per Chief Executive's instructions.

¹ Leanne Fry is expected to return to her substantive position of Executive Director Information Technology in January 2015.

² Bas Wilson is also expected to return to his substantive position in the Department of Employment in January 2015.

Mick Duke & Tien Nguyen

Strategic Research, Analysis & Reporting

We are accountable and transparent. Sound governance and quality public reporting are critical to maintaining community confidence.



ACCOUNTABLE



Performance reporting

Our actions towards achieving the Australian Government's planned outcome of compliance with workplace relations legislation by employees and employers through advice, education and, where necessary, enforcement are detailed in the following pages.

Activities and achievements are reported against program deliverables and key performance indicators.



Our program objective, deliverables and key performance indicators are published in the Portfolio Budget Statements that are released annually to accompany the Australian Government Budget. They are used to monitor and assess our performance. An overview of our performance is tabled below.

TABLE 1: PERFORMANCE AGAINST DELIVERABLES

Program 1: Education services and compliance activities

The objective of the FWO is to educate employers, employees, organisations and contractors about the workplace relations system and to ensure compliance with workplace laws.

DELIVERABLE		2013–14	PAGE
<p>Deliverable 1: Advice Provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance</p>	✓	Delivered products and initiatives to give workplace participants a greater understanding of their workplace rights, obligations and options to help them make informed decisions.	15-23
<p>Deliverable 2: Assistance Investigate claims regarding alleged breaches of workplace laws and undertake targeted activities</p>	✓	<p>Worked with employers and employees to help resolve disputes, which included ensuring all parties were aware of their rights and obligations. Targeted industries or areas where there has been a history of non-compliance, running education and audit campaigns.</p> <p>Inquired into the reasons for non-compliance issues to better understand the barriers to compliance and identify opportunities to provide effective education and deterrents.</p> <p>Investigated alleged contraventions and applied the appropriate resolution pathway.</p>	25-35
<p>Deliverable 3: Enforcement Litigate, where necessary, to enforce compliance with workplace laws</p>	✓	Used enforcement tools and took legal action in response to serious, wilful or repeated non-compliance and to deter further contraventions of Australian workplace laws.	37-41

The FWO met or exceeded all key performance indicator (KPI) targets prescribed in the Portfolio Budget Statements for 2013–14.

TABLE 2: PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS, 2011–2014

KEY PERFORMANCE INDICATOR	TARGET	ACTUAL RESULTS 2013–14		ACTUAL RESULTS 2012–13	ACTUAL RESULTS 2011–12	PAGE
Number of targeted campaigns						
› national	4	4	✓	4	4	33-34
› state (number of campaigns in each state and territory)	2	2		2	At least 2 in each state	
Investigations into complaints about breaches of federal agreements or awards completed within 90 days (% of total complaints)	80%	94%	↑	84%	68%	25-41
Calls to the contact centre resolved at the first point of contact (% of total calls)	80%	99%	✓	99%	98%	15-21
Availability of contact centre services (% of availability during advertised hours)	99%	99%	✓	99%	99%	15-21
Availability of website (time available as a % of total time)	99%	99%	✓	99%	99%	15-21

Matt Wass

Fair Work Infoline

We provide reliable advice that can be confidently acted on. Our services and resources are tailored to meet the needs of diverse customers.



RELIABLE

Advice

Deliverable 1:

Provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance.

The FWO delivers a range of education products and initiatives to support greater understanding of workplace rights and obligations. This enables employers and employees to make informed choices about their workplaces and jobs.

We believe providing information and advice early helps prevent disputes and plays a critical role in enabling workplace participants to resolve matters in their workplace. In doing this, employment relationships are maintained, and commitment to long-term compliance is enhanced, creating a productive workplace environment.

Customer service

Given the diversity of our customers and the scope of workplace issues handled by the FWO, we continued to invest in new information technologies and offered a range of service channels to meet changing customer needs.

In 2013–14, we encouraged people to visit fairwork.gov.au or call us instead of writing or emailing, as these channels allow us to offer a more efficient service. This saw a 55% decrease in written correspondence and a 6% increase in calls. Our online and phone channels were accessed more than 12.3 million times compared to around 10.9 million in 2012–13.

We also offer an online enquiry service to registered users of My account (see p18 for more information on this service). Demographic information provided by users, including their state and industry, improves our ability to answer enquiries without the need to call.

Visits to fairwork.gov.au increased by around 14%. As awareness and use of our online tools and resources grows, we expect further reductions in the number of routine phone enquiries will free up resources and allow us to deal with more complex customer enquiries.

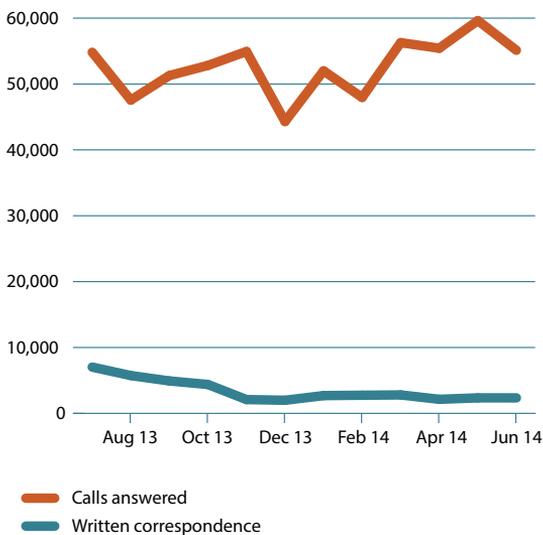
TABLE 3: PRIMARY ADVICE SERVICE CHANNELS

	2013–14	2012–13	2011–12
Calls for advice answered	554,128 (4.6%) ¹	522,782 (4.8%)	683,992 (9.3%)
Advice by written correspondence	41,443 (0.4%)	93,123 (0.8%)	88,389 (1.2%)
Visits to fairwork.gov.au	11,780,824 (95%)	10,327,287 (94.4%)	6,595,855 (89.5%)
Total	12,376,395 (100%)	10,943,192 (100%)	7,368,236 (100%)

¹Includes calls to the Small Business Helpline.

Call volumes, email and website traffic saw increased activity in June and July. This coincided with traditional peaks around the new financial year and annual minimum wage changes.

FIGURE 2: FAIR WORK INFOLINE ADVICE PROVIDED BY MONTH



Small Business Helpline

In December 2013, we launched the Small Business Helpline to equip small businesses with the capacity to make informed choices about their workplace relations obligations and manage their workplace relationships. The helpline, which provides prioritised and tailored advice relevant to small business, can be accessed through the Fair Work Infoline number 13 13 94. This number is already well known and used in the community.

Over a seven-month period, from 6 December 2013 to 30 June 2014, the Small Business Helpline took 89,766 calls, which represented 30% of all calls answered by the FWO.

Since the launch of the helpline, we have monitored the average wait time for call queues to both the Small Business Helpline and the Fair Work Infoline. We've made adjustments to the queuing process to ensure good customer service for all callers. A post implementation review will be conducted in 2014–15 to determine if any further changes are needed.

**TABLE 4: SMALL BUSINESS HELPLINE AND FAIR WORK
INFOLINE, 6 DECEMBER 2013 - 30 JUNE 2014**

	SMALL BUSINESS HELPLINE	FAIR WORK INFOLINE
Calls answered	89,766	208,364
Average call wait time	2 minutes 13 seconds	8 minutes 39 seconds

Nature of calls

Wages continued to be the number one reason workplace participants sought advice and information from the Fair Work Infoline and Small Business Helpline, and represented around one-third of all calls received in 2013–14. This was followed by enquiries about conditions of employment and termination of employment.

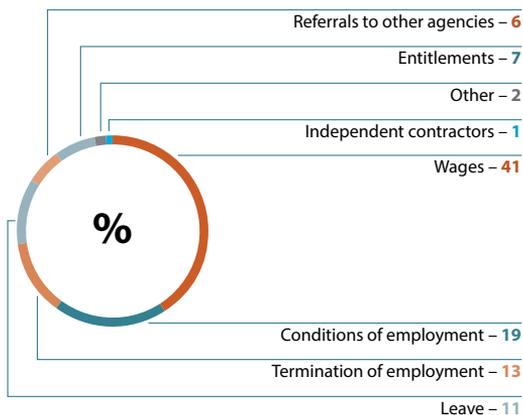
From an industry perspective, the highest numbers of calls received through the Fair Work Infoline related to people working in 'other services' including hair and beauty (12%), construction (11%), retail trade (9%), accommodation and food (8%) and health care and social assistance (7%).

TABLE 5: NATURE OF CALLS TO THE FAIR WORK INFOLINE AND SMALL BUSINESS HELPLINE BY PERCENTAGE

ENQUIRY TYPE	2013–14 %	2012–13 %	2011–12 %
Wages	28	35	38
Conditions of employment	20	21	20
Termination of employment	15	14	13
Leave	11	10	9
Referrals to other agencies	10	7	5
Entitlements	6	5	5
Other	2.3	0.7	1.6
Workplace complaint	7	6.8	8
Independent contractors	0.7	0.5	0.4
Total	100	100	100

Note: The enquiry type 'claims' reported in our 2012–13 annual report has been merged with 'workplace complaint'.

FIGURE 3: NATURE OF CALLS TO THE SMALL BUSINESS HELPLINE BY PERCENTAGE, 16 DECEMBER 2013 – 30 JUNE 2014



Online products and support

In 2013–14, we provided more education resources through fairwork.gov.au to equip people with the information they need to comply with workplace laws and resolve issues in the workplace.

As our primary education and communication channel, fairwork.gov.au was recently transformed to include tailored content structured around workplace relations topics, new online education modules and guides, as well as updated calculators to determine pay and conditions for different industries and types of employment.

In 2013–14, the number of visits to fairwork.gov.au increased by 14%, with an average of around 980,976 visits a month and 7,009,123 unique visitors for the financial year.

TABLE 6: VISITS TO FAIRWORK.GOV.AU

	2013–14	2012–13	2011–12
Visits to fairwork.gov.au	11,780,824	10,327,287	6,595,855
Unique visitors to fairwork.gov.au	7,009,123	5,949,628	3,683,873

Transformed fairwork.gov.au

On 16 June 2014, we relaunched our website to provide easier navigation and tailored content to our business and community users – and to support future innovations as we continue adding to our suite of online tools and services.

The new fairwork.gov.au is designed to provide accurate information quickly and conveniently. It was developed in response to user-needs research which consistently demonstrated that our customers preferred to search for information by subject matter rather than their status as an employer or an employee.

The site's new functionality allows users to nominate the industry they work in and filters information as they search to reflect their particular workplace circumstances. Users can also create their own account, My account, which allows them to personalise their workplace information, save relevant data, such as pay rates, and access previous web searches at their convenience.

In its first 17 days of going live, the new website received 536,310 visits and saw 10,534 people register for My account. Of those who registered for My account during this period, 14% nominated themselves as an employer. People from the building and construction, retail and manufacturing sectors were the most common to register.

Online learning

In addition to providing people with basic information to address their workplace enquiries and support compliance, fairwork.gov.au delivered a range of online learning tools and resources. These are for people who want to broaden their workplace knowledge, update their skills and discover new and more productive ways of working.

In 2013–14, we expanded our online assistance to include:

- › a new guide titled 'Hiring your first employee', which was downloaded 3,543 times since its launch on 25 March 2014
- › six new templates to support our online learning courses
- › six new fact sheets on unpaid work including four that are industry specific
- › updated online pay tools, calculators and information to reflect recent legislative changes, including pay changes for apprentices, which started after 1 January 2014.

Two short education courses were also added to the website's interactive Online Learning Centre including 'Starting a new job' for young workers and 'Hiring employees' for employers, managers and supervisors. This complements the 'Hiring your first employee' guide. The centre's five learning modules attracted more than 51,516 page views and 13,718 courses were started in the financial year.

Organisations such as the Queensland Attorney-General's Department, the Australian Taxation Office and the Pharmacy Guild of Australia have redeployed a number of these courses into their own learning management systems. In 2013–14, 1,000 pharmacists completed the 'Difficult conversations in the workplace' course as part of their professional development program.

Online tools at a glance

In response to the different information needs and preferred learning styles of workplace participants, education products were delivered in several formats and through a number of channels, depending on the level of complexity involved.

At 30 June 2014, the full suite of online education products available through fairwork.gov.au included:

- › our Online Learning Centre with courses to teach people skills and strategies to help them at work
- › pay tools to help clients locate awards and calculate pay rates
- › 13 best practice guides on areas such as work and family, and individual flexibility arrangements
- › checklists to help employers and employees understand their rights and responsibilities and identify any knowledge gaps
- › 65 template letters and documents designed to assist with keeping employment records and recording agreements between employees and employers
- › 46 fact sheets explaining key provisions of the workplace relations legislation
- › a subscription-based newsletter to help employers stay on top of their workplace relations obligations
- › a subscription-based email update service to keep workplace participants up to date on employment issues and news
- › translated workplace rights and entitlement information in 27 languages
- › a series of Auslan videos accessible through our YouTube channel for customers with hearing disabilities.



TABLE 7: EDUCATION RESOURCES AND DOWNLOADS

	2013–14	2012–13	2011–12
Fact sheets available	46	40	38
Fact sheets downloaded	1,455,495	1,115,282	642,697
Best practice guides available	13	13	12
Best practice guides downloaded	126,065	93,882	68,699
Templates available	65	59	51
Templates downloaded	525,754	438,810	373,963
Pay tools visits ¹	1,571,779	1,292,825	990,343
Online Learning Centre courses available	5	2	–
Online Learning Centre page visits	51,516	2,151 ²	–

¹Excludes Award Finder.

²Service introduced.

Subscription services

Interest in receiving information and advice via email continued to grow with a 62% increase in newsletter subscribers and a 45% rise in email update subscribers throughout the year.

Our subscription newsletter was emailed to 9,945 employers to help them stay on top of their workplace relations obligations. Tailored email updates were sent to 32,499 workplace participants to keep them up to date with the latest employment issues and news. This included advising specific industries to check their wage rates using our pay tools following the annual wage review, along with other changes likely to impact their sector.

TABLE 8: EDUCATION SUBSCRIPTION SERVICES

	2013–14	2012–13	2011–12
Newsletters sent	5	5	4
Newsletter subscribers	9,945	6,128	2,301 ¹
Email updates sent	6	9	–
Email update subscribers	32,499	22,487 ¹	–

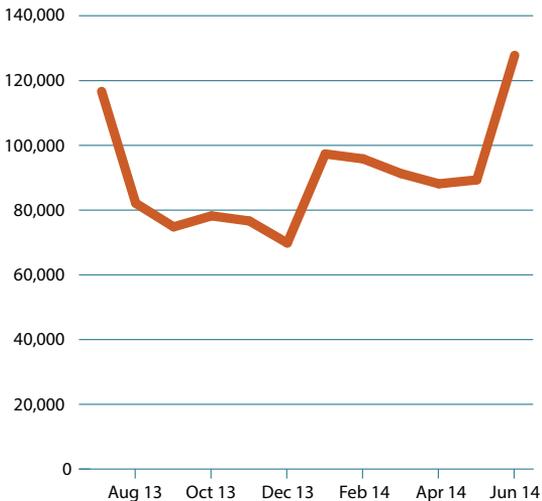
¹Service introduced.

PayCheck Plus

PayCheck Plus, an online tool that calculates modern award pay rates for employers and employees, was updated in 2013–14 in readiness for 1 July 2014 when transitional arrangements ended. Pre-modern award information is no longer required to calculate wages. Work also commenced on a new pay tool that will allow easy access to accurate wage information through our website and mobile devices. The tool will be launched in 2015.

In 2013–14, the number of visitors to PayCheck Plus increased by around 27%. This included an average of 90,135 visits per month compared to the previous year which saw an average of 71,000 visits per month. The number of visits peaked in June 2014, coinciding with the launch of our new website – and spiked in July 2013 following the Fair Work Commission’s annual increase to the minimum wage, which takes effect on 1 July each year.

FIGURE 4: PAYCHECK PLUS USAGE BY MONTH 2013–14



Service standards

A key measure of our performance is the timeliness and quality of our advice and assistance. In 2013–14, we again met and exceeded our Fair Work Infoline first call resolution and website service standards.

- › The ‘first call resolution’ KPI was exceeded by 19%, with a one per cent increase on the previous year. This was based on enquiries being resolved within 48 hours without extra client contact required.
- › We also met our 99% KPI for ‘availability’ to our contact centre services and website.

TABLE 9: PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS

KPI	2013–14	2012–13	2011–12
First call resolution (KPI = 80%)	99%	99%	98%
Availability of contact centre services (KPI = 99%)	99%	99%	99%
Availability of website (KPI = 99%)	99%	99%	99%

Communication activities

Tailored media and communication strategies play an integral role in supporting our education and compliance activities and ensuring the community is aware of their workplace rights and obligations.

We use a range of channels, including fairwork.gov.au, social media, print media and radio, to reach different audiences with the information they need.

Media

In 2013–14, we maintained a strong public profile across all media platforms. We issued 227 media releases to promote our education and compliance activities and to raise community awareness of our free tools, resources and services.

We had over 2,000 interactions with suburban, regional, metropolitan and national media outlets and generated almost 12,800 articles throughout Australia. This included more than 6,000 online articles, 4,600 radio items, 1,300 print articles and 823 television items.

Media coverage included:

- › a column on the benefits of family-friendly workplaces published to more than 150 websites
- › the announcement of a national fast food campaign publicised via 30 newspaper articles, 300 radio bulletins, four television items and 50 websites
- › a column on workplace culture and productivity published on more than 80 websites
- › TV interviews encouraging employees and businesses to use our tools and resources to make informed decisions about their workplaces and jobs.

Social media

We also increased our use of social media channels to support the rollout of our national education and compliance activities and promote legislative changes and new initiatives. Activities generated included:

- › 825 tweets, which reached over 7 million Twitter followers and engaged 1,800 new followers
- › 339 posts, which reached over 7.6 million Facebook followers and engaged 15,000 new followers compared to 4,500 in 2012–13
- › 99,000 views of our YouTube videos.

Social media activity rose in November 2013 and January 2014 with the launch of a fast food campaign to educate employers and employees working in the takeaway food services industry.

Activity also increased between May and June 2014 in response to a campaign aimed at creating awareness about the Fair Work Commission's annual wage review. During this period, our tweets and Facebook posts on the topic reached almost 120,000 people on Twitter and over 1.2 million on Facebook.

Other digital communications included:

- › development of a dedicated Facebook page to ensure foreign workers employed on the Harvest Trail are aware of their entitlements and have easy access to information and advice
- › in-language workplace rights messages shared through social media channels in response to intelligence suggesting Korean employees were receiving as little as \$8 an hour (less than half the minimum wage)
- › a cross-promotional campaign using fairwork.gov.au and Australian Apprentices websites to communicate changes to apprentice pay rates which took effect from 1 January 2014.

Would you like workplace facts with that?

Just under half (45.7%) of employees working in the fast food industry are aged between 15–24 years and typically:

- › don't like reading long documents
- › tend to have limited awareness of their basic workplace entitlements
- › spend a lot of time using social media
- › are motivated by money, breaks and leave
- › have low formal education qualifications.

To attract their attention we repackaged the *Fast Food Industry Award 2010* entitlements into eight bite-sized 'fun facts about fast food'. Each fact was delivered as an interactive infographic on our Facebook page.

Facebook posts and tweets introduced followers to new facts each week covering information on topics such as breaks, pay and uniforms. A mini-site was also created to allow young workers access to the information via their desktop or mobile phone.

During the eight-week period, the campaign reached over 51,000 people on Twitter and 1.2 million on Facebook.

We also wrote to more than 7,000 fast food operators to highlight free resources on fairwork.gov.au to help them comply with workplace laws.

These activities form part of a wider three-year compliance campaign looking at wages and conditions in the hospitality industry and build on similar education activities undertaken in 2012 and 2013 with accommodation providers, pubs, cafés, restaurants and caterers.

Collaboration

We work with representatives from industry, unions, government and universities to share data and intelligence. Through our combined expertise and insights, we continue to explore the best way to maximise our reach and deliver relevant and timely services to workplace participants.

As part of our stakeholder engagement activities in 2013–14, we:

- › hosted a joint small business roundtable discussion with the Fair Work Commission and Fair Work Building and Construction to identify the ongoing and emerging issues that small business face
- › consulted widely with industry associations and organisations to develop and deliver four national and 10 state and territory education and compliance campaigns (see p33-34 for more information on campaigns)
- › introduced a Community Engagement team focused on enhancing our connection with community organisations
- › held workshops and presentations for those in the hair and beauty industry, and consulted with members of the hospitality and media and entertainment industries, to address the legality and legitimacy of unpaid work practices and internships
- › worked closely with the Department of Immigration and Border Protection to monitor and investigate the working arrangements of 457 visa holders
- › contributed data to, and attended a roundtable about, the Australian Human Rights Commission's national review into the prevalence, nature and consequences of discrimination in relation to pregnancy at work and return to work after parental leave
- › provided tailored advice to over 1,600 enquiries from employer organisations and unions through a dedicated telephone and email service called Practitioner Assist
- › worked directly with 910 franchisors, employing more than 3,600 employees, to support compliant workplaces throughout their franchise network
- › continued to work collaboratively with other government agencies including the Australian Taxation Office and the Australian Securities and Investments Commission on phoenixing activity, which involves the intentional transfer of assets from an indebted company to a new company to avoid paying creditors, tax and/or employee entitlements
- › commissioned focus groups with small business operators to better understand and identify ways to respond to their needs
- › provided the Fair Work Commission with information on the aspects of modern awards our clients find ambiguous.

Working towards a simpler system

Every four years, the Fair Work Commission reviews all modern awards. The latest review, which commenced on 1 January 2014, may result in the Commission creating new modern awards, or varying or revoking current modern awards.

As a regulator, the FWO is uniquely placed to help simplify and clarify how awards operate through our extensive contact with millions of employers and employees each year.

To assist the Commission achieve the Modern Awards Objective of *ensuring a simple, easy to understand, stable modern award system for Australia that avoids the unnecessary overlap of modern awards*, we provided material to clarify areas in awards that cause uncertainty and confusion among workplace participants.

In our experience, there are three main areas where employees and employers often encounter difficulty in applying awards, these are:

- › interpreting coverage provisions, especially where more than one award may apply
- › calculating rates of pay, especially overtime and penalty rates
- › understanding the interaction with the National Employment Standards.

Our involvement is focused on providing information on where we observe complexity and ambiguity in the award system. We are not making submissions about the substance of entitlements.

Katherine Goonan & Ronnie Wong

Dispute Resolution
and Compliance

We assist in risk-based and proportionate ways. Our early dispute resolution services reduce efforts in meeting obligations for those willing to do the right thing.



PROPORTIONATE



Assistance

Deliverable 2:
Investigate claims
regarding alleged
breaches of workplace
laws and undertake
targeted activities.

In 2013–14, we continued to evolve our approach to workplace compliance. This involved placing a greater emphasis on dispute resolution processes to assist employers and employees resolve issues with less time, cost and intervention.

We are taking a more proactive and industry based approach to address non-compliance issues. This allows us to focus our efforts on those sectors and geographical locations where we can have the most impact on worker cohorts who are the most vulnerable to exploitation, including young people and overseas workers.

In 2013–14:

- › we finalised 25,650 complaints, the majority within a month through our dispute resolution processes
- › more than \$23 million in back payments were recovered for workers through our assessment, dispute resolution, compliance and enforcement activities
- › of the 24,103 complaints received, 45% related to the specific industry sectors of accommodation and food services (12%), construction (10%), retail trade (9%), administrative and support services (7%) and manufacturing (7%)
- › over half (58%) of the complaints came from males. Of these, 41% were aged 31 to 50 years and 47% related to the construction (18%), accommodation and food services (10%), manufacturing (10%) and transport, postal and warehousing industries (9%)
- › 42% of complaints were from females, of which 37% were aged 21–30 years. 51% worked in accommodation and food services (18%), retail (12%), health care and social assistance (11%) and 'other services' including hair and beauty (10%).

TABLE 10: COMPLAINTS RECEIVED AND FINALISED 2011–14

	2013–14	2012–13	2011–12
Complaints received	24,103	24,678	26,366
Complaints finalised	25,650	26,574	28,412

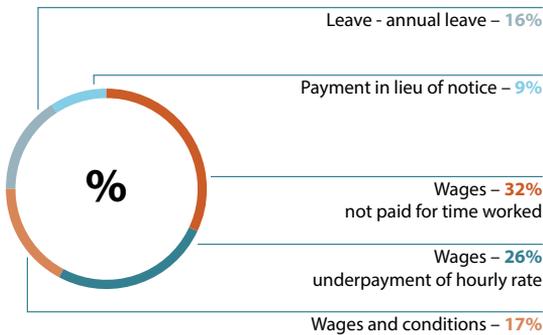
Note: The number of complaints resolved was higher than the number of complaints received as some complaints lodged in 2012–13 were resolved in 2013–14.

TABLE 11: PERCENT OF COMPLAINTS FINALISED BY STATE AND TERRITORY

	2013–14 %	2012–13 %	2011–12 %
Australian Capital Territory	1	1	1
New South Wales	29	29	30
Northern Territory	1	1	1
Queensland	24	24	24
South Australia	7	7	8
Tasmania	2	2	2
Victoria	27	28	26
Western Australia	9	8	8
Total	100	100	100

Wages and conditions, including non-payment and underpayments of hourly rates, continued to make up the majority of complaints received, followed by annual leave entitlements and payment in lieu of notice.

FIGURE 5: TOP FIVE ALLEGATION TYPES FOR COMPLAINTS RECEIVED IN 2013-14



Dispute resolution

As part of our ongoing commitment to facilitating early resolution outcomes, around 79% of complaints finalised in 2013-14 were through our assessment and dispute resolution processes. This is up from 53% in 2012-13.

The number of complaints finalised through formal investigations decreased from 47% in 2012-13 to 21% in 2013-14.

FIGURE 6: COMPLAINT HANDLING PROCESS

Assessment establishes the background to a complaint. In most cases, complaints are progressed through to dispute resolution. Where allegations are serious, the issue is widespread, or the people affected are vulnerable we may investigate. Complaints outside our jurisdiction may be referred to another relevant agency.

▼

Dispute resolution is typically conducted by phone with an accredited FWO mediator. Both parties are provided with an opportunity to discuss and develop solutions to workplace disputes.

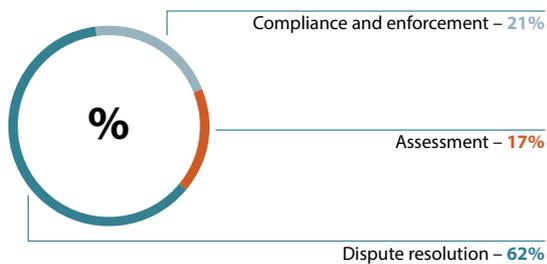
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If a dispute is unresolved we may assist a party through the small claims process. If the matter indicates serious non-compliance, it is referred to a Fair Work Inspector. There are a number of enforcement tools a Fair Work Inspector may use in resolving the matter. These include letters of caution, infringement and compliance notices, enforceable undertakings and proactive compliance deeds. See p37-41 for more information on our enforcement tools. See p35 for more information on proactive compliance deeds.

TABLE 12: HOW COMPLAINTS WERE FINALISED

		2013-14 %	2012-13 %
COMPLAINT TREATMENTS	Average days taken to finalise matter	Complaints finalised	
Assessment	7	17	15
Dispute resolution	16	62	38
Compliance and enforcement	89	21	47

FIGURE 7: HOW COMPLAINTS WERE FINALISED IN 2013–14



Dispute resolution initiatives

In 2013–14, we piloted two new approaches to dispute resolution:

Pre-complaint interventions

More than \$700,000 was recovered for 285 employees through pre-complaint interventions. This was achieved by providing early assistance to employees who were considering lodging a formal complaint.

On calling the Fair Work Infoline, suitable clients were directed to specialist staff trained in dispute resolution. Clients were talked through the matters in dispute, provided information on workplace laws, education tools, self-resolution options and, in some cases, participated in early mediation.

The program focused on those still employed in the workplace where a breach appeared to have occurred and small business employers seeking assistance with resolving issues in the workplace.

This approach equips people with what they need to make choices about their workplace and self-resolve issues. Administrative burden can be reduced and employment relationships are more likely to be maintained for parties whose disputes can be promptly resolved through this tailored assistance.

Three strikes program

Between 3 March and 30 June 2014, 90 complaints involving employers in Victoria, New South Wales and Queensland with a history of three or more complaints, lodged over a 12 month period, were referred for intervention. Matters involving serious non-compliance were not pursued through this pilot.

We recovered \$114,705 for 28 workers through tailored and proportionate compliance responses, including issuing 25 letters of caution and four infringement notices.

During interventions, information was gathered on the reasons for an employer's repeated non-compliance. Some of the contributing factors included:

- › communication breakdowns
- › poor workplace complaint handling processes
- › financial difficulties and cash flow problems
- › ignorance of obligations
- › deliberate avoidance of legal obligations
- › incorrect advice from third parties.

Follow-up activity will enable us to assess the long-term impact of our interventions on the employer's compliance behaviour. These insights will be used to inform future education and compliance practices.

Early and effective solutions

Susie*, an employee working in the restaurant industry, sought the FWO's assistance with an underpayment enquiry. She was considering lodging a complaint. Lacking the confidence to raise the issue with her employer, she requested we speak to them on her behalf.

To assist Susie, we provided her with self-help dispute resolution tips and tools. This included our 'Dealing with difficult conversations' online learning module, along with an example email to send to her employer.

Susie followed our advice and emailed her employer. Her wages were immediately increased and she was back paid. She said the assistance we provided to 'help her help herself' was instrumental in delivering a mutually positive result. Susie maintained a positive relationship with her employer by raising the issue in a respectful manner.

With accurate and independent advice at hand, and an authority Susie could cite as the source of that information, she felt empowered to deal with the issue quickly and effectively.

*The employee's name has been changed to protect their privacy.

Small claims matters

We can assist employees through the small claims process where we find they may be owed money or where we have difficulty substantiating evidence. Small claims can be used to seek recovery of unpaid entitlements up to \$20,000. The process is low cost and matters are dealt with less formally than other court applications.

Requests for assistance are dealt with on a case-by-case basis and can include help with small claims applications, through to representation by the FWO as 'a friend of the court.' In this capacity a FWO lawyer can assist the court on points of law or raise awareness about aspects of the case. They do not act for either party.

In 2013–14, we provided assistance to 200 people enquiring about the small claims process and assisted with 90 small claims applications heard before the courts. A total of \$268,202 was ordered in favour of applicants.

Compliance activities

Our four national subject-based compliance teams specialise in particular worker cohorts (youth, overseas) and allegation types (misclassification, general protections). Our regional compliance team, situated in 14 offices across Australia, focuses on local issues. Each are specialists in their area and are trained to observe industry patterns, locate specific issues and engage with the community to facilitate strategic compliance outcomes.

Young workers

Young people can be at high risk of exploitation in the workplace, particularly in regards to underpayment of wages and unpaid work arrangements.

In 2013–14, more than 6,200 complaints were received from young people aged 25 and under. In total, 6,727 were finalised. This represents 26% of all complaints completed in the year, including 471 received in prior years. More than \$2.3 million in underpayments was recovered for 1,355 young employees.

TABLE 13: SMALL CLAIMS HEARD AND AMOUNTS AWARDED

STATE	2013–14		2012–13		2011–12	
	SMALL CLAIMS HEARD	TOTAL AMOUNT AWARDED	SMALL CLAIMS HEARD	TOTAL AMOUNT AWARDED	SMALL CLAIMS HEARD	TOTAL AMOUNT AWARDED
Australian Capital Territory	0	0	1	\$998	4	\$3,363
New South Wales	6	\$20,792	24	\$129,711	21	\$90,563
Queensland	1	0	11	\$20,829	12	\$25,393
South Australia	1	\$3,605	0	0	0	0
Victoria	82	\$243,805	10	\$6,173	46	\$109,966
Western Australia	0	0	4	\$21,587	9	\$37,661
Total	90	\$268,202	50	\$179,298	92	\$266,946

The highest proportion of complaints came from young workers in accommodation and food services (20%), with 21 to 25-year-olds making up 13% of these complaints. Construction received the second highest proportion of young worker complaints (16%).

TABLE 14: YOUNG WORKERS COMPLAINTS AND OUTCOMES

	2013–14	2012–13	CHANGE %
Complaints received	6,257	6,240	0.3
Complaints completed	6,727	6,641	1
% of all FWO complaints completed	26.2%	25.7%	2
Outside the FWO's jurisdiction	5.9%	4.8%	23
Matters proceeding to investigation	1,248	2,859	-56

Overseas workers

Overall, visa holder complaints accounted for more than 10% of all complaints completed in 2013–14. The most common complaints investigated involved subclass 417 working holiday (1,042) and subclass 457 temporary skilled work (404) visa holders.

We recovered more than \$1.1 million for 659 overseas workers, initiated 12 litigations relating to visa holders and executed three enforceable undertakings.

417 working holiday visas

Our experience shows overseas workers, particularly those on working holiday visas, are more vulnerable to exploitation. These workers typically find understanding and exercising their entitlements difficult because of age and language barriers; the remoteness of their working location; and their dependence on employers to obtain eligibility for a visa.

To address these vulnerabilities, we will conduct an inquiry into the wages and conditions received by working holiday visa workers in 2014–15.

457 temporary skilled work visas

Since 1 July 2013, the FWO has had an expanded role in monitoring 457 visa holder sponsorship obligations, with all Fair Work Inspectors appointed as Migration Inspectors under the *Migration Act 1958*.

This role is limited to ensuring that nominated salaries are paid and the visa holder is performing the nominated position approved in their visa. Where employers are not meeting these obligations, the matter is referred to the Department of Immigration and Border Protection.

In 2013–14, a total of 1,029 entities employing 1,902 temporary skilled work visa holders were assessed. We referred 243 to the Department of Immigration and Border Protection due to concerns that wages or position obligations were not being met for 338 employees.

TABLE 15: OVERSEAS WORKER COMPLAINTS AND OUTCOMES

	2013–14	2012–13	CHANGE %
Complaints received	2,527	2,020	25
Complaints completed	2,625	2,018	30
% of all FWO complaints completed	10.2%	7.8%	31
Outside the FWO's jurisdiction	8.7%	6.3%	38
Matters proceeding to investigation	841	1,108	-24

Misclassification

The misclassification of employees as contractors is against the law. If deliberate, it is known as sham contracting.

Allegations of sham contracting are taken very seriously. The courts can impose heavy penalties on employers who try to disguise an employment relationship as a contracting arrangement to avoid paying tax, superannuation and other leave entitlements provided by modern awards.

In 2013–14, we received 447 complaints related to sham contracting and finalised 471, including 24 received in prior years.

The most common misclassification complaints investigated came from workers in administration and support services (20%) followed by rental, hiring and real estate (8%), public administration and safety (7%), construction (7%), and transport, postal and warehousing (6%).

We also commenced six litigations related to sham contracting. Three were decided, which represented around 8% of all litigation decisions made in the financial year.

In each case, significant penalties for sham contracting were imposed. A fruit and vegetable store was fined more than \$166,000, a transport company received a record fine of more than \$286,000 and a homewares business was fined in excess of \$161,000.

TABLE 16: MISCLASSIFICATION COMPLAINTS AND OUTCOMES

	2013–14	2012–13	CHANGE %
Complaints received	447	307	46
Complaints completed	471	362	30
% of all FWO complaints completed	1.8%	1.4%	29
Outside the FWO's jurisdiction	33.5%	18.3%	83
Matters proceeding to investigation	114	113	1

Discrimination

In 2013–14, we received 202 discrimination complaints. Of these, 33 were referred to our specialist general protections area for further investigation.

The most common discrimination complaints investigated were pregnancy (47%), disability (20%), and family and carer's responsibilities (10%), which were comparable to 2012–13 figures – apart from the number of pregnancy complaints, which rose from 28% to 47%.

We are working with the Australian Human Rights Commission to identify ways we can support working parents. In 2013–14, we attended their national roundtable and contributed data to their national review into the prevalence, nature and consequences of discrimination in relation to pregnancy at work and return to work after parental leave.

In April 2014, an investigation conducted by the FWO resulted in our first successful age discrimination litigation (case study, p41).

TABLE 17: DISCRIMINATION COMPLAINTS AND OUTCOMES

	2013–14	2012–13	CHANGE %
Complaints received	202	235	-14
Complaints completed	211	327	-35
% of all FWO complaints completed	1%	1%	0
Outside the FWO's jurisdiction	29%	14%	107
Matters proceeding to investigation	33	76	-57

Service standards

The increased use of dispute resolution services contributed to a consistent rise in the number of wage and conditions complaints resolved within 90 days. In this timeframe, 94% of complaints were finalised in 2013–14 compared to 84% in 2012–13.

Inquiries

In 2013–14, we started a program of work seeking to identify the reasons for systemic non-compliance. Our methodology is to closely examine the structure of a particular industry or market to identify the structural and behavioural drivers that lead to widespread non-compliance. We have paid particular attention to the influence of entities at the top of supply chains.

A number of inquiries have commenced to understand how certain industries, sub-sectors and major brands with alleged compliance issues operate, and the key drivers behind their non-compliance, including by mapping their supply chain relationships and franchising arrangements.

In particular, we are seeking to understand how workplace responsibilities are structured along the Harvest Trail, in the procurement of security contractors by local government and in poultry processing. We are also examining sub-contracted trolley collection services, outsourced housekeeping arrangements, select retail franchises and bus operators. These inquiries will continue in 2014–15.

An inquiry into the wages and conditions of 417 working holiday visa workers will also start in 2014–15.

Inquiries typically run over a number of years and involve education and compliance activities. These may include site visits, interviews with employers, employees and contractors, and audits of workplace records.

Outcomes of this work will inform future interventions, monitoring arrangements and priorities.

Spotlight on fruit and vegetable farms

The Harvest Trail education and compliance project aims to ensure fruit and vegetable pickers, including migrant workers, receive their correct minimum employment entitlements.

Beyond this, we aim to acquire a better understanding of the sub-sector including any structural barriers to compliance. This knowledge will help us better direct our education and compliance activities in the future.

Picking and packing jobs on fruit and vegetable farms attract a large number of backpackers on subclass 417 working holiday visas. These workers are potentially vulnerable to exploitation because of barriers to understanding and exercising their entitlements.

Checking that employers are complying with their obligation to have written agreements in place for workers paid piece-rates (paid by the number of tasks completed) is a key focus of the project. In the absence of a piece-work agreement, workers must be paid hourly rates of pay according to the *Horticulture Award 2010*.

In August and September 2013, Fair Work inspectors visited strawberry growers in regional Queensland. More than 150 pickers and packers on 417 visas were found to have been underpaid about \$133,000.

We also found employers have failed to make written agreements with workers, keep proper time-and-wages records and made unlawful deductions from wages. Three businesses were issued with infringement notices (on-the-spot fines) and 11 employers received letters of caution.

Strawberry growers in regional Victoria were also visited in March 2014. Investigations are ongoing.

The project will run over three years, with further farm visits in 2014–15. We will also return to the Queensland strawberry farms in August 2014 to check if compliance has improved.

Campaigns

We run national, state and regional campaigns to help employers and employees understand their rights and obligations in the workplace. Each campaign is tailored to certain industries, regions or workplace issues that need extra attention.

In 2013–14, our four national campaigns, integrating education and compliance audits, were in cleaning services, children's services and hospitality.

We ran two hospitality campaigns. One occurred throughout the restaurants, cafes and catering sector, and the other focused on take away foods. Complaint data indicates that these sectors have a high non-compliance risk and are employers of vulnerable workers.

As with all our campaigns, we engaged with industry associations and unions to incorporate their specific knowledge and coordinate activities to maximise engagement and long-term compliance outcomes.

When contraventions of the law were identified, we worked with employers to achieve compliance.

In 2013–14, our campaign activity accounted for:

- › 4,567 workplace audits
- › \$4,003,342 recovered on behalf of 7,541 employees
- › engagement with 43 stakeholder groups
- › execution of three enforceable undertakings.

Our national cleaning services campaign led to two enforceable undertakings (*Fleet Cleaning Pty Ltd* and *Jorgensen's Property Services Pty Ltd*) to address significant underpayments ranging from \$40 to \$50,000.

TABLE 18: CAMPAIGN AUDITS FINALISED AND MONEY RECOVERED

	2013–14	2012–13	2011–12
Total audits completed	4,567	5,675	6,547
National audits completed	2,848	2,192	3,329
Regional audits completed	1,719	3,483	3,218
Total monies recovered from audits	\$4,003,342	\$3,948,401	\$6,158,875
Total employees monies recovered for	7,541	5,209	6,574

TABLE 19: CAMPAIGN AUDITS FINALISED BY STATE AND TERRITORY

	2013–14	2012–13	2011–12
New South Wales and Australian Capital Territory	1,342	1,618	1,846
Northern Territory	151	108	110
Queensland	1,020	1,879	1,969
South Australia	476	742	676
Tasmania	167	294	214
Victoria	999	639	1,211
Western Australia	412	395	521
Total	4,567	5,675	6,547

TABLE 20: MONEY RECOVERED FOR EMPLOYEES THROUGH CAMPAIGNS BY STATE AND TERRITORY

	2013–14 \$	2012–13 \$	2011–12 \$
New South Wales and Australian Capital Territory	1,064,815	904,087	974,761
Northern Territory	110,915	145,282	96,440
Queensland	799,826	704,383	2,233,379
South Australia	294,862	589,714	416,303
Tasmania	167,904	128,621	202,994
Victoria	1,080,449	733,268	1,281,277
Western Australia	484,571	743,046	953,721
Total	4,003,342	3,948,401	6,158,875

In 2013–14, the FWO began 10 regional education and compliance campaigns and programs:

- › NSW Tamworth/Armidale Records and Pay Slips Campaign 2013
- › QLD Townsville Records and Pay Slips Regional Campaign 2013
- › SA/WA/NT Alice Springs Proactive Compliance and Education Campaign 2014
- › SA/WA/NT Compliance Follow Up Program 2013-2014
- › SA Kangaroo Island Education and Compliance Campaign
- › SA/WA/NT Retail Campaign 2013-2014
- › TAS Compliance Follow Up Campaign 2014
- › VIC Retail Bakeries Campaign 2013
- › VIC/TAS/NSW/QLD/ACT Records and Resources Campaign 2014
- › WA Enterprise Agreement Audit Program 2013-2014

During these campaigns we trialled innovative ways of assisting targeted sectors, including:

- › piloting the use of agreement-based self-help tools by employers in our 'enterprise agreement' campaign. In the case of one company that used the tools, we identified underpayments of over \$35,000 for 450 employees. These workers were back paid without the need to use enforcement tools. The company also entered into a proactive compliance deed to prevent future breaches.
- › providing small business operators with demonstrations of our tools and resources at their workplace as part of our 'records and resources' campaign. Employers were keen to receive 'hands on' assistance and information about their responsibilities and best practice advice.

In 2014–15, we will undertake a mix of industry and issues-based campaigns to ensure we are reaching those in greatest need – including vulnerable workers, specific geographic locations and high-risk industries.

Proactive compliance deeds

We are increasingly encouraging businesses to enter into partnerships with us through proactive compliance deeds. These are cooperative arrangements where businesses formally agree to take active steps to ensure compliance with workplace laws. They also allow employers to publicly demonstrate an intention to operate responsibly and ethically.

In 2013–14, we entered into seven proactive compliance deeds with major proprietary limited brands including Bread Top, Hays Specialist Recruitment, Australia Fast Foods (trading as Chicken Treat), McDonald’s Australia, United Trolley Collections, Compass Group (Australia) and La Porchetta Franchising.

Proactive compliance deeds are tailored to individual businesses and their circumstances. Common features include:

- › implementing systems to ensure ongoing compliance
- › self-auditing of wages and record-keeping
- › committing to self-resolve any disputes that arise within a set number of days and reporting these matters to the FWO
- › training managers and franchisees in workplace law.

Further details and copies of 2013–14 proactive compliance deeds are available at fairwork.gov.au.

TABLE 21: PROACTIVE COMPLIANCE DEEDS ENTERED INTO

2013–14	2012–13	2011–12
7	1	1

Pizza outlets to check pay packets

La Porchetta Franchising has agreed to self-audit the records of 24 stores over the next three years to ensure its workers are receiving their lawful wages and conditions.

This positive and constructive action is part of a proactive compliance deed with the FWO. The company was prompted to work with franchisees following breaches of workplace laws by two of its stores.

In June 2014, two La Porchetta restaurant operators were fined \$334,818 following an investigation and litigation which found 111, mostly teenage employees, had been underpaid a total of \$258,000 between 2009 and 2012.

Under the terms of the deed, La Porchetta has agreed to:

- › provide new franchisees with employment induction training and employment packs covering key aspects of workplace laws
- › provide franchisees with annual wage obligation updates
- › appoint an employee liaison officer to deal specifically with any new disputes from workers about their entitlements.

We have agreed to refer any new disputes (excluding matters considered serious) to the company so they can liaise directly with franchisees to resolve issues within the workplace.

La Porchetta Franchising’s cooperative approach has allowed the company to publicly show corporate responsibility to its large number of employees – and is an example of how the FWO continues to look for ways to assist employers and employees put good workplace practices in place.



Michelle Carey, Janine
Webster & Daniel Crick

Legal & Business Improvement

We focus on where we can
have the greatest impact.
We take deliberate action
to address serious
non-compliance.



DELIBERATE



Enforcement

Deliverable 3: Litigate, where necessary, to enforce compliance with workplace laws.

We are responsible for ensuring compliance with Australian workplace laws. We prefer to achieve compliance through dispute resolution processes. If unsuccessful, our enforcement tools allow us to tailor our approach and determine the appropriate action given the type of breach, its seriousness and the size of the business involved.

This ensures a balanced and proportionate response based on individual circumstances. In the most serious cases, or where repeat contraventions occur, we will take formal action through the courts.



In deciding on the most appropriate action to take, we are guided by the following considerations:

- › the nature, extent and seriousness of the breach
- › the prior compliance history of the person or business
- › whether it will achieve the best outcome for the parties involved and the wider community
- › whether it will deter others from similar behaviours and more broadly promote compliance under the Fair Work Act.

In 2013–14, we issued 116 infringement notices and 65 compliance notices, executed 15 enforceable undertakings and initiated 37 civil penalty litigations.

Infringement notices

An infringement notice is an on-the-spot fine issued to employers who do not comply with their record-keeping or pay slip obligations under workplace laws.

In recent years, we have increased our use of infringement notices and in 2013–14 issued 116 notices to instill the importance of record-keeping which is integral to workplace compliance.

Before notices were issued, we took into consideration the employer's previous compliance history and/or the impact their lack of record-keeping had on our ability to find, calculate or recover entitlements.

TABLE 22: INFRINGEMENT NOTICES ISSUED

2013–14	2012–13	2011–12
116	124	18

Compliance notices

Compliance notices are issued to correct breaches of workplace law where employers have failed to cooperate with the FWO. Once issued, the employer must either comply with the requirements or make a court application to review and challenge the notice. Before issuing compliance notices, we consider the nature of the breach and the employer's response to our requests to correct breaches.

In 2013–14, we issued 65 compliance notices to recover unpaid wages and launched 14 litigations against employers alleging they failed to comply with their notice. In each case extensive efforts were made to facilitate back-payments owed to employees before we commenced legal proceedings.

For the first time in 2014, the Federal Circuit Court in Brisbane imposed penalties for failure to comply with a compliance notice (*Fair Work Ombudsman v Extrad Solutions Pty Ltd*). The operators of the Brisbane based information technology business were fined a total of \$21,420 and ordered to backpay a young Chinese national more than \$10,000.

TABLE 23: COMPLIANCE NOTICES ISSUED

2013–14	2012–13	2011–12
65	74	51

Enforceable undertakings

An enforceable undertaking is a written commitment given by an employer and accepted by the FWO in exchange for no further action being taken in relation to compliance issues. As an alternative to court action, the employer agrees to address contraventions and take preventative action to avoid future breaches.

In 2013–14, 15 employers made written commitments to action and rectify non-compliance issues. This included revamping their workplace policies and procedures and apologising to affected employees. Over \$3.1 million in underpayments were recovered.

Further details and copies of 2013–14 enforceable undertakings are available at fairwork.gov.au.

TABLE 24: ENFORCEABLE UNDERTAKINGS ENTERED INTO AND UNDERPAYMENTS RECOVERED

	2013–14	2012–13	2011–12
Enforceable undertakings entered into	15	12	8
Underpayments recovered	\$3,115,759	\$671,358	\$1,434,224

TABLE 25: TYPES OF BREACHES WHERE ENFORCEABLE UNDERTAKINGS WERE ACCEPTED

	2013–14	2012–13	2011–12
Adverse action	1	2	0
Discrimination	0	3	3
Failure to pay fairness test compensation and failure to make and keep pay records	0	0	1
Sham contracting	1	0	0
Wages and conditions	13 ¹	7	4
Total	15	12	8

¹ One enforceable undertaking involved 17 employees. 16 for wages and conditions breaches and 1 for adverse action.

Cleaning company commits to compliance

Fleet Cleaning Pty Ltd was first found to have underpaid 19 cleaners more than \$18,000 when it was audited in 2011. A follow-up audit in 2013 revealed 53 former and current employees had also been underpaid more than \$40,000.

To remedy the contraventions, help build a greater understanding of workplace responsibilities and motivate Fleet Cleaning to prevent future breaches, we entered into an enforceable undertaking with the company.

As part of the written agreement, Fleet Cleaning committed to:

- › apologise to all staff and rectify the underpayments
- › engage a full-time book-keeper to ensure its pay rates are compliant
- › ensure managers of the company undertake formal, accredited training on workplace relations laws
- › engage a specialist to audit its compliance with workplace laws each year for the next three years and provide a report on the outcome to the FWO.

Litigation

As well as enforcing compliance with Australian workplace laws, successful litigation plays an important role in deterring people from engaging in unlawful behaviours. It also creates a level playing field for Australian businesses by removing the unfair advantage some employers may gain by underpaying employees.

Matters are taken to court when we need to address serious, deliberate, or repetitive contraventions and where it is considered to be in the public interest.

The decision to commence litigation is not taken lightly and is guided by our litigation policy (*Guidance Note 1 – Litigation Policy*), available at fairwork.gov.au. Key considerations include:

- › the involvement of vulnerable workplace participants, such as overseas or young workers
- › whether workplace participants suffered significant consequences as a result of the contravention
- › whether there was a need for judicial clarification of workplace laws.

In 2013–14, we initiated 37 civil penalty litigations, 39 were decided in court, including two commenced in prior years. This resulted in court-ordered penalties totalling \$3,046,380.

A record penalty of \$343,860 was handed down against a Perth cleaning company and its managers for deliberately underpaying six cleaners, including five overseas workers. The employer had refused to cooperate and rectify non-compliance issues despite having his obligations explained to him on several occasions by the FWO.

TABLE 26: CIVIL PENALTY LITIGATIONS

	2013–14	2012–13	2011–12
Civil litigations	37	50	51
Penalty decisions	39	45	37
Penalties	\$3,046,380	\$1,654,570	\$1,536 143
Underpayments recovered	\$1,558,116	\$683,026	\$475,984

In addition to financial penalties, we sought other orders including backpay or compensation, injunctions and requirements to undertake training and implement other practices to address non-compliance issues.

The majority of litigations commenced (81%) related to wages, conditions and failure to comply with a compliance notice. A list of the types of breaches litigated is provided in Table 27.

TABLE 27: TYPES OF CIVIL PENALTY LITIGATIONS

	2013–14	2012–13	2011–12
Adverse action	0	2	5
Discrimination	0	3	0
General protections	0	0	2
Sham contracting	6	1	4
Wages and conditions	16	40	40
Failure to comply with a compliance notice	14	4	0
Failure to comply with an Order of the Fair Work Commission	1	0	0
Total	37	50	51

In 2013–14, we were also involved in nine debt recovery proceedings, one intervention, two applications to set aside compliance notices and four appeals.

Litigation initiatives

In 2013–14, we initiated several test cases to clarify the operation of the Fair Work Act including:

- › *Fair Work Ombudsman v Maritime Union of Australia and Ors* where posters disseminated at the Fremantle Port Authority named five employees as ‘scabs’ because they did not participate in industrial activity. The court found the Maritime Union of Australia had taken adverse action against the named employees by prejudicing other workers. However, the court declined to find that the action was undertaken with the intent to coerce the employees into engaging in industrial activity.
- › *Fair Work Ombudsman v Pocomwell Limited and Ors* where the FWO alleged that four Filipino workers on sub-class 456 visas had not been paid in accordance with the *Hydrocarbons Industry (Upstream) Award 2010* when performing work on two rigs operated within Australia’s Economic Exclusion Zone. The Court dismissed the FWO’s application on the basis that the mobile rigs were not ‘fixed platforms’ and that the FWO had not established that the rigs were ‘majority Australian’ crewed ships at this time.
- › *Fair Work Ombudsman v Theravanish Investments Pty Ltd and Ors* where the Federal Court in Brisbane ruled on the FWO’s first age discrimination case and imposed significant penalties on two restaurant operators and the holding company after a long-serving employee was told his employment would be terminated on his 65th birthday. Further information on discrimination matters is found on p31.
- › *FWO v Jetstar Airways Limited & Ors* where the Federal Court in Sydney imposed penalties totalling \$90,000 for unlawfully making six cadet pilots responsible for training costs and making deductions from their wages. The cadets were employed by a New Zealand-based Jetstar subsidiary while they underwent training. Their employment was subsequently transferred to an Australian entity, Jetstar Group. The FWO alleged the cabin crew were employed to work on Australian domestic flights and therefore subject to Australian workplace laws.

Further information on litigation cases decided in 2013–14 is available at fairwork.gov.au.

How old is too old?

In April 2014, the Federal Circuit Court in Brisbane ruled on the FWO’s first discrimination case on the grounds of age.

The matter was placed before the court after a long-serving restaurant employee was told his employment would be terminated on his 65th birthday. The company confirmed in writing its policy not to employ staff that reach the retirement age of 65.

The restaurant operators were penalised a total of \$29,150 for contraventions of age discrimination and record-keeping laws. The company, Theravanish Investments Pty Ltd, which owns two restaurants on the Gold Coast, was fined \$20,790. They were also instructed to pay \$10,000 compensation to the former employee, while its joint directors and equal shareholders were each penalised a further \$4,180.

The outcome of the case serves as a warning to employers that discrimination against employees on the grounds of age is unlawful and won’t be tolerated. It also encourages employees to speak up against any discrimination they may encounter in the workplace.

*‘My effectiveness as a food and beverage attendant when I turn 65 is no less than my effectiveness at the age of 64’
– restaurant employee.*

Greg Robertson & Antonia Parkes

Dispute Resolution & Compliance

We adopt collaborative management practices. Understanding different perspectives is critical to fulfilling an effective stewardship role.



COLLABORATIVE



Management and accountability

We are accountable through Parliament and subject to external scrutiny. Our governance framework provides the structure for effective planning, decision making and reporting.



Corporate governance

Our corporate governance practices ensure we maintain high standards of accountability and well-defined performance management.

Corporate governance covers the rules, relationships, systems and process by which we apply the resources entrusted to us.

The Executive Committee sets the FWO's strategic direction, makes decisions across all corporate and operational areas and ensures our responsibilities are discharged in a timely and lawful manner.

In order to achieve the highest standards of professional and ethical conduct, financial accountability and prudent management of risk, the committee evaluates, approves and monitors strategic, operational and financial plans.

The Executive Committee aims to put in place settings for a workplace that develops its staff, promotes open communication and high levels of collaboration.

The Executive Committee meets twice a month and the outcomes of its meetings are distributed to all staff via the intranet. Outcomes of previous meetings are also available through the intranet, along with the charters and minutes for each of the six management committees.

Membership of the management committees is reviewed regularly and selection of members is undertaken to ensure a representative cross-section of our business areas, classification levels, geographical locations and gender.

Audit Committee

The FWO Audit Committee is responsible for providing independent assurance to the Fair Work Ombudsman on our risk, control and compliance framework and external accountability responsibilities.

In 2013–14, the committee considered the following reviews:

- › fraud control and implementation
- › workforce planning
- › Fair Work Infoline task restructure
- › credit card and travel audit.

Further discussion of our security and risk management policies and procedures can be found on p46.

Executive Committee

The Executive Committee is our peak decision making body and is comprised of all FWO Senior Executive Service Officers.

EXECUTIVE COMMITTEE MEMBERS AS AT 30 JUNE 2014



Chair

Fair Work Ombudsman

Natalie James



Deputy Fair Work Ombudsman

Operations

Michael Campbell



Deputy Fair Work Ombudsman

Corporate

Mark Scully

Executive Directors



Dispute Resolution & Compliance

Steven Ronson



Infoline

Michael Clark



Proactive Compliance & Education

Lynda McAlary-Smith



Policy, Media & Communications

Tom O'Shea



Information Technology

Bas Wilson*



Digitisation

Leanne Fry*



Major Project Management

Karsten Lehn



People

Giorgina Strangio



Legal & Business Improvement

Janine Webster



Finance, Research & Governance

Naomi Bleaser

* Leanne Fry will return to her substantive position of Executive Director Information Technology in January 2015. Bas Wilson will return to his substantive position in the Department of Employment.

Contracts Committee

The Contracts Committee ensures that our procedures for procuring major supplies and services, and managing significant contracts are consistent with the Commonwealth Procurement Rules.

The Contracts Committee considered and endorsed 41 spending proposals valued at \$25,000 or more during 2013–14.

Information Technology Committee

The Information Technology Committee provides strategic guidance and recommendations to ensure our IT systems support business strategy, ongoing performance and risk management. It also promotes awareness of the effectiveness of using information and communication technologies to improve our business performance.

IT Projects and Capital Expenditure Sub-Committee

The IT Projects and Capital Expenditure Sub-Committee provides high level strategic governance of major IT and capital expenditure projects.

Health and Safety Committee

The Health and Safety Committee advises the Executive Committee on health and safety matters. It reviews and provides advice on policy matters concerning the work health and safety of employees, including the implementation of preventative initiatives. It also reviews and reports on the implementation of relevant legislation.

Discussion of our work health and safety outcomes takes place on p54.

Diversity Council

The Diversity Council acts in an advisory capacity to the Executive Committee. The council monitors and reviews our progress against agreed diversity strategies, plans and targets and ensures diversity and inclusion is considered in strategic management initiatives.

Discussion of diversity initiatives appears on p54.

Statistics on our culturally and linguistically diverse staff can be found on p64.

Corporate and operational planning

Our planning and reporting uses a risk-based approach, and harnesses intelligence to identify opportunities or threats to our administration.

Our strategic and operational plans set our direction and strategies as well as accountability and performance measures. Throughout the year, we monitored and reported on our performance against these plans through senior management committees. Performance is also scrutinised by a range of external stakeholders.

Security and risk management

Our Risk Management Framework provides a holistic view of our risks, threats and vulnerabilities across our administrative and operational areas. Our Audit Committee reviews the work program and risk information annually.

Introduced in 2010, the Protective Security Policy Framework provides controls for the Australian Government to protect its people, information and assets, at home and overseas. In 2013–14, we fully complied with 32 of the 33 mandatory reporting requirements. Our IT Service Provider notes non-compliance in one category: INFOSEC-4 – *Operational security management*.

A FWO-wide office security review has also been conducted to achieve cost effective security and safety for our staff, clients and systems.

Fraud prevention and internal investigation

To meet our obligations under the *Commonwealth Fraud Control Guidelines 2011* and the *Financial Management and Accountability Act 1997*, we completed a cycle of fraud risk assessments which underpin our Fraud Control Plan.

The plan, which was revised in 2014, provides a formal framework for managing and monitoring identified fraud risks including our prevention, detection and response initiatives. The plan is available to staff on our intranet.

We take all reasonable measures to minimise the risk of fraud and to investigate and recover the proceeds of fraud against the FWO.

There were no known or suspected cases of fraud committed against the FWO in 2013–14.

Ethics and values

Information on ethics and values is available on our intranet and is also embedded in our development programs as part of our mandatory training.

Our ethics and values training provides employees with knowledge about the APS Values, Code of Conduct and Employment Principles and how to apply them practically in the workplace.

The Australian Public Service ICARE values (impartial, committed to service, accountable, respectful and ethical) are included in every employee's performance agreement as a measure of expected and agreed behaviours.

TABLE 28: COMMONWEALTH OMBUDSMAN INVESTIGATIONS

	2013–14	2012–13	2011–12
Commonwealth Ombudsman investigations	2	5	13
Number relating to the FWO	2	5	12
Adverse findings	0	0	0

External scrutiny

Reports by the Auditor-General, Parliamentary Committees or Commonwealth Ombudsman and agency capability reviews

The Commonwealth Ombudsman investigates complaints about our actions, and identifies and conducts its own motion investigations on matters of administration. In 2013–14, two formal reviews were conducted with no adverse findings made.

The Australian National Audit Office conducts financial audits of our financial statements. The 2013–14 Independent Auditor's Report is available on p70 of this report.

There were no other reports by the Auditor-General, Parliamentary Committees or Commonwealth Ombudsman in relation to the operation of the FWO.

Judicial decisions or administrative reviews

There were no judicial decisions or administrative reviews or findings that affected our operation in 2013–14.

Community perceptions

Complaints, compliments, research, media and external scrutiny provide insights into how we are perceived and highlight areas for improvement.

Our Customer Service Charter sets out the standards of service and values to which we are committed. It states our role, the standard of service the public can expect and what steps may be taken if standards are not met. The charter outlines the procedure for contact, communication, feedback and lodging of complaints, and is available at fairwork.gov.au.



External scrutiny of our business, processes and strategies assists us to deliver real value for the public and identify opportunities to improve and balance the findings, ideas and views of all stakeholders.

Review of engagement with small business

The Productivity Commission conducts independent research projects and acts in an advisory role for the government on a range of issues. The findings from the recent review of Regulator Engagement with Small Business highlighted our effective small business engagement practices.

Study into enforcement of minimum employment standards

During a three year-study, the University of Melbourne examined The Transformation of Enforcement of Minimum Employment Standards in Australia and found us to be strategic, sophisticated, dynamic and actively engaged in continuous improvement.

The report makes 29 recommendations in the areas of reporting, vulnerable workers, enforcement and compliance, and litigation. Of these, we have directly agreed with 23, with a further four under consideration and two rejected.

We also conducted research to better understand community perceptions towards us and to gauge satisfaction with aspects of our service. In 2013–14, we undertook customer experience research with employees and employers involved in our dispute resolution and compliance processes.

We use these reports and research to review our policies and processes and focus on implementing changes that offer the most benefit to the community.

Reviews of FWO investigations

As part of our commitment to service we welcome our clients' feedback about their experience with us. Clients may request a review if they are dissatisfied with our processes, disagree with an outcome or if we did not meet their service expectations.

We saw a decrease of 1.9% in the number of requests for a review received during 2013–14 compared to 2012–13. These requests make up around 1% of the 25,650 complaints finalised for the year.

TABLE 29: REVIEWS RECEIVED AND FINALISED

	2013–14		2012–13		CHANGE
	Received	Finalised	Received	Finalised	% received
Infoline, Dispute Resolution and Compliance work group reviews	313	268	319	309	-1.9%

Freedom of information

We received and finalised 68 freedom of information (FOI) access requests in 2013–14, with five outstanding requests at 30 June 2014. This was a 25% decrease on the number received in 2012–13.

During 2013–14, we responded to seven requests for documents made outside the *Freedom of Information Act 1982* and seven general enquires about document access matters.

Members of the public wanting to access documents relating to their complaints are directed to our Document Access Policy, available from fairwork.gov.au. In 2013–14, we proactively facilitated access to documents outside the *Freedom of Information Act 1982* to reduce the need for clients to make FOI requests.

Information Publication Scheme

We are required to publish information to the public as part of the *Freedom of Information Act 1982* Information Publication Scheme (IPS). Each agency must display a plan on its website showing what information it publishes in accordance with IPS requirements. Our IPS Agency Plan can be found at fairwork.gov.au. The plan sets out what information is published under the IPS, how and to whom it is published, and how we otherwise comply with IPS requirements.

Decisions by the Australian Information Commissioner

The Office of the Australian Information Commissioner (OAIC) includes the Freedom of Information Commissioner and the Privacy Commissioner who review our compliance with information transparency, freedom of information (FOI) and privacy.

One application for an Information Commissioner review of a decision made by the FWO was filed with the OAIC in 2013–14 and three applications were finalised. One application was withdrawn and the Information Commissioner exercised the discretion in section 54W of the *Freedom of Information Act 1982* not to conduct an investigation into another. On 24 September 2013 the Privacy Commissioner, exercising the power of the Information Commissioner, affirmed the decision to release documents relating to a FWO investigation.

There were no outstanding Information Commissioner review applications with the OAIC at 30 June 2014 and no complaints about our handling of FOI requests were made to the OAIC during the reporting period.

Privacy

In response to *Privacy Act 1988* reforms which commenced on 12 March 2014, we revised our privacy policy and undertook training to prepare staff for the changes introduced by the reforms.

We participated in Privacy Awareness Week 2014 by educating staff on the importance of protecting personal information.

No privacy complaints about FWO were made to the OAIC in 2013–14.

Jasmin Reger

AFL Sports Ready
Indigenous school-based
trainee

We recognise the
benefits of an inclusive
workplace and diverse
workforce.



INCLUSIVE

Workforce management

Our workforce is managed nationally and follows corporate and site leadership-driven strategies. This assists us to attract, engage and retain a workforce that is skilled, diverse and professional.

In 2013–14, we engaged in strategic workforce planning to assist us identify and manage our current and future resourcing requirements. Workforce planning ensures we have the right people, capabilities, leadership and culture in place to meet our obligations to the community and government.

Workforce

At 30 June 2014, we employed 779 ongoing, 41 non-ongoing and no casual employees under the *Public Service Act 1999*.

In 2013–14, our external recruitment processes resulted in a total of 6 ongoing engagements, 28 non-ongoing engagements and two internal promotions.

We remained committed to supporting flexible work practices, with all vacancies advertised as full-time or part-time. The percentage of part-time employees increased to 21.5%, up from 20% in 2012–13.

A series of tables on p61-64 shows the size, location and make-up of our workforce.

Engaging our workforce

Since the 2013 APS Employee Census, engagement levels have remained steady, except in relation to communication between senior leaders and employees, which increased by 15% in the 2014 census. Staff also responded positively to questions on our change management practices.

Effective consultation and genuine involvement from staff in decision making ensures new ideas work effectively in practice and delivers productive outcomes for the FWO.

Our Agency Consultative Forum facilitates open communication and consultation across the FWO. Representatives discussed and sought feedback on a range of initiatives, reviews and policies affecting staff in 2013–14.

Capability development

We promote and support the professional and personal development of our workforce to deliver the FWO's strategic priorities.

In 2013–14, over \$900,000 was spent on programs to develop the capability of our workforce. This equates to 1.7% of the FWO's total salaries cost. Other costs associated with attending and delivering courses are not included in this figure.

We supported 44 employees to undertake formal accredited courses through our Study Assistance Scheme. In addition, 26 employees were accredited in Certificate IV in Government (Investigations).

Core technical skills training ensures we can provide accurate information, advice and education and competently deal with workplace matters.

In 2013–14, technical training included interpreting industrial instruments, induction covering the *Fair Work Act 2009* and other related legislation, conducting investigation and investigative interviewing, and improving the ability to control calls.

2013–14 capability development highlights include:

- › designing and delivering a comprehensive leadership program for all SES and EL2 senior leaders, focusing on both their individual and organisational leadership. The program develops our leaders to strive for high performance, meet our strategic objectives and increase our productivity and outputs
- › introducing a Continuing Professional Development framework to ensure frontline employees have the opportunity to maintain and enhance their technical knowledge and professional development
- › supporting the successful delivery of IT systems, including a new document management system (540 training participants) and new website (504 training participants)
- › facilitating national accreditation of 26 staff in Certificate IV in Government (Investigations)
- › delivering learning interventions to over 5,300 participants via more than 70 courses across 240 sessions nationally, both online and face-to-face. This equates to approximately 16,600 participant training hours. Programs included corporate induction and compliance, ethics, judgement and decision making, advanced client service skills, dispute resolution and project management.

TABLE 30: LEARNING INTERVENTIONS DELIVERED BY FWO FROM 2011–2014

LEARNING	SESSIONS COMPLETED		
	2013–14	2012–13	2011–12
Accredited qualifications ¹	2	4	15
Enabling skills ²	52	19	23
Technical induction	10	9	6
Technical skills	21	61	28
Workplace performance ³	59	4	85
Systems	98	58	16

LEARNING	PARTICIPANTS		
	2013–14	2012–13	2011–12
Accredited qualifications ¹	26	47	113
Enabling skills ²	792	143	261
Technical induction	94	52	63
Technical skills	622	1,001	294
Workplace performance ³	1,808	56	868
Systems	1,987	332	181

¹ Certificate IV in Government (Investigations).

² Learning interventions included training in project management, practical resilience, having difficult conversations, Aboriginal and Torres Strait Islander cultural awareness, and domestic violence awareness.

³ Learning interventions included training in corporate compliance, and judgment and decision making.

Workplace diversity

We value diversity and recognise the contribution employees from diverse backgrounds and experiences can make in delivering positive outcomes for the community.

Our commitment to creating a flexible, diverse and inclusive workforce continued in 2013–14, where we:

- › were among the first eight Australian workplaces accredited by White Ribbon Australia, recognising our active steps to prevent and respond to violence against women
- › developed a Domestic and Family Violence Support Policy and trained a network of domestic violence contact officers
- › held a successful conference for 100 employees to increase their skills in providing quality service to clients from diverse backgrounds
- › maintained a register of multilingual staff willing to assist our clients with language and interpreting services
- › appointed a senior executive Indigenous champion and launched our Indigenous employee network
- › developed the FWO 2014–16 Innovate Reconciliation Action Plan in association with Reconciliation Australia
- › continued our participation in the Australian Public Service Commission (APSC) Indigenous Pathways Programs
- › supported 238 employees to complete Indigenous cultural awareness training
- › maintained gender equity at executive levels. As at 30 June 2014, 59% of executive level managers and 46% of senior executive service level managers were female
- › briefed 50 female and 18 male barristers, spending \$574,870.06 on females and \$543,454.74 on males. In previous years, male barristers briefed by the FWO received close to double that of females briefed, indicating males were generally briefed on larger matters or matters requiring more court appearances
- › participated in the APSC's 'Recruitability' pilot to enhance opportunities for people with disabilities to enter the Australian Public Service
- › reviewed our Diversity Council's terms of reference to place more emphasis on the role of FWO employee networks in diversity and inclusion
- › appointed a senior executive champion to sponsor our gay, lesbian, bisexual, transgender and intersex (GLBTI) employee network
- › participated in the Pride in Diversity Australian Workplace Equality Index to promote inclusion of GLBTI employees at the FWO
- › continued to improve the accessibility of online material
- › were re-accredited by the Australian Breastfeeding Association as a breastfeeding friendly workplace.

Health and safety

In 2013–14, we continued to deliver work health and safety services to staff, including programs to support mental health and wellbeing.

Initiatives and outcomes during the year included:

- › implementation of the FWO's Health and Wellbeing Strategy to provide support and education services and encourage employees to focus on their own health and wellbeing
- › mental health education including delivering 12 practical resilience workshops and work health and safety refresher training for staff
- › a hazard and risk assessment, compliant with the *Work Health and Safety Act 2011*, to identify the most prevalent hazards and risks in our workplace
- › an influenza vaccination program
- › a rehabilitation management system audit to ensure compliance with Guidelines for Rehabilitation Authorities
- › active prevention initiatives such as workstation assessments and providing rehabilitation case management services.

The initiatives received positive feedback from employees and raised awareness about general health and wellbeing.

Notifiable incidents

Under section 38 of the *Work Health and Safety Act 2011*, we are required to inform Comcare of any notifiable accidents or dangerous occurrences arising out of work undertaken by any of our workers.

There were no notifiable accidents and no dangerous occurrences reported to Comcare in 2013–14.

Investigations

Under section 39 of the *Work Health and Safety Act 2011*, the FWO is required to report any investigations conducted during the year into any of its undertakings.

No investigations were conducted in 2013–14.

Enterprise agreement

The FWO Enterprise Agreement 2011–14 remains the key source of terms and conditions of employment for APS1–EL2 employees and has enabled us to remain a quality and attractive employer and service provider responsive to the needs of government and the Australian community.

The enterprise agreement was fully implemented during the year and employees were provided with information to help them understand their rights and obligations.

Negotiations have begun for a new enterprise agreement.

Remuneration

Our remuneration policy operates in accordance with government parameters that apply across the Australian Public Service.

**TABLE 31: SALARY RANGES BY CLASSIFICATION,
AT 30 JUNE 2014 AND 30 JUNE 2013**

CLASSIFICATION	SALARY RANGES	
	2014	2013
APS 1	\$46,546 – \$48,384	\$45,633 – \$47,435
APS 2	\$52,792 – \$57,815	\$51,757 – \$56,681
APS 3	\$59,407 – \$64,063	\$58,242 – \$62,807
APS 4	\$66,144 – \$71,779	\$64,847 – \$70,371
APS 5	\$73,738 – \$78,148	\$72,292 – \$76,615
APS 6	\$79,862 – \$91,867	\$78,296 – \$90,065
EL 1	\$101,665 – \$109,750	\$99,672 – \$107,598
EL 2	\$117,221 – \$170,000	\$114,923 – \$162,000
SES Band 1	\$172,340 – \$219,671	\$181,005 – \$211,334
SES Band 2	\$230,139 – \$250,676	\$230,139 – \$243,310

Note: Excludes the Fair Work Ombudsman.

Performance bonuses

No performance bonuses were paid to staff in 2013–14.

Christine Jamison & Vivian Ziakas

Finance, Research &
Governance

Our professional and
productive workforce is
supported by high-quality,
cost-effective, safe and
sustainable facilities.



PROFESSIONAL



Financial management

We maintain a strong focus on budget management and ensure our resources are allocated to optimise our performance.

Our financial results for 2013-14 are outlined from p72. The loss for the year of \$2.771 million was within the FWO's approved budget funding.

We maintained sufficient cash through the year to fund our operations. There are adequate funds held in the Official Public Account as undrawn appropriations which will be used to pay employee entitlements and other liabilities as and when they fall due.



Purchaser-provider arrangements

Our procurement policies are consistent with the *Financial Management and Accountability Act 1997* and the Commonwealth Procurement Rules. We apply the following criteria to all procurement activities:

- › value for money
- › encouraging competition
- › efficient, effective and ethical use of resources
- › accountability and transparency.

We obtain value for money by accessing existing Commonwealth panels or coordinated contract arrangements and partner with other larger Australian Government departments and agencies, where applicable, when procuring goods and services.

In 2013–14, we purchased information technology services and other administrative functions from the Department of Education and Department of Employment on a fee-for-service basis through a memorandum of understanding.

Consultants

We engage consultants where we require specialist expertise or independent research, reviews or assessments to assist in our decision making. Providers of consultancy services are selected through either open tender, pre-qualified tender, limited tender or an established panel arrangement.

The decision to engage a consultant is made in accordance with the *Financial Management and Accountability Act 1997* and related regulations, including the Commonwealth Procurement Rules and relevant internal policies.

During 2013–14, we negotiated 15 new consultancy contracts involving total actual expenditure of \$581,438 (including GST).

TABLE 32: CONSULTANCY CONTRACT SPENDING

	2013–14	2012–13	2011–12
Number of new consultancy contracts	15	10	5
Value	\$581,438	\$725,000	\$445,000

Information about the value of contracts and consultancies can be found on the AusTender website at tenders.gov.au.

There have been no requests for exemption or exemptions given by the Commissioner from publishing a contract on AusTender.

All our contracts provide for the Auditor-General to have access to the contractor's premises.

Grants

The FWO administers the Community Based Employment Advisory Services Grants Program (CBEAS).

Advertising and market research

Details of payments made to market research and media advertising organisations by the FWO in 2013–14 are listed on p59.

Where the total amount paid to an organisation is less than \$12,100, details have not been included consistent with the *Commonwealth Electoral Act 1918*.

No advertising campaigns were undertaken by the FWO in 2013–14.

TABLE 33: MARKET RESEARCH, DIRECT MAIL AND MEDIA ADVERTISING CONTRACTS OVER \$12,100 IN 2013–14

ORGANISATION	SERVICE PROVIDED	TOTAL \$ PAID IN 2013–14 (GST INCLUSIVE)
Universal McCann	Media advertising for communication campaigns	105,626
Adcorp	Recruitment advertising	22,000
Hays Personnel	Recruitment advertising	49,995
Hudson Global Resources	Recruitment advertising	15,000
Inspired Apps	Recruitment advertising	40,500
McArthur	Recruitment advertising	34,934
Employment Research Australia	Market research	51,243
Inside Story Knowledge Management	Market research	59,400
IPSOS Australia	Market research	15,400
New Focus	Market research	19,910
Sweeney Research	Market research	50,312

Property and environmental management

We provide our employees with high-quality, cost-effective, safe and sustainable office accommodation and facilities to meet business needs.

Accommodation

The implementation of our national property strategy has successfully delivered office consolidation, improved occupational density ratios and significantly reduced property operating expenditure.

Between July 2009 and June 2014, the ongoing management of our property strategy achieved a 35% reduction in space occupied by the FWO.

We also successfully collaborated with other government agencies to identify opportunities for more targeted use of Commonwealth property, including assignment and subletting of surplus metropolitan lease holdings and co-location with other government agencies in smaller regional centres.

We are currently located in 22 sites across Australia, including all capital cities and territories.

Environmental performance

We are progressively implementing policies and work practices that minimise our waste, energy and water consumption, and greenhouse emissions through our Environmental Management Action Plan. We actively inform employees about their environmental responsibilities at work.

In 2013–14, our environmental initiatives included:

- › reduction of our total vehicle fleet by 13
- › use of Print on Demand, requiring staff to swipe their ID card to print
- › use of 100% carbon neutral paper for internal printing and piloting of paperless processes
- › reduction of our property size and fit outs to meet government standards
- › donation of 34 computers and accessories to the Computer Technology for Schools Program
- › participation in programs to recycle toner cartridges and mobile phones.

Appendices

Appendix 1: Reporting on specific legislation

TABLE 34: SPECIFIC LEGISLATIVE REPORTING REQUIREMENTS

LEGISLATION	PAGE
Section 311A <i>Commonwealth Electoral Act 1918</i>	58-59
Section 516A <i>Environment Protection and Biodiversity Conservation Act 1999</i>	59
Section 57 <i>Financial Management and Accountability Act 1997</i>	69-131
Section 8 <i>Freedom of Information Act 1982</i>	49
Schedule 2, Part 4 <i>Work Health and Safety Act 2011</i>	54-55

Appendix 2: Workforce demographics

TABLE 35: EMPLOYEES BY CLASSIFICATION, AT 30 JUNE 2011–14

CLASSIFICATION	2013–14	2012–13	2011–12
APS1	1	1	1
APS2	6	7	11
APS3	115	115	133
APS4	161	158	166
APS5	239	222	222
APS6	154	158	144
EL1	95	92	96
EL2	36	42	40
SES Band 1	9	9	9
SES Band 2	3	5	5
Total	819	809	827

Note: Excludes the Fair Work Ombudsman.

TABLE 36: EMPLOYEES BY CLASSIFICATION AND LOCATION, AT 30 JUNE 2014 AND 30 JUNE 2013

CLASSIFICATION	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
APS 1	0	0	0	0	0	0	0	0	1	1	0	0	0	0	0	0	1	1
APS 2	0	1	1	1	1	1	0	0	2	3	1	1	0	0	1	0	6	7
APS 3	3	3	40	47	34	32	18	22	4	3	16	8	0	0	0	0	115	115
APS 4	7	9	64	61	31	34	15	16	23	29	6	7	3	2	12	0	161	158
APS 5	12	12	68	64	84	72	39	38	18	17	10	10	0	0	8	9	239	222
APS 6	17	15	51	52	46	47	18	18	12	13	8	10	1	1	1	2	154	158
EL 1	14	16	26	25	35	32	7	5	8	8	4	4	0	0	1	2	95	92
EL 2	6	6	11	11	13	15	2	3	3	6	0	1	0	0	1	0	36	42
SES Band 1	2	2	4	4	2	2	0	0	1	1	0	0	0	0	0	0	9	9
SES Band 2	0	2	0	0	2	2	0	0	1	1	0	0	0	0	0	0	3	5
Total	61	66	265	265	248	237	99	102	73	82	45	41	4	3	26	13	819	809

Note: Excludes the Fair Work Ombudsman.

TABLE 37: ONGOING FULL-TIME AND PART-TIME EMPLOYEES BY GENDER AND LOCATION, AT 30 JUNE 2014 AND 30 JUNE 2013

CLASSIFICATION	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Female full-time	27	29	123	120	101	102	34	41	31	40	11	16	2	1	11	8	340	357
Female part-time	10	11	40	42	45	42	27	24	17	14	10	8	1	0	3	0	153	141
Total female	37	40	163	162	146	144	61	65	48	54	21	24	3	1	14	8	493	498
Male full-time	23	23	87	87	83	82	28	35	24	25	12	14	1	2	9	5	268	273
Male part-time	0	3	11	8	2	4	2	2	0	2	2	1	0	0	0	0	17	20
Total male	23	26	98	95	85	86	30	37	25	27	14	15	1	2	9	5	285	293
Total female and male	60	66	261	257	231	230	91	102	73	81	35	39	4	3	23	13	778	791

Note: Excludes the Fair Work Ombudsman.

TABLE 38: NON-ONGOING FULL-TIME AND PART-TIME EMPLOYEES BY GENDER AND LOCATION, AT 30 JUNE 2014 AND 30 JUNE 2013

CLASSIFICATION	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Female full-time	1	0	2	5	11	3	5	0	0	1	3	1	0	0	1	0	23	10
Female part-time	0	0	1	0	1	0	0	0	0	0	1	1	0	0	0	0	3	1
Total female	1	0	3	5	12	3	5	0	0	1	4	2	0	0	1	0	26	11
Male full-time	0	0	1	3	3	4	3	0	0	0	5	0	0	0	0	0	12	7
Male part-time	0	0	0	0	2	0	0	0	0	0	1	0	0	0	0	0	3	0
Total male	0	0	1	3	5	4	3	0	0	0	6	0	0	0	0	0	15	7
Total female and male	1	0	4	8	17	7	8	0	0	1	10	2	0	0	1	0	41	18

Note: Excludes the Fair Work Ombudsman.

TABLE 39: ONGOING AND NON-ONGOING FULL-TIME AND PART-TIME EMPLOYEES BY GENDER, AT 30 JUNE 2014 AND 30 JUNE 2013

CLASSIFICATION	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Female full-time	28	29	125	125	112	105	39	41	31	41	14	17	2	1	12	8	363	367
Female part-time	10	11	41	42	46	42	27	24	17	14	11	9	1	0	3	0	156	142
Total female	38	40	166	167	158	147	66	65	48	55	25	26	3	1	15	8	519	509
Male full-time	23	23	88	90	86	86	31	35	25	25	17	14	1	2	9	5	280	280
Male part-time	0	3	11	8	4	4	2	2	0	2	3	1	0	0	0	0	20	20
Total male	23	26	99	98	90	90	33	37	25	27	20	15	1	2	9	5	300	300
Total female and male	61	66	265	265	249	237	99	102	73	82	45	41	4	3	24	13	819	809

Note: Excludes the Fair Work Ombudsman.

TABLE 40: SENIOR EXECUTIVE AND EXECUTIVE LEVEL EMPLOYEES BY CLASSIFICATION AND GENDER, AT 30 JUNE 2014 AND 30 JUNE 2013

CLASSIFICATION	FEMALE		MALE		TOTAL	
	2014	2013	2014	2013	2014	2013
EL 1	63	61	32	31	95	92
EL 2	14	17	22	25	36	42
SES Band 1	5	5	4	4	9	9
SES Band 2	0	1	3	4	3	5
Total	82	84	61	64	143	148

Note: Excludes the Fair Work Ombudsman.

TABLE 41: WORKPLACE DIVERSITY PROFILE, AT 30 JUNE 2014 AND 30 JUNE 2013

TOTAL STAFF		FEMALE		PEOPLE FROM CULTURALLY AND LINGUISTICALLY DIVERSE BACKGROUNDS		PEOPLE FROM ABORIGINAL AND TORRES STRAIT ISLANDER BACKGROUNDS		PEOPLE WITH DISABILITIES	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
819	809	519	509	176	210	8	8	26	23

Note: Excludes the Fair Work Ombudsman.

TABLE 42: EMPLOYEE WORKPLACE AGREEMENTS BY CLASSIFICATION, AT 30 JUNE 2014 AND 30 JUNE 2013

CLASSIFICATION	ENTERPRISE AGREEMENT		COMMON LAW CONTRACT		TOTAL	
	2014	2013	2014	2013	2014	2013
APS 1	1	1	0	0	1	1
APS 2	6	7	0	0	6	7
APS 3	115	115	0	0	115	115
APS 4	161	158	0	0	161	158
APS 5	239	222	0	0	239	222
APS 6	154	158	0	0	154	158
EL 1	95	92	0	0	95	92
EL 2	36	42	0	0	36	42
SES Band 1	0	0	9	9	9	9
SES Band 2	0	0	3	5	3	5
Total	807	795	12	14	819	809

Note: Excludes the Fair Work Ombudsman.

Appendix 3: Changes to disability reporting

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at www.apsc.gov.au. From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010-2020, which sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports will be available in late 2014, and can be found at www.dss.gov.au.

Appendix 4: Summary of resources

TABLE 43: EXPENSES AND RESOURCES FOR OUTCOME 1

OUTCOME 1: COMPLIANCE WITH WORKPLACE RELATIONS LEGISLATION BY EMPLOYEES AND EMPLOYERS THROUGH ADVICE, EDUCATION AND, WHERE NECESSARY, ENFORCEMENT.

	BUDGET 2013–14 \$'000	ACTUAL EXPENSES 2013–14 \$'000	VARIATION \$'000
	(a)	(b)	(a-b)
Program 1: Education Services and Compliance Activities			
Departmental Expenses			
Ordinary Annual Services (Appropriation Bill No.1)	124,008	120,193	3,815
Revenue from independent sources (Section 31)	1,400	4,717	(3,317)
Total for Program 1	125,408	124,910	498
Total Expenses for Outcome 1	125,408	124,910	498
		2013–14	
Average staffing level (number)		726	

Note: Budget information reflects budgets as set out in the Portfolio Budget Statements 2013–14.

TABLE 44: AGENCY RESOURCE STATEMENT 2013–14

	ACTUAL AVAILABLE APPROPRIATIONS FOR 2013–14 \$'000	PAYMENTS MADE 2013–14 \$'000	BALANCE REMAINING 2013–14 \$'000
	(a)	(b)	(a-b)
Ordinary Annual Services			
Departmental Outputs			
Departmental outputs	194,440	128,881	65,559
Total Ordinary Annual Services	194,440	128,881	65,559
Other Services			
Departmental Non-Operating			
Equity injections	23,491	6,237	17,254
Total Other Services	23,491	6,237	17,254
Special Appropriation			
Administered outputs	177	177	-
Total Special Appropriation	177	177	-
Total Available Annual			
Appropriations	218,108	135,295	82,813
Total Appropriations Excluding			
Special Account	218,108	135,295	82,813
Special Account			
Opening balance	958	-	958
Non-appropriation receipts	61	-	61
Payments	-	71	(71)
Transfer to CRF	-	948	(948)
Total Special Account	1,019	1,019	-
Funds Held by CRF			
Opening balance	1,751	-	1,751
Non-appropriation receipts	147	-	147
Payments	-	177	(177)
Transfer from Special Account	948	-	948
Total Funds Held by CRF	2,846	177	2,669
Total Net Resourcing for			
Fair Work Ombudsman	221,973	136,491	85,482

Andrew Edwards and
Robert Hortle

Proactive Compliance and Education

We advise, assist and, where necessary, enforce workplace laws in a consistent and impartial way.



IMPARTIAL



Financial statements





INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

I have audited the accompanying financial statements of the Office of the Fair Work Ombudsman for the year ended 30 June 2014, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Administered Schedule of Comprehensive Income; Administered Schedule of Assets and Liabilities; Administered Reconciliation Schedule; Administered Cash Flow Statement; Schedule of Administered Contingencies; and Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Chief Executive's Responsibility for the Financial Statements

The Chief Executive of the Office of the Fair Work Ombudsman is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of financial statements that give a true and fair view and 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.

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 Office of the Fair Work Ombudsman's preparation of the financial statements that give a true and fair view 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 Office of the Fair Work Ombudsman's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the

Office of the Fair Work Ombudsman, 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.

Opinion

In my opinion, the financial statements of the Office of the Fair Work Ombudsman:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders, including the Office of the Fair Work Ombudsman's financial position as at 30 June 2014 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones

Executive Director

Delegate of the Auditor-General

Canberra

11 September 2014

STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2014 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Natalie James
Chief Executive

10 September 2014



Mark Scully
Chief Financial Officer

10 September 2014

STATEMENT OF COMPREHENSIVE INCOME*for the period ended 30 June 2014*

	Notes	2014 \$'000	2013 \$'000
NET COST OF SERVICES			
EXPENSES			
Employee benefits	3A	77,414	74,304
Suppliers	3B	37,940	52,376
Grants	3C	1,835	1,559
Depreciation and amortisation	3D	7,713	7,289
Losses from asset sales	3E	8	24
Total Expenses		124,910	135,552
LESS:			
OWN-SOURCE INCOME			
Own-Source Revenue			
Rental income	4A	3,453	2,294
Total own-source revenue		3,453	2,294
Gains			
Other gains	4B	1,264	907
Total gains		1,264	907
Total Own-Source Income		4,717	3,201
Net Cost of Services		(120,193)	(132,351)
Revenue from Government	4C	112,685	125,262
Deficit		(7,508)	(7,089)
OTHER COMPREHENSIVE INCOME			
Items Not Subject to Subsequent Reclassification to Net Cost of Services			
Changes in Asset Revaluation Reserve		4,737	-
Total Other Comprehensive Income		4,737	-
Total Comprehensive Loss Attributable to the Australian Government		(2,771)	(7,089)

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

STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	3,160	2,856
Trade and other receivables	6B	<u>80,444</u>	<u>87,596</u>
Total financial assets		<u>83,604</u>	<u>90,452</u>
Non-Financial Assets			
Land and buildings (leasehold improvements)	7A	15,120	13,928
Property, plant and equipment	7B	2,945	3,402
Intangibles	7D	7,407	4,896
Other non-financial assets	7F	<u>1,452</u>	<u>1,502</u>
Total non-financial assets		<u>26,924</u>	<u>23,728</u>
Total Assets		<u>110,528</u>	<u>114,180</u>
LIABILITIES			
Payables			
Suppliers	8A	11,226	17,334
Other payables	8B	<u>4,308</u>	<u>4,779</u>
Total payables		<u>15,534</u>	<u>22,113</u>
Provisions			
Employee provisions	9A	18,262	16,513
Other provisions	9B	<u>10,261</u>	<u>9,503</u>
Total provisions		<u>28,523</u>	<u>26,016</u>
Total Liabilities		<u>44,057</u>	<u>48,129</u>
Net Assets		<u>66,471</u>	<u>66,051</u>
EQUITY			
Contributed equity		88,230	85,039
Reserves		5,776	1,039
Retained earnings (accumulated deficit)		<u>(27,535)</u>	<u>(20,027)</u>
Total Equity		<u>66,471</u>	<u>66,051</u>

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

STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2014

	Contributed Equity		Asset Revaluation Reserve		Retained Earnings		Total Equity	
	2014	2013	2014	2013	2014	2013	2014	2013
Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance								
Balance carried forward from previous period	85,039	82,232	1,039	1,039	(20,027)	(12,938)	66,051	70,333
Opening balance	85,039	82,232	1,039	1,039	(20,027)	(12,938)	66,051	70,333
Comprehensive Income								
Deficit for the year	-	-	-	-	(7,508)	(7,089)	(7,508)	(7,089)
Revaluation	-	-	4,737	-	-	-	4,737	-
Total comprehensive loss attributable to the Australian Government	-	-	4,737	-	(7,508)	(7,089)	(2,771)	(7,089)
Transactions With Owners								
Repeal of capital appropriation	(268)	-	-	-	-	-	(268)	-
Departmental capital budget	3,459	2,807	-	-	-	-	3,459	2,807
Total transactions with owners	3,191	2,807	-	-	-	-	3,191	2,807
Closing Balance Attributable to the Australian Government	88,230	85,039	5,776	1,039	(27,535)	(20,027)	66,471	66,051

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

CASH FLOW STATEMENT
for the period ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		3,736	2,224
Appropriations		115,522	117,669
Net GST received		4,187	4,387
Other		1,189	832
Total cash received		<u>124,634</u>	<u>125,112</u>
Cash used			
Employees		75,312	75,388
Suppliers		42,853	45,780
Section 31 receipts transferred to the Official Public Account		6,647	3,724
Total cash used		<u>124,812</u>	<u>124,892</u>
Net Cash From (Used By) Operating Activities	10	<u>(178)</u>	<u>220</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of non-financial assets		6,230	6,791
Total cash used		<u>6,230</u>	<u>6,791</u>
Net Cash Used by Investing Activities		<u>(6,230)</u>	<u>(6,791)</u>
FINANCING ACTIVITIES			
Cash received			
Contributed equity		6,712	7,263
Total cash received		<u>6,712</u>	<u>7,263</u>
Net Cash From Financing Activities		<u>6,712</u>	<u>7,263</u>
Net Increase in Cash Held		304	692
Cash at the beginning of the reporting period		<u>2,856</u>	<u>2,164</u>
Cash and Cash Equivalents at the End of the Reporting Period	6A	<u>3,160</u>	<u>2,856</u>

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

SCHEDULE OF COMMITMENTS*as at 30 June 2014*

	2014	2013
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income	(8,159)	(4,568)
Net GST recoverable on commitments	(3,670)	(4,056)
Total commitments receivable	<u>(11,829)</u>	<u>(8,624)</u>
Commitments payable		
Operating leases	36,911	42,937
Other commitments	11,621	6,254
Total commitments payable	<u>48,532</u>	<u>49,191</u>
Net Commitments by Type	<u>36,703</u>	<u>40,567</u>
BY MATURITY		
Commitments receivable		
Sublease rental income		
One year or less	(4,099)	(2,209)
From one to five years	(3,935)	(2,359)
Over five years	(125)	-
Total sublease rental income	<u>(8,159)</u>	<u>(4,568)</u>
Net GST recoverable on commitments		
One year or less	(1,943)	(1,382)
From one to five years	(1,702)	(2,674)
Over five years	(25)	-
Total net GST recoverable on commitments	<u>(3,670)</u>	<u>(4,056)</u>
Commitments payable		
Operating leases		
One year or less	16,268	15,322
From one to five years	20,245	27,615
Over five years	398	-
Total operating leases	<u>36,911</u>	<u>42,937</u>
Other commitments		
One year or less	9,202	2,095
From one to five years	2,419	4,159
Total other commitments	<u>11,621</u>	<u>6,254</u>
Net Commitments by Maturity	<u>36,703</u>	<u>40,567</u>

Note - Commitments are GST inclusive where relevant.

Major categories of commitments as at the reporting date are described below:

Leases for Office Accommodation

Office accommodation leases are for varying periods up to ten years. Lease payments are subject to increases as specified in the leases. These increases are a combination of fixed annual adjustments and periodic movements to reflect market rates.

Motor Vehicles

A fleet of motor vehicles is leased which is used by staff in performing their day to day activities. Motor vehicle leases are generally for a period of two years.

Other Commitments

Other commitments relate to contracts for goods and services in respect of which the contracted party has yet to provide the goods and services required under the contract.

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

SCHEDULE OF CONTINGENCIES*as at 30 June 2014*

As at 30 June 2014 there were no quantifiable contingent assets or contingent liabilities relating to the Fair Work Ombudsman. See Note 11 for details of unquantifiable departmental contingent liabilities.

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME			
<i>for the period ended 30 June 2014</i>			
	Notes	2014 \$ (*)	2013 \$ (*)
NET COST OF SERVICES			
EXPENSES			
Write-down and impairment of assets	16	<u>1,437,428</u>	<u>390,717</u>
Total Expenses Administered on Behalf of Government		<u>1,437,428</u>	<u>390,717</u>
LESS:			
OWN-SOURCE INCOME			
Own-Source Revenue			
Fees and fines	17A	<u>2,026,834</u>	<u>2,427,920</u>
Interest	17B	<u>-</u>	<u>7,141</u>
Total Own-Source Income Administered on Behalf of Government		<u>2,026,834</u>	<u>2,435,061</u>
Net Contribution by Services		<u>589,406</u>	<u>2,044,344</u>
Surplus		<u>589,406</u>	<u>2,044,344</u>
OTHER COMPREHENSIVE INCOME			
Total Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive Income		<u>589,406</u>	<u>2,044,344</u>
(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.			
The above schedule should be read in conjunction with the accompanying notes.			

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES*as at 30 June 2014*

	Notes	2014 \$ (*)	2013 \$ (*)
ASSETS			
Financial assets			
Receivables	18	1,280,786	918,600
Other financial assets	18	90,000	992,262
Total financial assets		<u>1,370,786</u>	<u>1,910,862</u>
Total Assets Administered on Behalf of Government		<u>1,370,786</u>	<u>1,910,862</u>
LIABILITIES			
Total Liabilities Administered on Behalf of Government		<u>-</u>	<u>-</u>
Net Assets		<u>1,370,786</u>	<u>1,910,862</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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

ADMINISTERED RECONCILIATION SCHEDULE*as at 30 June 2014*

	2014	2013
	\$ (*)	\$ (*)
Opening Administered Assets Less Administered Liabilities as at 1 July	1,910,862	545,771
Net (cost of) / contribution by services:		
Plus: Administered income	2,026,834	2,435,061
Less: Administered expenses	(1,437,428)	(390,717)
Administered transfers to / from Australian Government:		
Transfers to Official Public Account	(1,121,982)	(679,253)
Transfers to Official Public Account by other agencies	(7,500)	-
Closing Administered Assets Less Administered Liabilities as at 30 June	<u>1,370,786</u>	<u>1,910,862</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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

ADMINISTERED CASH FLOW STATEMENT*for the period ended 30 June 2014*

	Notes	2014 \$ (*)	2013 \$ (*)
OPERATING ACTIVITIES			
Cash received			
Interest		-	7,141
Fines		<u>1,121,982</u>	<u>672,112</u>
Total cash received		<u>1,121,982</u>	<u>679,253</u>
Net Cash From Operating Activities		<u>1,121,982</u>	<u>679,253</u>
Net Increase in Cash Held	19	<u>1,121,982</u>	<u>679,253</u>
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from the Official Public Account for:			
Appropriations		-	-
Cash to the Official Public Account for:			
Administered accounts		<u>(1,121,982)</u>	<u>(679,253)</u>
Cash and Cash Equivalents at the End of the Reporting Period		<u>-</u>	<u>-</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

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

SCHEDULE OF ADMINISTERED CONTINGENCIES

as at 30 June 2014

As at 30 June 2014 there were no quantifiable administered contingent assets or administered contingent liabilities relating to the Fair Work Ombudsman. See Note 11 for details of unquantifiable administered contingent assets.

Notes to and forming part of the Financial Statements

- Note 1: Summary of Significant Accounting Policies
- Note 2: Events After the Reporting Date
- Note 3: Expenses
- Note 4: Income
- Note 5: Fair Value Measurement
- Note 6: Financial Assets
- Note 7: Non-Financial Assets
- Note 8: Payables
- Note 9: Provisions
- Note 10: Cash Flow Reconciliation
- Note 11: Contingent Liabilities and Assets
- Note 12: Senior Executive Remuneration
- Note 13: Remuneration of Auditors
- Note 14: Financial Instruments
- Note 15: Financial Assets Reconciliation
- Note 16: Administered - Expenses
- Note 17: Administered - Income
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- Note 19: Administered - Cash Flow Reconciliation
- Note 20: Administered - Financial Instruments
- Note 21: Administered - Financial Assets Reconciliation
- Note 22: Appropriations
- Note 23: Special Accounts
- Note 24: Compensation and Debt Relief
- Note 25: Assets Held in Trust
- Note 26: Reporting of Outcomes
- Note 27: Net Cash Appropriation Arrangements

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Fair Work Ombudsman

The Fair Work Ombudsman (the Agency) is an independent statutory office created by the *Fair Work Act 2009* and commenced operations on 1 July 2009.

The Agency's functions include promoting harmonious, productive and cooperative workplace relations and ensuring compliance with Commonwealth workplace laws.

The Agency is structured to meet one outcome:

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and, where necessary, enforcement.

The Agency's activities are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Agency in its own right. Administered activities involve the management or oversight by the Agency, on behalf of the Australian Government (Government), of items controlled or incurred by the Government.

Departmental activities are identified under one program - Program 1 - Education services and compliance activities.

1.2 Basis of Preparation of the Financial Statements

The financial statements and notes are required by section 49 of Schedule 1 to the *Financial Management and Accountability Act 1997* and are General Purpose Financial Statements (the financial statements).

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011; and
- 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 accruals basis and are in accordance with the historical cost convention, except for certain assets which are reported 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 and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or Interpretation, or by the FMOs, assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that future economic benefits will flow to the Agency or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Australian Accounting Standard or Interpretation. Liabilities and assets that are unrealised are reported in the Schedule of Commitments.

Unless an alternative treatment is specifically required by an Australian Accounting Standard or Interpretation, incomes and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the financial statements (and related notes) are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.25.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Agency has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- the fair value of non-financial assets has been taken to be the market value of similar assets as determined by management assessment.
- the Australian Government shorthand method has been used to estimate the present value of long service leave liabilities.

No accounting judgements or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

AASB 13 - Fair Value Measurement

This standard introduces a consistent approach to fair value measurement and additional disclosure requirements for entities on the valuation of their assets and liabilities. It is applicable to accounting periods beginning on or after 1 January 2013 and has resulted in an additional note to the financial statements (see Note 5).

All other new standards, amendments to standards and interpretations issued by the AASB that are applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the entity's financial statements.

No accounting standard has been adopted earlier than the application date as stated in the standard in the current reporting period.

Future Australian Accounting Standard requirements

Of the new standards, amendments to standards and interpretations issued by the AASB prior to the sign off date and which are applicable to future periods, none are expected to have a material financial impact on the Agency.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Agency 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.

Parental Leave Payments Scheme

The Agency offsets amounts received under the Parental Leave Payments Scheme (for payments to employees) by amounts paid to employees under that scheme, as these transactions are only incidental to the main revenue generating activities of the Agency.

Other types of revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the revenue and transaction costs incurred can be reliably measured;
- the seller retains no managerial involvement nor effective control over the goods; and
- it is probable that the economic benefits associated with the transaction will flow to the Agency.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. Revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Agency.

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.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at the reporting date. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 - Financial Instruments: Recognition and Measurement.

1.6 Gains

Resources received free of charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. The use of these 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 agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of assets

Gains from the disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity injections

Amounts appropriated which are designated as equity injections for a year (less any formal reductions) and departmental capital budgets are recognised directly in Contributed Equity in that year.

Restructuring of administrative arrangements

Net assets received from, or relinquished to, another Australian Government entity under restructuring of administrative arrangements are adjusted at their book value directly against Contributed Equity.

1.8 Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for short-term employee benefits (as defined in AASB 119 - Employee Benefits) and termination benefits due within 12 months of the reporting date 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.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

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 Agency 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 Agency'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 estimate of the present value of the long service leave liability takes into account attrition rates and pay increases through promotion and inflation using the shorthand method prescribed in the FMOs.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The Agency recognises a provision for termination benefits 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 Agency are members of either the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other schemes.

The CSS and PSS are defined benefit schemes. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled in due course. This liability is reported by the Department of Finance as an administered item.

The Agency makes employer contributions to the defined benefit schemes at rates determined by an actuary to be sufficient to meet the cost to the Australian Government of the superannuation entitlements of the Agency's employees. The Agency accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2014 represents outstanding contributions for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the leased property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Fair Value Measurement

The Agency deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.12 Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts (including a bank account held by an outsider) with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.13 Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income 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 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.

1.14 Impairment of Financial Assets

Financial assets are assessed for impairment at each reporting date.

If there is objective evidence that an impairment loss has been incurred for financial assets held at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount is reduced by way of an impairment allowance account. The loss is recognised in the Statement of Comprehensive Income.

1.15 Liabilities - Suppliers and Other Payables

Suppliers 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).

1.16 Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

1.17 Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset 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 the likelihood of settlement is greater than remote.

1.18 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 revenues at their fair value at the date of acquisition, unless acquired as a consequence of the 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 agency's accounts immediately prior to the restructuring.

1.19 Land and Buildings (Leasehold Improvements), Property, Plant and Equipment

Asset recognition threshold

Purchases 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 make-good provisions in property leases taken up by the Agency, where there exists an obligation to restore the property to its original condition at the end of the lease term. These costs are included in the value of the Agency's land and buildings (leasehold improvements) assets with a corresponding provision for the restoration also being recognised.

Revaluations

Following initial recognition at cost, assets are carried at fair value less 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 an asset 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 through surplus or deficit. Revaluation decrements for a class of asset are recognised directly through the surplus / deficit except to the extent that they reverse a previous revaluation increment for that class of asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

Depreciation

Depreciable assets are written-off to their estimated residual values over their forecast useful lives to the Agency using, in all cases, the straight-line method of depreciation. Land and buildings (leasehold improvements) are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements and the unexpired period of the lease.

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 assets are based on the following forecast useful lives:

Land and buildings (leasehold improvements)	Lesser of lease term and useful life
Property, plant and equipment	5 years
Computer equipment	3 - 8 years

The aggregate amount of depreciation allocated for each class of asset during the financial year is disclosed in Note 3D.

Impairment

All assets were assessed for impairment at 30 June 2014. 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 Agency was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

1.20 Intangibles

The Agency's intangible assets comprise internally developed software and purchased 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 forecast useful life. The forecast useful life of the Agency's software is 3 years.

All software assets were assessed for indications of impairment as at 30 June 2014.

1.21 Taxation

The Agency 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 where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- except for receivables and payables.

1.22 Insurance

The Agency has insured for risks through the Government's insurable risk managed fund, Comcover. Workers' compensation is insured through Comcare.

Monies were received by the Agency from Comcare for the purpose of distributing compensation payments made in accordance with the *Safety Rehabilitation and Compensation Act 1998*. These receipts were reimbursements to the Agency where the Agency had made payments against accrued sick leave entitlements pending determination of an employee's claim.

1.23 Grants and Subsidies

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been completed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government enters into an agreement to make these grants but services have not been performed or criteria satisfied as at the reporting date.

1.24 Williams Case

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* [2012] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

1.25 Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the financial statements (and related notes) - Administered items.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items.

Administered cash transfers to and from the Official Public Account

Revenue collected by the Agency for use by the Australian Government, rather than the Agency, is administered revenue. Collections are transferred to the Official Public Account (OPA), which is maintained by the Department of Finance. These transfers to the OPA are adjustments to the administered cash held by the Agency on behalf of the Australian Government and are reported as such in the Administered Reconciliation Schedule and Administered Cash Flow Statement.

Revenue

All administered revenues are revenues relating to the course of ordinary activities performed by the Agency on behalf of the Australian Government.

Revenue comprises court-awarded penalties relating to breaches of either the *Workplace Relations Act 1996* or the *Fair Work Act 2009*. This revenue is recognised at the nominal amount due less any impairment allowance. The collectability of debts is reviewed at each reporting date by the Agency's Legal Branch. Impairment allowances are made when some doubt exists as to the collectability of the debt.

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, de-recognition and amortisation are recognised through the operating result. Administered receivables represents debts owed to the Agency by employers, workers and organisations as a result of court-awarded penalties.

Note 2: Events After the Reporting Date**Departmental**

Following the commencement of the *Public Governance, Performance and Accountability Act* on 1 July 2014, appropriations under Appropriation Acts prior to 1 July 2012 are no longer available to agencies. As at 30 June 2014, the Agency had \$10.988 million in funds appropriated under Appropriation Acts prior to 1 July 2012 (refer to Note 22C).

Administered

No significant events have occurred after the reporting date that are likely to affect either the ongoing structure or financial activities of the Agency.

Note 3: Expenses

	2014	2013
	\$'000	\$'000
Note 3A: Employee Benefits		
Wages and salaries	52,029	50,955
Superannuation:		
Defined contribution plans	6,585	5,824
Defined benefit plans	4,835	4,857
Leave and other entitlements	11,161	9,558
Separation and redundancies	1,521	1,452
Other employee expenses	1,283	1,658
Total Employee Benefits	77,414	74,304
Note 3B: Suppliers		
Goods and services		
Contractors	6,960	15,103
Legal fees	2,512	2,546
Property outgoings	3,021	2,119
Travel	2,452	2,749
Training	902	895
Telecommunications	1,483	3,187
Other	5,471	7,081
Total goods and services	22,801	33,680
Goods and services are made up of:		
Provision of goods – external entities	1,001	1,548
Rendering of services – related entities	7,483	8,074
Rendering of services – external entities	14,317	24,058
Total goods and services	22,801	33,680
Other supplier expenses		
Operating lease rentals - external entities:		
Minimum lease payments	13,976	18,018
Workers compensation premiums	1,163	678
Total other supplier expenses	15,139	18,696
Total Suppliers	37,940	52,376
Note 3C: Grants		
Grants to private sector entities	1,835	1,559
Total Grants	1,835	1,559
Note 3D: Depreciation and Amortisation		
Depreciation:		
Land and buildings (leasehold improvements)	5,111	4,601
Property, plant and equipment	945	490
Total depreciation	6,056	5,091
Amortisation:		
Intangibles - computer software	1,657	2,198
Total amortisation	1,657	2,198
Total Depreciation and Amortisation	7,713	7,289
Note 3E: Losses from Asset Sales		
Property, plant and equipment:		
Proceeds from sale	(7)	(11)
Carrying value of assets sold	15	35
Total Losses from Asset Sales	8	24

Note 4: Income

	2014	2013
	\$'000	\$'000
Note 4A: Rental Income		
Operating lease rentals	3,453	2,294
Total Rental Income	<u>3,453</u>	<u>2,294</u>
Note 4B: Other Gains		
Resources received free of charge - audit fees	75	75
Other	1,189	832
Total Other Gains	<u>1,264</u>	<u>907</u>
Note 4C: Revenue from Government		
Appropriations:		
Departmental appropriations	112,685	125,262
Total Revenue from Government	<u>112,685</u>	<u>125,262</u>

Note 5: Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Agency can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

Note 5A: Fair Value Measurements

Fair value measurement at the end of the reporting period by hierarchy for assets and liabilities in 2014

	Fair value measurements at the end of the reporting period using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	\$'000	\$'000	\$'000	\$'000
Land and buildings (leasehold improvements)	15,120	-	-	15,120
Property, plant and equipment	2,945	-	-	2,945
Total	18,065	-	-	18,065
Total fair value measurements of assets in the Statement of Financial Position	18,065	-	-	18,065

The highest and best use of all non-financial assets are the same as their current use.

Note 5B: Valuation Technique and Inputs for Level 2 and Level 3 Fair Value Measurements

Level 2 and 3 fair value measurements - valuation technique and the inputs used for assets and liabilities in 2014				
Category (Level 2 or Level 3)	Fair Value \$'000	Valuation Techniques	Inputs Used	Range (Weighted Average)
Land and buildings (leasehold improvements)	15,120	Depreciated replacement cost	Replacement cost, total useful life and remaining useful life	0.2 yrs-8.8 yrs (4.3 yrs)
Property, plant and equipment	2,945	Depreciated replacement cost	Replacement cost, total useful life and remaining useful life	\$20-\$19,850 (\$595)

Recurring and non-recurring Level 3 fair value measurements - valuation process

The Agency procured valuation services from RHAS and relied on valuation models provided by RHAS. RHAS provided written assurance to the Agency that the valuation models developed are in accordance with AASB 13.

Note 5C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements - reconciliation for assets

	Land and Buildings (Leasehold Improvements)	Property, Plant and Equipment	Total
Opening balance	2014	2014	2014
Purchases	\$'000	\$'000	\$'000
Sales	13,928	3,402	17,330
Total gains recognised in other comprehensive income (1)	1,917	152	2,069
Total losses recognised in net cost of services (2)	-	(15)	(15)
	4,386	351	4,737
Closing balance	(5,111)	(945)	(6,056)
	15,120	2,945	18,065

The Agency's policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred can be found in Note 1.11.

1. These gains are represented in the Statement of Comprehensive Income as revaluations.
2. These losses are represented in the Statement of Comprehensive Income as depreciation expenses.

Note 6: Financial Assets

	2014	2013
	\$'000	\$'000
Note 6A: Cash and Cash Equivalents		
Cash on hand or on deposit	1,528	1,359
Cash held by outsiders	1,632	1,497
Total Cash and Cash Equivalents	3,160	2,856
Note 6B: Trade and Other Receivables		
Goods and services - related entities	195	413
Appropriations receivable for existing programs	79,653	86,011
GST receivable from the Australian Taxation Office	365	715
Other receivables	231	457
Total trade and other receivables (gross)	80,444	87,596
Less: Impairment allowance account - other	-	-
Total Trade and Other Receivables (Net)	80,444	87,596
Trade and other receivables are expected to be recovered in:		
No more than 12 months	80,444	87,596
Total Trade and Other Receivables (Net)	80,444	87,596
Trade and other receivables are aged as follows:		
Not overdue	80,442	87,456
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	2	140
Total trade and other receivables (gross)	80,444	87,596
The impairment allowance account is aged as follows:		
Overdue by:		
More than 90 days	-	-
Total impairment allowance account	-	-

Note 7: Non-Financial Assets

	2014	2013
	\$'000	\$'000
Note 7A: Land and Buildings (Leasehold Improvements)		
Work in progress	-	712
Fair value	15,366	34,606
Accumulated depreciation	<u>(246)</u>	<u>(21,390)</u>
Total Land and Buildings (Leasehold Improvements)	<u>15,120</u>	<u>13,928</u>

No indicators of impairment were found for land and buildings (leasehold improvements). The Agency will continue to review its land and buildings (leasehold improvements) holdings to ensure suitable levels of office space are leased and any opportunities for rationalisation are taken. This may result in some leases not being renewed when they expire. However, the Agency has no plans to reduce its presence in capital cities or regional locations.

Note 7B: Property, Plant and Equipment

Fair value	2,957	4,744
Accumulated depreciation	<u>(12)</u>	<u>(1,342)</u>
Total Property, Plant and Equipment	<u>2,945</u>	<u>3,402</u>

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

Note 7C: Reconciliation of Opening and Closing Balances of Land and Buildings (Leasehold Improvements) and Property, Plant and Equipment

2013-14	Land and Buildings (Leasehold Improvements) \$'000	Property, Plant and Equipment \$'000	Total \$'000
As at 1 July 2013			
Gross book value	35,318	4,744	40,062
Accumulated depreciation	(21,390)	(1,342)	(22,732)
Net book value - 1 July 2013	13,928	3,402	17,330
Additions:			
By purchase	1,917	152	2,069
Revaluations and impairments through equity	4,386	351	4,737
Depreciation	(5,111)	(945)	(6,056)
Disposal of assets	-	(15)	(15)
Net Book Value - 30 June 2014	15,120	2,945	18,065
Net Book Value as at 30 June 2014 Represented by:			
Gross book value	15,366	2,957	18,323
Accumulated depreciation	(246)	(12)	(258)
	15,120	2,945	18,065
2012-13	Land and Buildings (Leasehold Improvements) \$'000	Property, Plant and Equipment \$'000	Total \$'000
As at 1 July 2012			
Gross book value	32,591	2,683	35,274
Accumulated depreciation	(15,947)	(889)	(16,836)
Net book value - 1 July 2012	16,644	1,794	18,438
Additions:			
By purchase	1,885	2,133	4,018
Revaluations and impairments through equity	-	-	-
Depreciation	(4,601)	(490)	(5,091)
Disposal of assets	-	(35)	(35)
Net Book Value - 30 June 2013	13,928	3,402	17,330
Net Book Value as at 30 June 2013 Represented by:			
Gross book value	35,318	4,744	40,062
Accumulated depreciation	(21,390)	(1,342)	(22,732)
	13,928	3,402	17,330

	2014	2013
	\$'000	\$'000
<u>Note 7D: Intangibles</u>		
Computer software at cost:		
Internally developed – in progress	4,236	3,006
Internally developed – in use	14,961	12,023
Purchased – in use	22	22
Accumulated amortisation	<u>(11,812)</u>	<u>(10,155)</u>
Total Intangibles	<u>7,407</u>	<u>4,896</u>

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7E: Reconciliation of Opening and Closing Balances of Intangibles

2013-14	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	15,029	22	15,051
Accumulated amortisation	(10,133)	(22)	(10,155)
Net book value - 1 July 2013	4,896	-	4,896
Additions:			
By purchase or internally developed	4,168	-	4,168
Amortisation	(1,657)	-	(1,657)
Disposal of assets	-	-	-
Net Book Value - 30 June 2014	7,407	-	7,407
Net Book Value as at 30 June 2014 Represented by:			
Gross book value	19,197	22	19,219
Accumulated amortisation	(11,790)	(22)	(11,812)
	7,407	-	7,407
2012-13	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
As at 1 July 2012			
Gross book value	12,245	22	12,267
Accumulated amortisation	(7,935)	(22)	(7,957)
Net book value - 1 July 2012	4,310	-	4,310
Additions:			
By purchase or internally developed	2,784	-	2,784
Amortisation	(2,198)	-	(2,198)
Net Book Value - 30 June 2013	4,896	-	4,896
Net Book Value as at 30 June 2013 Represented by:			
Gross book value	15,029	22	15,051
Accumulated amortisation	(10,133)	(22)	(10,155)
	4,896	-	4,896

	2014	2013
	\$'000	\$'000
<u>Note 7F: Other Non-Financial Assets</u>		
Prepayments	<u>1,452</u>	<u>1,502</u>
Total Other Non-Financial Assets	<u>1,452</u>	<u>1,502</u>

No indicators of impairment were found for other non-financial assets.

Other non-financial assets are expected to be recovered in no more than 12 months.

Note 8: Payables

	2014	2013
	\$'000	\$'000
Note 8A: Suppliers		
Trade creditors	9,065	13,664
Operating lease rentals	<u>2,161</u>	<u>3,670</u>
Total Suppliers	<u><u>11,226</u></u>	<u><u>17,334</u></u>
Suppliers expected to be settled within 12 months:		
Related entities	4,673	8,051
External parties	<u>5,615</u>	<u>6,640</u>
Total	<u><u>10,288</u></u>	<u><u>14,691</u></u>
Suppliers expected to be settled in greater than 12 months:		
External parties	<u>938</u>	<u>2,643</u>
Total	<u><u>938</u></u>	<u><u>2,643</u></u>
Total Suppliers	<u><u>11,226</u></u>	<u><u>17,334</u></u>
Settlement is usually made net 30 days.		
Note 8B: Other Payables		
Salaries and wages	2,283	1,925
Separations and redundancies	168	60
Lease incentives	<u>1,857</u>	<u>2,794</u>
Total Other Payables	<u><u>4,308</u></u>	<u><u>4,779</u></u>
Other payables are expected to be settled in:		
No more than 12 months	3,388	2,922
More than 12 months	<u>920</u>	<u>1,857</u>
Total Other Payables	<u><u>4,308</u></u>	<u><u>4,779</u></u>

Note 9: Provisions

	2014	2013
	\$'000	\$'000
Note 9A: Employee Provisions		
Leave	18,162	16,417
Other	100	96
Total Employee Provisions	18,262	16,513
Employee provisions are expected to be settled in:		
No more than 12 months	12,500	11,646
More than 12 months	5,762	4,867
Total Employee Provisions	18,262	16,513

Note 9B: Other Provisions

Restoration obligations	292	292
Onerous leases	9,969	9,211
Total Other Provisions	10,261	9,503
Other provisions are expected to be settled in:		
No more than 12 months	6,135	5,625
More than 12 months	4,126	3,878
Total Other Provisions	10,261	9,503

Analysis of Other Provisions

	Restoration Obligations \$'000	Onerous Leases \$'000	Total \$'000
Carrying amount - 1 July 2013	292	9,211	9,503
Additional provisions made	-	2,059	2,059
Amounts used	-	(1,301)	(1,301)
Closing Balance Other Provisions - 30 June 2014	292	9,969	10,261

The Agency currently has one agreement for the leasing of premises which has a provision requiring the Agency to restore the premises to its original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

The Agency has a number of agreements for the leasing of office accommodation which are surplus to its requirements. The Agency has made a provision to reflect the present value of the expected costs to be incurred that are in excess of the economic benefit expected to be derived from these leases.

Note 10: Cash Flow Reconciliation

	2014	2013
	\$'000	\$'000
Reconciliation of Cash and Cash Equivalents as per Statement of Financial Position to Cash Flow Statement		
Reported Cash and Cash Equivalents as per:		
Cash Flow Statement	3,160	2,856
Statement of Financial Position	3,160	2,856
Difference	<u>-</u>	<u>-</u>
Reconciliation of Net Cost of Services to Net Cash from Operating Activities:		
Net cost of services	(120,193)	(132,351)
Revenue from Government	112,685	125,262
Adjustments for non-cash items		
Depreciation and amortisation	7,713	7,289
Losses from asset sales	8	24
Changes in assets / liabilities		
Decrease (increase) in trade and other receivables	3,631	(8,479)
Decrease (increase) in other non-financial assets	50	(1,444)
Increase in employee provisions	1,749	241
Increase in other provisions	758	4,755
Increase (decrease) in suppliers	(6,108)	7,435
Decrease in other payables	(471)	(2,512)
Net Cash From / (Used By) Operating Activities	<u>(178)</u>	<u>220</u>

Note 11: Contingent Liabilities and Assets**Unquantifiable Departmental Contingent Liabilities**

The Agency has provided an indemnity to the Reserve Bank of Australia (the Bank) against any loss or damage arising from any error, mistake, fraud or negligence resulting from the Bank acting in good faith on instructions given to it by the Agency and / or due to any failure by the Agency to observe any of its obligations in respect to its banking arrangements.

The likelihood of any payment being required under the indemnity is remote and unquantifiable.

Unquantifiable Administered Contingent Assets

The Agency is currently involved in litigation against 73 entities and while the probability of success is high in these matters, it is not possible to accurately estimate the value of any penalties that may be imposed by the courts.

Note 12: Senior Executive Remuneration

	2014	2013
	\$	\$
Note 12A: Senior Executive Remuneration Expense for the Reporting Period		
Short-term employee benefits:		
Salary	2,931,557	3,229,918
Total short-term employee benefits	<u>2,931,557</u>	<u>3,229,918</u>
Post-employment benefits:		
Superannuation	496,347	656,165
Total post-employment benefits	<u>496,347</u>	<u>656,165</u>
Other long-term employee benefits:		
Annual leave accrued	251,561	283,204
Long service leave	113,202	124,786
Total other long-term employee benefits	<u>364,763</u>	<u>407,990</u>
Termination benefits	115,296	76,475
Total	<u>3,907,963</u>	<u>4,370,548</u>

Notes:

Note 12A is prepared on an accrual basis.

Excludes acting arrangements and part-year service where remuneration was less than \$195,000.

Note 12B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period
2013-14

Average Annual Reportable Remuneration	Senior Executives	Reportable Salary	Contributed Superannuation	Reportable Allowances	Bonus Paid	Total
	No.	(1) \$	(2) \$	(3) \$	(4) \$	(5) \$
Total remuneration (including part-time arrangements):						
Less than \$195,000	1	158,012	22,824	-	-	180,836
\$195,000 to \$224,999	1	177,185	34,815	-	-	212,000
\$225,000 to \$254,999	3	206,627	35,284	-	-	241,911
\$255,000 to \$284,999	5	230,757	35,643	-	-	266,400
\$285,000 to \$314,999	2	250,975	39,668	-	-	290,643
\$315,000 to \$344,999	1	272,654	47,793	-	-	320,447
\$375,000 to \$404,999	1	352,903	49,422	-	-	402,325
Total	14					

2012-13

Average Annual Reportable Remuneration	Senior Executives	Reportable Salary	Contributed Superannuation	Reportable Allowances	Bonus Paid	Total
	No.	(1) \$	(2) \$	(3) \$	(4) \$	(5) \$
Total remuneration (including part-time arrangements):						
less than \$195,000	1	154,849	22,879	-	-	177,728
\$195,000 to \$224,999	2	188,176	35,323	-	-	223,499
\$225,000 to \$254,999	4	203,628	33,760	-	-	237,388
\$255,000 to \$284,999	3	234,025	40,469	202	-	274,696
\$285,000 to \$304,999	4	248,561	54,467	-	-	303,028
\$315,000 to \$344,999	2	277,768	41,119	-	-	318,887
Total	16					

Notes:

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the reportable remuneration band.
2. Reportable Salary includes the following:
 - i) gross payments (less any bonuses paid, which are separated out and disclosed in the Bonus Paid column);
 - ii) reportable fringe benefits (at the net amount prior to grossing up to account for tax purposes);
 - iii) reportable employer superannuation contributions; and
 - iv) exempt foreign employment income.
3. The Contributed Superannuation amount is the average actual superannuation contributions paid to senior executives in that reportable remuneration band during the reporting period.
4. Reportable Allowances are the average actual allowances paid as per the total allowances line on individuals' payment summaries.
5. Bonus Paid represents average actual bonuses paid during the reporting period in that reportable remuneration band. The Bonus Paid within a particular reportable remuneration band may vary between financial years due to various factors such as individuals commencing with or leaving the Agency during the financial year.

Note 12C: Other Highly Paid Staff

During the current reporting period, there was one employee (2013: Two) whose total reportable remuneration totalled \$195,000 or more.

2013-14

Average Annual Reportable Remuneration	Staff (1) No.	Reportable Salary (2) \$	Contributed Superannuation (3) \$	Reportable Allowances (4) \$	Bonus Paid (5) \$	Total \$
Total reportable remuneration (including part-time arrangements): \$195,000 to \$224,999	1	190,509	29,338	-	-	219,847
Total	1					

2012-13

Average Annual Reportable Remuneration	Staff (1) No.	Reportable Salary (2) \$	Contributed Superannuation (3) \$	Reportable Allowances (4) \$	Bonus Paid (5) \$	Total \$
Total reportable remuneration (including part-time arrangements) \$195,000 to \$224,999	2	186,704	28,977	-	-	215,681
Total	2					

Notes:

1. This table reports staff:

- i) who were employed by the Agency during the reporting period;
- ii) whose reportable remuneration was \$195,000 or more for the reporting period; and
- iii) were not required to be disclosed in Note 12A or Note 12B.

Each row is an averaged figure based on headcount for individuals in the band.

2. Reportable Salary includes the following:

- i) gross payments (less any bonuses paid, which are separated out and disclosed in the Bonus Paid column);
- ii) reportable fringe benefits (at the net amount prior to grossing up to account for tax purposes);
- iii) reportable employer superannuation contributions; and
- iv) exempt foreign employment income.

3. The Contributed Superannuation amount is the average cost to the Agency for the provision of superannuation benefits to staff in that reportable remuneration band during the reporting period.

4. Reportable Allowances are the average actual allowances paid as per the total allowances line on individuals' payment summaries.

5. Bonus Paid represents average actual bonuses paid during the reporting period in that reportable remuneration band. The Bonus Paid within a particular reportable remuneration band may vary between financial years due to various factors such as individuals commencing with or leaving the Agency during the financial year.

Note 13: Remuneration of Auditors

	2014	2013
	\$'000	\$'000
Financial statement audit services were provided free of charge by the Australian National Audit Office.		
The fair value of the services provided was:		
Financial statement audit services	<u>75</u>	<u>75</u>
Total	<u><u>75</u></u>	<u><u>75</u></u>

No other services were provided by the auditors of the financial statements.

Note 14: Financial Instruments**Note 14A: Categories of Financial Instruments**

Financial Assets	2014 \$'000	2013 \$'000
Loans and receivables:		
Cash and cash equivalents	3,160	2,856
Goods and services receivables	195	413
Other receivables	231	457
Total loans and receivables	3,586	3,726
Total Financial Assets	3,586	3,726
Financial Liabilities		
Financial liabilities at amortised cost:		
Suppliers	11,226	17,334
Total financial liabilities at amortised cost	11,226	17,334
Total Financial Liabilities	11,226	17,334

The Agency has no net income or expenses from financial instruments.

Note 14B: Fair Value of Financial Instruments

The carrying amount of all financial assets and liabilities as at 30 June 2014 approximates their fair value.

Financial Assets	Carrying Amount 2014 \$'000	Fair Value 2014 \$'000	Carrying Amount 2013 \$'000	Fair Value 2013 \$'000
Cash and cash equivalents	3,160	3,160	2,856	2,856
Goods and services receivables	195	195	413	413
Other receivables	231	231	457	457
Total	3,586	3,586	3,726	3,726
Financial Liabilities				
Suppliers	11,226	11,226	17,334	17,334
Total	11,226	11,226	17,334	17,334

The carrying value of the Agency's financial instruments equals their fair value as at the reporting date. Cash and cash equivalents held by the Agency are classified as level 1 assets (as defined in AASB 7.27A) being valued at quoted prices in an active market. All other financial instruments held by the Agency are classified as level 2 assets or liabilities being valued at observable prices. There have been no movements in the financial instruments hierarchy between years.

Note 14C: Credit Risk

The maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets. The exposure is minimal as loans and receivables are predominantly cash and the recovery of entitlements for staff who have transferred to the Agency from other Government agencies.

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has determined there is no allowance for impairment required in 2013-14.

The Agency manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, the Agency has policies and procedures in place that guide employees through debt recovery techniques that are to be applied.

The Agency has no significant exposures to any concentrations of credit risk and holds no collateral to mitigate against credit risk.

The following table illustrates the Agency's gross exposure to credit risk.

	2014	2013
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	3,160	2,856
Goods and services receivables	195	413
Other receivables	231	457
Total	<u>3,586</u>	<u>3,726</u>

Credit quality of financial instruments for 2014:

	Not Past Due Nor Impaired 2014 \$'000	Past Due But Not Impaired 2014 \$'000	Past Due and Impaired 2014 \$'000	Total 2014 \$'000
Financial Assets				
Cash and cash equivalents	3,160	-	-	3,160
Goods and services receivables	193	2	-	195
Other receivables	231	-	-	231
Total	<u>3,584</u>	<u>2</u>	<u>-</u>	<u>3,586</u>

Credit quality of financial instruments for 2013:

	Not Past Due Nor Impaired 2013 \$'000	Past Due But Not Impaired 2013 \$'000	Past Due and Impaired 2013 \$'000	Total 2013 \$'000
Financial Assets				
Cash and cash equivalents	2,856	-	-	2,856
Goods and services receivables	274	139	-	413
Other receivables	456	1	-	457
Total	<u>3,586</u>	<u>140</u>	<u>-</u>	<u>3,726</u>

Note 14C: Credit Risk (Continued)**Ageing of financial assets that are past due but not impaired for 2014:**

	0 to 30 Days \$'000	31 to 60 Days \$'000	61 to 90 Days \$'000	90+ Days \$'000	Total \$'000
Financial Assets					
Goods and services receivables	-	-	-	2	2
Other receivables	-	-	-	-	-
Total	-	-	-	2	2

Ageing of financial assets that are past due but not impaired for 2013:

	0 to 30 Days \$'000	31 to 60 Days \$'000	61 to 90 Days \$'000	90+ Days \$'000	Total \$'000
Financial Assets					
Goods and services receivables	-	-	-	139	139
Other receivables	-	-	-	1	1
Total	-	-	-	140	140

Note 14D: Liquidity Risk

The Agency's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Agency will encounter difficulties in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and internal policies and procedures in place to ensure the Agency has access to appropriate resources to meet its financial obligations as and when they fall due.

Maturities for non-derivative financial liabilities - 2014

	On Demand 2014 \$'000	Within 1 Year 2014 \$'000	1 to 2 Years 2014 \$'000	2 to 5 Years 2014 \$'000	>5 Years 2014 \$'000	Total 2014 \$'000
Financial Liabilities						
Suppliers	-	9,810	788	585	43	11,226
Total	-	9,810	788	585	43	11,226

Maturities for non-derivative financial liabilities - 2013

	On Demand 2013 \$'000	Within 1 Year 2013 \$'000	1 to 2 Years 2013 \$'000	2 to 5 Years 2013 \$'000	>5 Years 2013 \$'000	Total 2013 \$'000
Financial Liabilities						
Suppliers	-	14,691	1,220	1,423	-	17,334
Total	-	14,691	1,220	1,423	-	17,334

Note 14E: Market Risk

The Agency holds basic financial instruments that do not expose it to currency, interest rate or other price risks.

Note 15: Financial Assets Reconciliation

	2014 \$'000	2013 \$'000
Total Financial Assets as per Statement of Financial Position	83,604	90,452
Less non-financial instrument components:		
Appropriations receivable for existing programs	79,653	86,011
GST receivable from the Australian Taxation Office	365	715
Total non-financial instrument components	80,018	86,726
Total Financial Assets as per Financial Instruments Note (Note 14A)	3,586	3,726

Note 16: Administered - Expenses

	2014	2013
	\$ (*)	\$ (*)
<u>Write-Down and Impairment of Assets</u>		
Impairment of financial instruments	<u>1,437,428</u>	<u>390,717</u>
Total Write-Down and Impairment of Assets	<u>1,437,428</u>	<u>390,717</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 17: Administered - Income

	2014	2013
	\$ (*)	\$ (*)
OWN-SOURCE REVENUE		
Note 17A: Fees and Fines		
Court-awarded penalties	1,939,664	2,372,509
Infringement notices	87,170	55,411
Total Fees and Fines	<u>2,026,834</u>	<u>2,427,920</u>
Note 17B: Interest		
Penalty interest	-	7,141
Total Interest	<u>-</u>	<u>7,141</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 18: Administered - Financial Assets

	2014	2013
	\$ (*)	\$ (*)
Financial Assets		
Receivables		
Court-awarded penalties	3,003,874	1,635,400
Gross receivables	3,003,874	1,635,400
Less: Impairment allowance account - Court-awarded penalties	(1,723,088)	(716,800)
Net Receivables	1,280,786	918,600
Gross receivables are aged as follows:		
Not overdue	482,526	119,048
Overdue by:		
0 to 30 days	13,200	121,440
31 to 60 days	21,420	165,720
61 to 90 days	150,682	4,216
More than 90 days	2,336,046	1,224,976
Gross receivables	3,003,874	1,635,400
The impairment allowance account is aged as follows:		
Not overdue	-	-
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	(1,723,088)	(716,800)
Total impairment allowance account	(1,723,088)	(716,800)
Receivables are with entities external to the Government.		
Reconciliation of the impairment allowance account		
Opening balance	(716,800)	(1,846,085)
Amounts written off	431,140	1,520,002
Increase recognised in net surplus	(1,437,428)	(390,717)
Closing balance	(1,723,088)	(716,800)
Other Financial Assets		
Accrued revenue	90,000	992,262
Total Other Financial Assets	90,000	992,262

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 19: Administered - Cash Flow Reconciliation

	2014	2013
	\$ (*)	\$ (*)
Reconciliation of Cash and Cash Equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Reported Cash and Cash Equivalents as per:		
Administered Cash Flow Statement	-	-
Administered Schedule of Assets and Liabilities	-	-
Difference	<u>-</u>	<u>-</u>
Reconciliation of Net Contribution by Services to Net Cash from Operating Activities:		
Net contribution by services	589,406	2,044,344
Adjustments for non-cash items		
Transfers to Official Public Account by other agencies	(7,500)	-
Changes in assets / liabilities		
Increase in net receivables	(362,186)	(372,829)
(Increase) / decrease in other financial assets	902,262	(992,262)
Net Cash From Operating Activities	<u>1,121,982</u>	<u>679,253</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 20: Administered - Financial Instruments

	2014	2013		
	\$ (*)	\$ (*)		
Note 20A: Categories of Financial Instruments				
Financial Assets				
Receivables	1,280,786	918,600		
Other financial assets	90,000	992,262		
Carrying Amount of Financial Assets	1,370,786	1,910,862		
Note 20B: Net Income and Expense from Financial Assets				
Financial Assets				
Write-down and impairment of assets	(1,437,428)	(390,717)		
Net Loss From Financial Assets	(1,437,428)	(390,717)		
Note 20C: Fair Value of Financial Instruments				
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	2014	2014	2013	2013
	\$ (*)	\$ (*)	\$ (*)	\$ (*)
Financial Assets				
Loans and receivables:				
Receivables	1,280,786	1,280,786	918,600	918,600
Other financial assets	90,000	90,000	992,262	992,262
Total Financial Assets	1,370,786	1,370,786	1,910,862	1,910,862

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 20D: Credit Risk

The maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets.

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has allocated \$1,723,088 in 2013-14 to an allowance for impairment account.

The Agency is not in a position to manage its credit risk as the administered debtors are recognised following court proceedings and not through a trade relationship.

The Agency has no significant exposures to any concentrations of credit risk and holds no collateral to mitigate against credit risk.

The following table illustrates the Agency's gross exposure to credit risk.

	2014	2013
	\$ (*)	\$ (*)
Financial Assets		
Receivables	3,003,874	1,635,400
Accrued revenue	90,000	992,262
Total	<u>3,093,874</u>	<u>2,627,662</u>

Credit quality of financial instruments for 2014:

	Not Past Due Nor Impaired 2014 \$ (*)	Past Due But Not Impaired 2014 \$ (*)	Past Due and Impaired 2014 \$ (*)	Total 2014 \$ (*)
Financial Assets				
Receivables	482,526	798,260	1,723,088	3,003,874
Accrued revenue	90,000	-	-	90,000
Total	<u>572,526</u>	<u>798,260</u>	<u>1,723,088</u>	<u>3,093,874</u>

Credit quality of financial instruments for 2013:

	Not Past Due Nor Impaired 2013 \$ (*)	Past Due But Not Impaired 2013 \$ (*)	Past Due and Impaired 2013 \$ (*)	Total 2013 \$ (*)
Financial Assets				
Receivables	119,048	799,552	716,800	1,635,400
Accrued revenue	992,262	-	-	992,262
Total	<u>1,111,310</u>	<u>799,552</u>	<u>716,800</u>	<u>2,627,662</u>

Ageing of financial assets that are past due but not impaired for 2014:

	0 to 30 Days \$ (*)	31 to 60 Days \$ (*)	61 to 90 Days \$ (*)	90+ Days \$ (*)	Total \$ (*)
Financial Assets					
Receivables	13,200	21,420	150,682	612,958	798,260
Total	<u>13,200</u>	<u>21,420</u>	<u>150,682</u>	<u>612,958</u>	<u>798,260</u>

Ageing of financial assets that are past due but not impaired for 2013:

	0 to 30 Days \$ (*)	31 to 60 Days \$ (*)	61 to 90 Days \$ (*)	90+ Days \$ (*)	Total \$ (*)
Financial Assets					
Receivables	121,440	165,720	4,216	508,176	799,552
Total	<u>121,440</u>	<u>165,720</u>	<u>4,216</u>	<u>508,176</u>	<u>799,552</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 20E: Market Risk

The Agency holds basic financial instruments that do not expose it to currency, interest rate or other price risks.

Note 21: Administered - Financial Assets Reconciliation

	2014	2013
	\$ (*)	\$ (*)
Total financial assets as per Administered Schedule of Assets and Liabilities	<u>1,370,786</u>	<u>1,910,862</u>
Total Financial Assets as per Financial Instruments Note (Note 20C)	<u>1,370,786</u>	<u>1,910,862</u>

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 22: Appropriations**Table A: Annual Appropriations**

	2014 Appropriations							Appropriation Applied in 2014 (Current and Prior Years) \$'000	Variance (2) \$'000
	Appropriation Act		FMA Act			Total Appropriation \$'000			
	Annual Appropriations \$'000	Appropriations Reduced (1) \$'000	Advance to the Finance Minister \$'000	Section 30 \$'000	Section 31 \$'000		Section 32 \$'000		
DEPARTMENTAL									
Ordinary annual services Equity	116,144	(702)	-	-	6,647	-	122,089	128,881	(6,792)
Total departmental	116,144	(702)	-	-	6,647	-	122,089	128,881	(6,792)
ADMINISTERED									
Administered items	-	-	-	-	-	-	-	-	-
Total administered	-	-	-	-	-	-	-	-	-
	2013 Appropriations							Appropriation Applied in 2013 (Current and Prior Years) \$'000	Variance \$'000
	Appropriation Act		FMA Act			Total Appropriation \$'000			
	Annual Appropriations \$'000	Appropriations Reduced \$'000	Advance to the Finance Minister \$'000	Section 30 \$'000	Section 31 \$'000		Section 32 \$'000		
DEPARTMENTAL									
Ordinary annual services Equity	128,771	-	-	-	3,724	-	132,495	128,656	3,839
Total departmental	128,771	-	-	-	3,724	-	132,495	128,656	3,839
ADMINISTERED									
Administered items	-	-	-	-	-	-	-	-	-
Total administered	-	-	-	-	-	-	-	-	-

Notes:

- Appropriations reduced under Appropriation Acts (No. 1,3,5) 2013-14; sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2013-14; sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In the 2012-13 financial year, the Government imposed both a targeted savings measure and a fire services levy onto the Agency totalling \$702,000. The determination was issued on 5 August 2013 by the Finance Minister to reduce Appropriation Act No. 1 2013-14 by \$702,000.
- The variance between total appropriation and appropriation applied in 2014 relates to payments funded from unspent prior year appropriation items.

Table B: Departmental and Administered Capital Appropriations

	2014 Appropriations			Appropriation Applied in 2014 (Current and Prior years) (2)		Variance (3) \$'000	
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total	Payment for non-financial assets \$'000	Payment for other purposes \$'000		Total payments \$'000
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget (1)	Annual Appropriations Reduced \$'000	Section 32 \$'000	Appropriations \$'000	6,237	-	6,237	(2,778)
ADMINISTERED Administered items	-	-	-	-	-	-	-
	2013 Appropriations			Appropriation Applied in 2013 (Current and Prior Years) (2)			
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total	Payment for non-financial assets \$'000	Payment for other purposes \$'000	Total payments \$'000	Variance (3) \$'000
DEPARTMENTAL Ordinary annual services - Departmental Capital Budget (1)	Annual Appropriations Reduced \$'000	Section 32 \$'000	Appropriations \$'000	6,802	-	6,802	(3,995)
ADMINISTERED Administered items	-	-	-	-	-	-	-

Notes:

1. Departmental 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. For more information on ordinary annual services appropriations, see Table A: Annual Appropriations.
2. Payments for non-financial assets include purchases of assets and expenditure on assets which have been capitalised.
3. The variance between total appropriation and appropriation applied relates to payments funded from unspent prior year appropriation items.

Table C: Unspent Departmental Annual Appropriations

Authority	2014		2013
		\$'000	\$'000
Appropriation Act (No. 2) 2009-10 (1)		-	268
Appropriation Act (No. 1) 2010-11 (2)		500	10,875
Appropriation Act (No. 2) 2010-11 (2)		-	3,694
Appropriation Act (No. 1) 2011-12 (2)		9,088	21,220
Appropriation Act (No. 2) 2011-12 (2)		1,400	1,400
Appropriation Act (No. 1) 2012-13		2,807	51,410
Appropriation Act (No. 1) 2013-14		69,018	-
Total		82,813	88,867

Notes:

1. Due to the *Statute Stocktake (Appropriations) Act 2013*, appropriations receivable for the period 1 July 1999 to 30 June 2010 were repealed during the 2013-14 financial year.
2. Under the *Public Governance, Performance and Accountability Act*, appropriations receivable for financial years prior to 1 July 2012 will be no longer available to the Agency. Further information is listed in Note 2: Events After the Reporting Date.

Table D: Special Appropriations

Authority	Type	Purpose	Appropriation Applied	
			2014 \$'000	2013 \$'000
<i>Fair Work Act 2009</i> s559(4) Administered	Unlimited	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	177	-
Total			177	-

Note 23: Special Accounts

Services for Other Entities and Trust Monies Special Account - Established 27 June 2013		
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i>		
Appropriation: <i>Financial Management and Accountability Act 1997; s20</i>		
Purpose: For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.		
This account is non-interest bearing.		
Services for Other Entities and Trust Monies Special Account - Financial Summary	2014	2013
	\$ (*)	\$ (*)
Opening balance	958,117	200
Receipts	60,818	1,115,543
Payments made	(70,982)	(157,626)
Transfer to Consolidated Revenue Fund	(947,953)	-
Closing Balance	-	958,117
Represented by:		
Cash - held in the Official Public Account	-	958,117

Note 24: Compensation and Debt Relief

	2014	2013
	\$	\$
Departmental		
No Act of Grace expenses were incurred during the reporting period (2013: Nil).	-	-
No waivers of amounts owing to the Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: Nil).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period (2013: Nil).	-	-
No ex-gratia payments were provided for during the reporting period (2013: Nil).	-	-
No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period (2013: Nil).	-	-
Administered		
No Act of Grace expenses were incurred during the reporting period (2013: Nil).	-	-
No waivers of amounts owing to the Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> (2013: Nil).	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period (2013: Nil).	-	-
No ex-gratia payments were provided for during the reporting period (2013: Nil).	-	-
No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period (2013: Nil).	-	-

Note 25: Assets Held in Trust

Monetary assets

For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.

	2014	2013
	\$ (*)	\$ (*)
Monetary Assets		
Total amount held at the beginning of the reporting period	2,709,334	1,751,417
Receipts	208,173	1,115,543
Payments	<u>(248,012)</u>	<u>(157,626)</u>
Total Amount Held at the End of the Reporting Period	<u>2,669,495</u>	<u>2,709,334</u>

The values above are at fair value.

(*) These amounts are rounded to the nearest dollar, as required by the Finance Minister's Orders.

Note 26: Reporting of Outcomes

The Agency delivers services under one Outcome. The financial information is recorded against this Outcome.

Note 26A: Net Cost of Outcome Delivery

	Outcome 1 & Total	Outcome 1 & Total
	2014	2013
	\$'000	\$'000
Departmental		
Expenses	124,910	135,552
Own-source income	4,717	3,201
Administered		
Expenses	1,437	391
Income	2,027	2,435
Net Cost of Outcome Delivery	119,603	130,307

Outcome 1 is described in Note 1.1. Net costs shown include intra-Government costs that are eliminated in calculating the actual budget outcome.

Note 26B: Major Classes of Departmental Expenses and Income by Outcome

The major classes of departmental expenses and income that contribute to the Agency's outcome are as shown in the Statement of Comprehensive Income.

Note 26C: Major Classes of Departmental Assets and Liabilities by Outcome

The major classes of departmental assets and liabilities that contribute to the Agency's outcome are as shown in the Statement of Financial Position.

Note 26D: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome

The major classes of administered expenses, income, assets and liabilities that contribute to the Agency's outcome are as shown in the Administered Schedule of Comprehensive Income and Administered Schedule of Assets and Liabilities.

Note 27: Net Cash Appropriation Arrangements

	2014	2013
	\$'000	\$'000
Total comprehensive income less depreciation / amortisation expense previously funded through revenue appropriations	4,942	200
Depreciation / amortisation expenses previously funded through revenue	<u>(7,713)</u>	<u>(7,289)</u>
Total Comprehensive Loss Attributable to the Australian Government - as per the Statement of Comprehensive Income	<u>(2,771)</u>	<u>(7,089)</u>

From 2010-11, the Australian Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation / amortisation expenses ceased. Agencies now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payments for capital expenditure are required.

Note 28: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. In 2013, the Department of Finance provided legal advice that indicated there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The Agency has reviewed its processes and controls over payments for these items to minimise the possibility for future breaches as a result of these payments. The Agency has determined that there is a low risk of the certain circumstances mentioned in the legal advice applying to the Agency. The Agency is not aware of any specific breaches of Section 83 in respect of these items.

References

Glossary

Annual wage review

A review of minimum award wages and the national minimum wage order conducted by the Fair Work Commission each financial year.

Australian Public Service (APS) employee

A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the *Public Service Act 1999*.

Corporate governance

The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.

Enforceable undertakings

A written commitment outlining how a person intends to rectify a contravention.

Enterprise agreement

An agreement made under the *Fair Work Act 2009* (on or after 1 July 2009) between one or more employers and a group of employees in relation to terms and conditions of employment for those employees.

Fair Work Building and Construction

An independent statutory agency established by the *Fair Work (Building Industry) Act 2012* responsible for regulating workplace relations laws in the building and construction industry.

Fair Work Commission

The national workplace relations tribunal created by the *Fair Work Act 2009*. It is an independent body with power to carry out a range of functions covering: the safety net of minimum wages and employment conditions; enterprise bargaining; industrial action; dispute resolution and termination of employment.

General protections

Protections provided by the *Fair Work Act 2009*, relating to workplace discrimination, sham contracting, and workplace rights.

Individual flexibility arrangement

An arrangement between an employer and an employee, that can vary the effect of some conditions of a modern award or enterprise agreement. The individual flexibility arrangement must pass the 'Better Off Overall Test', but does not need to be registered.

Industrial instruments

Sets out minimum conditions of employment for employees to whom they apply. Instrument types include modern awards, enterprise agreements, award-based transitional instruments, transitional minimum wage instruments and agreement-based transitional instruments.

Mediation

A dispute resolution process that focuses on assisting parties to reach a mutual agreement, and to resolve disagreements on their own terms.

Modern awards

An award made by the Australian Industrial Relations Commission as part of the award modernisation process that commenced operation on 1 January 2010. Modern awards supplement the National Employment Standards by setting out additional minimum terms and conditions that apply in a particular industry or occupation including monetary entitlements such as wages, penalty rates and allowances.

National Employment Standards (NES)

Ten minimum standards of employment that apply to national system employees from 1 January 2010. For a list of the NES visit www.fairwork.gov.au/nas.

Phoenixing

Involves a company intentionally accumulating debts to improve cash flow or wealth and then liquidating to avoid paying the debt. The business is then continued as another corporate entity, controlled by the same person or group and free of their previous debts and liabilities.

Proactive compliance deed

A written commitment outlining how a business will work cooperatively with the FWO to build compliance capacity.

Sham contracting

Where an employer tries to disguise an employment relationship as an independent contracting relationship. This may be done to avoid having to provide employees with their proper entitlements.

Transitional arrangements

A process of implementing certain monetary entitlements in modern awards in five 20% increments over a four-year period from the first full pay period on or after 1 July 2010 in accordance with the model transitional provisions in a modern award.

Workplace discrimination

Under the *Fair Work Act 2009*, it is unlawful for an employer to discriminate against an employee or prospective employee on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family or carers responsibilities, pregnancy, religion, political opinion, national extraction or social origin.

Abbreviations and acronyms

APS	Australian Public Service
APSC	Australian Public Service Commission
AWA	Australian Workplace Agreement
CBEAS	Community Based Employment Advisory Services
EL1	Executive Level 1
EL2	Executive Level 2
Fair Work Act	<i>Fair Work Act 2009</i>
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FWO	Fair Work Ombudsman
GLBTI	Gay, lesbian, bisexual, transgender and intersex
IFA	Individual Flexibility Arrangement
IPS	Information Publication Scheme
KPI	Key Performance Indicator
NES	National Employment Standards
OAIC	Office of the Australian Information Commissioner
PBS	Portfolio Budget Statements
SES	Senior Executive Service



List of requirements

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
	Letter of transmittal	Mandatory	2
	Table of contents	Mandatory	2
	Index	Mandatory	138-139
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	Contact officer(s)	Mandatory	140
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Review by Secretary			
	Review by departmental secretary	Mandatory	4-5
	Summary of significant issues and developments	Suggested	4-5
	Overview of department's performance and financial results	Suggested	4-5
	Outlook for following year	Suggested	4-5
	Significant issues and developments – portfolio	Portfolio departments – suggested	N/A
Departmental Overview			
	Role and functions	Mandatory	7-8
	Organisational structure	Mandatory	9
	Outcome and program structure	Mandatory	8
	Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Nil to report
	Portfolio structure	Portfolio departments – mandatory	N/A
Report on Performance			
	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	11-41
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	12-13

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	Nil to report
	Narrative discussion and analysis of performance	Mandatory	11-41
	Trend information	Mandatory	11-41
	Significant changes in nature of principal functions/services	Suggested	Nil to report
	Performance of purchaser/provider arrangements	If applicable, suggested	58
	Factors, events or trends influencing departmental performance	Suggested	11-41
	Contribution of risk management in achieving objectives	Suggested	8
	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	47-48
	Discussion and analysis of the department's financial performance	Mandatory	57-59
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	Nil to report
	Agency resource statement and summary resource tables by outcomes	Mandatory	67

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	Agency heads are required to certify that their agency complies with the 'Commonwealth Fraud Control Guidelines'.	Mandatory	46
	Statement of the main corporate governance practices in place	Mandatory	44-49
	Names of the senior executive and their responsibilities	Suggested	45
	Senior management committees and their roles	Suggested	44-45
	Corporate and operational plans and associated performance reporting and review	Suggested	44-49
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	46-48

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	47
	How nature and amount of remuneration for SES officers is determined	Suggested	55
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	Significant developments in external scrutiny	Mandatory	47-48
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	47
	Reports by the Auditor-General, Parliamentary Committees, the Commonwealth Ombudsman or an agency capability review	Mandatory	47
Management of Human Resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	51-55
	Workforce planning, staff retention and turnover	Suggested	51
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	55
	Training and development undertaken and its impact	Suggested	52-53
	Work health and safety performance	Suggested	54-55
	Productivity gains	Suggested	Nil to report
	Statistics on staffing	Mandatory	61-65
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	65
	Performance pay	Mandatory	55
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	58

PART OF REPORT	DESCRIPTION	REQUIREMENT	PAGE
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	58
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Nil to report
Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	Nil to report
Financial Statements	Financial Statements	Mandatory	69-131
Other Mandatory Information			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	54-55
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	59
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	59
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Nil to report
	Grant programs	Mandatory	58
	Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	65
	Information Publication Scheme statement	Mandatory	49
	Correction of material errors in previous annual report	If applicable, mandatory	Nil to report
	Agency Resource Statements and Resources for Outcomes	Mandatory	66-67
	List of Requirements	Mandatory	134-137

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Annual report

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