

Annual Report  
2012–13



## ENQUIRIES AND COMMENTS

The FWO welcomes comment on this report.  
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Visit [www.fairwork.gov.au](http://www.fairwork.gov.au) for more information  
about the Fair Work Ombudsman or go to  
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Commonwealth Coat of Arms and the Fair Work Ombudsman logo  
– Cover, Title Page and Letter of Transmittal (page 2)

Photographs on pages 17, 20, 27.

## FAIR WORK OMBUDSMAN OFFICE LOCATIONS\*

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NSW	Sydney Coffs Harbour Newcastle Orange Wagga Wagga Penrith	Level 12, 255 Elizabeth Street Sydney NSW 2001
NT	Darwin	Level 5, 47 Mitchell Street Darwin NT 0801
QLD	Brisbane Cairns Gold Coast Rockhampton Toowoomba	Level 17, 200 Mary Street Brisbane QLD 4000
SA	Adelaide Mount Gambier Whyalla	Level 2, 148 Frome Street Adelaide SA 5000
TAS	Hobart Launceston	Level 3, 142 - 146 Elizabeth Street Hobart TAS 7000
VIC	Melbourne Bendigo Traralgon Warrnambool	Level 6, 414 La Trobe Street Melbourne VIC 3000
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\*At 30 June 2013.



Annual Report  
**2012–13**





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

Dear Minister

Pursuant to section 686 of the *Fair Work Act 2009* and Section 70 of the *Public Service Act 1999*, I am pleased to submit the Annual Report of the Fair Work Ombudsman for the financial year ending 30 June 2013.

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

Yours sincerely

Natalie James  
FAIR WORK OMBUDSMAN

14 October 2013

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## ABOUT THIS REPORT

This annual report for the Fair Work Ombudsman (FWO) documents activities and performance from 1 July 2012 to 30 June 2013. In preparing this report the Requirements for Annual Reports prepared by the Department of the Prime Minister and Cabinet and approved by the Joint Committee of Public Accounts and Audit have been followed.

## STRUCTURE

The report is presented in seven parts:

### FAIR WORK OMBUDSMAN'S REVIEW

A review of the operations of the agency in 2012–13 by the Fair Work Ombudsman.

### OVERVIEW OF SERVICES

An introduction to the agency and an overview of its structure and function.

### REPORT ON PERFORMANCE

The FWO performance measured against the outcome and program structure set out in the 2012–13 Portfolio Budget Statements.

### MANAGEMENT AND ACCOUNTABILITY

A report on the agency's management practices, including its corporate governance framework, executive committee structure, human and financial resources, internal controls, external scrutiny, financial management and commentary on the agency's financial performance.

### FINANCIAL STATEMENTS

The audited financial statements for 2012–13 and the audit report.

### APPENDICES

Statistics and other mandatory information.

### REFERENCES

A glossary, a list of abbreviations, a general index and an index of the agency's compliance with the annual report requirements.

## ACKNOWLEDGMENTS

Annual Report Team: Sarah Strudwicke, Lynda McAlary-Smith.

Thank you to all FWO employees who contributed to this report.

Designed and typeset by: Bite Visual Communications Group.

## PERFORMANCE SNAPSHOT

In 2012–13 the FWO achieved the following results through working with the community:

- Provided education, assistance and advice in response to more than 615 905 enquiries received through Fair Work Infoline services.
- Provided information and resources through [fairwork.gov.au](http://fairwork.gov.au) with more than 10.3 million visits, including 401 445 industry section visits and more than 1 million fact sheet downloads.
- Informed the public of the agency's role and broadcast compliance outcomes through a strong media and social media presence.
- Undertook education campaigns targeting:
  - specific industries such as retail, hair and beauty, hospitality
  - compliance issues such as disguised employment relationships
  - vulnerable employee groups, including young and migrant workers.
- Received more than 852 400 visits to PayCheck Plus for wage rate information.
- Finalised 26 574 complaints and 5 675 audits, recovering more than \$24 million for 17 434 employees.
- Entered into 12 enforceable undertakings.
- Entered into one Pro-active Compliance Deed, a tailored agreement aimed at building a business's compliance capacity.
- Achieved court ordered penalties of more than \$1.6 million in 45 decided matters.
- Expanded the suite of self-service online resources, including launching an online learning centre and a secure workplace relations workspace that users can tailor to suit their needs called MyPortal.

Providing accessible, credible and reliable information to the Australian community will play a critical role in equipping workplace participants with what they need to resolve matters that arise in their workplace.



The past year, the FWO's fourth year of operation, has been one of continuing success. We have delivered on our core functions of advice, assistance, and where necessary, enforcement within the workplace community. It was also a year of transformation. We are reframing our services to deliver greater public value.

In 2012–13 we met all key performance indicator targets. Most significantly, we exceeded the target of 80 per cent set for investigation into complaints completed within 90 days. We achieved a record 84 per cent during the reporting period, up from 68 per cent in 2011–12.

Our greater use of alternative and less formal dispute resolution services helped us resolve matters more quickly and constructively with workplace participants. Of the 26 574 complaints finalised in 2012–13, more than 65 per cent were resolved through alternative dispute resolution services. For more information on these measures, see page 26 of this report.



Natalie James, Fair Work Ombudsman

The steps taken to strengthen our focus on voluntary resolution included greater integration of our operational functions, and more targeted investment in training of our frontline service staff. This improved our capacity to effectively assess matters and select the most appropriate path to resolution from the outset.

Building on the success of our mediation pilot in 2011–12, which demonstrated how effective this method can be in resolving workplace issues, mediation services were also boosted with our specialist team of mediators more than doubling during the year. For more information, see page 26.

Encouraging conversation in the workplace and equipping people with the information they need to resolve workplace issues was a key focus in 2012–13. By providing people with accessible, reliable and credible tools and resources, we are helping them understand their workplace rights, obligations and their options for resolution.

We introduced an online learning centre with self-paced courses, the first providing practical steps on *Difficult conversations in the workplace*, to give employers and employees skills to work cooperatively and productively. MyPortal, a self-service online tool that acts as a personal doorway into our website's information and services, including our self-service pay tools, was also introduced during the year.

Greater use of self-help technologies and a focus on resolving matters early with workplace participants is also allowing us to use our interventions and compliance tools in a targeted and proportionate way.

This means we can identify the issues likely to involve substantial detriment to vulnerable employees. Issues of concern have included confusion about the legitimacy of unpaid work practices (see page 20), the need for those responsible to take action to prevent underpayments through their contracting practices (see page 34), disguised employment relationships (see page 37) and the exploitation of vulnerable groups such as migrant workers (see pages 22, 33, 37).



## NEW LEADERSHIP

Leadership of the FWO changed on 15 July 2013. Under the inaugural and outgoing Fair Work Ombudsman, Nicholas Wilson, the FWO developed a reputation as a responsive and high performing agency.

The FWO has an impressive record of promoting compliance and achieving strong enforcement outcomes. More than \$200 million in unpaid wages have been recovered for Australian workers since the Commonwealth workplace relations regulator became an independent agency in March 2006.

Beyond recovering wages, we have succeeded in embedding good workplace practices. Businesses that we've monitored through targeted education and compliance campaigns show that systemic behaviour change is possible with the right information and assistance.

The achievements and high standing in the Australian community, and the increasing government and community demands placed on the FWO, are a tribute to the professionalism and work ethic Nicholas Wilson instilled in the staff of the FWO during his tenure.



**Nicholas Wilson, former Fair Work Ombudsman, signs MOU with Defence in support of reservists:** *'Diversity Champion (CEO)' finalist, Nicholas Wilson's commitment to developing and maintaining a workplace culture in which the diverse backgrounds, skills, talents and views of all employees are valued and encouraged, saw the agency awarded 'Inclusive Workplace of the Year' by the Australian Human Resources Institute in 2013. For more information see pages 44 and 47.*

We will build on this position and find more efficient ways to achieve fair and productive workplaces. We will also continue to transform our services to ensure they are directed to where they are most needed.

## OUTLOOK

Our ultimate goal is to equip workplace participants to manage their workplace relationships and make decisions about their businesses and their jobs without the need for intervention. Providing accessible, credible and reliable information to the Australian community will play a critical role in enabling workplace participants to resolve matters that arise in their workplace.

This requires us to dedicate some thought, energy and resources to tackling tomorrow's challenges and seizing tomorrow's opportunities. Preparing ourselves and the community for the end of phasing to modern awards presents an opportunity to deliver more simplified resources and self-help tools through a transformed website in 2013–14.

We must also continue to find better ways of working to achieve results efficiently for the Australian taxpayer. Immediate savings are being made in areas such as travel expenditure, accommodation and office consumables. Inter-department and agency collaboration, including shared accommodation and services, are also helping reduce costs and improve efficiencies.

In driving these efficiencies, we will remain focused on promoting productivity and compliance in workplaces. We will reframe our services to deliver accessible, credible and reliable advice and assistance to those who need it most, taking into consideration barriers to compliance. We will also use our compliance tools in an appropriate and proportionate way and where there is a public need to intervene.

A handwritten signature in blue ink, appearing to read 'Natalie James'.

**Natalie James**  
**Fair Work Ombudsman**

# Overview of services

## SECTION 2



The FWO has a vision to achieve fair Australian workplaces, and a mission to work with Australians to educate, promote fairness and ensure justice in the workplace.

ABOUT THE FAIR WORK OMBUDSMAN

The Fair Work Ombudsman (FWO) is an independent statutory agency, created by the *Fair Work Act 2009*. The agency forms part of the Education, Employment and Workplace Relations portfolio.

The FWO has a vision to achieve fair Australian workplaces, and a mission to work with Australians to educate, promote fairness and ensure justice in the workplace.

The agency works to achieve this by:

- providing advice and assistance to the Australian public about their workplace rights and obligations
- investigating complaints or suspected contraventions of workplace laws, awards and agreements and litigating, where necessary, to ensure compliance
- maintaining an active awareness of the wider political, social and economic landscape to inform strategy
- building a model workforce that is harmonious, cooperative and productive.

The FWO is impartial, and provides services to workplace participants and registered organisations throughout Australia free of charge through the Fair Work Infoline and [fairwork.gov.au](http://fairwork.gov.au). The agency also engages in other education and compliance activities such as campaigns, audits, investigations, mediation and litigation.

Natalie James was appointed Fair Work Ombudsman and Agency Head on 15 July 2013.

Michael Campbell was Acting Fair Work Ombudsman from 29 April to 12 July 2013. Nicholas Wilson held the position from 1 July 2009 until 28 April 2013.

CORPORATE AND OPERATIONAL PLANNING

STRATEGIC PLAN

The 2012–16 FWO Strategic Plan outlines the agency’s role in promoting harmonious, productive and cooperative workplace relations and ensuring compliance with Commonwealth workplace laws.

The plan sets out the FWO’s key priorities for operational activities. They are:

- empower people with information on which they can act
- educate individuals and organisations about better ways of working and resolving disputes
- give confidence to citizens that their rights will be observed
- hold those responsible to account for their workplaces.

The plan also identifies seven objectives to improve how the FWO operates within its environment:

- make a positive and quantifiable contribution to workplace productivity
- improve waiting times so clients don’t wait unreasonably for service

- produce work that is valued by our clients
- ensure that our people at work are as diverse as the Australian workplace we serve
- employ the most engaged staff in the APS
- balance budget outcomes
- quantifiably reduce carbon emissions.

CUSTOMER SERVICE CHARTER

The FWO is held accountable through Parliament, the courts and tribunals and the Commonwealth Ombudsman. The agency is also bound by the Australian Public Service Code of Conduct. The FWO Customer Service Charter sets out the standards of service and the values to which the agency is committed.

It states the FWO’s role, the standard of service the public can expect and what steps may be taken if standards are not met. The charter outlines the procedure for contact, communication, feedback and lodging of complaints.

The FWO Customer Service Charter is available on the FWO website, [fairwork.gov.au](http://fairwork.gov.au).

OUTCOME AND OUTPUT STRUCTURE

The 2012–13 Portfolio Budget Statements for the Education, Employment and Workplace Relations portfolio set out one planned outcome and program for the FWO. The agency’s performance against this outcome and program is outlined in the Report on performance section, page 11.

The Fair Work Ombudsman’s outcome and program structure is shown in Table 1.

Table 1: Fair Work Ombudsman outcome and output structure

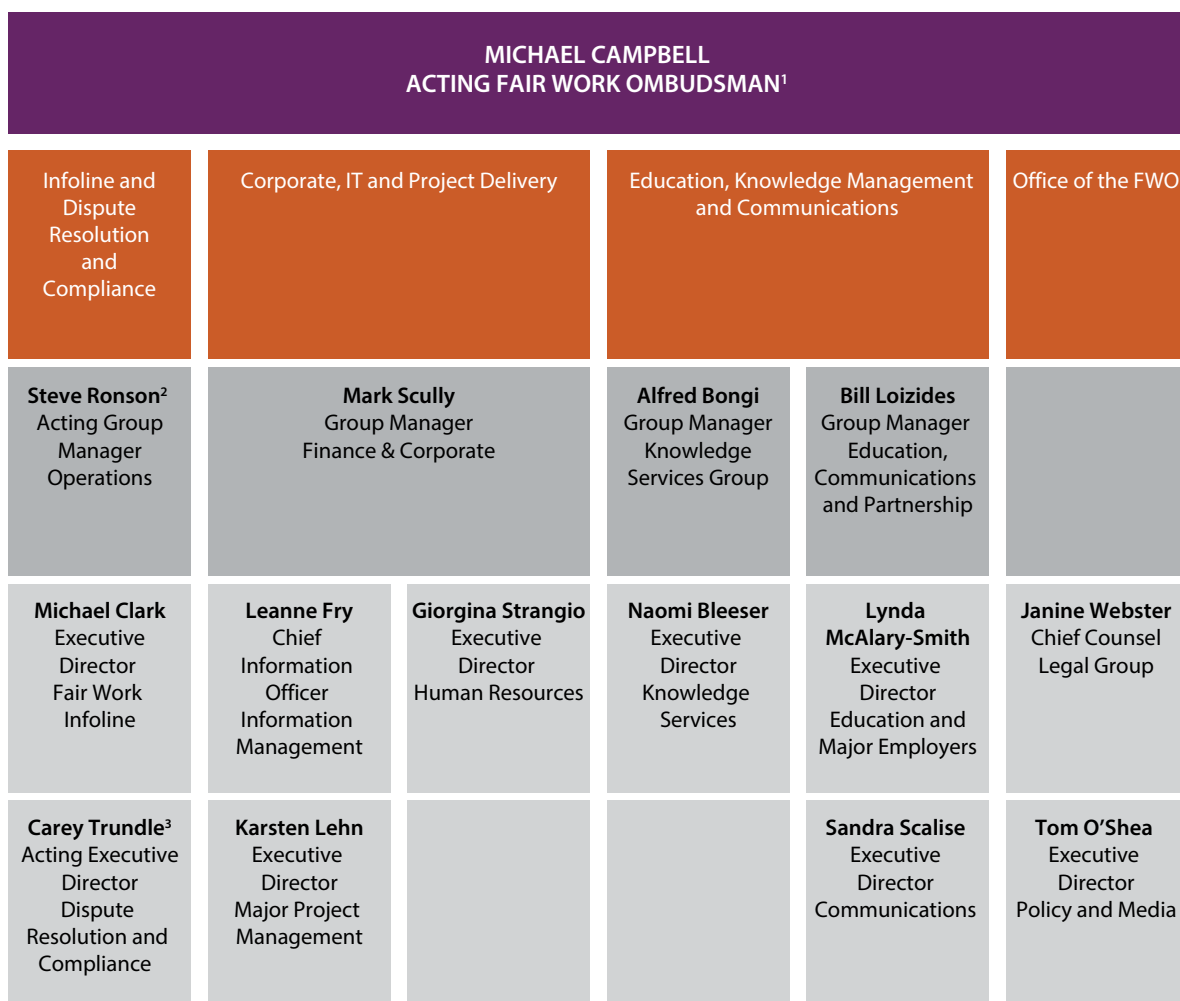
<b>Outcome 1</b>
Compliance with workplace relations legislation by employees and employers through advice, education and, where necessary, enforcement.
<b>Contributions to Outcome 1</b>
<b>Program 1: Education services and compliance activities</b>
Program objective: To educate employers, employees, organisations and contractors about the workplace relations system and to ensure compliance with workplace laws.
<b>Program 1: deliverables</b>
The deliverables of the Fair Work Ombudsman are to:
<ul style="list-style-type: none"><li>• provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance</li><li>• investigate claims regarding alleged breaches of workplace laws and undertake targeted activities</li><li>• litigate, where necessary, to enforce compliance with workplace laws.</li></ul>

## ORGANISATIONAL STRUCTURE

At 30 June 2013 the FWO was organised into four clusters:

- Infoline and Dispute Resolution and Compliance
- Corporate, IT and Project Delivery
- Education, Knowledge Management and Communications
- Legal Group and Policy and Media Group.

**Figure 1: Organisational structure at 30 June 2013**



At 15 July 2013:

<sup>1</sup> Natalie James was appointed Fair Work Ombudsman.

<sup>2</sup> Michael Campbell resumed substantive position as Group Manager Operations.

<sup>3</sup> Steve Ronson resumed substantive position as Executive Director Dispute Resolution and Compliance; Carey Trundle resumed substantive position as Director Overseas Workers.



Achieving the program objective to educate employers, employees, organisations and contractors and ensure compliance with workplace laws.



## PROGRAM 1: EDUCATION SERVICES AND COMPLIANCE ACTIVITIES

In 2012–13 the FWO continued to augment the delivery of its education, compliance and litigation services to progress towards the government's planned outcome of achieving workplace compliance.

### RESULTS

The agency met or exceeded all key performance indicator (KPI) targets prescribed in the Portfolio Budget Statements for 2012–13. This was a significant achievement, and in the case of investigations into complaints a 16 per cent and 23 per cent improvement on respective preceding years. For more information, see Table 16 on page 32.

The Fair Work Infoline met all targets for KPIs, offering 99 per cent availability during advertised hours, with email and Live Chat services at 99 per cent availability. For more information, see pages 16, 18–19.

The agency met KPIs for national campaigns and state campaigns, with four delivered nationwide and two delivered in each state and territory in 2012–13. Of the state and territory campaigns, seven joint campaigns were held across New South Wales/the Australian Capital Territory, Victoria, Queensland, the Northern Territory, South Australia and Western Australia. These have been included in the total number of state and territory campaigns undertaken in each of these locations. For more information on these measures, see page 28.

These results were achieved through workflow re-engineering, the agency's increasing use of innovative technological solutions, and the expanded use of client focused dispute resolution services.

An organisational restructure was undertaken in January 2013 to bring the FWO's contact centre and inspectorate into one cluster called Infoline, Dispute Resolution and Compliance. See Figure 1 on page 10. The consolidation of the agency's primary direct client facing service delivery areas has improved performance outcomes of both the Fair Work Infoline and the inspectorate through greater collaboration, innovation and tailored services.

The agency's technical knowledge development, education and communication services were also consolidated into a single cluster.

Work will continue in 2013–14 to ensure the FWO's organisational structure supports the government's program deliverables with agility and efficiency.

The agency's actions and progress towards achieving the government's planned outcome are outlined in the following section. Activities and achievements are reported against KPIs and program deliverables.

The FWO's results against the KPIs, as set out in the Portfolio Budget Statements for the 2012–13 reporting period, are outlined in Table 2.

**Table 2: FWO's performance against key performance indicators**

Key performance indicator	Target 2012–13	Actual results 2012–13	Actual results 2011–12	Actual results 2010–11
Number of targeted campaigns				
national	4	4	4	4
state (number of campaigns in each state and territory)	2	2	At least 2 in each state	At least 2 in each state apart from NSW
Investigations into complaints about breaches of federal agreements or awards completed within 90 days (% of total complaints)	80%	84%	68%	61%
Calls to the Contact Centre resolved at the first point of contact (% of total calls)	80%	99%	98%	97%
Availability of Contact Centre services (% of availability during advertised hours)	99%	99%	99%	95%
Availability of website (time available as a % of total time)	99%	99%	99%	99%

**DELIVERABLE 1: PROVIDING INFORMATION, ADVICE AND EDUCATION ON THE REQUIREMENTS AND FLEXIBILITIES OF WORKPLACE LAWS TO FOSTER VOLUNTARY COMPLIANCE**

**SNAPSHOT OF ACTIVITIES IN 2012–13**

- Responded to 615 905 written, telephone and online enquiries.
- Received more than 10 million visits to fairwork.gov.au and 1 557 974 downloads of educational fact sheets, best practice guides and templates.
- Sent eNewsletters and email updates to more than 29 600 subscribers.
- Partnered with 75 employers and six national franchisors employing a combined total of over 599 000 employees through the National Employer Program and National Franchise Program.
- Developed an online learning centre for employers and employees.
- Launched MyPortal, a secure workplace relations workspace users can tailor to suit their needs.
- Created a suite of youth-focused educational videos on workplace relations, which have received over 221 000 views on YouTube.
- Implemented strategies to educate specific groups of vulnerable workers including working parents, migrants and young workers.
- Provided advice, assistance and education at targeted events around Australia.
- Engaged with the public via social media through 700 tweets and 300 Facebook posts.

In 2012–13 the FWO delivered education products and initiatives to give workplace participants a greater understanding of their workplace rights, obligations and options to help them make well-informed decisions.

The FWO's education products and initiatives, in combination with compliance activities, were targeted to the industries and regions with the greatest compliance issues or the employees with the most vulnerable employment profile and employers with minimal workplace relations support or expertise.

To cater for the varying needs and learning styles of workplace participants, education was delivered in different formats, with different levels of complexity and through a number of channels.

Tailored assistance for complex enquiries was provided over the phone and answers to the community's most common questions were accessible on fairwork.gov.au. Targeted information was distributed to the industries needing it most. New self-service tools and resources were created with the time-poor in mind, including an online learning centre and interactive website portal.

Research informed the agency's four-year education strategy, developed and implemented in 2013. The strategy is founded on three principles:

- Building products – the FWO will continue to develop cost effective and useful tools and products to equip Australian businesses and their employees with the skills to prevent and resolve disputes within their workplaces.
- Building relationships – the FWO will build and strengthen its relationships with peak bodies, employer organisations, unions, community groups, government and directly with small businesses to deliver the FWO's education program.
- Building connections – the FWO will inform and support good workplace practices by facilitating connections between employers, employees and the services and resources of relevant organisations including government.

The 2013–16 Education Strategy intentionally moves the focus of FWO's education offerings from technical compliance with the Fair Work Act, to informing and supporting employees and businesses creating compliant and productive workplaces.

The strategy is focused on influencing long-term behaviour change within individual workplaces, industries and with market leaders.

The FWO's Education Strategy will continue to evolve in 2013–14, as the agency anticipates and responds to the needs of businesses and employees.

**FAIRWORK.GOV.AU**

The FWO website (fairwork.gov.au) is the agency's primary communication and education channel.

Through the website, the FWO continued to encourage businesses to be proactive with workplace compliance, providing a range of self-service information, tools and assistance to help businesses understand their obligations and options.

By providing tailored tools and resources, the FWO empowers workplace participants to make well-informed decisions and minimises unintentional non-compliance with the Fair Work Act.

User participation grew significantly in 2012–13, with visits up by 57 per cent – an average of around 28 000 visits a day.

**Table 3: Visits to fairwork.gov.au**

	2012–13	2011–12	2010–11
Visits to fairwork.gov.au	10 327 287	6 595 855	4 576 336
Unique visitors to fairwork.gov.au	5 949 628	3 683 873	2 436 016
Visits to industry pages	401 445	261 892	159 000

Consistent with 2011–12 the retail, hair and beauty and clerical industry pages had the highest number of page views of all industry pages with 146 816 page visits in 2012–13.

**Table 4: Most visited website pages in 2012–13**

	Visits
List of 2013 public holidays page	1 014 263
Award Finder launch page	865 823
Finding the right pay page – links to various pay calculation tools	809 658
National minimum wage page	785 521
PayCheck Plus launch page – links to modern award pay rates calculator tool <sup>1</sup>	670 081

<sup>1</sup> PayCheck Plus was also accessible from other pages on fairwork.gov.au. For usage of the tool by month see Figure 2 on page 15.

#### Listening and finding better ways to assist

User feedback was sought through the website's 'Helpful' or 'Not helpful' page rating mechanism as part of an agency-wide commitment to customer service and quality assurance.

Information collected was used to revise and refine the information and structure of content on fairwork.gov.au and will assist in the redevelopment of the website in 2013–14.

Web-based answers to the most popular questions asked by callers to the Fair Work Infoline were updated fortnightly and made available via the 'Top 5 Questions' section of fairwork.gov.au. Maintaining an active environmental awareness and surfacing topical information to the website's homepage enabled the FWO to respond promptly to the needs of the Australian community.

The agency commenced planning in 2012–13 for the redevelopment of fairwork.gov.au in 2013–14. A critical component of the website redevelopment will be consulting with clients and stakeholders to better understand and respond to their needs.

This will ensure that Australian workplace community and particularly employees, small businesses and workplace relations practitioners continue to have access to credible and reliable information.

#### Resources to help small to medium-sized businesses

In 2012–13 fairwork.gov.au provided an expanded, improved and easily accessible suite of tools and resources as part of the FWO's commitment to equipping workplace participants with information on which they can act.

These tools are free and can be easily customised by businesses, especially time-poor small business owners, to simplify employment and record keeping practices.



**Table 5: Educational resources, downloads and subscription services**

	2012–13	2011–12	2010–11
Fact sheets available	40	38	32
Fact sheet downloads	1 115 282	642 697	633 000
Best Practice Guides available	13	12	12
Best Practice Guides downloaded	93 882	68 699	65 888
Templates available	59	51	44
Templates downloaded	438 810	373 963	448 000
eNewsletter subscribers	6 128	2 301 <sup>1</sup>	–
Email update subscribers	22 487 <sup>1</sup>	–	–

<sup>1</sup> Service introduced.

At 30 June 2013 the FWO's education products included:

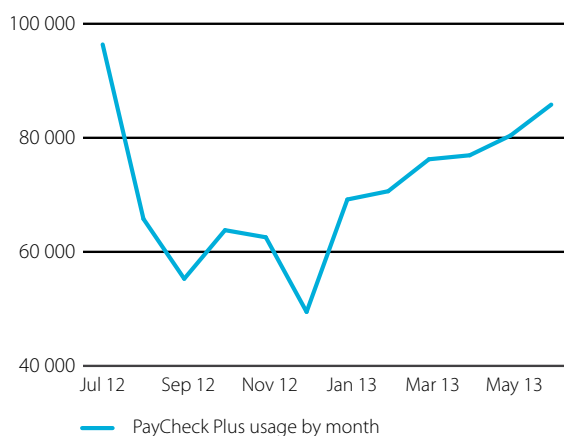
- 40 fact sheets explaining the key provisions of the workplace relations legislation
- 59 template letters and documents designed to simplify the work involved in keeping employment records and recording agreements between employees and employers
- 13 Best Practice Guides on areas such as work and family, and individual flexibility arrangements
- checklists to help employers and employees understand their rights and responsibilities and identify any knowledge gaps
- a subscription-based bi-monthly eNewsletter sent to 6 128 employers to help them stay on top of their workplace relations obligations
- an email update subscription-based service sent to 22 487 workplace participants, as required, to keep them up-to-date on employment issues and news
- a suite of pay tools to help clients locate awards and calculate pay rates
- an online learning centre with courses to teach people skills and strategies to help them at work.

### Delivering rates of pay around the clock

In 2012–13 PayCheck Plus, an online self-service tool that calculates modern award pay rates, enabled the FWO to serve the community 24 hours a day, seven days a week, in a matter and time of workplace participants' choosing.

PayCheck Plus formed an integral part of the Fair Work Infoline's customer services. Advisors regularly used PayCheck Plus during calls with employers and employees to explain pay rate calculations and demonstrate how callers could calculate wage rates and entitlements themselves.

Social media, including Facebook and Twitter, was also used during 2012–13 to promote PayCheck Plus as a credible alternative to calling the Fair Work Infoline.

**Figure 2: PayCheck Plus usage by month**

In 2012–13 visitors to PayCheck Plus increased by around 45 per cent with an average of 71 000 visits per month compared to an average of 49 000 visits per month in 2011–12.

PayCheck Plus visits escalated by about 36 per cent in July 2012, the month Fair Work Australia's increase to the minimum wage took effect.

Work began in 2012–13 to modify PayCheck Plus in readiness for the end of transitional arrangements from 1 July 2014, when pre-modern award information will no longer be required to calculate rates of pay.

### Expanding the suite of online resources

User feedback and the increase in download volumes of the online resources and tools demonstrated that the agency's customers continued to value and use practical examples, templates and tailored, accessible guidance.

In response, in 2012–13 the FWO expanded and promoted the agency's suite of online tools and resources, including:

- the launch of MyPortal, a self-service online tool where registered clients are given a secure profile and login that allows them to find their award, calculate pay rates and save their search results. Users also have access to tailored information and resources recommended by the FWO based on their industry and location. They can ask the FWO questions, save advice given and bookmark favourite fairwork.gov.au pages
- the launch of an online learning centre with courses to teach people skills and strategies to help them at work. The course about conducting difficult conversations will be supplemented by another three modules to be developed in 2013–14 (see *Helping make difficult conversations at work easier* on page 17)
- the development of a Fair Work Handbook – a quick reference guide for employers and managers to help them better understand their workplace relations obligations
- the publication of a Pharmacy Industry Handbook, in partnership with the Pharmacy Guild of Australia, tailored for employers and managers in the industry
- the release of three videos for young workers on public holiday and penalty rate entitlements
- a webinar program on current workplace relations topics and campaigns.

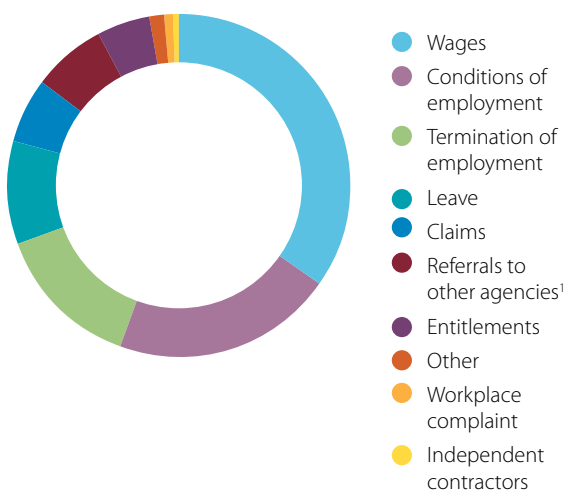
### FAIR WORK INFOLINE

The Fair Work Infoline was the front-line for customised and more complex advice and enquiries in 2012–13. A team of dedicated Fair Work Advisers answered 615 905 enquiries, providing tailored assistance on the telephone and in writing (post or email).

In recognition of these successful outcomes, the Fair Work Infoline received an honourable mention at the 2012 Government Contact Centre Excellence Awards, part of the Government Contact Centre Summit.

As in previous years, wages were the most common reason workplace participants sought advice and information from the Fair Work Infoline in 2012–13, making up more than one-third of all enquiries. Conditions of employment were also of great interest to callers, followed by termination of employment.

**Figure 3: Nature of calls to the Fair Work Infoline 2012–13**



<sup>1</sup> Referred to as 'Outside of scope of FWO' in previous FWO annual reports.

# Case study

## Helping make difficult conversations at work easier

The FWO's Online Learning Centre, launched in 2012–13, is delivering the agency's education message using self-paced courses designed especially for employers, managers and employees.

Key industry stakeholders provided input into the development of the online learning courses to help ensure they were relevant to the issues employers and workers face.

The first course offered, *Difficult conversations in the workplace*, provides practical steps for employers and employees to ensure conversations are effective at resolving problems.

Most employers and workers will be part of a difficult conversation at some stage during their working lives. If difficult conversations are handled well in the workplace, conflicts can be resolved more quickly – or even avoided – and relationships at work can be improved. This can lift staff engagement and performance, creating a happier, more productive workplace.

*Difficult conversations in the workplace* contains various scenarios – such as a sales assistant asking for leave over Christmas/New Year or a waitress asking for more money – and explores the right and wrong ways to tackle the issue. For example, a waitress could ask for more money in two ways:

I get \$15 an hour. I checked fairwork.gov.au and it looks like I should be getting more than that for my role. Can we talk about this?

You are underpaying me. You're ripping me off. Pay me what you owe me or I'm quitting.

The course then demonstrates through video the likely responses to both requests. It provides tips on various aspects of these discussions, such as preparing for the conversation and managing your emotions, and links to further information.

In the two weeks after its launch, the manager course was accessed 700 times and the employee course 590 times.

Courses on the Online Learning Centre are free. By registering, users gain access to many extra features such as completion certificates, assessments and the ability to exit and resume courses.

The FWO will launch more courses via the Online Learning Centre throughout 2013 and 2014. Courses will cover topics such as hiring staff, starting a new job and managing employee performance. Each will contain interactive learning activities, practical scenarios and video content.

Employers, managers and employees can directly access the online courses from a desktop, mobile or tablet by visiting [www.fairwork.gov.au/learning](http://www.fairwork.gov.au/learning).



If difficult conversations are handled well in the workplace, conflicts can be resolved more quickly – or even avoided – and relationships at work can be improved.

**Table 6: Nature of calls to the Fair Work Infoline by percentage**

Enquiry type	2012–13 %	2011–12 %	2010–11 %
Wages	35	38	37
Conditions of employment	21	20	21
Termination of employment	14	13	11
Leave	10	9	9
Claims	6	8	8
Referrals to other agencies <sup>1</sup>	7	5	5 <sup>1</sup>
Entitlements	5	5	5
Other	1.4	1.3	2
Workplace complaint	0.8	0	0
Independent contractors	0.5	0.4	1

<sup>1</sup> Referred to as 'Outside of scope of FWO' in previous FWO annual reports.

**Table 7: Fair Work Infoline assistance and advice**

	2012–13	2011–12	2010–11
Calls for advice and assistance answered	522 782	683 992	825 218
Assistance offered through Live Help sessions	31 937 <sup>1</sup>	48 665	54 743
Responses to written requests for assistance	61 186	39 752	36 443
<b>Total</b>	<b>615 905</b>	<b>772 409</b>	<b>916 404</b>

<sup>1</sup> Live Help ceased in March 2013.

In 2012–13 calls for advice and assistance answered by the Fair Work Infoline decreased by 31 per cent, compared to a 54 per cent increase in responses provided to email and written enquiries through post.

The decrease in Live Help chat sessions was the result of a decision to stop the service in March 2013. An analysis of customer feedback collected through surveys at the end of chat sessions found that closing Live Chat to casual enquirers would greatly increase the Infoline's call handling capacity. Results showed that most Live Chat users who were unsuccessful in resolving their enquiry would subsequently call.

The service has been repositioned and reopened specifically for MyPortal registered users. For more information on MyPortal, see page 16.

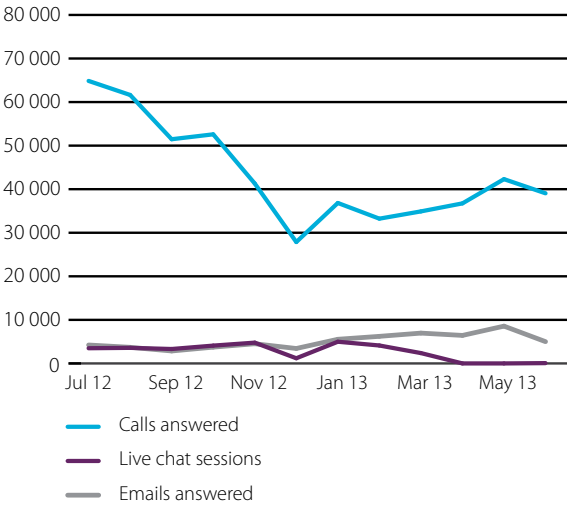
**Table 8: Callers to the Fair Work Infoline**

	2012–13 %	2011–12 %	2010–11 %
Callers who identified themselves as employers	30	33	37
Callers who identified themselves as employees	65	61	62
Callers who did not identify as employers or employees	5	6	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

As in previous years, employees accounted for almost twice as many callers to the Fair Work Infoline as employers.



**Figure 4: Fair Work Infoline assistance and advice provided by month**



### Ensuring quality advice

The FWO met and exceeded its two KPIs used to measure the success of its Fair Work Infoline services:

- The 'First call resolution' KPI was exceeded by 19 per cent, with a one per cent increase on the previous year. This measured whether an enquiry was resolved within 48 hours without extra client contact being required.
- The 99 per cent 'Availability' KPI was also met.

**Table 9: Performance against Infoline key performance indicators**

KPI	2012–13	2011–12
First call resolution (KPI = 80%)	99%	98%
Availability (KPI = 99%)	99%	99%

### MAXIMISING REACH AND ENGAGEMENT THROUGH COLLABORATION

In 2012–13 the FWO's collaborative relationships with stakeholders from the workplace relations community continued to assist in developing innovative solutions for implementing the FWO's education strategies.

Working with representatives from employers, government agencies, universities, unions and industry associations enabled the FWO to maximise its reach and relevance in the workplace community.

Successful examples of the agency's collaborative approach to achieving workplace education and compliance in 2012–13 include:

- worked cooperatively with 117 large employers as part of the National Employer Program, providing workplace relations advice affecting more than 550 000 employees
- provided tailored advice and information about workplace relations practices and policies affecting more than 48 000 employees through collaborating with 14 franchisors as part of the National Franchise Program
- provided tailored advice to over 1 300 enquiries by employer organisations and unions through a dedicated telephone and email service called Practitioner Assist
- developed education and compliance strategies to address the legality and legitimacy of unpaid work practices and internships in consultation with stakeholders, including unions and industry associations. The FWO also commissioned specific research into the nature, prevalence and regulation of unpaid work in Australia. The report and FWO's response is published on [fairwork.gov.au](http://fairwork.gov.au). (see *Experience or exploitation?* on page 20)
- continued to work collaboratively with other government agencies including the Australian Taxation Office and the Australian Securities and Investments Commission on phoenix activity
- consulted widely with industry associations and organisations to develop and deliver four national and 21 state and territory education and compliance campaigns (see *Conducting audits* on page 28).

The FWO will continue to work closely with stakeholders in 2013–14. There will be an increased focus on building connections with and tailoring services for the small business community.

# Case study

## Experience or exploitation?

In late 2011 the FWO identified unpaid work in Australia as an emerging issue. A newspaper article advocating the value to businesses of the 'free labour' on offer from young interns triggered concern.

In consultation with major stakeholders, the FWO published information on [fairwork.gov.au](http://fairwork.gov.au) detailing the nature and risks of different types of unpaid work arrangements.

Recognising the complexity of the issues involved with unpaid work arrangements and the lack of consensus in the community about the legality of such arrangements, the FWO engaged Professors Andrew Stewart and Rosemary Owens from the University of Adelaide in April 2012 to conduct research.

The report from the research, titled *Experience or exploitation? The nature, prevalence and regulation of unpaid work experience, internships and trial periods in Australia*, was published in February 2013.

The report examines three categories of unpaid work - unpaid work experience, unpaid trial work and unpaid internships. It does not consider unpaid work performed at home within familial relations, in a family business, or volunteer work in the not-for-profit sector. The report also acknowledges the importance and legitimacy of unpaid work within formal vocational placements.

While the report acknowledges that it is difficult to accurately quantify the number of workers undertaking unpaid work, it concludes that such arrangements are a growing feature of the Australian labour market.

The report identifies that a significant number of workers, particularly young workers, are asked or required to undertake unpaid job trials or unpaid training which go beyond what is reasonably required to assess an applicant's ability or suitability. It also concludes that there is reason to suspect that a growing number of businesses are choosing to engage unpaid interns to perform work that might otherwise be done by paid employees.

The report makes a series of recommendations about how the FWO might improve education and compliance in this area, in particular by working with stakeholders and encouraging greater community debate.

A summary of the findings and the intended responses to the report's recommendations are available from [fairwork.gov.au](http://fairwork.gov.au). Responses include expanding guidance and education activities to support lawful unpaid work arrangements, such as formal vocational placements, and prioritising the initiation of legal proceedings in matters involving exploitative unpaid work arrangements.



**FWO recognised the complexity of the issues involved with unpaid work arrangements and the lack of consensus within the community around the legality of such arrangements.**

## NATIONAL EMPLOYER AND FRANCHISE PROGRAMS

In 2012–13, 75 large enterprises took part in the FWO's National Employer Program, gaining assistance in understanding and correctly applying Australian workplace laws in their organisations.

The National Employer Program is tailored to the specific needs of the business and can include:

- providing guided instruction on the agency's tools and resources
- reviewing workplace policies, procedures, contracts or agreements for consistency with the Fair Work Act and identifying areas where the business can improve or strengthen its workplace practices
- providing training to human resource staff and line managers on the application of the Fair Work Act.

Since it began in mid-2010, the National Employer Program has worked with 117 employers employing 551 312 employees across industries including retail, manufacturing, health and community services, and the public sector.

The National Employer Program was tailored for the franchise sector in early 2012. The National Franchise Program works directly with franchisors to support compliant workplaces throughout their franchise network.

The National Franchise Program has assisted 3 918 small businesses in the franchise sector employing more than 48 230 employees.

Work commenced in 2012–13, and will continue into 2013–14, to further develop the valuable resources and insights gained as part of these programs into offerings specifically targeted for the small business community.

## GETTING THE RIGHT INFORMATION TO THE RIGHT PEOPLE AT THE RIGHT TIME

To avoid workplace issues arising in the future, the FWO undertook education activities targeting specific industries and employee groups to raise awareness of the agency's role and increase awareness of workplace rights, obligations and options. These included the following initiatives:

### Reaching working parents

In 2013 the FWO ran an education program aimed at working parents and their employers about workplace parental leave, carer's leave, return to work and flexible work rights. This program built on the agency's work to support compliance with parental leave entitlements and workplace flexibility that had commenced in 2011–12. The education program included:

- establishing a Working Parents section on [fairwork.gov.au](http://fairwork.gov.au)
- distributing 'Working parents: Spelling out your rights at work' information flyers at pregnancy and parenting events and through the Australian Government Parent Pack provided to all new parents nationally

- sharing messages via social media
- digital advertising activity
- participating in online chats on parenting websites
- encouraging general deterrence by highlighting pregnancy discrimination cases and complaints in the media (see *Educating working parents* page 22 and *Protecting the vulnerable from pregnancy discrimination* page 33).

### Influencing first time job seekers

Young people entering the workforce for the first time were alerted to the pitfalls of cash-in-hand jobs, participating in unpaid job trials and underpaid public holiday work via a viral video communications campaign. Social media and public events, including attendance at 18 university orientation weeks, were used to promote the videos and associated information on [fairwork.gov.au](http://fairwork.gov.au). Information on workplace rights and obligations was also published in youth magazines such as *Dolly*, *Girlfriend*, *Cleo* and *Cosmopolitan*.

The agency will continue to support first time job seekers in 2013–14 with the launch of the *Starting a new job* online learning course and through the dedicated Young Workers compliance team, which commenced operation in 2012–13. For further information on the FWO's specialist subject-based national compliance teams, see page 30.

### Tailored support available 24/7

The FWO released its first online learning course in June 2013. *Difficult conversations in the workplace* provides practical steps for employers and employees to ensure these conversations are effective. This course will be supplemented by another three modules to be developed in 2013–14 (see *Helping make difficult conversations at work easier* on page 17).

The FWO's primary wage calculator, PayCheck Plus, was also available for the general public to access 24 hours a day, seven days a week during 2012–13.

### Engaging with intermediaries

The FWO's community presentation for culturally and linguistically diverse communities was made available in 12 languages on [fairwork.gov.au](http://fairwork.gov.au). The presentation, targeted at community leaders, educates people about basic workplace rights and obligations. The presentations are part of a package of translated resources that include 'Working in Australia' and 'Employing staff in Australia' videos, the Fair Work Information Statement and My Employment Checklist.

The FWO also worked with business advisers and industry representatives during 2012–13. The agency will continue to work closely with intermediaries in 2013–14, recognising that advisers are a trusted source of information and support for the business community.

# Case study

## Educating working parents

According to the FWO's internal data and external research, working parents can lack awareness and understanding of their workplace rights. They are also vulnerable to missing out on entitlements, especially those from a culturally and linguistically diverse background.

Working parents can face discrimination, barriers to accessing leave, including parental and carer's leave, and difficulty with requesting and using flexible work arrangements.

The FWO ran an education campaign for working parents and parents-to-be in 2012–13, sharing key messages through channels popular with working parents.

The FWO attended parent expos in Sydney and Brisbane, worked with parenthood bloggers, generated discussions through social media, including hosting online forums, received national radio coverage and connected with other government networks that contact parents directly.

A dedicated webpage for working parents on [fairwork.gov.au](http://fairwork.gov.au) and a flyer titled 'Working parents: Spelling out your rights at work' provide key workplace rights information and direct clients to other resources and tools on the website.

About 5 400 flyers were handed out at the parent expos and 200 000 will be delivered to new and expecting parents through the Australian Government 'Parent Pack'.

Digital advertising and articles on parenting websites also extended the reach of the campaign's messages and encouraged more people to visit [fairwork.gov.au](http://fairwork.gov.au). Downloads of Chinese, Vietnamese and Korean translated versions of the 'Working parents: Spelling out your rights at work' flyers were high with more than 2 750 downloaded by the end of the advertising period.



Working parents can face discrimination, barriers to accessing leave, including parental and carer's leave, and difficulty with requesting and using flexible work arrangements.

## **BUILDING AWARENESS THROUGH THE MEDIA**

The FWO has a strong media engagement approach. This plays an important role in raising awareness about workplace relations and educating the community about the rights, obligations and options of workplace participants.

In 2012–13 the FWO actively promoted through the media:

- voluntary recoveries by employers in response to complaints lodged by employees
- national, state and local education and compliance campaigns
- litigation and court judgments.

Complementing this activity is engagement targeted at niche media outlets such as employer representative magazines, newsletters and websites, to ensure important educative and compliance messages reach key audiences.

Use of social media also played an integral role in raising awareness and creating more ways for workplace participants to access the services of the FWO.

The FWO significantly increased its social media presence in 2012–13, remaining involved in online conversations and working with key social media influences to increase the reach of education messages to the Australian public.

Social media monitoring activity allowed the FWO to quickly identify emerging issues, correct misinformation and respond widely to enquiries and concerns.

In April 2013 the FWO joined a blog conversation about the legality of dismissing a worker on maternity leave, called 'Did you just make me redundant while I was on maternity leave?' The agency provided advice, pointed to relevant content on [fairwork.gov.au](http://fairwork.gov.au), and explained the FWO's role.

The FWO will continue to use social media to remain transparent, responsive and effective.

## **FWO's Facebook**

The FWO's content was seen 19 million times on Facebook in 2012–13, with the agency generating more than 300 posts and receiving more than 4 500 'likes', increasing its Facebook fans by over 130 per cent to 30 June 2013.

Posts on Facebook in support of the agency's education and compliance activities proved extremely effective in communicating with workplace participants.

In one week in June 2013, a FWO Facebook post relating to the Annual Wage Review appeared in the newsfeed of 19 200 Facebook users. Almost 1 000 people clicked through to more information on [fairwork.gov.au](http://fairwork.gov.au), and most registered to receive the FWO's Annual Wage Review email updates.

## **FWO's tweets**

Followers of the FWO's Twitter account (@fairwork\_gov\_au) more than doubled in 2012–13, reaching over 3 600.

The FWO issued more than 700 tweets providing updates on workplace relations news and helpful resources available from [fairwork.gov.au](http://fairwork.gov.au).

In April 2013, the FWO's Twitter account was verified. The FWO's verification is part of the Australian Government Information Management Office's (AGIMO) aim to have all Australian Government Twitter accounts officially verified by Twitter.

This recognition is especially important for the significant proportion of human resource and workplace relations professionals who access the FWO's Twitter channel to receive timely, reliable updates on workplace regulations and the agency's activities, and who regularly share the information with their own networks.

## **FWO's YouTube**

In 2012–13 the FWO's 73 workplace relations YouTube videos were viewed 264 266 times

'Job Trial Fails', one of a three part 'Summer Job Fails' animation series received the most views. Viewed 86 468 times, the video encourages young workers to check they are being paid correctly and are receiving all their workplace entitlements. The series was collectively viewed 221 356 times, with young people aged 13 to 17 years old making up two-thirds of total viewers.

The FWO's YouTube channel also has translated and Auslan videos containing information on workplace rights and obligations for employees and employers from culturally and linguistically diverse backgrounds.



**DELIVERABLE 2: INVESTIGATING CLAIMS REGARDING ALLEGED BREACHES OF WORKPLACE LAWS AND UNDERTAKING TARGETED ACTIVITIES**

**SNAPSHOT OF ACTIVITIES IN 2012–13**

- Finalised 26 574 complaint investigations recovering a total of \$20.5 million for 12 134 Australian employees.
- Finalised 5 675 targeted campaign audits recovering a total of \$3.9 million for 5 209 Australian employees.
- More than 23 per cent of the money recovered for underpaid workers was through voluntary compliance measures.
- Encouraged large enterprises to be proactive about workplace law compliance with the negotiation of one Pro-active Compliance Deed.
- Achieved voluntary compliance via 12 enforceable undertakings.

The FWO continued to assess and modify its approach to dealing with issues of non-compliance in 2012–13.

The agency adopted a more tailored approach of enforcement, shifting further from the traditional means of addressing potential workplace breaches through reactive and formal investigation of complaints.

This revised approach to workplace compliance is built on developing an understanding of how major sectors of the economy, employing large numbers of vulnerable workers, operate and then using those insights to guide tailored, appropriate and proportionate proactive compliance activities.

Integration of the Fair Work Infoline and inspectorate was key to the success of this approach. Workflow re-engineering and the expanded use of alternative dispute resolution methods also contributed to the agency's achievements. Results for the FWO's investigation KPI increased substantially from 68 per cent in 2011–12 to 84 per cent in 2012–13. For more information, see Table 16 on page 32.

The FWO received requests for assistance on, and proactively identified, a wide range of workplace issues – from underpayment of wages and non-provision of leave entitlements, through to disguised employment relationships, unpaid work, supply chain regulation, and general protections including discrimination.

Each matter required the use of different resources or statutory powers to efficiently achieve a quality outcome.

The first step to rectifying a matter was through collaborative and educative methods including an assisted voluntary resolution approach and mediation, designed to facilitate behaviour change and enhance commitment to long-term compliance.

Of the 26 574 complaints finalised in 2012–13, more than 65 per cent were resolved through alternative dispute resolution services (services include those illustrated in Figure 6 on page 26).

Incorporating education with compliance measures encouraged increased adherence to workplace laws across Australia and protected vulnerable groups from exploitation in the workplace. For information on the agency's education activities, see Deliverable 1 on page 13.

The FWO targeted specific industries with national, state and territory-based education and compliance campaigns to help employers improve workplace practices and protect workers in industries with high levels of non-compliance.

The FWO also pursued compliance using enforcement tools, designed to more broadly deter non-compliance, when deliberately unlawful behaviour was detected.

In 2012–13, the FWO focused on using the full suite of compliance and enforcement options available on the spectrum – from persuasion to insistence. These activities included:

- resolving disputes – the FWO works with employers and employees to help resolve complaints, which includes ensuring all parties are aware of their rights and obligations (see page 25)
- conducting audits – the FWO targets industries or areas where there has been a history of non-compliance, running information and education campaigns, followed by a period of auditing. During this time employers are encouraged to improve their business practices and rectify any issues (see page 28)
- carrying out investigations – the FWO investigates alleged contraventions and applies the appropriate resolution pathway (see page 30)
- enforcing compliance – the FWO takes legal action in response to serious, wilful or repeated non-compliance and to deter further contraventions of Australia's workplace laws (see Deliverable 3 on page 35).

## RESOLVING DISPUTES

### Requesting assistance

Employees can either download a request for assistance form from [fairwork.gov.au](http://fairwork.gov.au) or call the Fair Work Infoline (13 13 94). These requests can be lodged by post, fax or in person.

At the end of April 2013, the FWO amended its complaint form to advise complainants that a copy of their complaint would be provided to their employer or former employer. Confidential complaints are an exception. Previously, Fair Work Inspectors gave employers a verbal and written summary of the allegations in question.

This change reinforces the transparency and neutrality of the FWO and encourages the parties to consider and discuss the issues in dispute.

Complaints within the FWO's jurisdiction are addressed through a staged process of assisted voluntary resolution and mediation measures.

In 2012–13 the FWO received 24 678 complaints and finalised 26 574. It recovered \$24 463 693 million in back-pay for more than 17 400 workers nationally, and the average amount recovered per employee was \$1 385.

**Figure 5: Complaints received and complaints finalised 2009–13**



**Table 10: Complaints received and complaints finalised 2009–13**

	2012–13	2011–12	2010–11
Complaints received	24 678	26 366	21 890
Complaints finalised	26 574	28 412	22 523

Note: The number of complaints resolved was higher than the number of complaints received as some complaints lodged in 2011–12 were resolved in 2012–13.

**Table 11: Complaints finalised by state and territory**

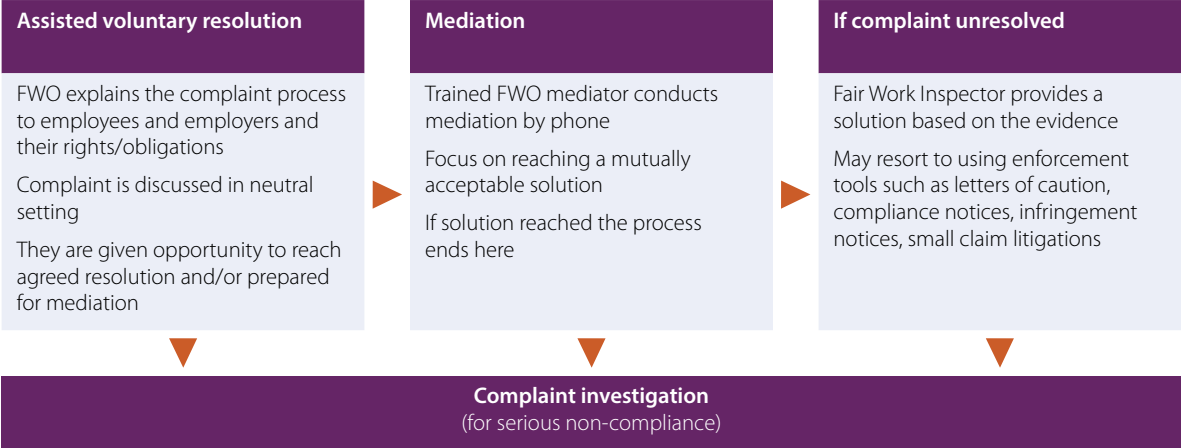
	2012–13 %	2011–12 %	2010–11 %
Australian Capital Territory	1	1	1
New South Wales	29	30	28
Northern Territory	1	1	1
Queensland	24	24	26
South Australia	7	8	7
Tasmania	2	2	2
Victoria	28	26	27
Western Australia	8	8	8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Table 12: Payments recovered from complaints and targeted audits**

	2012–13	2011–12	2010–11
Number of individuals receiving payments	17 434	18 497	17 360
Total monies recovered	\$24 463 693	\$39 809 501	\$26 755 817

Note: The decrease of monies recovered can be largely attributed to two specific matters in 2011–12, which collectively recovered \$8.2 million for 501 employees.

**Figure 6: Dispute resolution process for complaints received from workers**



**Registration and assessment**

Complaint processes start with an assessment and decision about whether the complaint should be treated by the FWO and, if so, how.

**Assisted voluntary resolution**

Through assisted voluntary resolution (AVR), Fair Work Inspectors work directly with the employee and their employer, to reach a mutually acceptable resolution, without immediately resorting to a formal investigation.

In 2012–13 the role of AVR was enhanced as a forum for client engagement and education, particularly for small to medium-sized businesses.

Employers and employees were each given information about their entitlements and obligations under workplace laws, had aspects of the complaint explained to them and were guided through any matters in dispute. While parties were helped to reach a solution, the FWO did not make determinations about whether a contravention had occurred.

The FWO assisted in the self-resolution of 26 per cent of all complaints through the AVR process in 2012–13.

Most complaints not resolved using AVR in 2012–13 were referred to and resolved via mediation.

**MEDIATION**

In 2012–13 the FWO increased its specialist team of workplace relations mediators from 6 to 15. This followed a successful 12-month Mediation Pilot Program during which 80 per cent of attempted mediations were successfully resolved.

Mediation is a voluntary and confidential process, conducted by an accredited FWO mediator usually by phone and can begin promptly after the FWO has received a complaint. Resolution is typically reached in around one-and-a-half to two hours. During the process parties are assisted to resolve the complaint in a non-adversarial manner and to take ownership of solutions.

Overall, 13 per cent of complaints received were resolved through mediation in 2012–13 – a substantial increase on 2011–12 when just 2 per cent of complaints were resolved this way. Of all complaints scheduled to be mediated, 82 per cent were resolved.

Because it is voluntary, most matters are suitable for mediation except those that involve deliberate and systemic non-compliance. These are referred to Fair Work Inspectors for assessment and decision.

# Case study

## Educating parties to reach agreed and appropriate solutions

The FWO received a complaint from an employee in NSW who alleged that they were being underpaid their hourly rate of pay. The assessment team identified the complaint as one that was suitable for assisted voluntary resolution.

During the assisted voluntary resolution process, an inspector helped each party tell their version of events and provide all relevant information.

Once all the relevant information had been gathered, the inspector was able to determine the appropriate industrial instrument and rate of pay. The inspector then gave both parties this information, explaining how the interpretation had been reached.

The employer then realised that they hadn't understood their obligations correctly and were possibly underpaying all of their employees. The employer felt comfortable enough to bring this to the attention of the inspector, who offered to work with them to identify where they had not met their obligations.

Over several weeks, the inspector worked with the employer to resolve the initial complaint, as well as rectifying underpayments to other employees – pre-empting any future complaints about underpayments.

With the cooperation of the parties the complaint was resolved, the employer was educated about workplace obligations and the employee felt comfortable continuing to work for the employer – all without the need for a lengthy investigation or the use of the FWO's statutory powers or enforcement mechanisms.

With the cooperation of the parties the complaint was resolved, the employer was educated about their workplace obligations and the employee felt comfortable continuing to work for the employer.



## CONDUCTING AUDITS

By conducting national, state and territory-based campaigns, the FWO focused on employers and industries considered a high compliance risk, especially those employing vulnerable workers. This included the hospitality and hair and beauty industries, known to employ migrants and young people.

In formulating campaigns in 2012–13, the FWO developed a four-year program, running from 2012–16. The strategy is evidence-based, taking into account industry research and analysis, including internal consultation, complaint analysis, Infoline statistics, IBISWorld market research reports, campaign evaluations and media reporting.

This is the FWO's first long-term targeting strategy and is enabling better forward planning, while remaining flexible and adaptive. The program is reviewed and adapted every six months.

The FWO first engaged with industry associations and unions to incorporate their specific knowledge and to coordinate communication activities to maximise reach and impact.

For example, the FWO developed and published a Pharmacy Industry Handbook in partnership with the Pharmacy Guild of Australia, tailored for employers and managers in the industry. The handbook is available from [fairwork.gov.au](http://fairwork.gov.au).

As well as traditional communications methods, the FWO also used innovative ways of reaching targeted sectors, such as webinars, social media and dedicated audits and campaigns pages on [fairwork.gov.au](http://fairwork.gov.au) that directed employers to relevant self-help tools and resources.

When contraventions of the law were identified, the FWO worked with employers to achieve voluntary compliance. In 2012–13 national and regional campaigns resulted in 5 675 audits being finalised and more than \$3 900 000 recovered for 5 209 employees.

**Table 13: Employer campaign audits finalised and money recovered for employees through campaigns**

	2012–13	2011–12	2010–11
Total audits completed	5 675	6 547	6 779
National audits completed	2 192	3 329	2 066
Regional audits completed	3 483	3 218	4 713
Total monies recovered from audits	\$3 948 401	\$6 158 875	\$4 738 532
Total employees monies recovered for	5 209	6 574	7 613

**Table 14: Employer campaign audits finalised by state and territory**

	2012–13	2011–12	2010–11
New South Wales/ Australian Capital Territory	1 618	1 846	1 892
Northern Territory	108	110	104
Queensland	1 879	1 969	1 934
South Australia	742	676	1 123
Tasmania	294	214	211
Victoria	639	1 211	906
Western Australia	395	521	609
<b>Total</b>	<b>5 675</b>	<b>6 547</b>	<b>6 779</b>



# Case study

## Maintaining an active awareness to improve compliance

More than \$250 000 was repaid to workers in Canberra restaurants following a FWO audit campaign.

Fair Work Inspectors audited 179 restaurants across the capital in an extensive education and compliance campaign and as a result 482 workers received a total of \$279 756.

The campaign was sparked by the high number of complaints from staff working in Canberra restaurants and cafés and FWO findings showing a high level of non-compliance with workplace laws.

The FWO especially focused on the restaurant sector as it, along with other sectors of the hospitality industry, attracted the largest number of complaints from employees and typically employs vulnerable workers such as migrants and young people.

In response, the FWO's campaign focused on identifying underpayments and educating employers about ensuring they meet their obligations to employees.

The campaign was conducted between November 2011 and the end of March 2013.

Of the 179 restaurants and cafes audited, 105 (59 per cent) were found to be breaching workplace laws, while 74 (41 per cent) were compliant.

Of the restaurants breaching workplace laws, 50 (48 per cent) were not paying employees the correct wages, 34 (32 per cent) had technical contraventions of record-keeping or payslips, and 21 (20 per cent) had both wage and technical contraventions.



An investigation into one business is continuing.

A number of errors by employers led to the underpayments, including:

- enterprise agreement rates not increasing over time and falling below the award rate
- casual employees being paid part-time rates
- employees not receiving sick leave or annual leave
- employers paying 'going rates' or 'industry rates' that were below award rates
- employers paying flat rates for all hours worked, which were insufficient to compensate employees for penalty rates that should have been received
- casual employees working less than the minimum casual engagement of three hours.

Seventy-one restaurants have repaid amounts ranging from just under \$30 to more than \$26 000 for six workers in one restaurant.

A key focus of these campaigns is to work with employers and steer them to tools and resources that are available for free on [fairwork.gov.au](http://fairwork.gov.au) so they can check that they are meeting their obligations.

The second phase of a national compliance campaign in the hospitality sector is underway. It includes audits of cafés, restaurants and catering companies across Australia. ACT restaurants will be included in the campaign to allow the FWO to determine whether compliance levels in the capital have improved.

The ACT Restaurant Industry Audit Program report is available on [fairwork.gov.au](http://fairwork.gov.au).

A key focus of these campaigns is to work with employers and steer them to tools and resources that are available for free on [fairwork.gov.au](http://fairwork.gov.au) so they can check that they are meeting their obligations.

**Table 15: Money recovered for employees through campaigns by state and territory**

	2012–13 \$	2011–12 \$	2010–11 \$
New South Wales/ Australian Capital Territory	904 087	974 761	751 885
Northern Territory	145 282	96 440	96 522
Queensland	704 383	2 233 379	796 103
South Australia	589 714	416 303	195 850
Tasmania	128 621	202 994	192 046
Victoria	733 268	1 281 277	2 303 699
Western Australia	743 046	953 721	402 427
<b>Total</b>	<b>3 948 401</b>	<b>6 158 875</b>	<b>4 738 532</b>

#### National campaigns

The four national campaigns in 2012–13, integrating advice, education and compliance audits, were in structural metal product manufacturing, hospitality, hair and beauty, and the pharmacy sector.

Information on the national campaigns, including campaign reports, is available from [www.fairwork.gov.au](http://www.fairwork.gov.au).

#### Regional campaigns

Regional campaigns responded to specific state or regional issues. When undertaking audits in regional areas the FWO was generally welcomed and employers were keen to be given information about their responsibilities. Where contraventions were found, voluntary resolution was the usual outcome.

In 2012–13 the FWO began the following 21 regional education and compliance campaigns and programs:

- NSW/ACT Specialised Food Retailing Regional Campaign
- NSW Furniture, Floor Coverings and other Goods Retailing
- NSW Hunter Region Fuel Retailing Campaign
- NSW Retail Liquor Stores 2012
- NSW/VIC/QLD Live Production Industry Audit Program
- NSW QLD VIC Horse Racing Industry Audit Program
- NSW/QLD/ACT Motor Vehicle Retailing Campaign
- Qld Hardware Retail Audit Program
- Qld Pest Control and Gardening Services Regional Campaign
- SA Land Development & Site Preparation Services Audit Program
- SA Specialised Food Retailing Audit Program

- Tas Building Apprentice Campaign
- Tas/Queenstown and Environs Records and Pay Slips Campaign
- Vic Clerical Workers in the Sex Industry
- Vic/Melbourne CBD Retail Records and Pay Slips Audit Program
- Vic/Tas/Murray Lands Campaign
- Vic/Tas Rolling Records and Random Audits
- WA/SA/NT Record keeping and pay slip compliance follow-up audit program
- WA/SA/NT Residential Building Industry Apprentices and Trainees Campaign
- WA Video Games Rental Store Audit Program
- WA/SA/NT Fuel Retailing Campaign.

#### CARRYING OUT INVESTIGATIONS

A large proportion of complaints received are resolved at one of the pre-investigation stages. For those that are not or where a matter is assessed as particularly significant, the complaint may proceed to investigation.

Investigating complaints was an important component of the FWO's work in 2012–13 as part of its ongoing commitment to achieving fair Australian workplaces. The agency dedicated resources to strategic enforcement activities where there were alleged instances of serious non-compliance with Australian workplace laws.

The FWO has also established four national subject-based compliance teams that aim to address allegations of serious non-compliance, recognising that specialisation can be more efficient and effective in assisting vulnerable workers. The four teams are:

- overseas workers (supporting migration policies)
- young workers, including apprentices and trainees (supporting a skilled workforce)
- general protection (enhancing social inclusion and productivity)
- misclassification (supporting revenue protection measures).

By specialising in these subject-based teams, Fair Work Inspectors are trained to observe industry patterns, locate specific issues and engage with the community to enhance strategic compliance efforts.

# Case study

## Committed to actively serving regional communities

In 2012–13 the FWO operated from 16 regional offices. Several additional regional offices were maintained through partnership arrangements with state government agencies but have since closed.

The location of regional offices is based on several factors. Population is the most important, but so is the presence of existing and emerging growth industries, and industries most likely to need intervention.

The FWO's commitment to ensuring expertise and advice is accessible to regional Australia means that 98 per cent of the Australian working age population is within 300 kilometres of an office.

About three-quarters of the people who visited the FWO in 2012–13 went to regional offices.

Opportunities to establish strong local networks with business, educational institutions and other support services are important to the FWO. Teams regularly visit regional centres to conduct site visits and meet with employers and employees, including participating in events such as university orientation weeks.

In February 2013, a team of Fair Work Inspectors from the Toowoomba office visited businesses in the main street of Laidley, a small rural town 30 minutes east of Toowoomba. Each of the businesses had been inundated with water during the Australia Day floods.

The inspectors discussed and distributed information on workplace entitlements during natural disasters. They also offered bottled water and cake to lift spirits. The people of Laidley welcomed the visits, showing gratitude for the inspectors' time and assistance.

Two months later the Toowoomba team attended a Jobs and Skills Expo in Bundaberg, a town also affected by the Australia Day floods. The 1 500 or so local community members in attendance were invited to speak with the inspectors and find out about rights and entitlements at work, and how the FWO could help them.

FWO's Toowoomba team epitomises the agency's commitment to creating fair and productive workplaces across Australia. Developing strong ties with the local community provides opportunities for securing compliance before issues arise.

Opportunities to establish strong local networks with business, educational institutions and other support services are important to the FWO.



From left to right: Regional office-based Fair Work Inspectors Steven Williams, Melissa King, Kim O'Connell and Jenny Crook.

### Exceeding complaint handling expectations

The FWO increased the number of wage and conditions complaints resolved in less than 90 days from 68 per cent in 2011–12 to 84 per cent in 2012–13.

**Table 16: Complaints finalised within 90 days by month (KPI = 80%)**

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2012–13	78%	82%	83%	81%	80%	79%	86%	89%	85%	86%	88%	88%
2011–12	61%	57%	59%	60%	62%	66%	73%	72%	73%	73%	74%	73%

This increase in the agency's performance can be attributed to:

- the greater use of alternative and less formal dispute resolution services, which have enabled complaints to be resolved more quickly
- evaluating claims and evidence about individual complaints as soon as they are received, identifying the appropriate path to resolve each case
- establishing specialist subject-based national compliance teams to address allegations of serious non-compliance (see page 30)
- using a wider range of enforcement tools such as letters of caution, compliance notices, infringements notices and small claims litigations (for more information on small claims see page 38)
- investing in operational staff capability and training to increase technical knowledge and experience enabling Fair Work Inspectors to assess and investigate complaints more effectively.

The FWO is optimistic that the investigation key performance indicator will remain high throughout 2013–14 as a result of these measures.

### RESPONDING TO WORKPLACE DISCRIMINATION

Together with the agency's educational activities, the FWO's compliance measures encourage workplaces to adhere to workplace discrimination laws and aim to protect vulnerable groups from exploitation in the workplace.

In 2012–13 the FWO initiated three discrimination litigations and entered into three enforceable undertakings.

The FWO received 235 complaints relating to workplace discrimination in 2012–13, with 14 per cent falling outside the agency's jurisdiction.

Of the 235 complaints received and assessed, 76 cases were referred to the specialist general protection area for further investigation. General protections also address matters relating to industrial action, freedom of association, right of entry and duress.

The most common discrimination complaints investigated in 2012–13 involved pregnancy (28 per cent), physical or mental disability (21 per cent) and family/carer responsibilities (11 per cent). This compares with disability (25 per cent), pregnancy (21 per cent) and race (13 per cent) in 2011–12.

The FWO is empowered to investigate discrimination as defined under the Fair Work Act, and only where state and federal laws do not exclude the operation of the Fair Work Act.

As a result, many complaints received were outside the FWO's jurisdiction.

**Table 17: Discrimination complaints and outcomes**

	2012–13	2011–12	2010–11
Complaints received	235 <sup>1</sup>	1 040	1 171
Calls taken by Infoline	1 179	1 746	2 709
Outside the FWO's jurisdiction	14%	28%	43%
Matters proceeding to investigation	76	182	294
Discrimination matters filed in court	3	2	2
Executed enforceable undertakings	3	3	1

<sup>1</sup> Fewer discrimination complaints were referred for investigation because from 1 July 2012 only those complaints assessed as within the scope of the Fair Work Act were recorded as discrimination complaints. Previously all complaints alleging discrimination were registered as discrimination complaints and forwarded for assessment.

### ACHIEVING OUTCOMES THROUGH ENFORCEABLE UNDERTAKINGS

Enforceable undertakings were an important voluntary enforcement mechanism in 2012–13.

The FWO bolstered its use of enforceable undertakings, with 12 employers acknowledging they had contravened workplace laws and providing the agency with a written commitment to undertake certain actions. Commitments included rectifying non-compliance, apologising to affected workplace participants and revamping workplace policies and procedures.

The 12 enforceable undertakings finalised in 2012–13 provided more than \$6.7 million in back-pay to employees. Summaries and copies of the enforceable undertakings are available from [fairwork.gov.au](http://fairwork.gov.au).

# Case study

## Protecting the vulnerable from pregnancy discrimination

After informing her boss she was pregnant, a Melbourne retail assistant in her early 20s had her work hours significantly reduced and was told to accept this or resign.

The assistant's work hours were reduced from up to 27 hours per week to just seven. She subsequently resigned in what the FWO considered to be 'constructive dismissal' of the employee under workplace discrimination laws.

Constructive dismissal occurs when employees resign because their employer's behaviour has become so intolerable or has made life so difficult that the employee has no other choice. Since the resignation was not truly voluntary, it is effectively a termination.

Owner-operator of Shawna Pty Ltd, Hui Zhou, admitted to the breaches after workplace laws were explained. Zhou, a Chinese immigrant, agreed to corrective actions in an enforceable undertaking with the FWO.

Copies of the enforceable undertaking have been made available in both English and Mandarin on [fairwork.gov.au](http://fairwork.gov.au) – the first time this has occurred.

Zhou also placed an advertisement detailing the breaches in *The Daily Chinese Herald* newspaper, as part of the enforceable undertaking's terms. The ad is intended to raise awareness of pregnancy discrimination laws among the Chinese community in Australia.

Under the Fair Work Act, it is unlawful to discriminate against employees on a range of grounds, including pregnancy, race, colour, sex, sexual preference, age, physical or mental disability, marital status and family or carer responsibilities.

Discriminatory behaviour can include dismissing or threatening to dismiss an employee, reducing an employee's hours, or denying training and promotion opportunities.

The enforceable undertaking required Shawna Pty Ltd to apologise to the employee and compensate her, paying her \$2 000 for economic and non-economic loss suffered. The company also had to develop processes to ensure it complied with workplace laws in the future, provide annual professional workplace relations training for Shawna directors, and prominently display a public notice detailing its breaches of workplace laws at the business premises.



Discriminatory behaviour can include dismissing or threatening to dismiss an employee, reducing an employee's hours, or denying training and promotion opportunities.



## **FAIR WORKPLACES A JOB FOR ALL: PRO-ACTIVE COMPLIANCE DEEDS**

The FWO continued to urge large and medium-sized enterprises to follow the lead set by McDonald's in 2011–12 and take proactive steps to ensure their workforce is receiving their workplace rights and entitlements.

Working closely with organisations to identify and improve policies and practices means that the impact of the FWO's work will continue to directly benefit future employees of these companies, and allows the companies to publicly show corporate responsibility.

Pro-active Compliance Deeds are a way businesses can work with the agency in a positive and constructive way. Entering into a deed can also benefit businesses by helping them to:

- make sure they are meeting the requirements of the Fair Work Act
- identify and minimise employment related business risks
- demonstrate they are a fair Australian workplace and an employer of choice
- address potential areas of non-compliance with the Fair Work Act.

Deeds are tailored to the needs of individual businesses and can involve:

- self-auditing of wages and record keeping
- initiatives to engage with employees to improve compliance
- looking at supply chain and franchise relationships.

All businesses that enter a deed are assigned a dedicated Fair Work Officer. The officer provides support and assistance to the business and helps it meet the outcomes of the deed. Once a deed is finalised a report is made publicly available at [fairwork.gov.au](http://fairwork.gov.au).

### **Asset Industries Australia Limited**

In 2012–13 major cleaning company Asset Industries Australia became the first enterprise to enter into a Pro-active Compliance Deed that focuses on ensuring compliance with workplace laws through the procurement chain.

Under the three-year Deed of Pro-active Compliance, Asset Industries Australia agreed to self-audit its own staff as well as cleaners employed through its subcontractors across Australia to ensure it complies with workplace laws.

The company has agreed to correct any underpayments identified within 30 days and establish mechanisms for its own staff and those employed by contractors to raise concerns about their workplace entitlements. It will report the outcomes of the audits to the FWO annually.

### **McDonald's Australia Limited**

McDonald's Australia completed the first self-audit and the FWO is confident other major employers will follow its lead.

McDonald's self-audited the pay packets of 8 500 of its 85 000-strong national workforce for pay periods in 2009 and 2010. Conducted across McDonald's regional and metropolitan restaurants, the audits found 100 per cent compliance for wages paid in 2009 and 97 per cent compliance for wages in 2010. The report on the outcomes of the McDonald's deed is available on [fairwork.gov.au](http://fairwork.gov.au).

The overall standard of the company's record keeping was high. Under the deed, McDonald's accepted responsibility for developing systems and processes to maintain ongoing compliance with Commonwealth workplace laws.

**DELIVERABLE 3: LITIGATING, WHERE NECESSARY, TO ENFORCE COMPLIANCE WITH WORKPLACE LAWS**

SNAPSHOT OF ACTIVITIES IN 2012–13
<ul style="list-style-type: none"><li>• Addressed serious, wilful and repeated non-compliance with the start of 50 litigations.</li><li>• Achieved court ordered penalties totalling \$1 654 570 in the 45 litigation cases decided.</li></ul>

The FWO reserves the use of civil penalty litigation to address the most serious and repeated contraventions. In most instances, the FWO prefers to use voluntary compliance measures to address non-compliance with Australian workplace laws.

The FWO's litigation policy (Guidance Note 1 – Litigation Policy), available at [fairwork.gov.au](http://fairwork.gov.au), guides decisions on commencing litigations, including a public interest test.

- Other factors considered in litigation decisions include:
- the need to deter others from similar contraventions
  - the involvement of vulnerable workplace participants, such as foreign or young workers
  - whether workplace participants suffered significant consequences as a result of the contravention
  - whether there was a need for judicial clarification of workplace laws.

The FWO's litigation activities are transparent, accountable, constructive and effective and are not made capriciously. The FWO is a model litigant with civil penalty litigation only pursued when necessary in accordance with the agency's mandate of ensuring compliance with Australian workplace laws.

As well as protecting the rights of Australian workers, the FWO is also aware of the wider ramifications of creating a level playing field for Australian businesses with successful litigations helping to negate the unfair advantage employers may gain by underpaying employees.

In 2012–13 the FWO generally began litigation as a result of alleged offenders refusing to rectify non-compliance issues voluntarily, or when serious or repeated contraventions were involved.

In 2012–13 the FWO initiated 50 litigations – 45 were decided in court, resulting in court-ordered penalties totalling \$1 654 570. A schedule of total penalties imposed is in Table 18.

**Table 18: Civil penalty litigations**

	2012–13	2011–12	2010–11	2009–10	Total
Civil penalty litigations commenced	50	51	55	53	209
Decisions	45	37	39	57	178
Penalties	\$1 654 570	\$1 536 143	\$2 165 965	\$2 019 756	\$7 376 434

**Table 19: Enforceable undertakings**

	2012–13	2011–12	2010–11	2009–10	Total
Enforceable undertakings entered into	12	8	11	4	35
Underpayments recovered	\$671 358	\$1 434 224	\$2 243 540	\$330 701	\$4 679 823

**Table 20: Types of breaches where civil penalty litigation was launched and enforceable undertakings accepted**

Types of breaches	2012–13		2011–12	
	Litigation commenced	Enforceable undertakings accepted	Litigation commenced	Enforceable undertakings accepted
Adverse action	2	2	5	0
Discrimination	3	3	0	3
Failure to pay fairness test compensation and failure to make and keep pay records	0	0	0	1
General protections	0	0	2	0
Sham contracting	1	0	4	0
Wages and conditions	40	7	40	4
Failure to comply with a compliance notice	4	0	0	0
<b>Total</b>	<b>50</b>	<b>12</b>	<b>51</b>	<b>8</b>

As in previous years, most cases were litigation matters relating to the underpayment of wages and entitlements, representing 80 per cent of all proceedings begun. A list of the types of breaches litigated is provided in Table 20.

In 2012–13 the FWO also initiated proceedings in other types of matters and on occasion with the purpose of seeking clarity on the operation of less established areas of workplace law, including those relating to adverse action, discrimination, sham contracting and procurement chain liability.

A number of significant litigations were decided in 2012–13. Further information on these is available on [fairwork.gov.au](http://fairwork.gov.au).

# Case studies

## Significant penalty for sham contracting

A NSW fruit and vegetable shop prosecuted by the FWO was fined \$166 848 for engaging in sham contracting and underpaying its shop assistants between 2006 and 2010.

EA Fuller & Sons Pty Ltd, which operates the fruit and vegetable shop in Bellingen, admitted to underpaying five casual employees a total of \$82 475.

The casual employees were paid flat hourly rates, leading to the underpayment of their casual loadings and penalty rates for weekend, overtime and public holiday work.

The Federal Circuit Court sitting in Sydney also found the company knowingly misclassified two employees as independent contractors. One was underpaid \$60 827 over the three-and-a-half years she worked at the store.

This is known as sham contracting, when employers deliberately or recklessly deny employees their rightful wages and entitlements by classifying them as 'contractors' rather than employees. It is a serious offence.

The other underpaid employees were females aged between 18 and 20 at the time, including a Korean national who spoke little English. She was paid just \$6 an hour and underpaid \$13 928 over six months.

Judge Rolf Driver said Eric Fuller, the company director and part-owner, and the company itself had been careless and disregarded their obligations. The company was fined \$139 040, while the employer was fined a further \$27 808.

Fair Work Inspectors first discovered the underpayments and record-keeping breaches when they investigated employee complaints. Mr Fuller subsequently rectified the underpayments.

'There is a need to send a message to the community, and particularly employers, that employers must provide their employees with the correct entitlements and steps should be taken to understand and comply with those entitlements,' Judge Driver said.

'The court regards the sham contracting contraventions as particularly serious and recognises the damage that sham contracting can have to the Australian economy and other employers generally.'

**'There is a need to send a message to the community, and particularly employers, that employers must provide their employees with the correct entitlements and steps should be taken to understand and comply with those entitlements.'**

Judge Rolf Driver

## Protecting young workers

The FWO took action against Revolution Martial Arts Pty Ltd after discovering 17 staff at the fitness centre were underpaid a total of \$67 320 between July 2009 and April 2012.

More than \$64 000 of the underpayments related to 12 trainees, aged between 15 and 21, who were only paid between 73 cents and \$2.74 an hour.

The company deducted club membership and administration fees from the trainees' wages without authorisation, resulting in the low hourly rate. The trainees, who were completing Certificates in Sports or Fitness, were entitled to be paid between \$8 and \$16 an hour. A teenage male trainee suffered the largest individual underpayment of \$12 349.

Some of the Revolution Martial Arts employees also didn't receive their annual leave entitlements, and workplace laws relating to employment records were also breached.

The former operator of the fitness centre, David Auty, and his company, didn't rectify the underpayments until after the FWO initiated legal proceedings.

As a result of the FWO's litigation in the Melbourne Federal Magistrates Court, Auty was fined \$7 656. His company was fined a further \$38 280.

Auty had already been investigated in 2006 and had been advised about minimum entitlements and restrictions on making deductions from employees' wages by the Office of Workplace Services, a predecessor agency of the FWO.

Judge Turner agreed that Auty was aware of his obligations, including as a result of the 2006 investigation.

'The breaches are serious, the employees were young and vulnerable,' Ms Turner said.

The FWO is committed to standing up for young workers and taking action where necessary. This group can be especially vulnerable because they are often not fully aware of their workplace rights and can be reluctant to complain.

**Progressing small claims matters more efficiently**

The FWO works closely with the courts to help private citizens seek court orders for contraventions of the Fair Work Act.

The small claims procedure is contained in section 548 of the Fair Work Act and can be used for amounts of up to \$20 000. The procedure cannot be used if an applicant is seeking a pecuniary penalty order against the respondent.

Matters involving the small claims procedure are run in an informal manner, as the court is not bound by any rules of evidence or procedure. Legal representation is generally not allowed in a small claims procedure unless the court agrees. A Fair Work Inspector or lawyer from the FWO may seek leave

to appear as a ‘Friend of the Court’. In this capacity they do not act for either party, but instead can assist the court on points of law or raise awareness of important aspects of the case.

A typical complaint dealt with under the small claims procedure might involve a dispute about one or more of the following elements:

- annual leave
- payment in lieu of notice
- wages or allowances.

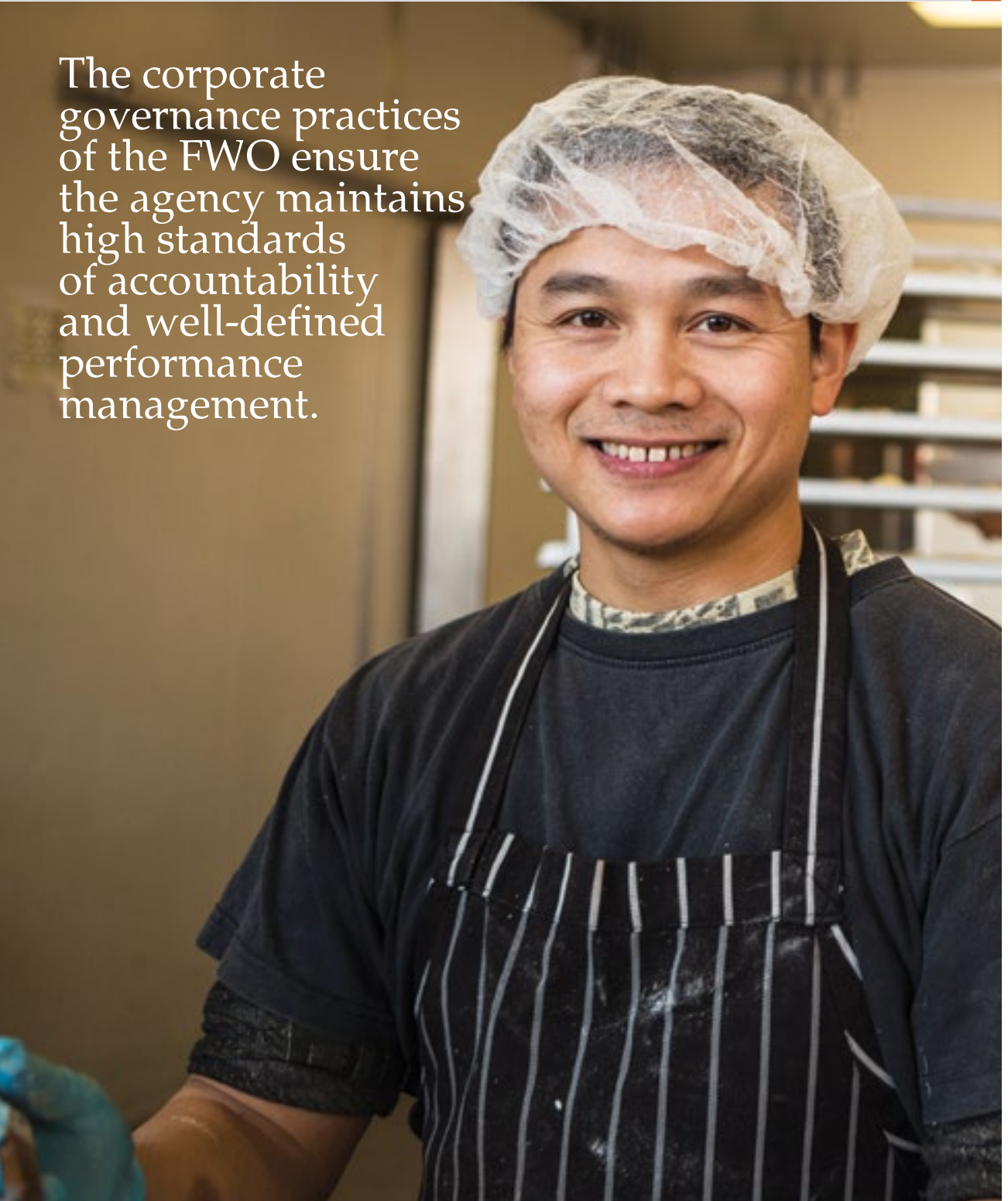
During 2012–13, 50 small claims applications were heard before the Federal Magistrates Court. A total of \$179 298 was ordered in favour of applicants.

**Table 21: Small claims heard and amounts awarded**

State	2012–13		2011–12		2010–11	
	Small claims heard	Total amount awarded	Small claims heard	Total amount awarded	Small claims heard	Total amount awarded
Victoria	10	\$6 173	46	\$109 966	36	\$86 174
Australian Capital Territory	1	\$998	4	\$3 363	0	0
Queensland	11	\$20 829	12	\$25 393	0	0
New South Wales	24	\$129 711	21	\$90 563	2	Settled at mediation
Western Australia	4	\$21 587	9	\$37 661	0	0
<b>TOTAL</b>	<b>50</b>	<b>\$179 298</b>	<b>92</b>	<b>\$266 946</b>	<b>38</b>	<b>\$86 174</b>



The corporate governance practices of the FWO ensure the agency maintains high standards of accountability and well-defined performance management.



## CORPORATE GOVERNANCE

Corporate governance covers the rules, relationships, systems and processes by which the FWO applies the resources entrusted to it.

The corporate governance practices of the FWO ensure the agency maintains high standards of accountability and well-defined performance management.

The Executive Committee oversees these practices with support from the following management committees:

- Audit Committee
- Contracts Committee
- Diversity Council
- Health and Safety Committee
- IT Projects and Capital Expenditure Sub-committee
- Recruitment Committee.

## EXECUTIVE COMMITTEE

The FWO's Executive Committee provides corporate leadership and strategic direction for the agency, as well as overseeing financial management and business performance.

Under its charter, the Executive Committee is responsible for leadership of the organisation, including:

- modelling best practice decision making, to encourage an agency culture that values consultation, participation and transparency
- developing and overseeing the implementation of the agency's strategic plan
- establishing and monitoring agency systems of fraud control and accountability
- ensuring the agency complies with relevant legislation
- reviewing the agency's performance against agreed key performance indicators
- identifying and managing strategic risk
- consulting on matters of strategic significance to the agency.

### Executive Committee members

As at 15 July 2013

As at 30 June 2013\*



**Natalie James**  
Fair Work Ombudsman



**Michael Campbell**  
Group Manager,  
Operations  
\* Acting Fair Work  
Ombudsman



**Alfred Bongji**  
Group Manager,  
Knowledge Services



**Bill Loizides**  
Group Manager,  
Education,  
Communications and  
Partnership

## AUDIT COMMITTEE

The FWO and Fair Work Building and Construction operate a joint Audit Committee.

The Audit Committee provides independent assurance, advice and assistance to the FWO on:

- risk management procedures
- risk and control frameworks
- external accountability, including financial statements
- legislative compliance
- internal and external auditing processes.

The FWO complies with the Australian Government's *Commonwealth Fraud Control Guidelines 2011* in relation to fraud assessment, prevention, reporting, detection, investigation, litigation, data collection and other associated issues.

The FWO has taken all reasonable measures to minimise the risk of fraud and to investigate and recover the proceeds of fraud against the agency.

## CONTRACTS COMMITTEE

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

## DIVERSITY COUNCIL

The FWO's Diversity Council was established in 2012–13 to advise on diversity matters and make recommendations to the agency's Executive Committee on encouraging diversity in the workforce.

More information about workplace relations diversity initiatives is on page 46. See Appendix A on page 116 for statistics on the FWO's culturally and linguistically diverse staff.

## HEALTH AND SAFETY COMMITTEE

The FWO and Fair Work Building and Construction operate a joint Health and Safety Committee.

The Health and Safety Committee reports to the Executive Committee on policy matters concerning the work health and safety of agency employees as set out under the *Health and Safety Arrangements 2012–15*.

See Appendix B on page 117 for more information about the FWO's work health and safety outcomes.

## IT PROJECTS AND CAPITAL EXPENDITURE SUB-COMMITTEE

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



**Mark Scully**  
Group Manager,  
Finance and  
Corporate



**Steve Ronson**  
\* Acting Group  
Manager, Operations



**Janine Webster**  
Chief Counsel



**Tom O'Shea**  
Executive Director,  
Policy and Media



**Giorgina Strangio**  
Executive Director,  
Human Resources

### RECRUITMENT COMMITTEE

The Recruitment Committee, established in 2011–12, ceased operation in March 2013. The FWO continues to manage staffing numbers, labour-related expenditure and recruitment procedures with oversight and approval by relevant senior executives.

### EXTERNAL SCRUTINY

#### JUDICIAL DECISIONS OR ADMINISTRATIVE REVIEWS

There were no judicial decisions or administrative reviews or findings that affected the FWO's operations in 2012–13.

#### COMMONWEALTH OMBUDSMAN REVIEWS

During 2012–13 the number of Commonwealth Ombudsman reviews of investigations by the FWO, decreased by 37 per cent.

No adverse findings were made in the five formal reviews conducted. For more information see Table 22.

Table 22: Commonwealth Ombudsman reviews

	2012–13	2011–12	2010–11
Commonwealth Ombudsman investigations	5	13	17
Number relating to the FWO	5	12	17
Adverse findings	0	0	1

### FREEDOM OF INFORMATION

The FWO received 101 freedom of information (FOI) access requests in 2012–13 and finalised 102 requests. There were six outstanding requests at 30 June 2013.

The FWO created a dedicated FOI team in 2012–13. The team uses proactive education measures, including delivering training to increase knowledge of FWO staff about the agency's FOI responsibilities and promote the use of FWO's Guidance Note 2 – Document Access Policy, available from [fairwork.gov.au](http://fairwork.gov.au).

See Appendix C on page 118 for more information about FOI and the FWO's Information Publication Scheme.

### DECISIONS BY THE AUSTRALIAN INFORMATION COMMISSIONER

Following a request for review under section 54M of the *Freedom of Information Act 1982* in April 2012, the OAIC undertook a full merits review of a decision by the FWO to release documents relating to a FWO investigation. In May 2013 Freedom of Information Commissioner, Dr James Popple, affirmed the FWO's decision.

#### AGENCY CAPABILITY REVIEWS

No capability review of the FWO was undertaken in 2012–13.

#### QUALITY ASSURANCE

As part of its internal Quality Assurance (QA) Program, in 2012–13 FWO commenced five QA initiatives involving a structured system of assessing and measuring FWO's customer facing performance.

#### REVIEWS OF FWO INVESTIGATIONS

The FWO ensures that parties to an investigation receive information on their right to a review if they have a complaint about the process or outcome.

Table 23: Review received and reviews finalised 2012–13

	Received	Finalised
Infoline, Dispute Resolution and Compliance Work Group reviews	319	309

The FWO received 319 requests for a review of an investigation in 2012–13 and finalised 309 reviews. These requests make up around one per cent of the 26 574 complaints the FWO finalised for the year.

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## MANAGEMENT OF HUMAN RESOURCES

The FWO prides itself on striving to be a model Australian workplace committed to developing a flexible and high performing workforce.

The agency remained committed to supporting diversity, offering flexible work arrangements and facilitating open communication and consultation. These practices fostered respect in the workplace and strengthened the agency's organisational culture.

Building a harmonious, cooperative and productive workforce allowed the FWO to work effectively and cohesively to deliver the agency's core functions to advise, assist and, where necessary, enforce within the workplace community.

In 2012–13 the FWO:

- established an Employee Engagement Framework and action plan and developed and implemented a range of initiatives to foster a positive workplace culture
- established a Mental Health Working Group to generate ideas for initiatives and tools to support good mental fitness at work
- won an Australian Human Resources Institute (AHRI) award for being 'inclusive workplace of the year' and was a finalist in the CEO Diversity Champion award (see page 47)
- won the Queensland Defence Reserves Employer award and pledged support for reservists by signing an MOU with the Department of Defence (see page 44)
- implemented a range of support mechanisms for employees who are victims of domestic or family violence, and worked towards being accredited by White Ribbon for taking active and effective steps to promote a safe workplace for women

- entered into an MOU with Fair Work Building and Construction to provide payroll, financial processing and health case management services
- using an in-house team of trainers, developed and delivered 49 training courses to FWO employees, equating to 11 704 hours of training.

## RECRUITMENT

In 2012–13 the FWO undertook 38 external recruitment processes (excluding graduate recruitment) resulting in a total of 73 employment offers. This is a 15 per cent increase in employment offers compared to the 62 offers made in 2011–12.

The FWO attracted a high volume of applications from candidates, with an average of 56 applicants per external job advertisement.

The FWO remained committed to supporting flexible work practices. With the exception of the Graduate Program, all other vacancies were advertised as full-time or part-time in 2012–13. The percentage of part-time employees increased to 20 per cent, up from 18 per cent in 2011–12. See Appendix A on page 114 for more staffing information.



# Case study

## FWO pledges support for Defence Reservists

In October 2012 the FWO received an award from the Defence Reserve Support Council (Qld) for its support for Defence Reservists.

The FWO has been actively engaged with the council to ensure that reservists and employers are aware of their rights and obligations for reserve service with the Australian Defence Force. The agency developed a fact sheet available from [fairwork.gov.au](http://fairwork.gov.au) to help parties concerned.

The FWO has also formalised its own commitment to Australia's Defence Reservists by signing a memorandum of understanding MOU with the Defence Force.

Former Fair Work Ombudsman, Nicholas Wilson, signed the memorandum – which serves as a formal agreement between the two agencies – at a ceremony in March 2013.

'Reservists make a valuable contribution to the community by playing a supportive security role at major Australian events and providing assistance during natural disasters such as floods, cyclones and emergency rescue operations,' Mr Wilson said.

'This agreement recognises the significant security and emergency-relief role reservists play and what employers can do to help them. By signing this MOU, I hope to encourage other employers to consider reservists when they are hiring and to actively support them through their workplace policies and practices.'

'Reservists make a valuable contribution to workplaces and often bring additional skills and maturity with them as a result of their diverse experiences and I am very pleased to have several working in my agency.'

Head Cadet, Reserve and Employer Support Division within the Department of Defence, Major General Paul Brereton, signed the MOU on behalf of Defence.

'I believe that the Fair Work Ombudsman's actions will assist Defence in its efforts to build stronger and more effective relationships with industry,' Major General Brereton said.

More than 700 employers across the country have pledged their support for the Australian Defence Force Reserves by entering into similar agreements.



'I believe that the Fair Work Ombudsman's actions will assist Defence in its efforts to build stronger and more effective relationships with industry.'

Major General Brereton

From left to right: Lieutenant Colonel Russell Jacob CSC (and FWO Employee), Corporal Daniel Keighran VC and Michael Campbell.

# Case studies

## From trainee to ongoing position in a FWO first

In late 2011 the FWO created a dedicated traineeship position for a person with a disability. The position was initially offered as a non-ongoing traineeship in the Workplace Complaints Registration and National Assisted Voluntary Resolution team.

The National Disability Recruitment Coordinator provided valuable assistance in establishing the traineeship by liaising with Disability Employment Service (DES) providers to source a suitable field of applicants and providing expertise and advice during the selection process.

The candidates were also supported during the recruitment process by their DES providers. Nathaniel Cervelli was the successful candidate, and in February 2012 he accepted the offer of a 12-month non-ongoing traineeship during which time he would undertake a workplace-based Certificate III in Business.

Nathaniel's long-term DES case manager provided tailored disability awareness training to his team. Nathaniel was highly regarded by his colleagues and peers and successfully completed the Certificate III.

As a result the FWO became the first APS agency to offer an ongoing position by using the *Public Service Commissioner's Directions 1999* on employing a person with a disability who, while having a capacity for the role, would find it difficult to compete in a merit selection process (under clause 4.3b).

In late 2012 Nathaniel accepted an offer of ongoing employment at the FWO and continues to make a significant contribution to the outcomes of the agency.



## Graduates win outstanding achievement awards

The 2012 graduate group joined FWO at the end of January and completed five-month rotations in two branches. During the year they attended training facilitated by the Australian Public Service Commission (APSC) in Canberra, submitted assignments and completed a major project in teams of four, to receive their Diploma in Government.

The major project involved submitting a 15-page report and a 90-second video detailing strategies they recommended:

- for engagement with young Aboriginal and Torres Strait Islander workers
- to raise awareness of the FWO among employees with disability.

In a first for a single APS department or agency, FWO graduates were awarded both the Major Project Video Presentation Award and the Major Project Outstanding Achievement Award for their project titled 'Investigating strategies for engagement with young Aboriginal and Torres Strait Islander workers'.

In addition, the Diversity Council agreed to sponsor the recommendations from both projects.

In late 2011 the FWO created a dedicated traineeship position for a person with a disability.

From left to right: Tina Donohue and Nathaniel Cervelli.

## Workplace diversity

The FWO values diversity, recognising the contribution employees with diverse backgrounds and experiences make to enhancing the agency's organisational culture.

The FWO has made considerable progress in workplace diversity and inclusion, specifically in its employment and participation rates and in its commitment to a flexible workplace. Major achievements include:

- implementing an annual Reconciliation Action Plan
- creating various diversity and inclusion-related staff networks and forums
- continuing to participate in the APSC Indigenous Pathways Programs
- implementing the FWO's first Diversity Action Plan
- developing a FWO Indigenous Employment Strategy and associated action plan
- being one of the first agencies to enact special measure provisions within the *Public Service Commissioner's Directions 1999* to engage a trainee with a disability in an ongoing position
- being one of the first APS agencies to participate in the AFL Sports Ready Indigenous school-based trainee program, which provides a young Indigenous person with access to a traineeship, mentoring and career advice, and practical work experience to help ease the transition into the workforce
- achieving gender parity at senior executive ranks in December 2012. Between July 2009 and June 2012 the number of women in senior executive positions steadily increased. In 2009, 23 per cent of senior executive staff were female – by 30 June 2013 this had increased to 57 per cent.

In 2012–13 two Indigenous Australians were engaged as part of the Indigenous Traineeship Program. The number of staff who identify as being from a culturally or linguistically diverse background also increased from 163 to 210.

The FWO recognised that multilingual staff are an effective means of delivering accessible information to people from culturally and linguistically diverse backgrounds. To capitalise on this expertise, the FWO maintained a register of multilingual staff willing to assist with language and interpreting services.

**Table 25: Workplace diversity 2010–13 as at 30 June 2013**

	2012–13	2011–12	2010–11
Female	509	514	586
People from culturally and linguistically diverse backgrounds	210	163	152
People from Aboriginal and Torres Strait Islander backgrounds	8	7	2
People with disabilities	23	27	24
Total staff	809	827	952

**Table 24: Executive and senior executive staff by gender as at 30 June 2013**

	2012–13		2011–12		2010–11	
	Female	Male	Female	Male	Female	Male
SES Band 2	1	4	2	3	0	2
SES Band 1	5	4	5	4	4	7
EL2	17	25	15	25	14	28
EL1	61	31	58	38	60	39
<b>Total</b>	<b>84</b>	<b>64</b>	<b>80</b>	<b>70</b>	<b>78</b>	<b>76</b>

# Case study

## Award for inclusive workplace of the year

The FWO's commitment to supporting diversity was formally recognised in June 2013, when the agency received the Australian Human Resources Institute (AHRI) Inclusive Workplace of the Year award.

The AHRI Diversity Awards recognise individuals and organisations that demonstrate excellence in their contributions to workplace diversity and inclusion. The FWO was one of six finalists in the Inclusive Workplace of the Year category and, due to the calibre of the nominees, the judging panel selected two winners – the FWO and IBM Australia. Nicholas Wilson, previously the Fair Work Ombudsman, was one of four finalists in the 'Diversity Champion (CEO)' category.

The Inclusive Workplace of the Year category was judged on eight criteria:

- human rights
- health and wellbeing
- innovation
- leadership
- culture
- impact and outcomes
- sustainability
- measurement.

The judging panel noted, 'The FWO submitted a comprehensive application which, supported by evidence, exceeded all eight criteria. Of particular note was the breadth of the diversity strategy and policies delivered through a variety of practical applications, which were all supported by strong measurement practices showing positive impact and outcomes for the organisation.'

The FWO was delighted to receive this award, and is justifiably proud of its achievements in developing and maintaining a workplace culture in which the diverse backgrounds, skills, talents and views of all employees are valued and encouraged.

A workforce that reflects the diversity of the community it serves is also better equipped to educate and work with a diverse range of clients.

**A workforce that reflects the diversity of the community it serves is also better equipped to educate and work with a diverse range of clients.**



From left to right: Mark Scully, Giorgina Strangio, Michael Campbell, Sandra Mackay, Su Kearns, Gary Absolom, Ellen Georges and Alfred Bongli.

## STAFF DEVELOPMENT

The FWO promotes a culture of continuous learning and improvement. In 2012–13 capability development focused on enhancing technical skills via accredited, online and face-to-face delivery of technical training and IT system skills development within the Infoline, with the introduction of the new telephony system. Other areas of focus included presentation, project management and resilience skills. Highlights of training completed in 2012–13 include:

- 47 staff were awarded nationally accredited qualifications based on recognition of prior learning in Certificate IV in Government (Workplace Relations), Certificate IV in Government (Investigation) and Certificate IV in Government (Project management)
- 143 staff were trained in 19 enabling skill programs on topics such as practical resilience, presentation skills and dealing with difficult behaviours
- 56 staff participated in four workplace performance training courses on topics such as call control, managing difficult behaviours and team leader development
- technical training was delivered on a number of matters relating to core operational areas, including interpreting industrial instruments and investigations.

In 2012–13, \$959 699 of the FWO's total expenditure was dedicated to learning and development initiatives, including the delivery of 11 704 participant training hours to staff nationally. This equates to 1.9 per cent of the agency's total expenditure on salaries and wages.

As part of the development of employees, the FWO implemented two entry level programs in 2012–13, which included 12 participants on the Graduate Program and seven participants on the Indigenous Traineeship program.

## REWARDS AND RECOGNITION

The FWO values and recognises the contribution of high performing individuals and teams who work hard to further the FWO's aim of achieving compliance in the Australian workplace community.

The FWO's Annual Achievement Awards rewarded outstanding work performance, service and dedication to the agency's goals and the community. Business units were also encouraged to establish their own awards programs, and many units created awards to suit their specific environments, celebrating individual achievement.

## EMPLOYEE ENGAGEMENT

Effective consultation practices and genuine involvement from staff in decision making helps ensure new ideas work effectively in practice and lead to productive outcomes for the agency.

The agency has been focusing on improving levels of engagement since 2010 when the first FWO agency survey was conducted.

Following the most recent survey in October 2012, the agency established an engagement project team, with representatives from each business area working to develop, implement and monitor an Employee Engagement Framework and action plan. The framework has given the FWO a structured approach to increasing employee engagement levels.

The FWO encourages ongoing discussions about engagement at agency and business area level, as part of business-as-usual activities and to promote and monitor initiatives that improve engagement.

**Table 26: Training programs delivered from 2010–11 to 2012–13**

Training program	Sessions completed			Participants		
	2012–13	2011–12	2010–11	2012–13	2011–12	2010–11
Accredited qualifications <sup>1</sup>	4	15	5	47	113	57
Enabling skills program <sup>2</sup>	19	23	47	143	261	285
Technical induction program	9	6	13	52	63	102
Technical training	61	28	29	1001	294	286
Workplace performance training <sup>3</sup>	4	85	45	56	868	467
Systems training	58	16	152	332	181	1 803

<sup>1</sup> Certificate IV in Government (Workplace Relations) and Certificate IV in Government (Investigations).

<sup>2</sup> Programs included presentation skills, Diploma in Project Management, giving and receiving feedback, equal opportunity and discrimination.

<sup>3</sup> Includes anti-discrimination training, non-technical Fair Work Act training, corporate induction, judgment and decision making.



**Table 27: Employee Engagement Survey results 2010–2012**

	Overall engagement			Job engagement			Organisation engagement		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
	Per cent positive			Per cent positive			Per cent positive		
FWO	47	47	44	52	50	48	58	64	56
Australian benchmark	34	36		46	43		41	46	
Australian Federal Government average	37	–		44	–		47	–	
High performing benchmark	58	53		69	59		65	65	

### AGENCY CONSULTATIVE FORUM

The Agency Consultative Forum, established under the FWO Enterprise Agreement 2011–2014, facilitates open communication and consultation across the agency.

It includes 16 representatives – management and employees, including two who represent the Community and Public Sector Union – with members drawn from each branch and major metropolitan location, along with regional representation.

### PURCHASER-PROVIDER ARRANGEMENTS

The FWO's procurement policies are consistent with the *Financial Management and Accountability Act 1997* and the Commonwealth Procurement Rules (CPRs).

The FWO applies the following criteria to all procurement activities:

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

The FWO's primary strategy for obtaining value for money is to access existing Commonwealth panels or coordinated contract arrangements and cluster with the Department of Education, Employment and Workplace Relations (DEEWR) and other larger Australian Government agencies, where applicable, when procuring goods and services.

In 2012–13 the FWO purchased information technology services and a number of other administrative functions from DEEWR on a fee-for-service basis through an MOU.

All FWO procurements with an estimated value of between \$15 001 and \$80 000 (including GST) are subject to a supplier evaluation process to ensure value for money is achieved. Procurements with an estimated value of \$25 000 or above must be reviewed by the FWO's Contracts Committee to ensure value for money.

Procurements with an estimated value greater than \$80 000 are subject to open approach to the market, in line with the mandatory requirements of the CPRs. They must be reviewed by the FWO's Contracts Committee to ensure value for money.

All open approaches to the market are advised on the AusTender website. All purchases greater than \$10 000 (including GST) or more are reported in AusTender.

Wherever possible, small and medium-sized enterprises are encouraged to tender for the FWO's business.

The FWO has an annual procurement plan outlining expected major procurement activity. This is published on the AusTender website in accordance with the CPRs.

To help monitor and report contracting activities, a contracts register is maintained. The FWO also lists contracts valued at \$100 000 or more which have not been fully performed or which have been entered into during the previous 12 months on the FWO's website, in accordance with the amended Senate Order of 26 June 2003.

## CONSULTANTS

The FWO engaged consultants where it required specialist expertise or when independent research, review or assessment was required. Consultants were typically engaged to investigate or diagnose a defined issue or problem, carry out reviews or evaluations, or provide independent advice, information or creative solutions to assist in the FWO's decision making.

Before engaging consultants, the FWO took into account the skills and resources required for the task, the skills available internally and the cost-effectiveness of engaging external expertise. The decision to engage a consultant was made in accordance with the *Financial Management and Accountability Act 1997* and related regulations including the CPRs.

In 2012–13, 10 new consultancy contracts were entered into involving total actual expenditure of \$725 000. In addition, three ongoing consultancy contracts were active during 2012–13, involving total actual expenditure of \$156 000.

Information on the value of contracts and consultancies is available on the AusTender website, [tenders.gov.au](http://tenders.gov.au). See Appendix E on page 119 for more information on the FWO's advertising and market research.

**Table 28: Consultancy contract spending 2010–13**

	2012–13	2011–12	2010–11
Number of new consultancy contracts	10	5	16
Value	\$0.725 million	\$0.445 million	\$0.832 million

## CONTRACTS

### CONTRACTS GREATER THAN \$100 000

No contract of \$100 000 or more (including GST) was let in 2012–13 by the FWO that did not provide for the Auditor-General to have access to the FWO's premises.

### EXEMPT CONTRACTS

No contract in excess of \$10 000 (including GST) or a standing offer has been exempted by the Chief Executive of the FWO from being published in AusTender in 2012–13 on the basis that it would disclose exempt matters under the *Freedom of Information Act 1982*.

## GRANTS PROGRAMS

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

## ANALYSIS OF FINANCIAL PERFORMANCE

The FWO's financial results for 2012–13 are outlined in Section 5, page 51.

The net result of the agency's operations in 2012–13 was a loss of \$7.089 million.

This result includes \$7.289 million of depreciation and amortisation expenditure that does not form part of the departmental operating appropriation of the agency (revenue from government). After adjusting for depreciation and amortisation, the FWO operated within its approved funding level in 2012–13.

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

# Financial statements

## SECTION 5





## **INDEPENDENT AUDITOR'S REPORT**

### **To the Minister for Employment**

I have audited the accompanying financial statements of the Office of the Fair Work Ombudsman for the year ended 30 June 2013, which comprise: a Statement by the Chief Executive and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Contingencies; Statement of Comprehensive Income - Administered Items; Schedule of Assets and Liabilities - Administered Items; Reconciliation Schedule - Administered Items; Cash Flow Statement - Administered Items; Schedule of Administered Contingencies; and Notes to and Forming Part of the Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information.

### ***Chief Executive's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the Office of the Fair Work Ombudsman's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Fair Work Ombudsman's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Chief Executive of the Office of the Fair Work Ombudsman, as well as evaluating the overall presentation of the financial statements.

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

#### ***Independence***

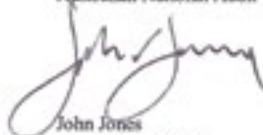
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

#### ***Opinion***

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Office of the Fair Work Ombudsman's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



John Jones  
Executive Director

Delegate of the Auditor-General

Canberra

18 September 2013

## STATEMENT BY THE CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Natalie James  
Chief Executive

17 September 2013



Mark Scully  
Chief Financial Officer

17 September 2013



**STATEMENT OF COMPREHENSIVE INCOME**  
*for the period ended 30 June 2013*

	Notes	2013 \$'000	2012 \$'000
<b>EXPENSES</b>			
Employee benefits	3A	74,304	81,715
Suppliers	3B	52,376	52,021
Grants	3C	1,559	-
Depreciation and amortisation	3D	7,289	9,289
Write-down and impairment of assets	3E	-	842
Losses from asset sales	3F	24	1
<b>Total Expenses</b>		<b>135,552</b>	<b>143,868</b>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-Source Revenue</b>			
Rental income	4A	2,294	1,160
<b>Total own-source revenue</b>		<b>2,294</b>	<b>1,160</b>
<b>Gains</b>			
Other gains	4B	907	376
<b>Total gains</b>		<b>907</b>	<b>376</b>
<b>Total Own-Source Income</b>		<b>3,201</b>	<b>1,536</b>
<b>Net Cost of Services</b>		<b>(132,351)</b>	<b>(142,332)</b>
Revenue from Government	4C	125,262	132,702
<b>Deficit</b>		<b>(7,089)</b>	<b>(9,630)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Loss Attributable to the Australian Government</b>		<b>(7,089)</b>	<b>(9,630)</b>

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

**BALANCE SHEET***as at 30 June 2013*

	Notes	2013 \$'000	2012 \$'000
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	5A	2,856	2,164
Trade and other receivables	5B	87,596	83,573
<b>Total financial assets</b>		<b>90,452</b>	<b>85,737</b>
<b>Non-Financial Assets</b>			
Land and buildings (leasehold improvements)	6A	13,928	16,644
Property, plant and equipment	6B	3,402	1,794
Intangibles	6D	4,896	4,310
Other non-financial assets	6F	1,502	58
<b>Total non-financial assets</b>		<b>23,728</b>	<b>22,806</b>
<b>Total Assets</b>		<b>114,180</b>	<b>108,543</b>
<b>LIABILITIES</b>			
<b>Payables</b>			
Suppliers	7A	17,334	9,899
Other payables	7B	4,779	7,291
<b>Total payables</b>		<b>22,113</b>	<b>17,190</b>
<b>Provisions</b>			
Employee provisions	8A	16,513	16,272
Other provisions	8B	9,503	4,748
<b>Total provisions</b>		<b>26,016</b>	<b>21,020</b>
<b>Total Liabilities</b>		<b>48,129</b>	<b>38,210</b>
<b>Net Assets</b>		<b>66,051</b>	<b>70,333</b>
<b>EQUITY</b>			
Contributed equity		85,039	82,232
Reserves		1,039	1,039
Retained earnings (accumulated deficit)		(20,027)	(12,938)
<b>Total Equity</b>		<b>66,051</b>	<b>70,333</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
for the period ended 30 June 2013

	Notes	Contributed Equity		Asset Revaluation Reserve		Retained Earnings		Total Equity	
		2013	2012	2013	2012	2013	2012	2013	2012
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening Balance</b>		82,232	71,744	1,039	1,039	(12,938)	(3,308)	70,333	69,475
Balance carried forward from previous period									
<b>Opening balance</b>		<b>82,232</b>	<b>71,744</b>	<b>1,039</b>	<b>1,039</b>	<b>(12,938)</b>	<b>(3,308)</b>	<b>70,333</b>	<b>69,475</b>
<b>Comprehensive Income</b>									
Deficit for the year		-	-	-	-	(7,089)	(9,630)	(7,089)	(9,630)
<b>Total comprehensive loss attributable to the Australian Government</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,089)</b>	<b>(9,630)</b>	<b>(7,089)</b>	<b>(9,630)</b>
<b>Transactions With Owners</b>									
Appropriation (equity injection)		-	1,400	-	-	-	-	-	1,400
Departmental capital budget		2,807	9,088	-	-	-	-	2,807	9,088
<b>Total transactions with owners</b>		<b>2,807</b>	<b>10,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,807</b>	<b>10,488</b>
<b>Closing Balance Attributable to the Australian Government</b>		<b>85,039</b>	<b>82,232</b>	<b>1,039</b>	<b>1,039</b>	<b>(20,027)</b>	<b>(12,938)</b>	<b>66,051</b>	<b>70,333</b>

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

**CASH FLOW STATEMENT**  
*for the period ended 30 June 2013*

	Notes	2013 \$'000	2012 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Sales of goods and rendering of services		2,224	1,075
Appropriations		117,669	136,033
Net GST received		4,387	6,378
Other		832	314
<b>Total cash received</b>		<b>125,112</b>	<b>143,800</b>
<b>Cash used</b>			
Employees		75,388	78,992
Suppliers		45,780	61,700
Section 31 receipts transferred to the Official Public Account		3,724	2,916
<b>Total cash used</b>		<b>124,892</b>	<b>143,608</b>
<b>Net Cash From Operating Activities</b>	9	<b>220</b>	<b>192</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of non-financial assets		6,791	4,257
<b>Total cash used</b>		<b>6,791</b>	<b>4,257</b>
<b>Net Cash Used by Investing Activities</b>		<b>(6,791)</b>	<b>(4,257)</b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity		7,263	4,257
<b>Total cash received</b>		<b>7,263</b>	<b>4,257</b>
<b>Net Cash From Financing Activities</b>		<b>7,263</b>	<b>4,257</b>
<b>Net Increase in Cash Held</b>		<b>692</b>	<b>192</b>
Cash at the beginning of the reporting period		2,164	1,972
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	5A	<b>2,856</b>	<b>2,164</b>

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

**SCHEDULE OF COMMITMENTS**  
*as at 30 June 2013*

	2013	2012
	\$'000	\$'000
<b>BY TYPE</b>		
<b>Commitments receivable</b>		
Sublease rental income	(4,568)	(6,641)
Net GST recoverable on commitments	(4,056)	(5,444)
<b>Total commitments receivable</b>	<b>(8,624)</b>	<b>(12,085)</b>
<b>Commitments payable</b>		
Operating leases	42,937	52,372
Other commitments	6,254	14,150
<b>Total commitments payable</b>	<b>49,191</b>	<b>66,522</b>
<b>Net Commitments by Type</b>	<b>40,567</b>	<b>54,437</b>
<b>BY MATURITY</b>		
<b>Commitments receivable</b>		
<b>Sublease rental income</b>		
One year or less	(2,209)	(2,162)
From one to five years	(2,359)	(4,479)
Over five years	-	-
<b>Total sublease rental income</b>	<b>(4,568)</b>	<b>(6,641)</b>
<b>Net GST recoverable on commitments</b>		
One year or less	(1,382)	(2,032)
From one to five years	(2,674)	(3,412)
Over five years	-	-
<b>Total net GST recoverable on commitments</b>	<b>(4,056)</b>	<b>(5,444)</b>
<b>Commitments payable</b>		
<b>Operating leases</b>		
One year or less	15,322	14,522
From one to five years	27,615	37,850
Over five years	-	-
<b>Total operating leases</b>	<b>42,937</b>	<b>52,372</b>
<b>Other commitments</b>		
One year or less	2,095	9,987
From one to five years	4,159	4,163
<b>Total other commitments</b>	<b>6,254</b>	<b>14,150</b>
<b>Net Commitments by Maturity</b>	<b>40,567</b>	<b>54,437</b>

Note - Commitments are GST inclusive where relevant.

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

**Leases for Office Accommodation**

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

**Motor Vehicles**

A fleet of motor vehicles is leased which includes vehicles used by staff in performing their day to day activities as well as vehicles provided for private use by senior executives. Motor vehicle leases are generally for a period of two years.

**Other Commitments**

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

This schedule should be read in conjunction with the accompanying notes.

## **SCHEDULE OF CONTINGENCIES**

*as at 30 June 2013*

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As at 30 June 2013 there were no quantifiable contingent assets or contingent liabilities relating to the Fair Work Ombudsman - see Note 10.



**STATEMENT OF COMPREHENSIVE INCOME - ADMINISTERED ITEMS***for the period ended 30 June 2013*

	Notes	2013 \$ (*)	2012 \$ (*)
<b>EXPENSES</b>			
Write-down and impairment of assets	15	<u>390,717</u>	<u>1,241,821</u>
<b>Total Expenses Administered on Behalf of Government</b>		<u>390,717</u>	<u>1,241,821</u>
<b>LESS:</b>			
<b>OWN-SOURCE INCOME</b>			
<b>Own-Source Revenue</b>			
Fees and fines	16A	<u>2,427,920</u>	<u>1,408,021</u>
Interest	16B	<u>7,141</u>	<u>-</u>
<b>Total Own-Source Income Administered on Behalf of Government</b>		<u>2,435,061</u>	<u>1,408,021</u>
<b>Net Contribution by Services</b>		<u>2,044,344</u>	<u>166,200</u>
<b>Surplus</b>		<u>2,044,344</u>	<u>166,200</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total Other Comprehensive Income</b>		<u>-</u>	<u>-</u>
<b>Total Comprehensive Income - Administered Items</b>		<u>2,044,344</u>	<u>166,200</u>

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

This schedule should be read in conjunction with the accompanying notes.

**SCHEDULE OF ASSETS AND LIABILITIES - ADMINISTERED ITEMS***as at 30 June 2013*

	<b>Notes</b>	<b>2013 \$ (*)</b>	<b>2012 \$ (*)</b>
<b>ASSETS</b>			
<b>Financial assets</b>			
Receivables	17	<b>918,600</b>	545,771
Other financial assets	17	<b>992,262</b>	-
<b>Total financial assets</b>		<b><u>1,910,862</u></b>	<b><u>545,771</u></b>
<b>Total Assets Administered on Behalf of Government</b>		<b><u>1,910,862</u></b>	<b><u>545,771</u></b>
<b>LIABILITIES</b>			
<b>Total Liabilities Administered on Behalf of Government</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Net Assets</b>		<b><u>1,910,862</u></b>	<b><u>545,771</u></b>

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

This schedule should be read in conjunction with the accompanying notes.

**RECONCILIATION SCHEDULE - ADMINISTERED ITEMS***as at 30 June 2013*

	<b>2013</b>	<b>2012</b>
	<b>\$ (*)</b>	<b>\$ (*)</b>
<b>Opening Administered Assets Less Administered Liabilities as at 1 July</b>	<b>545,771</b>	868,265
Surplus (deficit) items:		
Plus: Administered income	<b>2,435,061</b>	1,408,021
Less: Administered expenses	<b>(390,717)</b>	(1,241,821)
Administered transfers to / from Australian Government:		
Transfers to Official Public Account	<b><u>(679,253)</u></b>	<b><u>(488,694)</u></b>
<b>Closing Administered Assets Less Administered Liabilities as at 30 June</b>	<b><u>1,910,862</u></b>	<b><u>545,771</u></b>

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

This schedule should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT - ADMINISTERED ITEMS***for the period ended 30 June 2013*

	Notes	2013 \$ (*)	2012 \$ (*)
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Interest		7,141	-
Fines		<u>672,112</u>	<u>488,694</u>
<b>Total cash received</b>		<u>679,253</u>	<u>488,694</u>
<b>Net Cash From Operating Activities</b>		<u>679,253</u>	<u>488,694</u>
<b>Net Increase in Cash Held</b>	18	<u>679,253</u>	<u>488,694</u>
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from the Official Public Account for:			
Appropriations		-	-
Cash to the Official Public Account for:			
Administered accounts		<u>(679,253)</u>	<u>(488,694)</u>
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>		<u>-</u>	<u>-</u>

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

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

**SCHEDULE OF ADMINISTERED CONTINGENCIES***as at 30 June 2013*

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As at 30 June 2013 there were no quantifiable administered contingent assets or administered contingent liabilities relating to the Fair Work Ombudsman - see Note 10.

## **Notes to and forming part of the Financial Statements**

- Note 1: Summary of Significant Accounting Policies
- Note 2: Events After the Reporting Date
- Note 3: Expenses
- Note 4: Income
- Note 5: Financial Assets
- Note 6: Non-Financial Assets
- Note 7: Payables
- Note 8: Provisions
- Note 9: Cash Flow Reconciliation
- Note 10: Contingent Liabilities and Assets
- Note 11: Senior Executive Remuneration
- Note 12: Remuneration of Auditors
- Note 13: Financial Instruments
- Note 14: Financial Assets Reconciliation
- Note 15: Expenses - Administered Items
- Note 16: Income - Administered Items
- Note 17: Assets Administered on Behalf of Government
- Note 18: Cash Flow Reconciliation - Administered Items
- Note 19: Financial Instruments - Administered Items
- Note 20: Financial Assets Reconciliation - Administered Items
- Note 21: Appropriations
- Note 22: Special Accounts
- Note 23: Compensation and Debt Relief
- Note 24: Assets Held in Trust
- Note 25: Reporting of Outcomes
- Note 26: Net Cash Appropriation Arrangements
- Note 27: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund



## Note 1: Summary of Significant Accounting Policies

### 1.1 Objectives of the Fair Work Ombudsman

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

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

The Agency is structured to meet one outcome:

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

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

Departmental activities are identified under one output group - Output Group 1 - Education services and compliance activities.

### 1.2 Basis of Preparation of the Financial Statements

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

The financial statements have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2012; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accruals basis and are in accordance with the historical cost convention, except for certain assets which are reported at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

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

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

Administered revenues, expenses, assets, liabilities and cash flows reported in the financial statements (and related notes) - Administered items are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.24.

### 1.3 Significant Accounting Judgements and Estimates

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

- the fair value of property, plant and equipment has been taken to be the market value of similar properties as determined by management assessment.
- the Australian Government shorthand method has been used to estimate the present value of long service leave liabilities.

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

#### **1.4 New Australian Accounting Standards**

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

No accounting standard has been adopted earlier than the application date as stated in the standard in the current reporting period. Of the new standards, amendments to standards and interpretations issued by the AASB that are applicable to the current reporting period, none have had a material financial impact on the Agency.

##### **Future Australian Accounting Standard requirements**

The following new standards, revised standards, interpretations and amending standards were issued by the AASB prior to the sign-off date and apply to future reporting periods, and they are expected to have a financial impact on the Agency for future reporting periods:

- |              |  |
|--------------|--|
| AASB 13      | Fair Value Measurement – December 2012 (Principal) – this will result in an increased level of disclosure for items carried at fair value. |
| AASB 119     | Employee Benefits - September 2011 (Principal) – this will result in an increased level of disclosure.                                     |
| AASB 2011-8  | Amendments to Australian Accounting Standards arising from AASB 13.  |
| AASB 2011-10 | Amendments to Australian Accounting Standards arising from AASB 119.   |

The following new standards, revised standards, interpretations and amending standards were issued by the AASB prior to the sign-off date and apply to future reporting periods, but are not expected to have a financial impact on the Agency:

- |             |  |
|-------------|--|
| AASB 1055   | Budgetary Reporting - March 2013 (Principal) – this new requirement will require the Agency to explain significant variances between budget and actual expenditure.  |
| AASB 9      | Financial Instruments – may impact on recognition and measurement of financial instruments.  |
| AASB 2012-3 | Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities (AASB 132) – this is expected to have a minimal impact on the Agency's financial statements.                               |
| AASB 2010-7 | Amendments to Australian Accounting Standards arising from AASB 9.   |
| AASB 2012-2 | Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (AASB 7 & AASB 132) – this is not expected to have an impact on the Agency's financial statements. |
| AASB 2012-3 | Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (AASB 132) – this is not expected to have an impact on the Agency's financial statements.                        |

#### **1.5 Revenue**

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

Amounts appropriated for departmental output appropriations for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Agency gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

##### **Parental Leave Payments Scheme**

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

##### **Other types of revenue**

Revenue from the sale of goods is recognised when:

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

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

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

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

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

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

## **1.6 Gains**

### **Resources received free of charge**

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. The use of these resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

### **Sale of assets**

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

## **1.7 Transactions with the Government as Owner**

### **Equity injections**

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

### **Restructuring of administrative arrangements**

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

## **1.8 Employee Benefits**

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

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

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

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

### **Leave**

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

The leave liabilities are calculated on the basis of employees' remuneration, including the Agency's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

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

### **Separation and redundancy**

Provision is made for separation and redundancy benefit payments. The Agency recognises a provision for termination benefits when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

### **Superannuation**

Employees of the Agency are members of either the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS Accumulation Plan (PSSap) or other schemes.

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

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

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

The liability for superannuation recognised as at 30 June 2013 represents outstanding contributions for the final fortnight of the year.

## **1.9 Leases**

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

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

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

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

## **1.10 Borrowing Costs**

All borrowing costs are expensed as incurred.

## **1.11 Cash**

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

## **1.12 Loans and Receivables**

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

## **1.13 Impairment of Financial Assets**

Financial assets are assessed for impairment at each reporting date.

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

#### **1.14 Liabilities - Suppliers and Other Payables**

Suppliers and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

#### **1.15 Other Financial Liabilities**

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

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

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

#### **1.16 Contingent Assets and Contingent Liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured.

Contingent assets are disclosed when settlement is probable but not virtually certain, and contingent liabilities are disclosed when the likelihood of settlement is greater than remote.

#### **1.17 Acquisition of Assets**

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

Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of the restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

#### **1.18 Land and Buildings (Leasehold Improvements), Property, Plant and Equipment**

##### **Asset recognition threshold**

Purchases are recognised initially at cost in the Balance Sheet, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to make-good provisions in property leases taken up by the Agency, where there exists an obligation to restore the property to its original condition at the end of the lease term. These costs are included in the value of the Agency's land and buildings (leasehold improvements) assets with a corresponding provision for the restoration also being recognised.

##### **Revaluations**

Fair values for each class of asset are determined as shown below:

<b>Asset class</b>	<b>Fair value measured at:</b>
Land and Buildings (Leasehold Improvements)	Depreciated replacement cost
Property, Plant and Equipment	Market selling price

Following initial recognition at cost, assets are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on an asset class basis. Any revaluation increment is credited to equity under the heading of Asset Revaluation Reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through surplus or deficit. Revaluation decrements for a class of asset are recognised directly through the surplus / deficit except to the extent that they reverse a previous revaluation increment for that class of asset.

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

### **Depreciation**

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

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable assets are based on the following forecast useful lives:

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

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

### **Impairment**

All assets were assessed for impairment at 30 June 2013. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Agency was deprived of the asset, its value in use is taken to be its depreciated replacement cost.

#### **1.19 Intangibles**

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

Software is amortised on a straight-line basis over its forecast useful life. The forecast useful life of the Agency's software is 3 years.

All software assets were assessed for indications of impairment as at 30 June 2013.

#### **1.20 Taxation**

The Agency is exempt from all forms of taxation except fringe benefits tax (FBT) and the goods and services tax (GST).

Revenues, expenses and assets are recognised net of GST:

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



### 1.21 Insurance

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

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

### 1.22 Grants and Subsidies

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

### 1.23 Williams Case

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* (2012) 288 ALR 410, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

### 1.24 Reporting of Administered Activities

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

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

#### **Administered cash transfers to and from the Official Public Account**

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

#### **Revenue**

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

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

#### **Receivables**

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

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

### **Departmental**

The Statute Stocktake (Appropriations) Bill 2013 seeks to repeal all old Appropriation Acts from 1 July 2009 to 30 June 2010. This Bill received Royal Assent post 30 June 2013.

### **Administered**

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

### Note 3: Expenses

	2013 \$'000	2012 \$'000
<b>Note 3A: Employee Benefits</b>		
Wages and salaries	50,955	56,440
Superannuation:		
Defined contribution plans	4,857	4,749
Defined benefit plans	5,824	5,999
Leave and other entitlements	9,558	10,133
Separation and redundancies	1,452	3,094
Other employee expenses	1,658	1,300
<b>Total Employee Benefits</b>	<b>74,304</b>	<b>81,715</b>

### Note 3B: Suppliers

<b>Goods and services</b>		
Contractors	15,103	22,146
Legal fees	2,546	2,799
Property outgoings	2,119	2,981
Telecommunications	3,187	3,098
Other	10,725	10,421
<b>Total goods and services</b>	<b>33,680</b>	<b>41,445</b>
Goods and services are made up of:		
Provision of goods – external entities	1,548	947
Rendering of services – related entities	8,074	8,709
Rendering of services – external entities	24,058	31,789
<b>Total goods and services</b>	<b>33,680</b>	<b>41,445</b>
<b>Other supplier expenses</b>		
Operating lease rentals - external entities:		
Minimum lease payments	18,018	9,891
Workers compensation premiums	678	685
<b>Total other supplier expenses</b>	<b>18,696</b>	<b>10,576</b>
<b>Total Suppliers</b>	<b>52,376</b>	<b>52,021</b>

### Note 3C: Grants

Private sector	1,559	-
<b>Total Grants</b>	<b>1,559</b>	<b>-</b>

### Note 3D: Depreciation and Amortisation

Depreciation:		
Land and buildings (leasehold improvements)	4,601	5,860
Property, plant and equipment	490	469
<b>Total depreciation</b>	<b>5,091</b>	<b>6,329</b>
Amortisation:		
Intangibles - computer software	2,198	2,960
<b>Total amortisation</b>	<b>2,198</b>	<b>2,960</b>
<b>Total Depreciation and Amortisation</b>	<b>7,289</b>	<b>9,289</b>

### Note 3E: Write-Down and Impairment of Assets

Asset write-downs and impairments:		
Impairment of land and buildings (leasehold improvements)	-	842
<b>Total Write-Down and Impairment of Assets</b>	<b>-</b>	<b>842</b>

### Note 3F: Losses from Asset Sales

Property, plant and equipment:		
Proceeds from sale	(11)	-
Carrying value of assets sold	35	1
<b>Total Losses from Asset Sales</b>	<b>24</b>	<b>1</b>

## Note 4: Income

	2013	2012
	\$'000	\$'000

### **Note 4A: Rental Income**

Operating lease rentals	2,294	1,160
<b>Total Rental Income</b>	<b>2,294</b>	<b>1,160</b>

### **Note 4B: Other Gains**

Resources received free of charge - audit fees	75	62
Other	832	314
<b>Total Other Gains</b>	<b>907</b>	<b>376</b>

### **Note 4C: Revenue from Government**

Appropriations:		
Departmental appropriations	125,262	132,702
<b>Total Revenue from Government</b>	<b>125,262</b>	<b>132,702</b>

## Note 5: Financial Assets

	2013	2012
	\$'000	\$'000

### Note 5A: Cash and Cash Equivalents

Cash on hand or on deposit	1,359	603
Cash held by outsiders	1,497	1,561
<b>Total Cash and Cash Equivalents</b>	<b>2,856</b>	<b>2,164</b>

### Note 5B: Trade and Other Receivables

Goods and services - related entities	413	53
Appropriations receivable for existing programs	86,011	82,874
GST receivable from the Australian Taxation Office	715	372
Other receivables	457	274
<b>Total trade and other receivables (gross)</b>	<b>87,596</b>	<b>83,573</b>
Less: Impairment allowance account - other	-	-
<b>Total Trade and Other Receivables (Net)</b>	<b>87,596</b>	<b>83,573</b>

#### Trade and other receivables are expected to be recovered in:

No more than 12 months	87,596	83,573
<b>Total Trade and Other Receivables (Net)</b>	<b>87,596</b>	<b>83,573</b>

#### Trade and other receivables are aged as follows:

Not overdue	87,456	83,551
Overdue by:		
0 to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	16
More than 90 days	140	6
<b>Total trade and other receivables (gross)</b>	<b>87,596</b>	<b>83,573</b>

#### The impairment allowance account is aged as follows:

Overdue by:		
More than 90 days	-	-
<b>Total impairment allowance account</b>	<b>-</b>	<b>-</b>

### Reconciliation of the Impairment Allowance Account

#### Movements in relation to 2013

	Other Receivables \$'000	Total \$'000
Opening balance - 1 July 2012	-	-
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase / decrease recognised in net surplus	-	-
<b>Closing balance - 30 June 2013</b>	<b>-</b>	<b>-</b>

#### Movements in relation to 2012

	Other Receivables \$'000	Total \$'000
Opening balance - 1 July 2011	-	-
Amounts written off	-	-
Amounts recovered and reversed	-	-
Increase / decrease recognised in net surplus	-	-
<b>Closing balance - 30 June 2012</b>	<b>-</b>	<b>-</b>

## Note 6: Non-Financial Assets

	2013	2012
	\$'000	\$'000
<b>Note 6A: Land and Buildings (Leasehold Improvements)</b>		
Work in progress	712	501
Fair value	33,764	32,090
Accumulated depreciation	(20,548)	(15,947)
<b>Total Land and Buildings (Leasehold Improvements)</b>	<b>13,928</b>	<b>16,644</b>

During 2011-12, several office locations were closed, reducing the future economic value of these sites to the Agency. The land and buildings (leasehold improvements) for these locations were recognised as impaired.

No specific land and buildings (leasehold improvements) have been identified to be sold or disposed of within the next 12 months. However, 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.

### **Note 6B: Property, Plant and Equipment**

Work in progress	-	579
Fair value	4,781	2,104
Accumulated depreciation	(1,379)	(889)
<b>Total Property, Plant and Equipment</b>	<b>3,402</b>	<b>1,794</b>

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

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



**Note 6C: Reconciliation of Opening and Closing Balances of Land and Buildings (Leasehold Improvements) and Property, Plant and Equipment**

2012-13

	Land and Buildings (Leasehold Improvements) \$'000	Property, Plant and Equipment \$'000	Total \$'000
<b>As at 1 July 2012</b>			
Gross book value	32,591	2,683	35,274
Accumulated depreciation	(15,947)	(889)	(16,836)
<b>Net book value - 1 July 2012</b>	<b>16,644</b>	<b>1,794</b>	<b>18,438</b>
Additions:			
By purchase	1,885	2,133	4,018
Impairments recognised in the operating result	-	-	-
Depreciation	(4,601)	(490)	(5,091)
Disposal of assets	-	(35)	(35)
<b>Net Book Value - 30 June 2013</b>	<b>13,928</b>	<b>3,402</b>	<b>17,330</b>
<b>Net Book Value as at 30 June 2013 Represented by:</b>			
Gross book value	34,476	4,781	39,257
Accumulated depreciation	(20,548)	(1,379)	(21,927)
	<b>13,928</b>	<b>3,402</b>	<b>17,330</b>

2011-12

	Land and Buildings (Leasehold Improvements) \$'000	Property, Plant and Equipment \$'000	Total \$'000
<b>As at 1 July 2011</b>			
Gross book value	31,956	2,223	34,179
Accumulated depreciation	(10,087)	(458)	(10,545)
<b>Net book value - 1 July 2011</b>	<b>21,869</b>	<b>1,765</b>	<b>23,634</b>
Additions:			
By purchase	1,477	499	1,976
Impairments recognised in the operating result	(842)	-	(842)
Depreciation	(5,860)	(469)	(6,329)
Disposal of assets	-	(1)	(1)
<b>Net Book Value - 30 June 2012</b>	<b>16,644</b>	<b>1,794</b>	<b>18,438</b>
<b>Net Book Value as at 30 June 2012 Represented by:</b>			
Gross book value	32,591	2,683	35,274
Accumulated depreciation	(15,947)	(889)	(16,836)
	<b>16,644</b>	<b>1,794</b>	<b>18,438</b>

	2013	2012
	\$'000	\$'000
<b>Note 6D: Intangibles</b>		
Computer software at cost:		
Internally developed – in progress	3,006	1,033
Internally developed – in use	12,023	11,212
Purchased – in use	22	22
Accumulated amortisation	(10,155)	(7,957)
<b>Total Intangibles</b>	<b>4,896</b>	<b>4,310</b>

No indicators of impairment were found for intangible assets.

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

**Note 6E: Reconciliation of Opening and Closing Balances of Intangibles**

2012-13

	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
<b>As at 1 July 2012</b>			
Gross book value	12,245	22	12,267
Accumulated amortisation	(7,935)	(22)	(7,957)
<b>Net book value - 1 July 2012</b>	<b>4,310</b>	<b>-</b>	<b>4,310</b>
Additions:			
By purchase or internally developed	2,784	-	2,784
Amortisation	(2,198)	-	(2,198)
<b>Net Book Value - 30 June 2013</b>	<b>4,896</b>	<b>-</b>	<b>4,896</b>
<b>Net Book Value as at 30 June 2013 Represented by:</b>			
Gross book value	15,029	22	15,051
Accumulated amortisation	(10,133)	(22)	(10,155)
	<b>4,896</b>	<b>-</b>	<b>4,896</b>

2011-12

	Computer Software Internally Developed \$'000	Computer Software Purchased \$'000	Total \$'000
<b>As at 1 July 2011</b>			
Gross book value	9,964	22	9,986
Accumulated amortisation	(4,977)	(20)	(4,997)
<b>Net book value - 1 July 2011</b>	<b>4,987</b>	<b>2</b>	<b>4,989</b>
Additions:			
By purchase or internally developed	2,281	-	2,281
Amortisation	(2,958)	(2)	(2,960)
<b>Net Book Value - 30 June 2012</b>	<b>4,310</b>	<b>-</b>	<b>4,310</b>
<b>Net Book Value as at 30 June 2012 Represented by:</b>			
Gross book value	12,245	22	12,267
Accumulated amortisation	(7,935)	(22)	(7,957)
	<b>4,310</b>	<b>-</b>	<b>4,310</b>

	2013	2012
	\$'000	\$'000
<b><u>Note 6F: Other Non-Financial Assets</u></b>		
Prepayments	1,502	58
<b>Total Other Non-Financial Assets</b>	<b>1,502</b>	<b>58</b>

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

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

## Note 7: Payables

	2013 \$'000	2012 \$'000
<b>Note 7A: Suppliers</b>		
Trade creditors	13,664	5,625
Operating lease rentals	3,670	4,274
<b>Total Suppliers</b>	<b>17,334</b>	<b>9,899</b>
Suppliers expected to be settled within 12 months:		
Related entities	8,051	732
External parties	6,640	5,541
<b>Total</b>	<b>14,691</b>	<b>6,273</b>
Suppliers expected to be settled in greater than 12 months:		
External parties	2,643	3,626
<b>Total</b>	<b>2,643</b>	<b>3,626</b>
<b>Total Suppliers</b>	<b>17,334</b>	<b>9,899</b>

Settlement is usually made net 30 days.

## Note 7B: Other Payables

Salaries and wages	1,925	1,998
Separations and redundancies	60	1,534
Lease incentives	2,794	3,759
<b>Total Other Payables</b>	<b>4,779</b>	<b>7,291</b>
Other payables are expected to be settled in:		
No more than 12 months	2,922	4,497
More than 12 months	1,857	2,794
<b>Total Other Payables</b>	<b>4,779</b>	<b>7,291</b>

## Note 8: Provisions

	2013 \$'000	2012 \$'000
<b>Note 8A: Employee Provisions</b>		
Leave	16,417	16,213
Other	96	59
<b>Total Employee Provisions</b>	<b>16,513</b>	<b>16,272</b>

Employee provisions are expected to be settled in:

No more than 12 months	11,646	11,385
More than 12 months	4,867	4,887
<b>Total Employee Provisions</b>	<b>16,513</b>	<b>16,272</b>

### Note 8B: Other Provisions

Restoration obligations	292	292
Onerous leases	9,211	4,456
<b>Total Other Provisions</b>	<b>9,503</b>	<b>4,748</b>

Other provisions are expected to be settled in:

No more than 12 months	5,625	2,716
More than 12 months	3,878	2,032
<b>Total Other Provisions</b>	<b>9,503</b>	<b>4,748</b>

### Analysis of Other Provisions

	Restoration Obligations \$'000	Onerous Leases \$'000	Total \$'000
Carrying amount - 1 July 2012	292	4,456	4,748
Additional provisions made	-	7,471	7,471
Amounts used	-	(2,716)	(2,716)
<b>Closing Balance Other Provisions - 30 June 2013</b>	<b>292</b>	<b>9,211</b>	<b>9,503</b>

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

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



## Note 9: Cash Flow Reconciliation

	2013 \$'000	2012 \$'000
<b>Reconciliation of Cash and Cash Equivalents as per Balance Sheet to Cash Flow Statement</b>		
<b>Reported Cash and Cash Equivalents as per:</b>		
Cash Flow Statement	2,856	2,164
Balance Sheet	2,856	2,164
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of Net Cost of Services to Net Cash from Operating Activities:</b>		
Net cost of services	(132,351)	(142,332)
Revenue from Government	125,262	132,702
<b>Adjustments for non-cash items</b>		
Depreciation and amortisation	7,289	9,289
Write-down and impairment of assets	-	842
Losses from asset sales	24	1
<b>Changes in assets / liabilities</b>		
Decrease (increase) in trade and other receivables	(8,479)	3,669
Decrease (increase) in other non-financial assets	(1,444)	85
Increase in employee provisions	241	1,130
Increase (decrease) in other provisions	4,755	(3,167)
Increase (decrease) in suppliers	7,435	(2,709)
Increase (decrease) in other payables	(2,512)	682
<b>Net Cash From Operating Activities</b>	<u>220</u>	<u>192</u>

## **Note 10: Contingent Liabilities and Assets**

### **Unquantifiable Departmental Contingent Liabilities**

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

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

### **Unquantifiable Administered Contingent Assets**

The Agency is currently involved in litigation against 80 entities and while the probability of success is high in these matters, it is not possible to accurately estimate the value of any penalties that may be imposed by the courts.

## Note 11: Senior Executive Remuneration

	2013	2012
	\$	\$
<b>Note 11A: Senior Executive Remuneration Expense for the Reporting Period</b>		
Short-term employee benefits:		
Salary	3,192,051	2,978,486
Annual leave accrued	251,561	253,610
Non-monetary benefits	-	65,548
<b>Total short-term employee benefits</b>	<b>3,443,612</b>	<b>3,297,644</b>
Post-employment benefits:		
Superannuation	656,165	496,483
<b>Total post-employment benefits</b>	<b>656,165</b>	<b>496,483</b>
Other long-term employee benefits:		
Long-service leave	143,527	149,268
<b>Total other long-term employee benefits</b>	<b>143,527</b>	<b>149,268</b>
Termination benefits	144,902	-
<b>Total</b>	<b>4,388,206</b>	<b>3,943,395</b>

### Notes:

1. Excludes acting arrangements and part-year service where remuneration was less than \$180,000.

**Note 11B: Average Annual Reportable Remuneration Paid to Substantive Senior Executives during the Reporting Period**

**2012-13**

Average Annual Reportable Remuneration	Senior Executives No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$180,000	1	139,943	19,366	-	-	159,309
\$180,000 to \$209,999	2	162,301	24,635	-	-	186,936
\$210,000 to \$239,999	4	194,908	35,077	-	-	229,985
\$240,000 to \$269,999	3	227,599	33,434	-	-	261,033
\$270,000 to \$299,999	4	237,090	48,103	252	-	285,445
\$300,000 to \$329,999	2	268,458	44,866	-	-	313,324
<b>Total</b>	<b>16</b>					

**2011-12**

Average Annual Reportable Remuneration	Senior Executives No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
Total remuneration (including part-time arrangements):						
less than \$180,000	4	63,154	7,846	-	-	71,000
\$180,000 to \$209,999	2	182,147	24,589	132	-	206,868
\$210,000 to \$239,999	3	195,290	32,204	-	-	227,494
\$240,000 to \$269,999	5	218,097	33,190	18	-	251,305
\$270,000 to \$299,999	3	239,155	41,577	-	-	280,732
\$300,000 to \$329,999	1	227,802	78,251	-	-	306,053
<b>Total</b>	<b>18</b>					

**Notes:**

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

**Note 11C: Other Highly Paid Staff**

During the current reporting period, there were two employees (2012: Nil) whose salary plus performance bonus totalled \$180,000 or more. Both of the employees acted in a senior executive role on a temporary basis for a portion of the reporting period.

**2012-13**

Average Annual Reportable Remuneration	Staff No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
<b>Total remuneration (including part-time arrangements):</b>						
\$180,000 to \$209,999	1	183,517	25,734	-	-	209,251
\$210,000 to \$239,999	1	189,891	32,220	-	-	222,111
<b>Total</b>	<b>2</b>					

**2011-12**

Average Annual Reportable Remuneration	Staff No.	Reportable Salary \$	Contributed Superannuation \$	Reportable Allowances \$	Bonus Paid \$	Total \$
<b>Total remuneration (including part-time arrangements)</b>						
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

- This table reports staff:
  - who were employed by the Agency during the reporting period;
  - whose reportable remuneration was \$180,000 or more for the reporting period; and
  - were not required to be disclosed in Note 11A or Note 11B.
 Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable Salary' includes the following:
  - gross payments (less any bonuses paid, which are separated out and disclosed in the 'Bonus Paid' column);
  - reportable fringe benefits (at the net amount prior to 'grossing up' to account for tax purposes); and
  - exempt foreign employment income.
- The 'Contributed Superannuation' amount is the average actual superannuation contributions paid to staff in that reportable remuneration band during the reporting period, including any salary sacrificed amounts, as per the individuals' payslips.
- 'Reportable Allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.
- 'Bonus Paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'Bonus Paid' within a particular reportable remuneration band may vary between financial years due to various factors such as individuals commencing with or leaving the Agency during the financial year.
- Various salary sacrifice arrangements were available to other highly paid staff including superannuation, motor vehicle and expense payment fringe benefits. Salary sacrifice benefits are reported in the 'Reportable Salary' column, excluding salary sacrificed superannuation, which is reported in the 'Contributed Superannuation' column.

## Note 12: Remuneration of Auditors

	2013	2012
	\$	\$

Financial statement audit services were provided free of charge to the Office of the Fair Work Ombudsman by the Australian National Audit Office.

The fair value of the services provided was:

Financial statement audit services	75,000	62,000
<b>Total</b>	<b>75,000</b>	<b>62,000</b>

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

### Note 13: Financial Instruments

#### Note 13A: Categories of Financial Instruments

<b>Financial Assets</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and cash equivalents		
Loans and receivables:		
Goods and services receivables	2,856	2,164
Other receivables	413	53
	457	274
<b>Carrying Amount of Financial Assets</b>	<b>3,726</b>	<b>2,491</b>
	<b>3,726</b>	<b>2,491</b>
<b>Financial Liabilities</b>		
Suppliers	17,334	9,899
<b>Carrying Amount of Financial Liabilities</b>	<b>17,334</b>	<b>9,899</b>
	<b>17,334</b>	<b>9,899</b>

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

#### Note 13B: Fair Value of Financial Instruments

The carrying amount of all financial assets and liabilities as at 30 June 2013 approximates their fair value.

	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
	<b>2013</b>	<b>2013</b>	<b>2012</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets</b>				
Cash and cash equivalents	2,856	2,856	2,164	2,164
Goods and services receivables	413	413	53	53
Other receivables	457	457	274	274
<b>Total</b>	<b>3,726</b>	<b>3,726</b>	<b>2,491</b>	<b>2,491</b>
<b>Financial Liabilities</b>				
Suppliers	17,334	17,334	9,899	9,899
<b>Total</b>	<b>17,334</b>	<b>17,334</b>	<b>9,899</b>	<b>9,899</b>

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



**Note 13C: Credit Risk**

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

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has determined there is no allowance for impairment required in 2012-13.

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

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

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

	2013 \$'000	2012 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	2,856	2,164
Goods and services receivables	413	53
Other receivables	457	274
<b>Total</b>	<b>3,726</b>	<b>2,491</b>

**Credit quality of financial instruments for 2013:**

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

**Credit quality of financial instruments for 2012:**

	Not Past Due Nor Impaired 2012 \$'000	Past Due But Not Impaired 2012 \$'000	Past Due and Impaired 2012 \$'000	Total 2012 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents	2,164	-	-	2,164
Goods and services receivables	31	22	-	53
Other receivables	274	-	-	274
<b>Total</b>	<b>2,469</b>	<b>22</b>	<b>-</b>	<b>2,491</b>

**Note 13C: Credit Risk (Continued)**

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

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

Ageing of financial assets that are past due but not impaired for 2012:

	0 to 30 Days \$'000	31 to 60 Days \$'000	61 to 90 Days \$'000	90+ Days \$'000	Total \$'000
<b>Financial Assets</b>					
Goods and services receivables	-	-	16	6	22
Other receivables	-	-	-	-	-
<b>Total</b>	-	-	16	6	22

**Note 13D: Liquidity Risk**

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

**Maturities for non-derivative financial liabilities - 2013**

	On Demand 2013 \$'000	Within 1 Year 2013 \$'000	1 to 2 Years 2013 \$'000	2 to 5 Years 2013 \$'000	>5 Years 2013 \$'000	Total 2013 \$'000
<b>Financial Liabilities</b>						
Suppliers	13,664	1,027	1,220	1,423	-	17,334
<b>Total</b>	<b>13,664</b>	<b>1,027</b>	<b>1,220</b>	<b>1,423</b>	<b>-</b>	<b>17,334</b>

**Maturities for non-derivative financial liabilities - 2012**

	On Demand 2012 \$'000	Within 1 Year 2012 \$'000	1 to 2 Years 2012 \$'000	2 to 5 Years 2012 \$'000	>5 Years 2012 \$'000	Total 2012 \$'000
<b>Financial Liabilities</b>						
Suppliers	5,625	648	1,037	2,589	-	9,899
<b>Total</b>	<b>5,625</b>	<b>648</b>	<b>1,037</b>	<b>2,589</b>	<b>-</b>	<b>9,899</b>

**Note 13E: Market Risk**

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

#### Note 14: Financial Assets Reconciliation

	2013	2012
	\$'000	\$'000
<b>Total Financial Assets as per Balance Sheet</b>	<b>90,452</b>	85,737
Less non-financial instrument components:		
Appropriations receivable for existing programs	<b>86,011</b>	82,874
GST receivable from the Australian Taxation Office	<b>715</b>	372
<b>Total non-financial instrument components</b>	<b>86,726</b>	83,246
<b>Total Financial Assets as per Financial Instruments Note</b>	<b>3,726</b>	<b>2,491</b>

**Note 15: Expenses - Administered Items**

	2013	2012
	\$ (*)	\$ (*)
<b><u>Write-Down and Impairment of Assets</u></b>		
Impairment of financial instruments	<b>390,717</b>	1,241,821
<b>Total Write-Down and Impairment of Assets</b>	<b>390,717</b>	1,241,821

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

**Note 16: Income - Administered Items**

	2013	2012
	\$ (*)	\$ (*)
<b>OWN-SOURCE REVENUE</b>		
<b><u>Note 16A: Fees and Fines</u></b>		
Court-awarded penalties	2,372,509	1,395,311
Infringement notices	55,411	12,710
<b>Total Fees and Fines</b>	<b>2,427,920</b>	<b>1,408,021</b>
<b><u>Note 16B: Interest</u></b>		
Penalty interest	7,141	-
<b>Total Interest</b>	<b>7,141</b>	<b>-</b>

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

## Note 17: Assets Administered on Behalf of Government

	2013 \$ (*)	2012 \$ (*)
<b>Financial Assets</b>		
<b>Receivables</b>		
Court-awarded penalties	1,635,400	2,391,856
<b>Gross receivables</b>	<b>1,635,400</b>	<b>2,391,856</b>
Less: Impairment allowance account - Court-awarded penalties	(716,800)	(1,846,085)
<b>Net Receivables</b>	<b>918,600</b>	<b>545,771</b>
Gross receivables are aged as follows:		
Not overdue	119,048	219,279
Overdue by:		
0 to 30 days	121,440	289,500
31 to 60 days	165,720	125,340
61 to 90 days	4,216	311,391
More than 90 days	1,224,976	1,446,346
<b>Gross receivables</b>	<b>1,635,400</b>	<b>2,391,856</b>
The impairment allowance account is aged as follows:		
Not overdue	-	(45,999)
Overdue by:		
0 to 30 days	-	(8,000)
31 to 60 days	-	(106,840)
61 to 90 days	-	(311,391)
More than 90 days	(716,800)	(1,373,855)
<b>Total impairment allowance account</b>	<b>(716,800)</b>	<b>(1,846,085)</b>
Receivables are with entities external to the Government.		
<b>Reconciliation of the impairment allowance account</b>		
Opening balance	(1,846,085)	(2,183,098)
Amounts written off	1,520,002	1,578,834
Increase recognised in net surplus	(390,717)	(1,241,821)
<b>Closing balance</b>	<b>(716,800)</b>	<b>(1,846,085)</b>
<b>Other Financial Assets</b>		
Accrued revenue	992,262	-
<b>Total Other Financial Assets</b>	<b>992,262</b>	<b>-</b>

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

## Note 18: Cash Flow Reconciliation - Administered Items

	2013 \$ (*)	2012 \$ (*)
<b>Reconciliation of Cash and Cash Equivalents as per Schedule of Assets and Liabilities - Administered Items to Cash Flow Statement - Administered Items</b>		
<b>Reported Cash and Cash Equivalents as per:</b>		
Cash Flow Statement - Administered Items	-	-
Schedule of Assets and Liabilities - Administered items	-	-
<b>Difference</b>	<u>-</u>	<u>-</u>
<b>Reconciliation of Net Contribution by Services to Net Cash from Operating Activities:</b>		
Net contribution by services	2,044,344	166,200
<b>Changes in assets / liabilities</b>		
Decrease (increase) in net receivables	(1,365,091)	322,494
<b>Net Cash From Operating Activities</b>	<u>679,253</u>	<u>488,694</u>

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



## Note 19: Financial Instruments - Administered Items

	2013 \$ (*)	2012 \$ (*)
<b><u>Note 19A: Categories of Financial Instruments</u></b>		
<b>Financial Assets</b>		
Receivables	918,600	545,771
Other financial assets	992,262	-
<b>Carrying Amount of Financial Assets</b>	<b>1,910,862</b>	<b>545,771</b>
<b><u>Note 19B: Net Income and Expense from Financial Assets</u></b>		
<b>Financial Assets</b>		
Write-down and impairment of assets	(390,717)	(1,241,821)
<b>Net Loss From Financial Assets</b>	<b>(390,717)</b>	<b>(1,241,821)</b>

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

**Note 19C: Fair Value of Financial Instruments**

	Carrying Amount 2013 \$ (*)	Fair Value 2013 \$ (*)	Carrying Amount 2012 \$ (*)	Fair Value 2012 \$ (*)
<b>Financial Assets</b>				
Receivables	918,600	918,600	545,771	545,771
Other financial assets	992,262	992,262	-	-
<b>Total Financial Assets</b>	<b>1,910,862</b>	<b>1,910,862</b>	<b>545,771</b>	<b>545,771</b>

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

**Note 19D: Credit Risk**

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

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has allocated \$716,800 in 2012-13 to an allowance for impairment account.

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

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

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

	2013 \$ (*)	2012 \$ (*)
<b>Financial Assets</b>		
Receivables	1,635,400	2,391,856
Accrued revenue	992,262	-
<b>Total</b>	<b>2,627,662</b>	<b>2,391,856</b>

**Credit quality of financial instruments for 2013:**

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

**Credit quality of financial instruments for 2012:**

	Not Past Due Nor Impaired 2012 \$ (*)	Past Due But Not Impaired 2012 \$ (*)	Past Due and Impaired 2012 \$ (*)	Total 2012 \$ (*)
<b>Financial Assets</b>				
Receivables	173,280	372,491	1,846,085	2,391,856
<b>Total</b>	<b>173,280</b>	<b>372,491</b>	<b>1,846,085</b>	<b>2,391,856</b>

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

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

**Ageing of financial assets that are past due but not impaired for 2012:**

	0 to 30 Days \$ (*)	31 to 60 Days \$ (*)	61 to 90 Days \$ (*)	90+ Days \$ (*)	Total \$ (*)
<b>Financial Assets</b>					
Receivables	281,500	18,500	-	72,491	372,491
<b>Total</b>	<b>281,500</b>	<b>18,500</b>	<b>-</b>	<b>72,491</b>	<b>372,491</b>

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

**Note 19E: Market Risk**

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

**Note 20: Financial Assets Reconciliation - Administered Items**

	2013	2012
	\$ (*)	\$ (*)
<b>Total financial assets as per Schedule of Assets and Liabilities - Administered Items</b>	<b><u>1,910,862</u></b>	<b><u>545,771</u></b>
<b>Total Financial Assets as per Financial Instruments (Note 19C)</b>	<b><u>1,910,862</u></b>	<b><u>545,771</u></b>

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

## Note 21: Appropriations

Table A: Annual Appropriations

	2013 Appropriations						Appropriation Applied in 2013 (Current and Prior Years) \$'000	Variance \$'000
	Appropriation Act		FMA Act					
	Annual Appropriation \$'000	Appropriations Reduced (1) \$'000	Advance to the Finance Minister (2) \$'000	Section 30 \$'000	Section 31 \$'000	Section 32 \$'000		
DEPARTMENTAL Ordinary annual services	128,771	-	-	-	8,111	-	136,882	3,839
Equity	-	-	-	-	-	-	-	-
Total departmental	128,771	-	-	-	8,111	-	136,882	3,839
ADMINISTERED Administered items	-	-	-	-	-	-	-	-
Total administered	-	-	-	-	-	-	-	-

	2012 Appropriations						Appropriation Applied in 2012 (Current and Prior Years) \$'000	Variance (3) \$'000	
	Appropriation Act		Advance to the Finance Minister \$'000	FMA Act					Total Appropriation \$'000
	Annual Appropriation \$'000	Appropriations Reduced \$'000		Section 30 \$'000	Section 31 \$'000	Section 32 \$'000			
DEPARTMENTAL									
Ordinary annual services	132,702	-	-	-	1,665	-	134,367	(3,317)	
Equity	1,400	-	-	-	-	-	1,400	(2,857)	
Total departmental	134,102	-	-	-	1,665	-	135,767	(6,174)	
ADMINISTERED									
Administered items	-	-	-	-	-	-	-	-	
Total administered	-	-	-	-	-	-	-	-	

### Notes:

- Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012-13: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2012-13: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In the 2012-13 financial year, the Government imposed both a targeted savings measure and a fire services levy onto the agency totalling \$702,000. The determination was issued on 5 August 2013 by the Finance Minister to reduce Appropriation Act No. 1 by \$702,000.
- Advance to the Finance Minister (AFM) - Appropriation Acts (No. 1,3,5) 2012-13: section 13 and Appropriation Acts (No. 2,4,6) 2012-13: section 15.
- The variance between total annual appropriation available and total appropriation applied in 2011-12 relates to payments funded from unspent prior year appropriation items.

**Table B: Departmental and Administered Capital Appropriations**

	2013 Appropriations			Appropriation Applied in 2013 (Current and Prior years)		
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Appropriations \$'000	Payment for non-financial assets \$'000	Payment for other purposes \$'000	Total payments \$'000
	Annual Appropriation \$'000	Appropriations Reduced (2) \$'000				
<b>DEPARTMENTAL</b> Ordinary annual services - Departmental Capital Budget (1)	2,807	-	2,807	-	-	2,807
<b>ADMINISTERED</b> Administered items	-	-	-	-	-	-

	2012 Appropriations			Appropriation Applied in 2012 (Current and Prior years)		
	<i>Appropriation Act</i>	<i>FMA Act</i>	Total Appropriations \$'000	Payment for non-financial assets \$'000	Payment for other purposes \$'000	Total payments \$'000
	Annual Appropriation \$'000	Appropriations Reduced (2) \$'000				
<b>DEPARTMENTAL</b> Ordinary annual services - Departmental Capital Budget (1)	9,088	-	9,088	-	-	9,088
<b>ADMINISTERED</b> Administered items	-	-	-	-	-	-

**Notes:**

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, please see Table A: Annual appropriations.
2. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2012-13: sections 10, 11, 12 and 15 or via a determination by the Finance Minister.

**Table C: Unspent Departmental Annual Appropriations**

Authority	2013 \$'000	2012 \$'000
Appropriation Act (No. 1) 2009-10 (1)	-	204
Appropriation Act (No. 2) 2009-10 (1)	267	267
Appropriation Act (No. 1) 2010-11	10,875	10,875
Appropriation Act (No. 2) 2010-11	3,694	3,694
Appropriation Act (No. 1) 2011-12	21,221	68,598
Appropriation Act (No. 2) 2011-12	1,400	1,400
Appropriation Act (No. 1) 2012-13	51,410	-
<b>Total</b>	<b>88,867</b>	<b>85,038</b>

**Notes:**

1. Due to the Statute Stocktake (Appropriations) Bill 2013, appropriations receivable for the period 1 July 1999 to 30 June 2010 will be repealed. Further information is listed in Note 2: Events After the Reporting Date.

## Note 22: Special Accounts

Services for Other Entities and Trust Monies Special Account - Established 27 June 2012		
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i>		
Appropriation: <i>Financial Management and Accountability Act 1997; s20</i>		
Purpose: For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.		
This account is non-interest bearing.		
Services for Other Entities and Trust Monies Special Account - Financial Summary	2013	2012
	\$ (*)	\$ (*)
Opening balance	200	-
Receipts	1,115,543	200
Payments made	(157,626)	-
<b>Closing Balance</b>	<b>958,117</b>	<b>200</b>
<b>Represented by:</b>		
Cash - held in the Official Public Account	958,117	200

Other Trust Monies Account - Abolished 30 June 2012		
Legal Authority: <i>Financial Management and Accountability Act 1997; s20</i>		
Appropriation: <i>Financial Management and Accountability Act 1997; s20</i>		
Purpose: For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received.		
This account is non-interest bearing.		
Other Trust Monies Account - Financial Summary	2013	2012
	\$ (*)	\$ (*)
Opening balance	-	1,660,233
Receipts	-	314,736
Payments made	-	(223,752)
Transfer to Consolidated Revenue Fund	-	(1,751,217)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>		
Cash - held in the Official Public Account	-	-

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

The balance remaining in the Other Trust Monies Account at 30 June 2012 was transferred to the Consolidated Revenue Fund. Amounts owed will continue to be paid using s28 of the *Financial Management and Accountability Act 1997* until all rightful claims have been extinguished.



## Note 23: Compensation and Debt Relief

	2013	2012
	\$	\$
<b>Departmental</b>		
No Act of Grace expenses were incurred during the reporting period. (2012: Nil)	-	-
No waivers of amounts owing to the Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2012: Nil)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period. (2012: Nil)	-	-
No ex-gratia payments were provided for during the reporting period. (2012: Nil)	-	-
No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2012: Nil)	-	-
<b>Administered</b>		
No Act of Grace expenses were incurred during the reporting period. (2012: Nil)	-	-
No waivers of amounts owing to the Government were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> . (2012: Nil)	-	-
No payments were provided under the Compensation for Detriment caused by Defective Administration Scheme during the reporting period. (2012: Nil)	-	-
No ex-gratia payments were provided for during the reporting period. (2012: Nil)	-	-
No payments were provided in special circumstances relating to Australian Public Service employment pursuant to section 73 of the <i>Public Service Act 1999</i> during the reporting period. (2012: Nil)	-	-

## Note 24: 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.

	2013	2012
	\$ (*)	\$ (*)
<b>Monetary Assets</b>		
Total amount held at the beginning of the reporting period	1,751,417	1,660,233
Receipts	1,115,543	314,936
Payments	(157,626)	(223,752)
<b>Total Amount Held at the End of the Reporting Period</b>	<b>2,709,334</b>	<b>1,751,417</b>

The values above are at fair value.

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

## **Note 25: Reporting of Outcomes**

The Office of the Fair Work Ombudsman delivers services under one Outcome. The financial information is recorded against this Outcome.

### **Note 25A: Net Cost of Outcome Delivery**

	<b>Outcome 1 &amp; Total</b>	<b>Outcome 1 &amp; Total</b>
	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Expenses</b>		
Administered	391	1,242
Departmental	135,552	143,868
<b>Total expenses</b>	<b>135,943</b>	<b>145,110</b>
<b>Other own-source income</b>		
Administered	2,435	1,408
Departmental	3,201	1,536
<b>Total</b>	<b>5,636</b>	<b>2,944</b>
<b>Net Cost of Outcome Delivery</b>	<b>130,307</b>	<b>142,166</b>

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

### **Note 25B: Major Classes of Departmental Expenses and Income by Outcome**

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

### **Note 25C: Major Classes of Departmental Assets and Liabilities by Outcome**

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

### **Note 25D: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome**

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

## Note 26: Net Cash Appropriation Arrangements

	2013 \$'000	2012 \$'000
<b>Total comprehensive surplus (loss) less depreciation / amortisation expense previously funded through revenue appropriations</b>	<b>200</b>	<b>(341)</b>
Depreciation / amortisation expenses previously funded through revenue	<u>(7,289)</u>	<u>(9,289)</u>
<b>Total Comprehensive Loss Attributable to the Australian Government - as per the Statement of Comprehensive Income</b>	<b><u>(7,089)</u></b>	<b><u>(9,630)</u></b>

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

## Note 27: Compliance with Statutory Conditions for Payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. The Department of Finance and Deregulation provided information to all agencies in 2011 regarding the need for risk assessments to be undertaken in relation to compliance with statutory conditions on payments from special appropriations, including special accounts.

The Agency has one appropriation involving statutory conditions for payment, which is the special account - Services for Other Entities and Trust Monies Special Account.

During 2012-13, the Agency completed the following activities in relation to its exposure to risks of not complying with statutory conditions on payments from appropriations:

- determining the risk of non-compliance by assessing the difficulty of administering the statutory conditions and the extent to which payment systems and processes satisfy those conditions;
- determining procedures to confirm risk assessments in medium risk cases and to quantify the extent of non-compliance, if any, in higher risk situations;
- obtaining legal advice, as appropriate, to resolve questions of potential non-compliance; and
- considering procedural changes to reduce the risk of non-compliance in the future to an acceptable low level.

The work conducted to date has identified no instances of non-compliance with section 83 of the Constitution.

During 2012-13, additional legal advice was received that indicated there could be breaches of section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal. The Agency has reviewed its processes and controls over payments for these items to minimise the possibility of future breaches as a result of these payments. The Agency has determined there is a low risk of the certain circumstances mentioned in the legal advice applying to the Agency. The Agency is not aware of any specific breaches of section 83 in respect of these items.

Appendices

SECTION 6



## APPENDIX A: STAFFING PROFILE

**Table 29: Staff by classification 2010–13**

Classification	2012–13	2011–12	2010–11	2009–10
APS1	1	1	0	0
APS2	7	11	5	1
APS3	115	133	188	233
APS4	158	166	211	216
APS5	222	222	234	227
APS6	158	144	160	141
EL1	92	96	99	99
EL2	42	40	42	40
SES Band 1	9	9	11	10
SES Band 2	5	5	2	3
<b>Total</b>	<b>809</b>	<b>827</b>	<b>952</b>	<b>970</b>

Note: Excludes the Fair Work Ombudsman

**Table 30: Employees by classification and location at 30 June 2013**

Classification	ACT	NSW	VIC	QLD	SA	WA	NT	TAS	Total
APS 1	0	0	0	0	1	0	0	0	1
APS 2	1	1	1	0	3	1	0	0	7
APS 3	3	47	32	22	3	8	0	0	115
APS 4	9	61	34	16	29	7	2	0	158
APS 5	12	64	72	38	17	10	0	9	222
APS 6	15	52	47	18	13	10	1	2	158
EL 1	16	25	32	5	8	4	0	2	92
EL 2	6	11	15	3	6	1	0	0	42
SES Band 1	2	4	2	0	1	0	0	0	9
SES Band 2	2	0	2	0	1	0	0	0	5
<b>Total</b>	<b>66</b>	<b>265</b>	<b>237</b>	<b>102</b>	<b>82</b>	<b>41</b>	<b>3</b>	<b>13</b>	<b>809</b>

Note: Excludes the Fair Work Ombudsman

**Table 31: Ongoing full-time and part-time employees by gender and location at 30 June 2013**

Classification	ACT	NSW	VIC	QLD	SA	WA	NT	TAS	Total
Female full-time	29	120	102	41	40	16	1	8	357
Female part-time	11	42	42	24	14	8	0	0	141
<b>Total female</b>	<b>40</b>	<b>162</b>	<b>144</b>	<b>65</b>	<b>54</b>	<b>24</b>	<b>1</b>	<b>8</b>	<b>498</b>
Male full-time	23	87	82	35	25	14	2	5	273
Male part-time	3	8	4	2	2	1	0	0	20
<b>Total male</b>	<b>26</b>	<b>95</b>	<b>86</b>	<b>37</b>	<b>27</b>	<b>15</b>	<b>2</b>	<b>5</b>	<b>293</b>
Total female and male	66	257	230	102	81	39	3	13	791

Note: Excludes the Fair Work Ombudsman

**Table 32: Non-ongoing full-time and part-time employees by gender and location at 30 June 2013**

Classification	ACT	NSW	VIC	QLD	SA	WA	NT	TAS	Total
Female full-time	0	5	3	0	1	1	0	0	10
Female part-time	0	0	0	0	0	1	0	0	1
<b>Total female</b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11</b>
Male full-time	0	3	4	0	0	0	0	0	7
Male part-time	0	0	0	0	0	0	0	0	0
<b>Total male</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
Total female and male	0	8	7	0	1	2	0	0	18

Note: Excludes the Fair Work Ombudsman

**Table 33: Ongoing and non-ongoing full-time and part-time employees by gender as at 30 June 2013**

Classification	ACT	NSW	VIC	QLD	SA	WA	NT	TAS	Total
Female full-time	29	125	105	41	41	17	1	8	367
Female part-time	11	42	42	24	14	9	0	0	142
<b>Total female</b>	<b>40</b>	<b>167</b>	<b>147</b>	<b>65</b>	<b>55</b>	<b>26</b>	<b>1</b>	<b>8</b>	<b>509</b>
Male full-time	23	90	86	35	25	14	2	5	280
Male part-time	3	8	4	2	2	1	0	0	20
<b>Total male</b>	<b>26</b>	<b>98</b>	<b>90</b>	<b>37</b>	<b>27</b>	<b>15</b>	<b>2</b>	<b>5</b>	<b>300</b>
Total female and male	66	265	237	102	82	41	3	13	809

Note: Excludes the Fair Work Ombudsman



**Table 34: Senior executive and executive level employees by classification and gender at 30 June 2013**

Classification	Female	Male	Total
EL 1	61	31	92
EL 2	17	25	42
SES Band 1	5	4	9
SES Band 2	1	4	5
<b>Total</b>	<b>84</b>	<b>64</b>	<b>148</b>

Note: Excludes the Fair Work Ombudsman

**Table 35: Workplace diversity profile at 30 June 2013**

Total staff	Female	People from culturally and linguistically diverse backgrounds	People from Aboriginal and Torres Strait Islander backgrounds	People with disabilities
809	509	210	8	23

Note: Excludes the Fair Work Ombudsman

**Table 36: Employee workplace agreements by classification at 30 June 2013**

Classification	Enterprise agreement	Common law contract	Total
APS 1	1	0	1
APS 2	7	0	7
APS 3	115	0	115
APS 4	158	0	158
APS 5	222	0	222
APS 6	158	0	158
EL 1	92	0	92
EL 2	42	0	42
SES Band 1	0	9	9
SES Band 2	0	5	5
<b>Total</b>	<b>795</b>	<b>14</b>	<b>809</b>

Note: Excludes the Fair Work Ombudsman

**Table 37: Salary ranges by classification at 30 June 2013**

Classification	Salary ranges
APS 1	\$45 633 – \$47 435
APS 2	\$51 757 – \$56 681
APS 3	\$58 242 – \$62 807
APS 4	\$64 847 – \$70 371
APS 5	\$72 292 – \$76 615
APS 6	\$78 296 – \$90 065
EL 1	\$99 672 – \$107 598
EL 2	\$114 923 – \$162 000
SES Band 1	\$181 005 – \$211 334
SES Band 2	\$230 139 – \$243 310

Note: Excludes the Fair Work Ombudsman

## PERFORMANCE BONUSES

No performance bonuses were paid to staff in 2012–13.

## APPENDIX B: WORK HEALTH AND SAFETY

### INITIATIVES

The FWO is committed to maintaining and improving the health and wellbeing of its employees. In 2012–13 the agency continued to deliver work health and safety services to staff, including programs to specifically support mental health and wellbeing.

In 2012–13 initiatives included:

- implementing the 2012–13 Health and Wellbeing Strategy to encourage the health and wellbeing of all employees
- delivering five practical resilience workshops
- undertaking a hazard and risk assessment to ensure the agency's compliance with the *Work Health and Safety Act 2011*
- developing and implementing a rehabilitation management system that delivers effective rehabilitation to all injured employees
- establishing a Mental Health Working Group to foster mental health within the agency and help managers and employees increase their confidence in dealing with mental health situations
- undertaking an agency-wide mental health survey to gain insight into the level of awareness of mental health across the agency
- providing workstation assessments and rehabilitation case management services to meet the health, safety and rehabilitation needs of employees

- providing a vaccination program, including seasonal influenza, Q fever and hepatitis A and B
- developing mental health initiatives focused on education and awareness raising, which received positive feedback
- developing a Work Health and Safety for Workers module to provide refresher training for all employees and to ensure ongoing compliance with legislation.

### OUTCOMES

The establishment of the Health and Safety Arrangements 2012–15 has reinforced the agency's dedication to, and participation in, maintaining healthy workplaces. It has also reinvigorated employee interest and participation in work health and safety.

Outcomes in relation to these arrangements include:

- through the Health and Wellbeing Strategy, the agency raised awareness of general health and wellbeing, provided support and educational services to employees, and encouraged employees to focus on their own health and wellbeing
- mental health education undertaken throughout the year has been well received, and the feedback suggests the agency should continue to assist managers and employees in increasing their understanding and confidence in mental health
- active prevention initiatives such as workstation assessments and rehabilitation case management services for physical injuries have resulted in a continued reduction in body stressing injuries.

### NOTIFIABLE INCIDENTS

Under section 38 of the Work Health and Safety Act, the FWO was required to inform Comcare Australia of any notifiable accidents or dangerous occurrences arising out of work undertaken by any of its employees.

Four notifiable accidents and no dangerous occurrences were reported to Comcare Australia in 2012–13.

### INVESTIGATIONS

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

One investigation into the security and threat level of the FWO's office accommodation was conducted in 2012–13 following a security incident.

## CHANGES TO DISABILITY REPORTING IN ANNUAL REPORTS

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

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy 2010–20, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports will be available in 2014, and will be available at [fahcsia.gov.au](http://fahcsia.gov.au).

The Social Inclusion Measurement and Reporting Strategy agreed by the government in December 2009 will also include some reporting on disability matters in its regular 'How Australia is Faring' report and, if appropriate, in strategic change indicators in agency annual reports. More detail on social inclusion matters can be found at [socialinclusion.gov.au](http://socialinclusion.gov.au).

## APPENDIX C: INFORMATION PUBLICATION SCHEME

Under the *Freedom of Information Act 1982* the FWO is required to publish certain information on [fairwork.gov.au](http://fairwork.gov.au) as part of an Information Publication Scheme (IPS), such as the agency's organisational structure, its functions and decision-making powers, certain statutory appointments, annual reports and information routinely provided to FOI applicants and the federal parliament.

This information is currently published on [fairwork.gov.au](http://fairwork.gov.au), under 'About Us' and 'Freedom of information'.

[fairwork.gov.au](http://fairwork.gov.au) also includes an IPS Agency Plan setting out what information is published under the IPS, how and to whom it is published and how the agency otherwise complies with its IPS requirements.

The IPS is currently under review by the FOI team.

## APPENDIX D: ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

The FWO is committed to and encourages the efficient use of energy resources.

Through its philosophy of rethink, reduce, reuse, repair and recycle, the FWO builds strong environmental awareness across the agency and progressively implements policies and work practices that minimise the agency's waste, energy and water consumption, and greenhouse emissions.

In 2012–13 the FWO developed an Environmental Management policy that draws on principles in the Australian National Audit Office's *Public Sector Better Practice Guide 2012*, and an Environmental Management Action Plan, targeting ongoing reductions in carbon emissions by 2016. The initial focus of the plan is to target specific areas of the agency with the greatest potential for carbon emission reductions.

The purpose will be to establish baseline reporting as a means of accurately recording future savings in the areas of ICT sustainability, fleet management, travel, waste recycling and energy consumption.

In 2012–13 the FWO:

- piloted a waste audit, and implemented a waste recycling program in the FWO's Canberra office
- reduced the agency's total vehicle fleet
- implemented Print on Demand, requiring staff to swipe their ID card to print
- moved to 100 per cent carbon neutral paper for internal printing
- significantly reduced the FWO's property size, and fitouts to meet government standards
- donated more than 50 computers and accessories to the Computer Technology for Schools Program
- participated in the Close the Loop program for toner cartridge recycling
- recycled more than 17 kilograms of mobile phones, batteries and accessories.

## APPENDIX E: ADVERTISING AND MARKET RESEARCH

Details of payments made to market research and advertising organisations by the FWO in 2012–13 are listed in Table 38.

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

No advertising campaigns were undertaken by the FWO in 2012–13.

**Table 38: Market research, direct mail and media advertising contracts over \$12 100 in 2012–13**

Organisation	Service provided	Total \$ paid in 2012–13 (GST inclusive)
<b>Media advertising organisations</b>		
Universal McCann	Communication campaigns	99 857
Adcorp	Recruitment advertising	26 804

## APPENDIX F: SUMMARY OF RESOURCES

**Table 39: Expenses and resources for Outcome 1**

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.	Budget 2012–13 \$'000	Actual Expenses 2012–13 \$'000	Variation \$'000
	(a)	(b)	(a-b)
<b>Program 1: Education services and compliance activities</b>			
Departmental expenses			
Ordinary annual services (Appropriation Bill No.1)	136,548	132,351	4,197
Revenue from independent sources (Section 31)	100	3,201	(3,101)
<b>Total for Program 1</b>	<b>136,648</b>	<b>135,552</b>	<b>1,096</b>
<b>Total expenses for Outcome 1</b>	<b>136,648</b>	<b>135,552</b>	<b>1,096</b>
		<b>2012–13</b>	
<b>Average staffing level (number)</b>		<b>722</b>	

Note: Budget information reflects budgets as set out in the Portfolio Budget Statements 2012–13.

**Table 40: Agency Resource Statement 2012–13**

	<b>Actual Available Appropriations for 2012–13 \$'000</b>	<b>Payments Made 2012–13 \$'000</b>	<b>Balance Remaining 2012–13 \$'000</b>
	(a)	(b)	(a-b)
<b>Ordinary annual services</b>			
<b>Departmental outputs</b>			
Departmental outputs	193,778	133,043	60,735
<b>Total ordinary annual services</b>	<b>193,778</b>	<b>133,043</b>	<b>60,735</b>
<b>Other services</b>			
<b>Departmental non-operating</b>			
Equity injections	5,362	–	5,362
Departmental capital budget	22,770	–	22,770
<b>Total other services</b>	<b>28,132</b>	<b>–</b>	<b>28,132</b>
<b>Total available annual appropriations</b>	<b>221,910</b>	<b>133,043</b>	<b>88,867</b>
<b>Total appropriations excluding special account</b>	<b>221,910</b>	<b>133,043</b>	<b>88,867</b>
<b>Special account</b>			
Opening balance	–	–	–
Non-appropriation receipts	1,116	–	1,116
Payments	–	158	(158)
<b>Total special account</b>	<b>1,116</b>	<b>158</b>	<b>958</b>
<b>Funds held by CRF</b>			
Opening balance	1,751	–	1,751
<b>Total funds held by CRF</b>	<b>1,751</b>	<b>–</b>	<b>1,751</b>
<b>Total net resourcing for Fair Work Ombudsman</b>	<b>224,777</b>	<b>133,201</b>	<b>91,576</b>

# References

## SECTION 7



## GLOSSARY

### Annual wage review

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

### Australian Public Service (APS) employee

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

### Assisted Voluntary Resolution

Assists alleged wrongdoers and complainants find a fair and mutually acceptable resolution to a workplace complaint, without having to immediately resort to formal investigation.

### Corporate governance

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

### Enforceable undertakings

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

### Enterprise agreement

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

### Fair Work Australia

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

### General protections

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

### Individual Flexibility Agreement (IFA)

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

### Industrial instruments

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

### Mediation

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

### Modern awards

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

### National Employment Standards (NES)

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

### Phoenixing

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

### Pro-active Compliance Deed

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

### Sham contracting

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

### Transitional arrangements

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

### Workplace discrimination

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



## ABBREVIATIONS AND ACRONYMS

AGIMO	Australian Government Information Management Office
AHRI	Australian Human Resources Institute
AVR	Assisted Voluntary Resolution
CALD	Culturally and linguistically diverse
CBEAS	Community Based Employment Advisory Services
CPSU	Community and Public Sector Union
EL1	Executive Level 1
EL2	Executive Level 2
Fair Work Act	<i>Fair Work Act 2009</i>
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FWO	Fair Work Ombudsman
IFA	Individual Flexibility Arrangement
IPS	Information Publication Scheme
KPI	Key performance indicator
MOU	Memorandum of understanding
NES	National Employment Standards
PBS	Portfolio Budget Statements
QA	Quality Assurance
SES	Senior Executive Service
Work Health and Safety Act	<i>Work Health and Safety Act 2011</i>

## LIST OF REQUIREMENTS

Part of Report	Description	Requirement	Page
	Letter of transmittal	Mandatory	2
	Table of contents	Mandatory	3
	Index	Mandatory	127-130
	Glossary	Mandatory	122
	Contact officer(s)	Mandatory	Inside cover
	Internet home page address and Internet address for report	Mandatory	Inside cover

### Review by Secretary

	Review by departmental secretary	Mandatory	5-7
	Summary of significant issues and developments	Suggested	5-7
	Overview of department's performance and financial results	Suggested	5-7
	Outlook for following year	Suggested	5-7
	Significant issues and developments – portfolio	Portfolio departments – suggested	N/A

### Departmental Overview

	Role and functions	Mandatory	9
	Organisational structure	Mandatory	10
	Outcome and program structure	Mandatory	9
	Where outcome and program structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Nil to report
	Portfolio structure	Portfolio departments – mandatory	N/A



Part of Report	Description	Requirement	Page
<b>Report on Performance</b>			
	Review of performance during the year in relation to programs and contribution to outcomes	Mandatory	11-38
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	12
	Where performance targets differ from the PBS/ PAES, details of both former and new targets, and reasons for the change	Mandatory	Nil to report
	Narrative discussion and analysis of performance	Mandatory	11-38
	Trend information	Mandatory	11-38
	Significant changes in nature of principal functions/services	Suggested	Nil to report
	Performance of purchaser/provider arrangements	If applicable, suggested	49
	Factors, events or trends influencing departmental performance	Suggested	11-38
	Contribution of risk management in achieving objectives	Suggested	40-42
	Social inclusion outcomes	If applicable, mandatory	Nil to report
	Performance against service charter customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	42
	Discussion and analysis of the department's financial performance	Mandatory	50
	Discussion of any significant changes from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	Nil to report
	Agency resource statement and summary resource tables by outcomes	Mandatory	119-120
<b>Management and Accountability</b>			
<b>Corporate Governance</b>			
	Agency heads are required to certify that their agency comply with the Commonwealth Fraud Control Guidelines.	Mandatory	41
	Statement of the main corporate governance practices in place	Mandatory	40
	Names of the senior executive and their responsibilities	Suggested	40-41
	Senior management committees and their roles	Suggested	40-42
	Corporate and operational planning and associated performance reporting and review	Suggested	40-42
	Approach adopted to identifying areas of significant financial or operational risk	Suggested	40-42
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	40
	How nature and amount of remuneration for SES officers is determined	Suggested	87-88

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<b>External Scrutiny</b>			
	Significant developments in external scrutiny	Mandatory	42
	Judicial decisions and decisions of administrative tribunals	Mandatory	42
	Reports by the Auditor-General, a Parliamentary Committee or the Commonwealth Ombudsman	Mandatory	Nil to report
<b>Management of Human Resources</b>			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	43-49
	Workforce planning, staff turnover and retention	Suggested	43-49
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and AWAs	Suggested	43-49
	Training and development undertaken and its impact	Suggested	48
	Work health and safety performance	Suggested	117
	Productivity gains	Suggested	Nil to report
	Statistics on staffing	Mandatory	43-49, 114-117
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	116
	Performance pay	Mandatory	117
<b>Assets management</b>			
	Assessment of effectiveness of assets management	If applicable, mandatory	Nil to report
<b>Purchasing</b>			
	Assessment of purchasing against core policies and principles	Mandatory	49-50
<b>Consultants</b>			
	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	50
<b>Australian National Audit Office Access Clauses</b>			
	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Nil to report

Part of Report	Description	Requirement	Page
<b>Exempt contracts</b>			
	Contracts exempt from the AusTender	Mandatory	Nil to report
<b>Financial Statements</b>			
	Financial Statements	Mandatory	51-112
<b>Other Mandatory Information</b>			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i> )	Mandatory	117
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i> ) and statement on advertising campaigns	Mandatory	119
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i> )	Mandatory	118
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Nil to report
	Grant programs	Mandatory	50
	Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	118
	Information Publication Scheme statement	Mandatory	118
	Spatial reporting – expenditure by program between regional and non regional Australia	If applicable, mandatory	Nil to report
	Correction of material errors in previous annual report	If applicable, mandatory	Nil to report
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