

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

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Fair Work Ombudsman and Registered Organisations Commission Entity will be able to pay its debts as and when they fall due.



Sandra Parker  
Accountable Authority

17 September 2018



Russell Thackeray  
Chief Financial Officer

17 September 2018

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STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	80,647	75,455	79,825
Suppliers	1.1B	35,862	34,042	35,204
Grants		1,612	1,654	1,670
Depreciation and amortisation	3.2A	10,102	11,948	11,080
Losses from asset sales		1	6	–
<b>Total expenses</b>		<b>128,224</b>	<b>123,105</b>	<b>127,779</b>
<b>LESS:</b>				
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Rental income		912	1,140	690
Other income	1.2A	935	930	500
<b>Total own-source revenue</b>		<b>1,847</b>	<b>2,070</b>	<b>1,190</b>
<b>Gains</b>				
Other gains		200	–	100
<b>Total gains</b>		<b>200</b>	<b>–</b>	<b>100</b>
<b>Total own-source income</b>		<b>2,047</b>	<b>2,070</b>	<b>1,290</b>
<b>Net cost of services</b>		<b>(126,177)</b>	<b>(121,035)</b>	<b>(126,489)</b>
Revenue from Government	1.2B	116,973	112,395	115,409
<b>Deficit</b>		<b>(9,204)</b>	<b>(8,640)</b>	<b>(11,080)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		205	–	–
<b>Total other comprehensive income</b>		<b>205</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive loss attributable to the Australian Government</b>		<b>(8,999)</b>	<b>(8,640)</b>	<b>(11,080)</b>

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

Original budget reflects the figures presented in the 2017–18 Portfolio Budget Statements (PBS).

## **Budget variance commentary**

### **Statement of Comprehensive Income for the Fair Work Ombudsman and Registered Organisations Commission Entity (FWOROCE)**

#### ***Rental Income***

Delays in relocating the Melbourne office allowed the sub-leasing of surplus office space to continue longer into the year than expected, leading to higher than budget rental income.

#### ***Other Income***

Higher than estimated revenue was received from services provided to other Government agencies.

#### ***Other Gains***

FWOROCE negotiated release from the requirement to make-good the Canberra premises at the end of the previous lease. This was not anticipated in the budget and the release of the make-good provision has been recognised as a gain.

STATEMENT OF FINANCIAL POSITION as at 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	1,892	1,868	2,142
Trade and other receivables	3.1B	52,103	61,982	58,776
<b>Total financial assets</b>		<b>53,995</b>	<b>63,850</b>	<b>60,918</b>
<b>Non-financial assets</b>				
Land and buildings (leasehold improvements)	3.2	20,978	12,495	11,518
Property, plant and equipment	3.2	1,550	2,496	2,472
Intangibles	3.2	8,782	11,551	6,823
Prepayments		1,424	1,081	974
<b>Total non-financial assets</b>		<b>32,734</b>	<b>27,623</b>	<b>21,787</b>
<b>Total assets</b>		<b>86,729</b>	<b>91,473</b>	<b>82,705</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	5,877	10,908	16,000
Other payables	3.3B	9,632	5,240	–
<b>Total payables</b>		<b>15,509</b>	<b>16,148</b>	<b>16,000</b>
<b>Provisions</b>				
Employee provisions	6.1A	21,584	21,346	21,961
Other provisions	3.4	1,466	2,093	3,179
<b>Total provisions</b>		<b>23,050</b>	<b>23,439</b>	<b>25,140</b>
<b>Total liabilities</b>		<b>38,559</b>	<b>39,587</b>	<b>41,140</b>
<b>Net assets</b>		<b>48,170</b>	<b>51,886</b>	<b>41,565</b>
<b>EQUITY</b>				
Contributed equity		103,667	98,384	103,667
Reserves		5,981	5,776	5,776
Retained earnings (accumulated deficit)		(61,478)	(52,274)	(67,878)
<b>Total equity</b>		<b>48,170</b>	<b>51,886</b>	<b>41,565</b>

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

Original Budget reflects the figures presented in the 2017–18 PBS.

## Budget variance commentary

### Statement of Financial Position for FWOROCE

#### *Trade and other receivables*

The balance of undrawn appropriation was lower than the budgeted figure. This is a result of the higher cash amount being drawn from prior year unspent appropriations to assist in funding FWOROCE's capital projects.

#### *Non-financial assets*

The amount to be expended on accommodation fit-outs and a number of new internally generated software systems was unknown at the time of establishing the budget and the decision to increase investment in these areas resulted in greater than estimated costs.

#### *Prepayments*

Higher than expected software support payments made in advance have increased prepayments at year end.

#### *Suppliers*

The timing of payment of invoices led to a significantly lower creditors balance at 30 June 2018 compared to the previous year's balance and the budget.

#### *Other payables*

Additional property leases were entered into where significant lease incentives were provided by the property owners. These incentives are recorded as liabilities and released as an offset against expenditure over the term of the relevant lease.

#### *Other provisions*

Ongoing higher than budget releases of the provision for onerous leases resulted in a lower balance against Other provisions.

STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening Balance</b>				
Balance carried forward from previous period		98,384	91,385	98,384
<b>Opening balance</b>		<b>98,384</b>	<b>91,385</b>	<b>98,384</b>
<b>Comprehensive Income</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriations		-	150	-
Departmental capital budget	5.1	5,283	6,849	5,283
<b>Total transactions with owners</b>		<b>5,283</b>	<b>6,999</b>	<b>5,283</b>
<b>Closing balance as at 30 June</b>		<b>103,667</b>	<b>98,384</b>	<b>103,667</b>
<b>ASSET REVALUATION RESERVE</b>				
<b>Opening Balance</b>				
Balance carried forward from previous period		5,776	5,776	5,776
<b>Opening balance</b>		<b>5,776</b>	<b>5,776</b>	<b>5,776</b>
<b>Comprehensive Income</b>				
Revaluation	3.2	205	-	-
<b>Total comprehensive income</b>		<b>205</b>	<b>-</b>	<b>-</b>
<b>Closing balance as at 30 June</b>		<b>5,981</b>	<b>5,776</b>	<b>5,776</b>
<b>RETAINED EARNINGS</b>				
<b>Opening Balance</b>				
Balance carried forward from previous period		(52,274)	(43,634)	(56,798)
<b>Opening balance</b>		<b>(52,274)</b>	<b>(43,634)</b>	<b>(56,798)</b>
<b>Comprehensive Income</b>				
Surplus/(Deficit) for the period		(9,204)	(8,640)	(11,080)
<b>Total comprehensive income</b>		<b>(9,204)</b>	<b>(8,640)</b>	<b>(11,080)</b>
<b>Closing balance as at 30 June</b>		<b>(61,478)</b>	<b>(52,274)</b>	<b>(67,878)</b>
<b>TOTAL EQUITY</b>				
<b>Opening Balance</b>				
Balance carried forward from previous period		51,886	53,527	47,362
<b>Opening balance</b>		<b>51,886</b>	<b>53,527</b>	<b>47,362</b>
<b>Comprehensive Income</b>				
Surplus/(Deficit) for the period		(9,204)	(8,640)	(11,080)
Revaluation		205	-	-
<b>Total comprehensive income</b>		<b>(8,999)</b>	<b>(8,640)</b>	<b>(11,080)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriations		-	150	-
Departmental capital budget		5,283	6,849	5,283
<b>Total transactions with owners</b>		<b>5,283</b>	<b>6,999</b>	<b>5,283</b>
<b>Closing balance as at 30 June</b>		<b>48,170</b>	<b>51,886</b>	<b>41,565</b>

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

Original Budget reflects the figures presented in the 2016-17 PBS.

## Accounting policy

### ***Equity injections***

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

### ***Restructuring of administrative arrangements***

Net assets received from or relinquished to another government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

## Budget variance commentary

### ***Surplus/(Deficit) for the period***

Expenditure levels did not increase to match the additional funding that was allocated to FWOROCE during the MYEFO budget round under the Additional Funding for the Registered Organisations Commission, resulting in a lower deficit against the original budget.

Higher revenue from sub-lease rental income and receipts for services provided to other agencies also contributed to the lower deficit for the year.



## CASH FLOW STATEMENT for the period ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		125,193	110,059	117,334
Sales of goods and rendering of services		1,526	2,086	690
Net goods and services tax (GST) received		4,425	3,563	-
Other		-	-	500
<b>Total cash received</b>		<b>131,144</b>	<b>115,708</b>	<b>118,524</b>
<b>Cash used</b>				
Employees		80,167	75,138	79,700
Suppliers		40,377	33,380	37,299
Section 74 receipts transferred to Official Public Account (OPA)		3,007	7,263	-
<b>Total cash used</b>		<b>123,551</b>	<b>115,781</b>	<b>116,999</b>
<b>Net cash from (used by) operating activities</b>		<b>7,593</b>	<b>(73)</b>	<b>1,525</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of non-financial assets		14,666	9,755	6,808
<b>Total cash used</b>		<b>14,666</b>	<b>9,755</b>	<b>6,808</b>
<b>Net cash used by investing activities</b>		<b>(14,666)</b>	<b>(9,755)</b>	<b>(6,808)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		7,097	9,554	5,283
<b>Total cash received</b>		<b>7,097</b>	<b>9,554</b>	<b>5,283</b>
<b>Net cash from financing activities</b>		<b>7,097</b>	<b>9,554</b>	<b>5,283</b>
<b>Net increase in cash held</b>		<b>24</b>	<b>(274)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		1,868	2,142	2,142
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>1,892</b>	<b>1,868</b>	<b>2,142</b>

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

Original Budget reflects the figures presented in the 2017–18 PBS.

## **Budget variance commentary**

### ***Operating Activities***

#### ***Appropriations***

Additional funding of \$1.564 million was allocated to FWOROCE during the MYEFO budget round under the Additional Funding for the Registered Organisations Commission, resulting in higher cash receipts for the year.

FWOROCE drew on unspent prior year appropriations to fund assets purchases and make payments to creditors from 30 June 2017.

#### ***Sale of goods and rendering of services***

A higher amount of sub-lease rental income arising from the delay in vacating the previous Melbourne premises, combined with higher than estimated revenue from the provision of services to other Government agencies led to a higher than budget result.

#### ***Suppliers***

Payments to suppliers was higher than budgeted due to the payments of unpaid creditors from 2016–17. The balance of suppliers payable at 30 June 2018 was significantly lower than that at 30 June 2017.

#### ***Section 74 receipts***

Variation from the budgeted section 74 receipts was due to receipts for reimbursements of expenditure, such as paid parental leave and leave balances of staff transferred, are not able to be estimated accurately at the time of producing the PBS.

### ***Investing activities***

#### ***Purchase of non-financial assets***

Higher than planned expenditure on non-financial assets was due to the timing of the payment of the incentive associated with the accommodation fit-out in the new Melbourne office and a number of new internally generated software systems.

#### ***Contributed equity***

A greater amount of funds were required to be drawn from cash reserves to fund the additional non-financial asset purchases.

## ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME for the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Original Budget \$
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Write-down and impairment of assets	2.1	2,713,709	2,311,626	–
<b>Total expenses</b>		<b>2,713,709</b>	<b>2,311,626</b>	<b>–</b>
<b>LESS:</b>				
<b>Income</b>				
<b>Non-taxation revenue</b>				
Fees and fines	2.2A	8,099,765	5,152,228	300,000
<b>Total revenue</b>		<b>8,099,765</b>	<b>5,152,228</b>	<b>300,000</b>
<b>Net contribution by services</b>		<b>5,386,056</b>	<b>2,840,602</b>	<b>300,000</b>
<b>Surplus</b>		<b>5,386,056</b>	<b>2,840,602</b>	<b>300,000</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Total Other Comprehensive Income</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Comprehensive Income</b>		<b>5,386,056</b>	<b>2,840,602</b>	<b>300,000</b>

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

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

Original Budget reflects the figures presented in the 2017–18 PBS.

### Budget variance commentary

#### *Write down and impairment of assets*

The assessment of recoverability of the penalties awarded by the courts against employers and directors of employing entities has resulted in the impairment of the administered debtors established to recognise the court penalties. The amount of unrecoverable court penalties are unable to be accurately estimated when budgets are developed.

#### *Fees and fines*

The quantum of penalties handed down by the courts where FWOROCE has brought forward successful litigations are unable to be accurately estimated at the time of establishing budgets.

## ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES as at 30 June 2018

	Notes	2018 \$	2017 \$	Original Budget \$
<b>ASSETS</b>				
<b>Financial assets</b>				
Trade and other receivables	4.1A	4,736,205	2,529,798	2,364,000
Other financial assets	4.1B	1,086,892	912,680	957,000
<b>Total financial assets</b>		<b>5,823,097</b>	<b>3,442,478</b>	<b>3,321,000</b>
<b>Total assets administered on behalf of Government</b>		<b>5,823,097</b>	<b>3,442,478</b>	<b>3,321,000</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Other payables		1,050	–	
<b>Total payables</b>		<b>1,050</b>	<b>–</b>	<b>–</b>
<b>Total liabilities administered on behalf of Government</b>		<b>1,050</b>	<b>–</b>	<b>–</b>
<b>Net assets</b>		<b>5,822,047</b>	<b>3,442,478</b>	<b>3,321,000</b>

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

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

Original Budget reflects the figures presented in the 2017–18 PBS.

### Budget variance commentary

#### **Trade and other receivables**

The quantum of penalties handed down by the courts where FWOROCE has brought forward successful litigations are unable to be accurately estimated at the time of establishing budgets. FWOROCE has been successful in achieving higher penalties than expected during the financial year.

#### **Other financial assets**

Penalties handed down by the courts post the end of the financial year are required to be accrued into the financial statements up to the signing date. The quantum of these penalties are unable to be accurately estimated at the time of establishing budgets. Higher penalties than anticipated have been handed down.

## ADMINISTERED RECONCILIATION SCHEDULE as at 30 June 2018

	2018 \$	2017 \$
Opening assets less liabilities as at 1 July	3,442,478	3,321,140
<b>Net (cost of)/contribution by services</b>		
Income	8,099,765	5,152,228
Expenses	(2,713,709)	(2,311,626)
<b>Transfers to/from Australian Government:</b>		
Transfers to OPA	(2,735,125)	(2,695,264)
Transfers to OPA by other agencies	(271,362)	(24,000)
<b>Closing assets less liabilities as at 30 June</b>	<b>5,822,047</b>	<b>3,442,478</b>

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

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

### Accounting policy

#### **Administered cash transfers to and from the OPA**

Revenue collected by the agency for use by the Government rather than the agency is administered revenue. Collections are transferred to the OPA maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the agency on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

## ADMINISTERED CASH FLOW STATEMENT for the period ended 30 June 2018

Notes	2018 \$	2017 \$
<b>OPERATING ACTIVITIES</b>		
<b>Cash received</b>		
Fines	2,735,125	2,695,264
<b>Total cash received</b>	<b>2,735,125</b>	<b>2,695,264</b>
<b>Net cash from operating activities</b>	<b>2,735,125</b>	<b>2,695,264</b>
<b>Net increase in cash held</b>	<b>2,735,125</b>	<b>2,695,264</b>
Cash and cash equivalents at the beginning of the reporting period	-	-
Cash to the OPA		
Administered accounts	(2,735,125)	(2,695,264)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>-</b>	<b>-</b>

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

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



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ending 30 June 2018

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## Overview

### **The Basis of Preparation**

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2015
- Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets 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.

### **New Australian Accounting Standards**

#### ***Adoption of new Australian Accounting Standard Requirements***

All new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and 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 agency's financial statements.

#### ***Future Australian Accounting Standard Requirements***

All new, revised, amending standards and/or interpretations that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future material impact on the agency's financial statements.

### **Taxation**

The agency is exempt from all forms of taxation except fringe benefits tax (FBT) and GST.

### **Reporting of Administered Activities**

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes.

Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

### **Events After the Reporting Date**

#### ***Departmental***

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

#### ***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.



# 1. Financial Performance

This section analyses the financial performance of FWOROCE for the year ended 2018.

## 1.1 Expenses

	2018 \$'000	2017 \$'000
<b>1.1A: Employee Benefits</b>		
Wages and salaries	56,238	53,723
Superannuation:		
Defined contribution plans	7,065	6,877
Defined benefit plans	4,088	3,814
Leave and other entitlements	10,184	9,485
Separation and redundancies	2,625	1,143
Other employee expenses	447	413
<b>Total employee benefits</b>	<b>80,647</b>	<b>75,455</b>

### Accounting policy

Accounting policies for employee related expenses are contained in the People and Relationships section (page 82).

## 1.1B: Suppliers

<b>Goods and services supplied or rendered</b>		
Contractors	10,211	9,149
Legal fees	4,611	3,011
Property outgoings	2,688	2,526
Travel	2,276	2,503
Training	1,000	820
Telecommunications	1,483	968
Software support and maintenance	342	1,453
Consultants	626	1,080
Other	3,771	3,824
<b>Total goods and services supplied or rendered</b>	<b>27,008</b>	<b>25,334</b>
Goods supplied	1,341	1,203
Services rendered	25,667	24,131
<b>Total goods and services supplied or rendered</b>	<b>27,008</b>	<b>25,334</b>
<b>Other suppliers</b>		
Operating lease rentals	8,185	7,105
Workers compensation expenses	669	1,603

## 1.1 Expenses *(continued)*

	2018 \$'000	2017 \$'000
<b>Total other suppliers</b>	<b>8,854</b>	<b>8,708</b>
<b>Total suppliers</b>	<b>35,862</b>	<b>34,042</b>

### Leasing commitments

The FWO ROCE in its capacity as lessee holds office accommodation leases 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.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	8,843	8,107
Between 1 to 5 years	31,760	29,352
More than 5 years	19,142	20,292
<b>Total operating lease commitments</b>	<b>59,745</b>	<b>57,751</b>

### Accounting policy

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

## 1.2 Own-Source Revenue and Gains

	2018 \$'000	2017 \$'000
<b>Own-Source Revenue</b>		
<b>1.2A: Other Income</b>		
Resources received free of charge - audit fees	77	77
Other income	858	853
<b>Total other income</b>	<b>935</b>	<b>930</b>

### Accounting policy

#### *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. 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 entity as a consequence of a restructuring of administrative arrangements.

#### *Gains from make-good*

Gains from make-good are recognised either when FWOROCE exits a lease for which FWOROCE has been absolved of its make-good obligation or when the costs incurred are less than the provision for make-good.

### 1.2B: Revenue from Government

Appropriations		
Departmental appropriations	116,973	112,395
<b>Total revenue from Government</b>	<b>116,973</b>	<b>112,395</b>

### Accounting policy

#### *Revenue from Government*

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government 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.

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

## 2. Income and Expenses Administered on Behalf of Government

This section analyses the activities that FWOROCE does not control but administers on behalf of Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 2.1 Administered - Expenses

	2018 \$	2017 \$
<b>Write-Down and Impairment of Assets</b>		
Impairment of financial instruments	2,713,709	2,311,626
<b>Total write-down and impairment of assets</b>	<b>2,713,709</b>	<b>2,311,626</b>

#### Accounting policy

Litigations undertaken by the agency may result in penalties being handed down by the courts against employers and directors of the employing entity. These penalties are held as administered debtors in the accounts of the agency. An assessment of the recoverability of the debt is carried out by the agency's Legal Branch and if a debt is deemed to not be recoverable, a provision is established against the debtor and that associated cost is expensed.

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

### 2.2 Administered - Income

	2018 \$	2017 \$
<b>Revenue</b>		

#### Accounting policy

All administered revenues are revenues relating to ordinary activities performed by the agency on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual agency that oversees distribution of the funds as directed.

#### 2.2A Fees and Fines

Court-awarded penalties	7,648,614	4,720,018
Infringement notices	451,151	432,210
<b>Total fees and fines</b>	<b>8,099,765</b>	<b>5,152,228</b>

#### Accounting policy

Revenue comprises court-awarded penalties relating to breaches of either the *Workplace Relations Act 1996* or the *Fair Work Act*. 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.

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

## 3. Financial Position

This section analyses the FWOROCE assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 3.1 Financial Assets

	2018 \$'000	2017 \$'000
<b>3.1A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	816	679
Cash held by contracted agents	1,076	1,189
<b>Total cash and cash equivalents</b>	<b>1,892</b>	<b>1,868</b>
<b>3.1B: Trade and Other Receivables</b>		
<b>Goods and services receivable</b>		
Goods and services	1,701	153
<b>Total goods and services receivables</b>	<b>1,701</b>	<b>153</b>
<b>Appropriations receivables</b>		
Appropriation receivable	46,740	61,297
<b>Total appropriations receivables</b>	<b>46,740</b>	<b>61,297</b>
<b>Other receivables</b>		
GST receivable from the Australian Taxation Office	304	384
Other	3,358	148
<b>Total other receivables</b>	<b>3,662</b>	<b>532</b>
<b>Total trade and other receivables</b>	<b>52,103</b>	<b>61,982</b>

No provision for impairment is provided for as at balance date.

Credit terms for goods and services were within 30 days (2017: 30 days).

#### Accounting policy

##### *Loans and receivables*

Trade receivables and other receivables that have fixed or determinable payments and 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.

##### *Impairment of financial assets*

Financial assets are assessed for impairment at the end of each reporting period.

## 3.2 Non-Financial Assets

### 3.2: Reconciliation of Opening and Closing Balances of Property, Plant and Equipment and Intangibles

#### Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2018

	Land and buildings (leasehold improvements) \$'000	Property, plant and equipment \$'000	Intangibles (computer software) <sup>1</sup> \$'000	Total \$'000
<b>As at 1 July 2017</b>				
Gross book value	24,763	5,086	32,687	62,536
Accumulated depreciation and amortisation	(12,268)	(2,590)	(21,136)	(35,994)
<b>Total as at 1 July 2017</b>	<b>12,495</b>	<b>2,496</b>	<b>11,551</b>	<b>26,542</b>
<b>Additions</b>				
Purchase	11,185	212	3,269	14,666
Revaluations and impairments through equity	205	–	–	205
Depreciation and amortisation	(2,907)	(1,157)	(6,038)	(10,102)
<b>Disposals</b>				
Other	–	(1)	–	(1)
<b>Total as at 30 June 2018</b>	<b>20,978</b>	<b>1,550</b>	<b>8,782</b>	<b>31,310</b>
<b>Total as at 30 June 2018 represented by</b>				
Gross book value	30,838	5,265	35,956	72,059
Accumulated depreciation, amortisation and impairment	(9,860)	(3,715)	(27,174)	(40,749)
<b>Total as at 30 June 2018</b>	<b>20,978</b>	<b>1,550</b>	<b>8,782</b>	<b>31,310</b>

1. The carrying amount of computer software comprises internally generated software.

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.

The FWOROCE has two properties that have leasehold improvements where the lease is due for renewal or cessation within the next 12 months. The total net book value of the leasehold improvements for these properties was \$0.044 million as at 30 June 2018.

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

No other property, plant and equipment and intangibles are expected to be sold or disposed of within the next 12 months.

#### Revaluations of non-financial assets

In May 2018, AON Pty Ltd, an independent valuer, conducted a valuation assessment of the agency's non-financial assets. As a result of this valuation exercise, the carrying value of land and buildings at 30 June 2018 were increased by \$0.205 million.

#### Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of 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's accounts immediately prior to the restructuring.

#### Asset recognition threshold

Purchases of land and buildings (leasehold improvements), property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2000, 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 'make-good' recognised.

### Revaluations

Following initial recognition at cost, land and buildings (leasehold improvements), property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

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

### Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the 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 useful lives:

	2018	2017
Leasehold improvements	Lesser of term and useful life	Lesser of term and useful life
Plant and equipment	5 years	5 years
Computer equipment	3–8 years	3–8 years

### Impairment

All assets were assessed for impairment at 30 June 2018. 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 of disposal 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 were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

### Derecognition

An item of land and buildings (leasehold improvements), property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

### Intangibles

The agency's intangible assets comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the agency's software are three years (2016-17: three years).

All software assets were assessed for indications of impairment as at 30 June 2018.

## 3.3 Payables

	2018 \$'000	2017 \$'000
<b>3.3A: Suppliers</b>		
Trade creditors and accruals	3,357	8,951
Operating lease rentals	2,520	1,957
<b>Total suppliers</b>	<b>5,877</b>	<b>10,908</b>

Settlement is usually made net 30 days.

<b>3.3B: Other Payables</b>		
Salaries and wages	600	593
Lease incentives	9,032	4,647
<b>Total other payables</b>	<b>9,632</b>	<b>5,240</b>



## 3.4 Other Provisions

### 3.4: Other Provisions

	Provisions for Restoration \$'000	Provision for Onerous leases \$'000	Total \$'000
As at 1 July 2017	200	1,893	2,093
Additional provisions made	(200)	(427)	(627)
Amounts used	-	-	-
<b>Total as at 30 June 2018</b>	<b>-</b>	<b>1,466</b>	<b>1,466</b>

The agency currently has no (2017: one) agreements 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 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.

## 4. Assets and Liabilities Administered on Behalf of Government

This section analyses the financial performance of FWOROCE for the year ended 2018.

### 4.1 Administered - Financial Assets

	2018 \$	2017 \$
<b>4.1A: Trade and Other Receivables</b>		
<b>Other receivables</b>		
Court-awarded penalties	9,034,062	4,933,207
<b>Total trade and others receivables (gross)</b>	<b>9,034,062</b>	<b>4,933,207</b>
<b>Less Impairment allowance</b>		
Other receivables—Court-awarded penalties	(4,297,857)	(2,403,409)
<b>Total trade and others receivables (net)</b>	<b>4,736,205</b>	<b>2,529,798</b>

All receivables are expected to be settled within 12 months.

#### Reconciliation of the Impairment Allowance

##### Movements in relation to 2018

	Other receivables \$
<b>As at 1 July 2017</b>	<b>(2,403,409)</b>
Amounts written off	819,261
Increase recognised in net surplus	(2,713,709)
<b>Total as at 30 June 2018</b>	<b>(4,297,857)</b>

#### Accounting policy

##### 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, derecognition and amortisation are recognised through profit or loss. Administered receivables represents debts owed to the agency by employers, workers and organisations as a result of court-awarded penalties.

	2018 \$	2017 \$
<b>4.1B: Other Financial Assets</b>		
Accrued revenue	1,086,892	912,680
<b>Total other financial assets</b>	<b>1,086,892</b>	<b>912,680</b>

All other financial assets are expected to be settled within 12 months.

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

# 5. Funding

This section identifies the FWOROCE funding structure.

## 5.1 Appropriations

### 5.1A: Annual Appropriations ('Recoverable GST exclusive')

#### Annual Appropriation for 2018

	Annual Appropriation <sup>1</sup> \$'000	Adjustments to Appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation Applied in 2018 (current and prior Years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	116,973	3,007	119,980	132,723	(12,743)
Capital Budget <sup>4</sup>	5,283	–	5,283	7,097	(1,814)
<b>Total departmental</b>	<b>122,256</b>	<b>3,007</b>	<b>125,263</b>	<b>139,820</b>	<b>(14,557)</b>

#### Notes

1. Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2017-18: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4, 6) 2017-18: 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.
2. Adjustments to Appropriation in 2017-18 comprised PGPA Act Section 74 receipts of \$3.007 million.
3. The variance between total appropriation and appropriation applied in 2018 relates to payments funded from unspent prior year appropriation items.
4. 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.

#### Annual Appropriation for 2017

	Annual Appropriation <sup>1</sup> \$'000	Adjustments to Appropriation <sup>2</sup> \$'000	Total appropriation \$'000	Appropriation Applied in 2017 (current and prior Years) \$'000	Variance <sup>3</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	110,168	7,263	117,431	115,095	2,336
Capital Budget <sup>4</sup>	6,849	–	6,849	9,404	(2,555)
Equity	150	–	150	150	–
<b>Total departmental</b>	<b>117,167</b>	<b>7,263</b>	<b>124,430</b>	<b>124,649</b>	<b>(219)</b>

1. Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2016-17: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4, 6) 2016-17: 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.
2. Adjustments to Appropriation in 2016-17 comprised PGPA Act Section 74 receipts of \$5.036 million and Section 75 transfers of \$2.227 million.
3. The variance between total appropriation and appropriation applied in 2017 relates to payments funded from unspent prior year appropriation items.
4. 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.

## 5.1 Appropriations *(continued)*

	2018 \$'000	2017 \$'000
<b>5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')</b>		
<b>Departmental</b>		
<i>Appropriation Act (No. 1) 2016–17</i>	–	48,473
<i>Appropriation Supply Act (No. 1) 2016–17</i>	–	6,697
<i>Appropriation Act (No 3) 2016–17</i>	1,814	6,181
<i>Appropriation Act (No. 1) 2016-17 - Capital Budget (DCB)</i>	–	1,814
<i>Appropriation Act (No. 1) 2017-18</i>	45,254	–
<i>Appropriation Act (No. 2) 2016-17</i>	1,564	–
<b>Total</b>	<b>48,632</b>	<b>63,165</b>

Unspent appropriation includes cash and cash equivalents on hand at 30 June.

Represented by:	Appropriations receivable	\$46,740
	Cash	\$1,892
		\$48,632

### 5.1C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation Applied	
			2018 \$'000	2017 \$'000
<i>Fair Work Act 2009 s. 559(4) Administered</i>	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.	661	1,515
<b>Total special appropriations</b>			<b>661</b>	<b>1,515</b>

## 5.2 Special Accounts

	ROC Special Account <sup>1</sup>	
	2018 \$'000	2017 \$'000
<b>Balance brought forward from previous period</b>	1,379	–
Increases	6,509	2,227
<b>Total increases</b>	6,509	2,227
<b>Available for payments</b>	7,888	2,227
Decreases	5,680	848
<b>Total decreases</b>	5,680	848
<b>Total balance carried to the next period</b>	2,208	1,379
<b>Balance represented by:</b>		
Cash held in the agency bank account	–	–
Cash held in the OPA	2,208	1,379
<b>Total balance carried forward to next period</b>	2,208	1,379

1. Appropriation: PGPA Act, section 80.

Establishing Instrument: Fair Work (Registered Organisations) Amendment Act 2016, section 329EA.

Purpose: Paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Commissioner's functions.

## 6. People and Relationships

This section describes a range of employment and post-employment benefits provided to our people and our relationships with other key people.

### 6.1 Employee Provisions

	2018 \$'000	2017 \$'000
<b>6.1A: Employee Provisions</b>		
Leave	21,541	21,327
Other	43	19
<b>Total employee provisions</b>	<b>21,584</b>	<b>21,346</b>

#### Accounting policy

Liabilities for short-term employee benefits and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for personal leave as all personal leave is non-vesting and the average personal leave taken in future years by employees of the agency is estimated to be less than the annual entitlement for personal 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 FRR.

#### 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

The agency's staff are members of either the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. 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 by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

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

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

#### 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 significant impact on the amounts recorded in the financial statements: the Australian Government shorthand method has been used to estimate the present value of long service leave liabilities. This involves the estimation of salary growth rates, discount rates, the probability of leave vesting and the amount of leave expected to be settled in service.

## 6.2 Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The entity has determined the key management personnel to be the Minister for Jobs, Industrial Relations and Women, the Chief Executive, members of the Executive Committee and the Registered Organisations Commissioner. Key management personnel remuneration is reported in the table below:

	2018 \$'000	2017 \$'000
Short-term employee benefits	3,663	3,110
Post-employment benefits	615	526
Other long-term employee benefits	444	395
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>4,722</b>	<b>4,031</b>

Notes: The total number of senior management personnel that are included in the above table are 16 (2017: 15).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

## 6.3 Related Party Disclosures

### **Related party relationships:**

The entity is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister, members of the Executive Committee and the Registered Organisations Commissioner.

### **Transactions with related parties:**

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. These transactions have not been separately disclosed in this note.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

## 7. Managing Uncertainties

This section analyses how the agency manages financial risks within its operating environment.

### 7.1 Contingent Assets and Liabilities

#### 7.1A Contingent Assets and Liabilities

##### Unquantifiable contingencies

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.

##### Accounting policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when the likelihood of settlement is greater than remote.

#### 7.1B: Administered—Contingent Assets and Liabilities

##### Quantifiable Administered Contingencies

At 30 June 2018, the agency has no quantifiable administered contingent assets. (2017: nil)

At 30 June 2018, the agency has no quantifiable administered contingent liabilities. (2017: nil)

##### Unquantifiable Administered Contingencies

At 30 June 2018, the agency is currently involved in litigation against 88 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. (2017: 101)

At 30 June 2018, the agency has no unquantifiable administered contingent liabilities. (2017: nil)



## 7.2 Financial Instruments

	2018 \$'000	2017 \$'000
<b>7.2A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	1,892	1,868
Goods and services receivables	1,701	153
Other receivables	3,358	148
<b>Total loans and receivables</b>	<b>6,951</b>	<b>2,169</b>
<b>Total financial assets</b>	<b>6,951</b>	<b>2,169</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	5,877	10,908
<b>Total financial liabilities measured at amortised cost</b>	<b>5,877</b>	<b>10,908</b>
<b>Total financial liabilities</b>	<b>5,877</b>	<b>10,908</b>

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

### Accounting policy

#### *Financial assets*

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The agency only holds financial assets of loans and receivables. Financial assets are recognised and derecognised upon trade date.

#### *Impairment of financial assets*

Financial assets are assessed for impairment at the end of each reporting period.

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

#### *Financial liabilities*

Financial liabilities are classified as other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method.

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).

## 7.3 Fair Value Measurement

### 7.3: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2018 \$'000	2017 \$'000
<b>Non-financial assets</b>		
Land and buildings (leasehold improvements)	20,978	12,495
Property, plant and equipment	1,550	2,496
<b>Total fair value measurements of assets in the Statement of Financial Position</b>	<b>22,528</b>	<b>14,991</b>

There is no significant change in the valuation technique since the prior year.

#### Accounting policy

The fair value of non-financial assets has been taken to be the market value of similar assets.

The agency's assets are held for operational purposes and not held for the purposes of deriving a profit. The current use of all controlled assets is considered their highest and best use.

The agency procured valuation services from AON Pty Ltd for the 2017–18 financial year and relied on valuation models provided by AON. AON provided written assurance to the agency that the valuation models developed are in accordance with AASB 13.

## 8. Other information

### 8.1 Assets Held in Trust

#### 8.1A: 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

	2018 \$	2017 \$
<b>Monetary Assets</b>		
<b>As at 1 July</b>	<b>2,265,424</b>	<b>2,124,690</b>
Receipts	994,859	1,655,260
Payments	(661,347)	(1,514,526)
<b>Total monetary assets held in trust as at 30 June</b>	<b>2,598,936</b>	<b>2,265,424</b>

The values above are at fair value.

These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

### 8.2 Restructuring

	ROC <sup>1</sup>	
	2018 \$'000	2017 \$'000
<b>FUNCTIONS ASSUMED</b>		
<b>Assets recognised</b>		
<b>Total assets recognised</b>	-	-
<b>Liabilities recognised</b>		
Employees leave liabilities	-	466
<b>Total liabilities recognised</b>	-	466
<b>Net liabilities recognised<sup>2</sup></b>	-	(466)

1. The functions associated with the regulation of registered organisations were assumed from the FWC on 1 May 2017 with the establishment of the ROC.

2. The net assets/(liabilities) transferred from the FWC were \$465,993.

The ROC was established under the *Fair Work (Registered Organisations) Amendment Act 2016* and assumed the investigation, enforcement, advice and assistance responsibilities in relation to registered organisations previously undertaken within the FWC. Staff involved in carrying out these functions were transferred from the FWC under a Machinery of Government change.

The legislation also provided for the establishment of the position of Registered Organisations Commissioner.

The ROC operates as an independent regulatory body for operational purposes under the governance of the Registered Organisations Commissioner. For PGPA Act purposes, the ROC forms part of the FWOROCE, with the Fair Work Ombudsman as the accountable authority.

The costs incurred by the FWC in carrying out the functions that were transferred during the 2016–17 financial year, up to 30 April 2017, was \$3.165 million.