

# FAIR WORK OMBUDSMAN

<b>Section 1: Agency overview and resources</b> .....	<b>311</b>
1.1 Strategic direction .....	311
1.2 Agency resource statement .....	313
1.3 Budget measures.....	315
1.4 Transition from outcomes and outputs to outcomes and programs .....	315
<b>Section 2: Outcomes and planned performance</b> .....	<b>316</b>
2.1 Outcomes and performance information .....	316
<b>Section 3: Explanatory tables and budgeted financial statements</b> .....	<b>320</b>
3.1 Explanatory tables .....	320
3.2 Budgeted Financial Statements.....	321



# FAIR WORK OMBUDSMAN

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

The Fair Work Ombudsman was established by the *Fair Work Act 2009* and will commence operations on 1 July 2009. The Fair Work Ombudsman is one of two institutions established to administer the provisions of the *Fair Work Act 2009* and to provide a balanced framework for harmonious, productive and cooperative workplace relations that promote economic prosperity and social inclusion. The *Fair Work Act 2009* also establishes Fair Work Australia which has the power to vary awards, make minimum wage orders, approve agreements, determine unfair dismissal claims and make orders on such things as good faith bargaining and industrial action. Fair Work Australia also assists employees and employers to resolve disputes at the workplace. The Fair Work Ombudsman and Fair Work Australia will develop cooperative and seamless approaches to the delivery of services to employees, employers and organisations.

The Fair Work Ombudsman replaces the Workplace Ombudsman and absorbs the general advisory functions previously undertaken by the Workplace Authority. The Workplace Ombudsman will cease to exist on 30 June 2009.

The Fair Work Ombudsman promotes harmonious, productive and cooperative workplace relations and compliance with workplace laws through:

- Providing education, assistance and advice to employees, employers, outworkers, outworker entities and organisations and producing best practice guides on workplace relations or workplace practices.
- Ensuring compliance with the *Fair Work Act 2009* and fair work instruments by inquiring into, and investigating, any act or practice that may be contrary to the *Fair Work Act 2009*, a fair work instrument or a safety net contractual entitlement.
- Commencing proceedings in a court, or to make applications to Fair Work Australia, to enforce the *Fair Work Act 2009*, fair work instruments and safety net contractual entitlements.
- Representing employees or outworkers who are, or may become, a party to proceedings in a court, or a party to a matter before Fair Work Australia, under the *Fair Work Act 2009* or a fair work instrument, if the Fair Work Ombudsman considers that representing the employees or outworkers will promote compliance with the *Fair Work Act 2009* or a fair work instrument.

*Fair Work Ombudsman Budget Statements – Overview & resources*

The strategic focus of the Fair Work Ombudsman in 2009-10 is to ensure that:

- the Government's new workplace relations system is implemented fully
- employees, employers, outworkers, outworker entities and organisations are informed and educated about the new system
- effective workplace relations compliance is realised.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

**Table 1.1: Fair Work Ombudsman resource statement — Budget estimates for 2009-10 as at Budget May 2009**

	Estimate of prior + year amounts available in 2009-10 \$'000	Proposed at Budget = 2009-10 \$'000	Total Estimate 2009-10 \$'000	Actual Available Appropriation 2008-09 \$'000
<b>Ordinary Annual Services<sup>1</sup></b>				
<b>Departmental</b>				
Departmental appropriation	-	134,637	134,637	-
s31 Relevant agency receipts <sup>2</sup>	-	20,104	20,104	-
<b>Total ordinary annual services</b>	<b>A</b>	<b>154,741</b>	<b>154,741</b>	-
<b>Other services<sup>3</sup></b>				
<b>Departmental non-operating</b>				
Equity injections	-	5,174	5,174	-
<b>Total other services</b>	<b>B</b>	<b>5,174</b>	<b>5,174</b>	-
<b>Total Available Annual Appropriations</b>	-	<b>159,915</b>	<b>159,915</b>	-
<b>Special Appropriations</b>				
<b>Total Special Appropriations</b>	<b>C</b>	-	-	-
<b>Total Appropriations excluding Special Accounts</b>	-	<b>159,915</b>	<b>159,915</b>	-
<b>Special Accounts</b>				
Opening balance <sup>4</sup>	-	-	-	-
Receipts	-	-	-	-
<b>Total Special Accounts</b>	<b>D</b>	-	-	-
<b>Total resourcing</b>	-	<b>159,915</b>	<b>159,915</b>	-
A+B+C+D				
Less appropriations drawn from annual or special appropriations	-	-	-	-
<b>Total net resourcing for Fair Work Ombudsman</b>	-	<b>159,915</b>	<b>159,915</b>	-

<sup>1</sup> Appropriation Bill (No.1) 2009-10

<sup>2</sup> s31 Relevant Agency receipts - estimate

<sup>3</sup> Appropriation Bill (No.2) 2009-10

<sup>4</sup> Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.1

Reader note: All figures are GST exclusive.

### Third Party Payments from and on behalf of other agencies

	2009-10 \$'000	2008-09 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental s31)	20,104	-

### 1.3 BUDGET MEASURES

Budget measures relating to the Fair Work Ombudsman are detailed in Budget Paper No. 2 and are summarised below.

**Table 1.2: Fair Work Ombudsman 2009-10 Budget measures**

	Program	2008-09 \$'000	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000
<b>Expense measures</b>						
Fair Work Australia - implementation of workplace relations legislation <sup>1</sup>	1					
Departmental expenses		-	25,064	24,196	22,494	19,722
<b>Total</b>		-	<b>25,064</b>	<b>24,196</b>	<b>22,494</b>	<b>19,722</b>
Temporary Business (Long Stay) Visa (Subclass 457) Reform - Implementation <sup>2</sup>	1					
Departmental expenses		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Total expense measures</b>						
Departmental		-	25,064	24,196	22,494	19,722
<b>Total</b>		-	<b>25,064</b>	<b>24,196</b>	<b>22,494</b>	<b>19,722</b>
<b>Capital measures</b>						
Fair Work Australia - implementation of workplace relations legislation <sup>1</sup>	1					
Departmental expenses		-	2,500	1,000	-	-
<b>Total</b>		-	<b>2,500</b>	<b>1,000</b>	-	-
<b>Total capital measures</b>						
Departmental		-	2,500	1,000	-	-
<b>Total</b>		-	<b>2,500</b>	<b>1,000</b>	-	-

Prepared on a Government Financial Statistics (fiscal) basis.

<sup>1</sup> The lead agency for measure Fair Work Australia - implementation of workplace relations legislation is the Department of Education, Employment and Workplace Relations.

<sup>2</sup> The lead agency for measure Temporary Skilled Subclass 457 Visa Reform – Implementation is the Department of Immigration and Citizenship.

The full measure description and package details appear in Budget Paper No. 2.

## 1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009-10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. The Transition table below outlines the transition from the 2008-09 Budget year (as at Additional Estimates) which was presented in administered items, outputs and output groups to the program reporting framework used for the 2009-10 Budget. The table also captures revisions made to GGS outcome statements under the Operation Sunlight Outcome Statements Review.

### Transition table

2008-09 Budget year	2009-10 Budget year		
Outcome 1:	Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.		
<table border="1"><tr><td>Output Group 1</td></tr></table>	Output Group 1	<table border="1"><tr><td>Program 1: Education services and Compliance activities</td></tr></table>	Program 1: Education services and Compliance activities
Output Group 1			
Program 1: Education services and Compliance activities			

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor the performance of the Fair Work Ombudsman in achieving government outcomes.

#### **Outcome 1: Compliance with workplace relations legislation by employees**

##### **Outcome 1 Strategy**

The workplace rights and obligations of employees, employers, outworkers, outworker entities and organisations are protected and enforced through a mix of targeted advice and education to employers and employees, investigation of breaches of workplace laws with a focus on voluntary compliance and, where necessary, litigation in the courts as a means of both general and specific deterrence.

The Fair Work Ombudsman provides a single national point of contact for accurate and timely advice on the federal workplace relations system. As part of its ongoing educative role, the agency undertakes education activities and compliance campaigns and provides information services and best practice guides. The educational activities and compliance campaigns are run at national, state and local levels and target particular industries or geographical locations.

More than 300 workplace inspectors across Australia investigate complaints or allegations received. It is expected that in the majority of instances compliance with workplace relations laws will be achieved voluntarily and will be assisted by targeted and industry specific auditing activities. Litigation activities are used when and as required, particularly in cases where breaches have significant consequences, when they affect a vulnerable group or when a person does not acknowledge that the problem requires rectification.

The Fair Work Ombudsman makes public statements about its enforcement activities to educate the community, promote confidence in its activities amongst the Australian community and to foster general deterrence.



*Fair Work Ombudsman Budget Statements – Outcomes & performance*

**Outcome 1 Budgeted Expenses and Resources**

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

**Table 2.1: Budgeted Expenses and Resources for Outcome 1**

<b>Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.</b>	2008-09 Estimated Actual Expenses \$'000	2009-10 Estimated Expenses \$'000
<b>Program 1</b>		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	-	134,637
Revenues from Independent Sources (Section 31)	-	20,104
<b>Total for Program 1</b>	-	154,741
<b>Total Expenses for Outcome 1</b>	-	154,741

	2008-09	2009-10
<b>Average Staffing Level (number)</b>	-	900

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

## Contributions to Outcome 1

<b>Program 1: Education Services and Compliance Activities</b>
<p><b>Program objective</b></p> <p>To educate employers, employees, organisations and contractors about the workplace relations system and to ensure compliance with workplace laws.</p>
<p>Linked to:</p> <ul style="list-style-type: none"> <li>• The Fair Work Ombudsman and Fair Work Australia are created under the <i>Fair Work Act 2009</i>. The Fair Work Ombudsman and Fair Work Australia will develop cooperative approaches to the delivery of services to employees, employers and organisations.</li> <li>• The Fair Work Ombudsman will enter into a Memorandum of Understanding with the Workplace Authority Director for the use of Fair Work Ombudsman staff, assets and other resources to support the completion of the Workplace Authority's functions in 2009-10 as efficiently as possible.</li> </ul>

<p><b>Program expenses</b></p> <p>2009-10 is the first year of operation of the Fair Work Ombudsman. The functions of the Fair Work Ombudsman are prescribed by legislation and while a number of the functions of the Fair Work Ombudsman have previously been undertaken by other agencies, the processes which will be implemented in 2009-10 may be new/or changed under the <i>Fair Work Act 2009</i>.</p>
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	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Annual Departmental Expenses:					
Departmental Items	-	154,741	128,862	126,819	122,289
<b>Total Departmental Expenses</b>	<b>-</b>	<b>154,741</b>	<b>128,862</b>	<b>126,819</b>	<b>122,289</b>

Fair Work Ombudsman Budget Statements – Outcomes & performance

**Program 1 Deliverables**

The deliverables of the Fair Work Ombudsman 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.

Deliverables	2008-09 Revised budget \$'000	2009-10 Budget \$'000	2010-11 Forward year 1 \$'000	2011-12 Forward year 2 \$'000	2012-13 Forward year 3 \$'000
Education, investigation, provision of advice and information services	-	134,663	128,862	126,819	122,289

**Program 1 Key Performance Indicators**

The Key Performance Indicators for the Fair Work Ombudsman are outlined in the following table and cover the key activities of education, advice and information services and investigations.

Key Performance Indicators	2008-09 Revised budget	2009-10 Budget target	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Targeted campaigns:					
National	-	4	4	4	4
State (number of campaigns in each state/territory)	-	2	2	2	2
Investigations into complaints about breaches of federal agreements or awards completed within 90 days (percentage of total complaints)	-	80	80	80	80
Calls to the Contact Centre resolved at the first point of contact (percentage of total calls)	-	80	80	80	80
Availability of Contact Centre services (percentage of availability during advertised hours)	-	99	99	99	99
Availability of Website (time available as a percentage of total time)	-	99	99	99	99

## **Section 3: Explanatory tables and budgeted financial statements**

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2009-10. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government Indigenous expenditure.

### **3.1 EXPLANATORY TABLES**

#### **3.1.1 Movement of administered funds between years**

The Fair Work Ombudsman has no administered funds appropriations. For this reason Table 3.1.1 is not presented.

#### **3.1.2 Special Accounts**

The Fair Work Ombudsman has no special accounts. For this reason Table 3.1.2 is not presented.

### **3.1.3 Australian Government Indigenous Expenditure**

The 2009-10 Australian Government Indigenous Statement is not applicable because the Fair Work Ombudsman has no Indigenous specific expenses. For this reason Table 3.1.3 is not presented.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Differences in agency resourcing and financial statements**

The Fair Work Ombudsman has no differences to report.

### **3.2.2 Analysis of budgeted financial statements**

The Fair Work Ombudsman is budgeting for a balanced budget in 2009-10 and for the three forward years.

Total revenue and expenses are both estimated to be \$154.8 million. Of this, \$20.1 million represents the value of services to be provided to the Workplace Authority relating to reviews of employment agreements. These services will be provided under a Memorandum of Understanding arrangement.

Total assets for 2009-10 are estimated to be \$125.9 million. The majority of the assets represent property fit outs and receivables (appropriations receivable). Asset acquisitions are budgeted in IT and on office accommodation fit outs.

Total liabilities for 2009-10 are estimated at \$41.7 million. The largest liability item is accrued employee entitlements.

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Budgeted departmental comprehensive income statement  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate <b>2009-10</b> \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>EXPENSES</b>					
Employee benefits	-	91,418	67,613	64,707	60,271
Suppliers	-	50,346	47,944	49,139	49,434
Depreciation and amortisation	-	13,003	13,305	12,973	12,584
<b>Total expenses</b>	-	<b>154,767</b>	<b>128,862</b>	<b>126,819</b>	<b>122,289</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Other revenue	-	20,104	-	-	-
<b>Total revenue</b>	-	<b>20,104</b>	-	-	-
<b>Gains</b>					
Other gains	-	26	26	26	26
<b>Total gains</b>	-	<b>26</b>	<b>26</b>	<b>26</b>	<b>26</b>
<b>Total own-source income</b>	-	<b>20,130</b>	<b>26</b>	<b>26</b>	<b>26</b>
<b>Net cost of services</b>	-	<b>134,637</b>	<b>128,836</b>	<b>126,793</b>	<b>122,263</b>
Appropriation revenue	-	134,637	128,836	126,793	122,263
<b>Surplus (Deficit) attributable to the Australian Government</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Fair Work Ombudsman Budget Statements – Budgeted financial statements

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	-	2,032	2,032	2,032	2,032
Trade and other receivables	-	73,856	84,109	94,957	105,446
Other	-	35	35	35	35
<b>Total financial assets</b>	-	<b>75,923</b>	<b>86,176</b>	<b>97,024</b>	<b>107,513</b>
<b>Non-financial assets</b>					
Land and buildings	-	35,485	32,210	25,874	20,379
Infrastructure, plant and equipment	-	1,194	411	315	184
Intangibles	-	12,657	12,048	6,907	2,332
Other	-	607	607	607	607
<b>Total non-financial assets</b>	-	<b>49,943</b>	<b>45,276</b>	<b>33,703</b>	<b>23,502</b>
<b>Total assets</b>	-	<b>125,866</b>	<b>131,452</b>	<b>130,727</b>	<b>131,015</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	-	20,863	22,282	20,157	20,445
Other	-	2,908	2,908	2,908	2,908
<b>Total provisions</b>	-	<b>23,771</b>	<b>25,190</b>	<b>23,065</b>	<b>23,353</b>
<b>Payables</b>					
Suppliers	-	11,340	11,813	11,813	11,813
Other	-	6,604	6,604	6,604	6,604
<b>Total payables</b>	-	<b>17,944</b>	<b>18,417</b>	<b>18,417</b>	<b>18,417</b>
<b>Total liabilities</b>	-	<b>41,715</b>	<b>43,607</b>	<b>41,482</b>	<b>41,770</b>
<b>Net assets</b>	-	<b>84,151</b>	<b>87,845</b>	<b>89,245</b>	<b>89,245</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	-	76,844	80,538	81,938	81,938
Reserves	-	133	133	133	133
Retained surpluses or accumulated deficits	-	7,174	7,174	7,174	7,174
<b>Total parent entity interest</b>	-	<b>84,151</b>	<b>87,845</b>	<b>89,245</b>	<b>89,245</b>
<b>Total equity</b>	-	<b>84,151</b>	<b>87,845</b>	<b>89,245</b>	<b>89,245</b>
<b>Current assets</b>	-	76,530	86,783	97,631	108,120
<b>Non-current assets</b>	-	49,336	44,669	33,096	22,895
<b>Current liabilities</b>	-	(33,529)	(35,062)	(33,474)	(33,689)
<b>Non-current liabilities</b>	-	(8,186)	(8,545)	(8,008)	(8,081)

\* 'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	-	131,206	118,583	115,945	111,774
Other	-	22,076	1,538	1,392	1,063
<b>Total cash received</b>	-	<b>153,282</b>	<b>120,121</b>	<b>117,337</b>	<b>112,837</b>
<b>Cash used</b>					
Employees	-	91,045	66,194	66,832	59,983
Suppliers	-	58,865	52,389	49,113	51,791
Other	-	1,972	1,538	1,392	1,063
<b>Total cash used</b>	-	<b>151,882</b>	<b>120,121</b>	<b>117,337</b>	<b>112,837</b>
<b>Net cash from (or used by) operating activities</b>	-	<b>1,400</b>	-	-	-
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Purchase of property, plant and equipment	-	6,574	3,694	1,400	-
<b>Total cash used</b>	-	<b>6,574</b>	<b>3,694</b>	<b>1,400</b>	-
<b>Net cash from (or used by) investing activities</b>	-	<b>(6,574)</b>	<b>(3,694)</b>	<b>(1,400)</b>	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	-	5,174	3,694	1,400	-
<b>Total cash received</b>	-	<b>5,174</b>	<b>3,694</b>	<b>1,400</b>	-
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from (or used by) financing activities</b>	-	<b>5,174</b>	<b>3,694</b>	<b>1,400</b>	-
<b>Net increase (or decrease) in cash held</b>	-	-	-	-	-
Cash at the beginning of the reporting period	-	2,032	2,032	2,032	2,032
<b>Cash at the end of the reporting period</b>	-	<b>2,032</b>	<b>2,032</b>	<b>2,032</b>	<b>2,032</b>

Prepared on Australian Accounting Standards basis.



**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2009-10)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2009</b>					
Balance carried forward from previous period	-	-	-	-	-
<b>Adjusted opening balance</b>	-	-	-	-	-
<b>Income and expense</b>					
Income and expenses recognised directly in equity	-	-	-	-	-
<b>Sub-total income and expense</b>	-	-	-	-	-
Surplus (deficit) for the period	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	5,174	5,174
Restructuring	7,174	133	-	71,670	78,977
<b>Sub-total transactions with owners</b>	<b>7,174</b>	<b>133</b>	<b>-</b>	<b>76,844</b>	<b>84,151</b>
<b>Estimated closing balance as at 30 June 2010</b>	<b>7,174</b>	<b>133</b>	<b>-</b>	<b>76,844</b>	<b>84,151</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2008-09	Budget estimate 2009-10	Forward estimate 2010-11	Forward estimate 2011-12	Forward estimate 2012-13
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	5,174	3,694	1,400	-
<b>Total capital appropriations</b>	<b>-</b>	<b>5,174</b>	<b>3,694</b>	<b>1,400</b>	<b>-</b>
<b>Represented by:</b>					
Purchase of non-financial assets	-	5,174	3,694	1,400	-
<b>Total represented by</b>	<b>-</b>	<b>5,174</b>	<b>3,694</b>	<b>1,400</b>	<b>-</b>
<b>ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	-	8,391	3,694	1,400	-
<b>TOTAL</b>	<b>-</b>	<b>8,391</b>	<b>3,694</b>	<b>1,400</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of Asset Movements - Departmental**

	Buildings \$'000	Other Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Other Non- Financial Assets \$'000	Total \$'000
<b>as at 1 July 2009</b>					
Gross book value	-	-	-	-	-
Accumulated depreciation/amortisation	-	-	-	-	-
<b>Opening net book balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CAPITAL ASSET ADDITIONS</b>					
<b>Estimated expenditure on new or replacement assets</b>					
by purchase or internally developed	550	-	7,841	-	8,391
<b>Acquisition of entities or operations (including restructuring)</b>	<b>43,076</b>	<b>1,922</b>	<b>8,950</b>	<b>607</b>	<b>54,555</b>
<b>Sub-total</b>	<b>43,626</b>	<b>1,922</b>	<b>16,791</b>	<b>607</b>	<b>62,946</b>
<b>Other Movements</b>					
Depreciation/amortisation expense	(8,141)	(728)	(4,134)	-	(13,003)
<b>as at 30 June 2010</b>					
Gross book value	43,626	1,922	16,791	607	62,946
Accumulated depreciation/amortisation	(8,141)	(728)	(4,134)	-	(13,003)
<b>Closing net book balance</b>	<b>35,485</b>	<b>1,194</b>	<b>12,657</b>	<b>607</b>	<b>49,943</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of Government (for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Non-taxation</b>					
Other sources of non-taxation revenues	-	1,250	1,000	500	300
<b>Total non-taxation</b>	-	<b>1,250</b>	<b>1,000</b>	<b>500</b>	<b>300</b>
<b>Total revenues administered on behalf of Government</b>	-	<b>1,250</b>	<b>1,000</b>	<b>500</b>	<b>300</b>
<b>Total income administered on behalf of Government</b>	-	<b>1,250</b>	<b>1,000</b>	<b>500</b>	<b>300</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Write down and impairment of assets	-	500	157	-	-
<b>Total expenses administered on behalf of Government</b>	-	<b>500</b>	<b>157</b>	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of Government (as at 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Receivables	-	757	600	500	500
<b>Total financial assets</b>	-	<b>757</b>	<b>600</b>	<b>500</b>	<b>500</b>
<b>Total assets administered on behalf of Government</b>	-	<b>757</b>	<b>600</b>	<b>500</b>	<b>500</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Payables</b>					
Other payables	-	-	-	-	-
<b>Total payables</b>	-	-	-	-	-
<b>Total liabilities administered on behalf of Government</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows  
(for the period ended 30 June)**

	Estimated actual 2008-09 \$'000	Budget estimate 2009-10 \$'000	Forward estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	1,500	1,000	600	300
<b>Total cash received</b>	-	<b>1,500</b>	<b>1,000</b>	<b>600</b>	<b>300</b>
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from (or used by) operating activities</b>	-	<b>1,500</b>	<b>1,000</b>	<b>600</b>	<b>300</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from (or used by) investing activities</b>	-	-	-	-	-
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other	-	-	-	-	-
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Other	-	-	-	-	-
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from (or used by) financing activities</b>	-	-	-	-	-
<b>Net increase (or decrease) in cash held</b>	-	<b>1,500</b>	<b>1,000</b>	<b>600</b>	<b>300</b>
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
- other	-	1,500	1,000	600	300
<b>Cash at end of reporting period</b>	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of administered capital budget**

The Fair Work Ombudsman has no administered capital budget. For this reason Table 3.2.10 is not presented.

**Table 3.2.11: Schedule of asset movements - administered**

The Fair Work Ombudsman has no administered assets. For this reason Table 3.2.11 is not presented.

### **3.2.4 Notes to the financial statements**

#### **Accounting Policy**

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders issued by the Minister for Finance and Deregulation.

The statements have been prepared:

- on an accrual accounting basis
- in compliance with Australian Accounting Standards and Australian Equivalents to International Financial Reporting Standards (AEIFRS) and other authoritative pronouncements of the Australian Accounting Standards Board and the Consensus Views of the Urgent Issues Group.

#### **Agency Revenue from Government**

Revenue from government represents the purchase of outputs from the Fair Work Ombudsman by the government.

#### **Agency Revenue from Other Sources**

Revenue from the sale of goods and services is recognised upon the delivery of the goods or services to the customers.

#### **Agency Expenses – Employees**

This item represents payments made and net increases or decreases in entitlements owed to employees for their services provided in the financial year.

#### **Agency Expenses – Suppliers**

This item represents payments to suppliers for goods and services.

#### **Agency Expenses – Depreciation and Amortisation**

Property, plant, equipment and intangible assets are written-off to their estimated residual values over their estimated useful lives to the Fair Work Ombudsman using, in all cases, the straight-line method of depreciation.

Computing equipment assets are depreciated over their useful lives which are between three and seven years. Office machines are depreciated over five years (20 per cent). Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Forward estimates of depreciation expense are made using forecasts of net capital acquisition requirements over the forward years.

**Agency Assets – Financial Assets – Cash**

Cash represents notes and coins held and deposits at call with a bank or financial institution.

**Agency Assets – Financial Assets – Receivables**

Receivables represent amounts owing to the Fair Work Ombudsman for goods and services it has provided to external parties and cash reserves held in the Official Public Account.

**Agency Assets – Non-Financial Assets**

These items represent future economic benefits that the Fair Work Ombudsman will consume in producing outputs. Apart from re-valued assets, the reported value represents the purchase price paid less depreciation incurred to date in using that asset.

Infrastructure, plant and equipment is initially brought to account at cost, 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).

Internally developed or purchased computer software, disclosed in the Departmental Balance Sheet as intangibles, is expensed in the year of acquisition except for purchased software costing more than \$2,000 or for internally developed software costing more than \$200,000 which are capitalised at cost.

Land and buildings (leasehold improvements) are initially brought to account at cost, except for purchases costing less than \$2,000, which are expensed in the year of acquisition. The Fair Work Ombudsman annually reassesses and adjusts the values of land and buildings (leasehold improvements), infrastructure, plant and equipment.

**Agency Liabilities – Provisions – Employees**

Provision has been made for the Fair Work Ombudsman's liability for employee entitlements arising from services rendered by employees to balance date. This liability encompasses unpaid wages and salaries, annual and long service leave. No provision is made for sick leave.

The liability for leave expected to be settled within 12 months has been measured at the nominal amount.

Other employee entitlements payable later than one year have been estimated at the present value of the expected future cash outflows in relation to those entitlements. Attrition rates and pay rises through promotion and wage/salary agreements have been taken into account in calculating the provision for employee entitlements.

**Agency Liabilities – Payables – Suppliers**

This item mainly comprises trade creditors and operating lease rentals.

**Administered Non-Taxation Revenue – Other Sources**

This revenue comprises court awarded penalties relating to breaches of the *Workplace Relations Act 1996*. The penalties are administered by the Fair Work Ombudsman on behalf of government.

**Administered Assets – Financial Assets – Receivables**

These assets comprise receivables relating to court awarded penalties for breaches of the *Workplace Relations Act 1996*. The penalties are administered by the Fair Work Ombudsman on behalf of government.

**Administered Cash Flows**

These cash flows relate to court awarded penalties for breaches of the *Workplace Relations Act 1996*. The penalties are administered by the Fair Work Ombudsman on behalf of government and are paid directly into the Consolidated Revenue Fund.