

FAIR WORK OMBUDSMAN

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Section 1: Agency overview and resources	297
1.1 Strategic direction	297
1.2 Agency resource statement	298
1.3 Budget measures.....	299
Section 2: Outcomes and planned performance	300
2.1 Outcomes and performance information	300
Section 3: Explanatory tables and budgeted financial statements	304
3.1 Explanatory tables	304
3.2 Budgeted financial statements	305

FAIR WORK OMBUDSMAN

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Fair Work Ombudsman is an independent statutory office created by the *Fair Work Act 2009*.

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

In exercising these functions the Fair Work Ombudsman:

- offers a single point of contact for the provision of accurate and timely advice and information about Australia's workplace relations system
- educates people working in Australia about their workplace rights and obligations
- investigates complaints or suspected contraventions of workplace laws, awards and agreements
- litigates to enforce workplace laws.

The strategic focus of the Fair Work Ombudsman in 2010-11 is to ensure that:

- employees, employers, outworkers, outworker entities and organisations are advised and educated about the federal workplace relations system, in particular assisting small business with the transitional provisions of modern awards
- 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: Agency resource statement — Budget estimates for 2010-11 as at Budget May 2010

	Estimate of prior + year amounts available in 2010-11 \$'000	Proposed at Budget = 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
Ordinary Annual Services¹				
Departmental				
Departmental appropriation	32,203	134,405	166,608	144,645
s31 Relevant agency receipts ²	-	-	-	20,104
Total ordinary annual services	A 32,203	134,405	166,608	164,749
Other services³				
Administered expenses				
New administered expenses				
Outcome 1	-	1,768	1,768	936
Departmental non-operating				
Equity injections	10,597	14,569	25,166	5,174
Total other services	B 10,597	16,337	26,934	6,110
Total Available Annual Appropriations	42,800	150,742	193,542	170,859
Special Appropriations				
Total Special Appropriations	C -	-	-	-
Total Appropriations excluding Special Accounts	42,800	150,742	193,542	170,859
Special Accounts				
Total Special Accounts	D -	-	-	-
Total resourcing A+B+C+D	42,800	150,742	193,542	170,859
Less appropriations drawn from annual or special appropriations	-	-	-	-
Total net resourcing for Fair Work Ombudsman	42,800	150,742	193,542	170,859

¹ Appropriation Bill (No.1) 2010-11

² s31 Relevant Agency receipts - estimate

³ Appropriation Bill (No.2) 2010-11

Reader note: All figures are GST exclusive.

Third Party Payments from and on behalf of other agencies

	2010-11 \$'000	2009-10 \$'000
Receipts received from other agencies for the provision of services (disclosed above within Departmental s31)	-	20,104

Fair Work Ombudsman Budget Statements – Overview & resources

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: Agency 2010-11 Budget measures

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures						
National Workplace Relations System	1					
Departmental expenses		10,008	19,637	19,909	20,282	-
Total		10,008	19,637	19,909	20,282	-
Paid Parental Leave Scheme	1					
Departmental expenses		-	202	1,775	1,438	982
Total		-	202	1,775	1,438	982
Shared Industry Assistance Project	1					
Administered expenses		936	1,768	-	-	-
Total		936	1,768	-	-	-
Total expense measures						
Departmental		10,008	19,839	21,684	21,720	982
Administered		936	1,768	-	-	-
Total		10,944	21,607	21,684	21,720	982

Prepared on a Government Financial Statistics (fiscal) basis.

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. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. 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 compliance and education activities, 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.

More than 200 staff provide advice and information on workplace relations matters through the Fair Work Infoline. Fair Work Ombudsman advisors are located in contact centres in a number of states and provide a range of services including telephone advice, email/ web support and live chat.

As part of its ongoing educative role, the agency undertakes education and compliance campaigns and provides information services and best practice guides. The educational and compliance campaigns are run at national, state and local levels and target particular industries or geographical locations.

Fair Work Ombudsman Budget Statements – Outcomes & performance

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 and ensure it has the trust of the Australian community and to foster general deterrence.

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

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.	2009-10 Estimated Actual Expenses \$'000	2010-11 Estimated Expenses \$'000
Program 1: Education Services and Compliance Activities		
Departmental Expenses		
Ordinary Annual Services (Appropriation Bill No. 1)	144,671	147,810
Revenues from Independent Sources (Section 31)	20,104	-
Total for Program 1	164,775	147,810
Total Expenses for Outcome 1	164,775	147,810

	2009-10	2010-11
Average Staffing Level (number)	821	846

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

Program 1: Education Services and Compliance Activities
<p>Program objective</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"> The Fair Work Ombudsman and Fair Work Australia were created under the <i>Fair Work Act 2009</i>. The Fair Work Ombudsman and Fair Work Australia develop cooperative approaches to the delivery of services to employees, employers and organisations.

Program 1 expenses

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forw ard year 1 \$'000	2012-13 Forw ard year 2 \$'000	2013-14 Forw ard year 3 \$'000
Annual Departmental Expenses:					
Departmental Items	164,775	147,810	147,284	142,553	122,666
Total Departmental Expenses	164,775	147,810	147,284	142,553	122,666

Program 1 deliverables					
The deliverables of the Fair Work Ombudsman are to:					
<ul style="list-style-type: none"> 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. 					

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forw ard year 1 \$'000	2012-13 Forw ard year 2 \$'000	2013-14 Forw ard year 3 \$'000
Deliverables					
Education, investigation, provision of advice and information services	164,775	147,810	147,284	142,553	122,666

Fair Work Ombudsman Budget Statements – Outcomes & performance

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	2009-10 Revised budget	2010-11 Budget target	2011-12 Forward year 1	2012-13 Forward year 2	2013-14 Forward year 3
Number of targeted campaigns:					
National	4	4	4	4	4
State (number of campaigns in each state/ territory)	2	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	80
Calls to the Contact Centre resolved at the first point of contact (percentage of total calls)	80	80	80	80	80
Availability of Contact Centre services (percentage of availability during advertised hours)	99	99	99	99	99
Availability of Website (time available as a percentage of total time)	99	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 2010-11. 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's administered funds appropriations are set out in Table 3.1.1.

Table 3.1.1: Movement of administered funds

	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Program 1: Education Services and Compliance Activities					
Education, investigation, provision of advice and information services	936	1,768	-	-	-

3.1.2 Special Accounts

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

3.1.3 Australian Government Indigenous Expenditure

The Fair Work Ombudsman has no specific indigenous 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 Agency Resource Statement (Table 1.1) details the total appropriation available to an agency from all sources. For departmental operating appropriations (outputs) this includes carry-forward amounts as well as amounts appropriated at Budget. As agencies incur and are funded for future liabilities and employee entitlements, the total amount of departmental operating appropriation available to an agency is unlikely to be fully utilised in the Budget year. The difference between the agency resource statement and the sum of all payments made at the departmental outputs level is the expected carry-forward amount of resources for the 2010-11 Budget year, including amounts related to meeting future employee entitlement obligations.

3.2.2 Analysis of budgeted financial statements

The Fair Work Ombudsman is budgeting for an operating loss of \$13.3 million in 2010-11, being the value of depreciation removed from its appropriation under Operation Sunlight.

Total revenues are estimated to be \$134.5 million and total expenses \$147.8 million.

Total assets at the end of the 2010-11 financial year are estimated to be \$101.6 million. The majority of the assets represent property fit outs and receivables (appropriations receivable). Asset acquisitions are planned in Information Technology equipment and systems and on office accommodation fit outs.

Total liabilities for 2010-11 are estimated at \$43.6 million. The largest liability item is accrued employee entitlements.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	66,418	67,779	65,943	61,259	62,127
Suppliers	85,354	66,726	68,368	68,710	48,019
Depreciation and amortisation	13,003	13,305	12,973	12,584	12,520
Total expenses	164,775	147,810	147,284	142,553	122,666
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	20,104	-	-	-	-
Total revenue	20,104	-	-	-	-
Gains					
Other gains	26	100	100	100	100
Total gains	26	100	100	100	100
Total own-source income	20,130	100	100	100	100
Net cost of services	144,645	147,710	147,184	142,453	122,566
Revenue from Government	144,645	134,405	134,211	129,869	110,046
Surplus (Deficit) attributable to the Australian Government	-	(13,305)	(12,973)	(12,584)	(12,520)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Operating result attributable to the Australian Government	-	(13,305)	(12,973)	(12,584)	(12,520)
plus non-appropriated expenses depreciation and amortisation expenses	-	13,305	12,973	12,584	12,520
Operating result attributable to the Agency	-	-	-	-	-

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	2,032	2,032	2,032	2,032	2,032
Trade and other receivables	46,448	39,071	35,648	32,153	29,770
Other	35	35	35	35	35
Total financial assets	48,515	41,138	37,715	34,220	31,837
Non-financial assets					
Land and buildings	35,485	43,410	42,874	39,398	35,986
Infrastructure, plant and equipment	1,194	1,911	3,015	3,865	4,715
Intangibles	12,657	14,548	12,907	10,332	7,257
Other	607	607	607	607	607
Total non-financial assets	49,943	60,476	59,403	54,202	48,565
Total assets	98,458	101,614	97,118	88,422	80,402
LIABILITIES					
Provisions					
Employees	20,863	22,282	20,157	20,445	20,445
Other	2,908	2,908	2,908	2,908	2,908
Total provisions	23,771	25,190	23,065	23,353	23,353
Payables					
Suppliers	11,340	11,813	11,813	11,813	11,813
Other	6,604	6,604	6,604	6,604	6,604
Total payables	17,944	18,417	18,417	18,417	18,417
Total liabilities	41,715	43,607	41,482	41,770	41,770
Net assets	56,743	58,007	55,636	46,652	38,632
EQUITY*					
Parent entity interest					
Contributed equity	49,436	64,005	74,607	78,207	82,707
Reserves	133	133	133	133	133
Retained surpluses or accumulated deficits	7,174	(6,131)	(19,104)	(31,688)	(44,208)
Total parent entity interest	56,743	58,007	55,636	46,652	38,632
Total equity	56,743	58,007	55,636	46,652	38,632
Current assets	49,122	41,745	38,322	34,827	32,444
Non-current assets	49,336	59,869	58,796	53,595	47,958
Current liabilities	(33,529)	(35,062)	(33,474)	(33,689)	(33,689)
Non-current liabilities	(8,186)	(8,545)	(8,008)	(8,081)	(8,081)

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

Fair Work Ombudsman Budget Statements – Budgeted financial statements

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2010	7,174	133	-	49,436	56,743
Balance carried forward from previous period	-	-	-	-	-
Adjusted opening balance	7,174	133	-	49,436	56,743
Income and expense					
Surplus (deficit) for the period	(13,305)	-	-	-	(13,305)
Total income and expense recognised directly in equity	(13,305)	-	-	-	(13,305)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	14,569	14,569
Sub-total transactions with owners	-	-	-	14,569	14,569
Estimated closing balance as at 30 June 2011	(6,131)	133	-	64,005	58,007

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	138,510	141,782	137,634	133,364	112,429
Other	22,076	1,538	1,592	1,364	983
Total cash received	160,586	143,320	139,226	134,728	113,412
Cash used					
Employees	66,045	66,360	68,068	60,971	62,127
Suppliers	92,569	75,422	69,566	72,393	50,302
Other	1,972	1,538	1,592	1,364	983
Total cash used	160,586	143,320	139,226	134,728	113,412
Net cash from (or used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment	1,600	23,838	11,900	5,000	4,500
Total cash used	1,600	23,838	11,900	5,000	4,500
Net cash from (or used by) investing activities	(1,600)	(23,838)	(11,900)	(5,000)	(4,500)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	1,600	23,838	11,900	5,000	4,500
Total cash received	1,600	23,838	11,900	5,000	4,500
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) financing activities	1,600	23,838	11,900	5,000	4,500
Net increase (or decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	2,032	2,032	2,032	2,032	2,032
Cash at the end of the reporting period	2,032	2,032	2,032	2,032	2,032

Prepared on Australian Accounting Standards basis.

Fair Work Ombudsman Budget Statements – Budgeted financial statements

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	-	10,875	9,202	3,600	4,500
Equity injections - Bill 2	1,600	3,694	1,400	-	-
Total capital appropriations	1,600	14,569	10,602	3,600	4,500
Represented by:					
Purchase of non-financial assets	1,600	14,569	10,602	3,600	4,500
Total represented by	1,600	14,569	10,602	3,600	4,500
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	1,600	12,963	2,698	1,400	-
Funded by capital appropriations - DCB	-	10,875	9,202	3,600	4,500
TOTAL	1,600	23,838	11,900	5,000	4,500

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of Asset Movements - Departmental

	Land and Buildings \$'000	Infrastructure, Plant & Equipment \$'000	Intangibles \$'000	Other \$'000	Total \$'000
as at 1 July 2010					
Gross book value	43,626	1,922	16,791	607	62,946
Accumulated depreciation/amortisation	(8,141)	(728)	(4,134)	-	(13,003)
Opening net book balance	35,485	1,194	12,657	607	49,943
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
by purchase or internally developed	16,161	1,196	6,481	-	23,838
Sub-total	16,161	1,196	6,481	-	23,838
Other Movements					
Depreciation/amortisation expense	(8,236)	(479)	(4,590)	-	(13,305)
as at 30 June 2011					
Gross book value	59,787	3,118	23,272	607	86,784
Accumulated depreciation/amortisation	(16,377)	(1,207)	(8,724)	-	(26,308)
Closing net book balance	43,410	1,911	14,548	607	60,476

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Non-taxation					
Other sources of non-taxation revenues	1,250	1,000	500	300	300
Total non-taxation	1,250	1,000	500	300	300
Total revenues administered on behalf of Government	1,250	1,000	500	300	300
Total income administered on behalf of Government	1,250	1,000	500	300	300
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Grants	936	1,768	-	-	-
Write down and impairment of assets	500	157	-	-	-
Total expenses administered on behalf of Government	1,436	1,925	-	-	-

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Receivables	757	600	500	500	500
Total financial assets	757	600	500	500	500
Total assets administered on behalf of Government	757	600	500	500	500
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Payables					
Other payables	-	-	-	-	-
Total payables	-	-	-	-	-
Total liabilities administered on behalf of Government	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Other	1,500	1,000	600	300	300
Total cash received	1,500	1,000	600	300	300
Cash used					
Grant payments	936	1,768	-	-	-
Other	-	-	-	-	-
Total cash used	936	1,768	-	-	-
Net cash from (or used by) operating activities	564	(768)	600	300	300
INVESTING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from (or used by) financing activities	-	-	-	-	-
Net increase (or decrease) in cash held	564	(768)	600	300	300
Cash from Official Public Account for:					
- appropriations	936	1,768	-	-	-
- special accounts	-	-	-	-	-
Cash to Official Public Account for:					
- appropriations	-	-	-	-	-
- special accounts	-	-	-	-	-
- other	(1,500)	(1,000)	(600)	(300)	(300)
Cash at end of reporting period	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of asset movements - administered

The Fair Work Ombudsman has no administered assets. For this reason Table 3.2.10 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 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 *Fair Work Act 2009* and other relevant legislation. 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 *Fair Work Act 2009* and other relevant legislation. 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 *Fair Work Act 2009* and other relevant legislation. The penalties are administered by the Fair Work Ombudsman on behalf of government and are paid directly into the Consolidated Revenue Fund. Administered Cash Flows also includes administered appropriations received under the Shared Industry Assistance Program.