



Fair Work
OMBUDSMAN



Australian Government
Registered Organisations Commission

The Fair Work Ombudsman
and

Registered Organisations Commission
Entity



16–17 Annual
Report

The Fair Work Ombudsman and Registered Organisations
Commission Entity Annual Report 2016–17

Senator the Hon Michaelia Cash
Minister for Employment
Parliament House
CANBERRA ACT 2600

27 September 2017

Dear Minister

In accordance with section 686 of the *Fair Work Act 2009*, section 329FC of the *Fair Work (Registered Organisations) Act 2009* and section 46 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*, I am pleased to submit the Fair Work Ombudsman (FWO) and Registered Organisations Commission (ROC) Entity annual report for the financial year ending 30 June 2017. It includes information on the Entity's general organisation, administration and performance.

As the accountable authority for the FWO and ROC Entity, pursuant to section 17AG of the PGPA Rule 2014, I certify that we have:

- fraud risk assessments and fraud control plans
- appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the FWO and ROC's specific needs
- taken all reasonable measures to deal appropriately with fraud.

Yours sincerely



Natalie James
Fair Work Ombudsman

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Year in review



The Fair Work Ombudsman's (FWO) activities in 2016–17 supported workplaces to become productive, compliant and inclusive. Our service delivery is based upon the principle of 'customer first'. A key element of this service delivery is directing our compliance activities to systemic exploitation of vulnerable workers. To ensure we are effective in this endeavour we have adopted a multi-faceted and joined-up approach with government and communities. Our contribution included:

- pushing the boundaries of the law to deal with the most severe cases of exploitation
- advocating for changes to the law to enhance deterrence of unlawful conduct
- working with government, stakeholders and the community to share intelligence, carry out joint compliance activities and address the broader settings that impact on the treatment of vulnerable workers, particularly migrant workers in the labour market
- emphasising the role that established and well-known brands should play in preventing worker exploitation in their service networks and labour supply chains.

Award-winning services

The FWO continued to augment our customer services with new and improved digital solutions to help people get the information and support they need, whether they are checking a pay rate, seeking guidance on how to resolve a workplace dispute or raising serious compliance concerns.

The Fair Work Infoline and Small Business Helpline remained a core component of our service delivery model. During the year advisers answered more than 385 700 calls. In 2016–17 our Infoline won awards for the *Best Government Contact Centre over 30 staff* and *Best in Class Contact Centre (under 100 seats)*.

To provide our customers with greater access to our services we continued to develop our online presence, which was visited by more customers than ever. There were over 16 million visits to our website and more than five million pay rates were generated by our pay calculator. We launched our FWO Library which, for the first time, gives the public access to the technical guidance notes our advisers and inspectors use.

We enhanced our online enquiry service to make it quicker and easier for the community to seek our assistance. As a result digital enquiries rose 15% when compared to 2015–16. We also introduced an online lodgement system that enables individuals to electronically provide the information and documentation we need to assess the best way to help. The new system expedites processing and has been favoured by our customers. Since its introduction, only 1% of requests for assistance have been filed using paper-based forms.

We launched new digital resources, adding to our extensive suite of online tools that support both employers and employees. Three new online learning courses were released to help businesses manage employees, implement flexible arrangements and ensure a diverse workplace free from discrimination. We also released our first smartphone application that automatically records an employee's working hours and can help ensure employees are paid for every hour they work. Record My Hours was launched in March and was downloaded over 13 400 times by the end of financial year. Its use continues to rise.

Our digital innovation has been recognised with our Online Learning Centre winning *Excellence in Public Sector Management* at the 2016 Prime Minister's Awards and Record My Hours winning a gold medal at the 2017 Tech Design Awards.

Intelligence-led compliance activities

With the introduction of our Anonymous Report form in 2015–16, we have been receiving tip-offs from sections of the community that may not have felt comfortable coming to the Government for help.

We are also continuing to strengthen our intelligence-gathering capability through participation in forums such as the cross-agency Phoenix Taskforce and our information sharing arrangements with Commonwealth and state government agencies.

Combining anonymous report data with intelligence from partner agencies and our existing operational data has improved the targeting of our compliance activities. We are able to focus on a particular precinct, location, sector or type of conduct where indications across a range of sources tell us there may be a systemic problem.

When executing these compliance activities our practice allows us to verify the intelligence, better understand the cultural drivers at play and develop strategies to bring about impactful, sustained behavioural change.

The increasing sophistication of our intelligence-led approach has contributed to a 12% increase in the total number of enforcement tools we used and a comparative increase in our total recoveries for the year (from \$27.3 million in 2015–16 to \$30.6 million in 2016–17).

Resolving disputes

We dealt with the majority of workplace disputes through alternative dispute resolution tools, enabling us to resolve the overwhelming majority of matters in seven days or less. Our experience is that many people coming to the FWO for help are unclear about their rights and obligations. We ensure they have access to the right information and find we can support many of our customers to resolve their concerns with tailored advice and coaching.

Where we identified indicators of serious or systemic non-compliance, we initiated compliance activities, and in appropriate cases, deployed the full range of enforcement tools available to us including litigation.

In 2016–17, the Courts ordered over \$4.8 million in financial penalties against non-compliant businesses, directors and accessories. This is a 66% increase on the total penalties ordered in 2015–16 (\$2.9 million). In addition to the total amount of penalties significantly increasing, we achieved our highest ever penalty in a single case this year¹. Penalties of \$532 910 were handed down in a matter that involved threats of violence, dismissal, withdrawal of support for the employee's visa and demands that the employee pay back part of his wages in cash.

¹ A higher penalty was ordered in *Fair Work Ombudsman v Mhoney Pty Ltd* on 31 July 2017. Total penalties of \$660 020 were ordered in this matter.

This increase in penalties reflects the fact that the Court's tolerance for this type of conduct is diminishing and the increasing complexity of matters we are filing.

We have continued to test the boundaries of the law. In a precedent-setting decision, the Court found an accountant liable as an accessory to the underpayments of their client. This decision places key advisers such as accountants and human resources professionals on notice that they will be held to account for knowingly facilitating contraventions for their clients.

Vulnerable workers

This year saw us further invest in establishing clear and evidence-based strategies for addressing migrant worker exploitation. The goal is to ensure that our work not only resolves individual cases but has a lasting impact in deterring exploitative conduct and addressing the features of the systems that enable this conduct to arise.

A key component of this work has been to provide accessible tools and resources that enable migrant workers to understand and act on their rights. During the year, we enhanced our in-language website content with a suite of translated videos, storyboards and updated topics. We made the Record My Hours app available in 17 languages other than English. And, in what I understand to be a first for Australian Government agencies, we began work on a translated version of our Anonymous Report form which was released not long after the end of the year on 17 July 2017.

The FWO worked with government agencies, stakeholders and communities to impede the drivers of exploitation and remove barriers to migrant workers coming forward. This was done through participation in forums such as the Migrant Workers' Taskforce and the Council of International Students National Conference. We established a protocol with the Department of Immigration and Border Protection (DIBP) to give assurance to visa workers that their work visas will not be cancelled if they are assisting us with an investigation. Our community partners and stakeholders raised awareness about the protocol within migrant communities.

The final component of our strategy has been to use the enforcement tools at our disposal to deal with the pernicious and persistent minority of operators who exploit the vulnerabilities of migrant and young workers. Nearly half (49%) of the court cases initiated this year involved a visa holder and 44% involved an employee under the age of 25.

Labour supply chains

It was a year that continued to see us initiating and reporting on compliance activities involving well-known brands where we held concerns about the treatment of young and/or migrant workers within their businesses; Red Rooster, United Petroleum, Caltex, Dominos and Pizza Hut. These activities build upon our actions in the past involving businesses supplying labour to major supermarkets, charities and other established and profitable businesses. While these household-recognised brands may not directly employ the workers who have been underpaid, they have the capacity, and I would say the responsibility, to influence critical settings that determine whether unlawful conduct is permitted in their business. This sentiment underpins the Government's policy that franchisors should bear a reasonable degree of responsibility for the pay and conditions of employees in their network, now enacted as law in the *Fair Work Amendment (Protecting Vulnerable Workers) Act 2017*.

To ensure business is appropriately supported in this endeavour, we released new guidance material to help those businesses who want to do the right thing and take responsibility for their labour supply chains and networks. This material sets out practical methods that can be adopted by businesses large and small, and was developed in consultation with supply chain experts and industry representatives. It builds on earlier work the FWO has undertaken to assist farmers sourcing labour to pick fruit and vegetables on the Harvest Trail.

Industry-driven initiatives foster sustainable, long-term change. The FWO has worked with a number of stakeholders across industries to support these initiatives including entering into a Memorandum of Understanding with Recruitment and Consulting Services Australia, participating in roundtable discussions with horticulture industry representatives and supporting the Cleaning Accountability Framework (CAF). Currently in the pilot stage, CAF is an accreditation scheme that seeks to improve labour and contracting standards in the commercial cleaning industry.

A number of investigations were commenced involving the threshold issue of whether the system covers workers operating as part of well-known business models in the emerging gig economy. The difficulty in answering whether a person is or is not an employee in the 'new economy', and therefore covered by minimum wages and entitlements, is a key issue we are addressing. These businesses challenge a number of 'traditional' operators and our role is to ensure employers of labour are playing on a level field.

Establishment of the Registered Organisations Commission

On the organisational front, the FWO welcomed staff who transferred from the Fair Work Commission (FWC) to work in the newly established Registered Organisations Commission (ROC). The ROC commenced operation on 1 May 2017.

While the two bodies exercise independent statutory functions and powers, corporate services such as human resources, accommodation and information technology are shared. Commissioner Bielecki's review is on p. 28.

The year ahead

In September the *Fair Work Amendment (Protecting Vulnerable Workers) Act 2017* was passed by Parliament. The Act contains a number of measures that adjust the settings in the Fair Work Act. I welcome these measures. They will significantly enhance our capacity to take action in cases of serious worker exploitation. They remedy many of the deficiencies in the settings that I had previously identified as inhibiting our capacity to deliver meaningful consequences to those who deliberately targeted vulnerable workers.

The new provisions give the FWO greater leverage to combat exploitative practices and ensure that lawful entitlements are returned to workers. New higher penalties for serious contraventions and record-keeping breaches will provide stronger deterrents against these behaviours. And the FWO has been given enhanced powers to investigate cases of non-compliance so that rogue employers cannot simply avoid tough penalties by refusing to engage.

It is also encouraging to see the Government considering the settings in other parts of the statute books that affect the capacity of regulators to bring such employers to account.

The Migrant Workers' Taskforce, the Black Economy Taskforce and the Fair Entitlements Guarantee Scheme Review are considering the effectiveness of the broader settings that influence the capacity of government to take effective action against exploitation of vulnerable workers. Issues being considered include the use of labour hire in exploitative practices, phoenixing, cash payments and other aspects of corporations and migration laws.

We will continue to work with other regulators to help people understand their rights and obligations and to take strong action in those cases of unlawful mistreatment of workers.

We will maintain our measured and graduated approach to enforcing the Fair Work laws, including in our use of new evidence-gathering powers. We will work with the community, including businesses at the top of industry sectors, franchisors and their advocates and advisers, to help them understand the new laws and the ways they can contribute to building a culture of compliance with them.

Reaching and supporting cohorts of vulnerable workers will continue to be an important focus in the year ahead. Traditional channels and methods of communication are not always successful in reaching at-risk workers, so we will be experimenting with new techniques to ensure groups such as international students understand and can act upon their rights at work. Working with community partners will assist us in reaching and building trust with migrant workers. Technology will also be critical in this area. I anticipate the translated versions of our Anonymous Report form and Record My Hours app will inform our compliance activities and feature in our enforcement outcomes.

I am pleased to introduce this annual report and thank everyone at the FWO for their hard work and dedication in delivering the excellent outcomes outlined.



Natalie James
Fair Work Ombudsman

01: Entity overview

The Fair Work Ombudsman and Registered Organisations Commission Entity comprises two independent government bodies:

- the Fair Work Ombudsman (FWO), created by the *Fair Work Act 2009* (Fair Work Act)
- the Registered Organisations Commission (ROC), established under the *Fair Work (Registered Organisations) Amendment Act 2016*, which began operating on 1 May 2017.

Outcome and planned performance

Fair Work Ombudsman

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

Program 1.1—Education services and compliance activities deliverables

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

Registered Organisations Commission

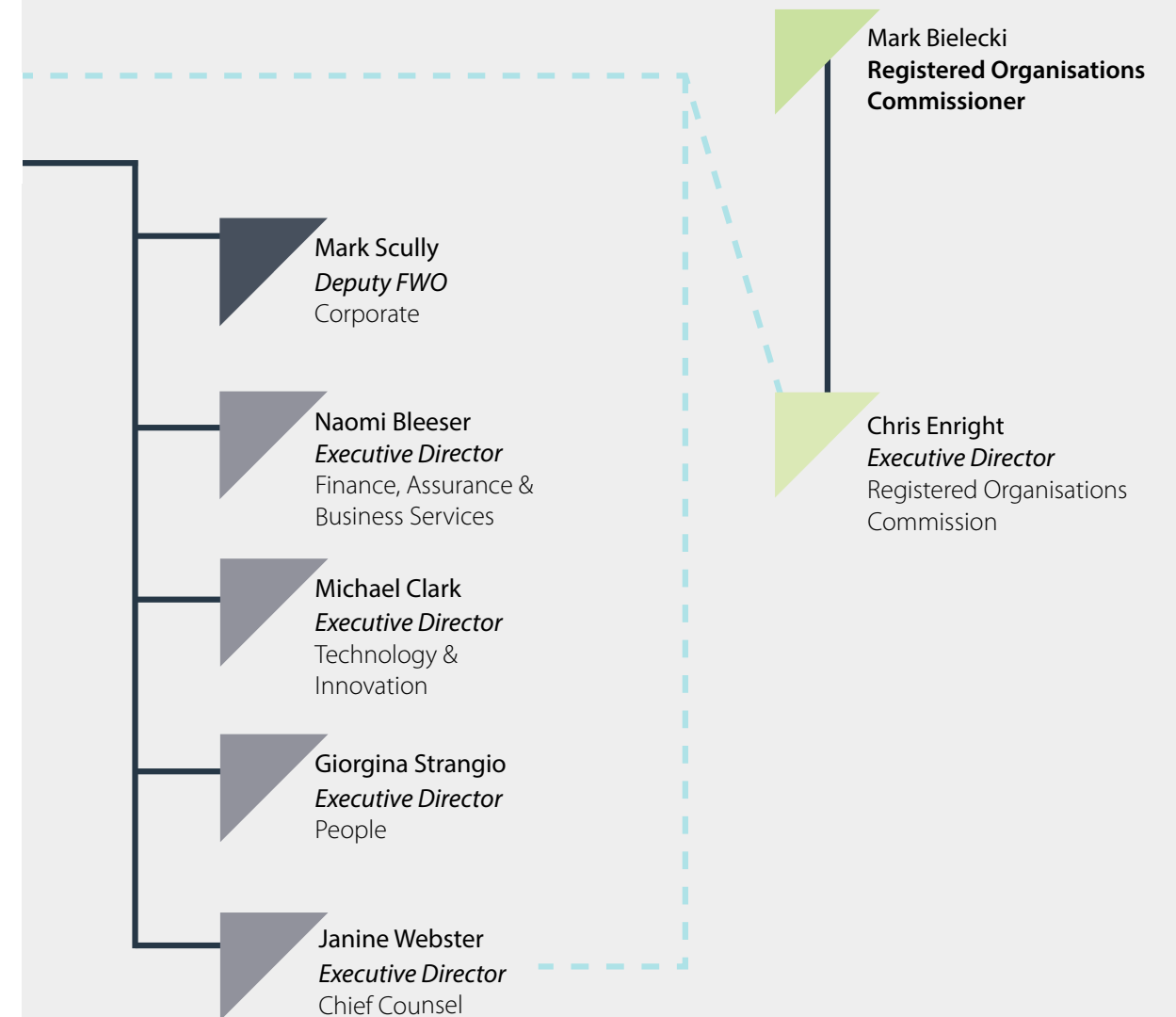
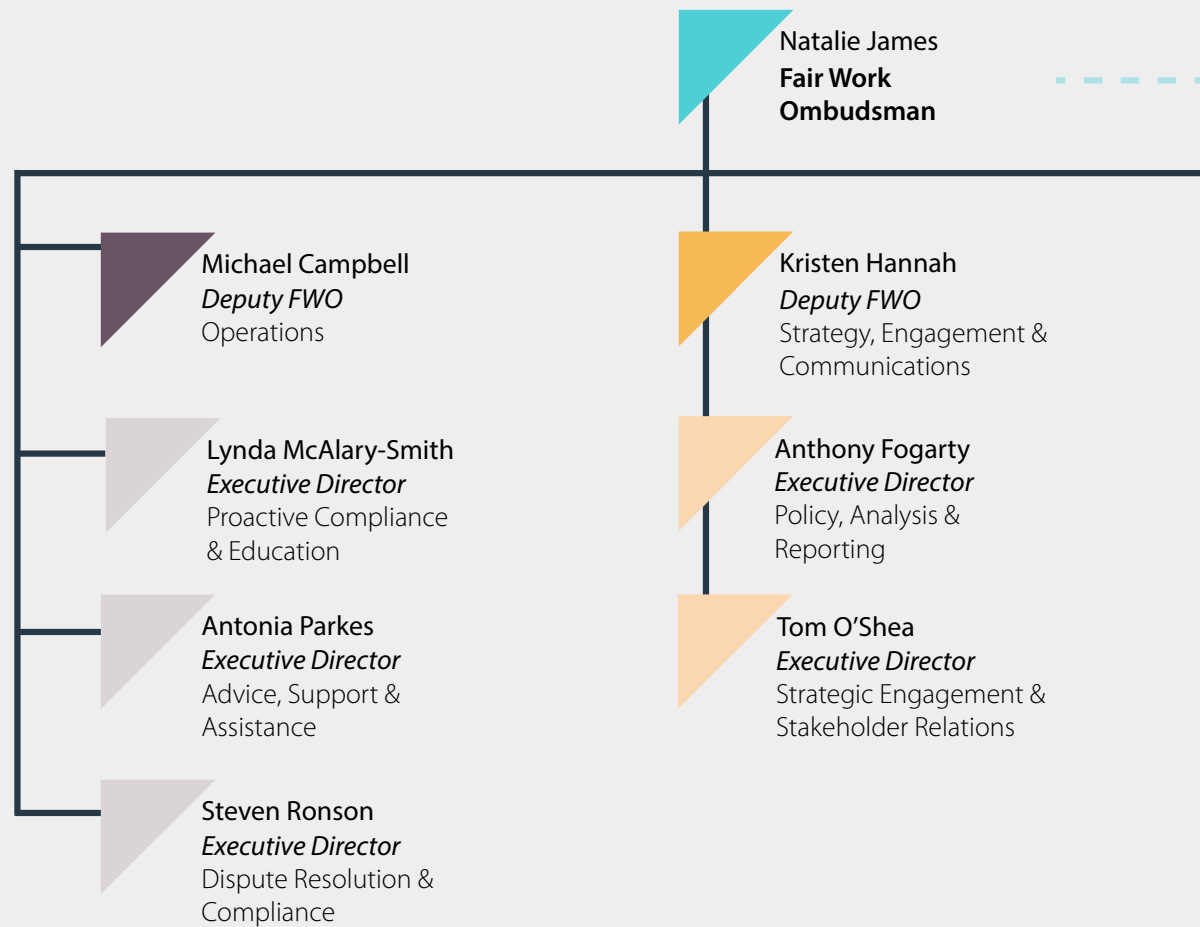
Outcome 2—Effective governance and financial transparency of registered employee and employer organisations, through regulation, investigation and appropriate enforcement.

Program 2.1—Registered Organisations Commission deliverables

- Conduct inquiries and investigations into breaches of the *Fair Work (Registered Organisations) Act 2009*.
- Commence legal proceedings in respect of contraventions of the *Fair Work (Registered Organisations) Act 2009*.
- Refer possible criminal offences to the Director of Public Prosecutions or law enforcement agencies.
- Arrange registered organisations' elections.
- Receive complaints from members of registered organisations.
- Provide information to members of registered organisations about their rights.
- Educate registered organisations about their obligations.

Entity structure

Figure 1: FWO and ROC Entity organisation chart as at 30 June 2017



Notes: Reporting lines, as per accountable authority instructions. The ROC comprises the Registered Organisations Commissioner, Mark Bielecki, and staff assisting the Commissioner. Natalie James, the Fair Work Ombudsman, is the head of the ROC for the purposes of the Public Service Act 1999 and is the accountable authority for the purposes of the PGPA Act. Anthony Fogarty was Acting Executive Director of Policy, Analysis & Reporting for the 2016–17 financial year. Robert Hortle held the position of Acting Executive Director, Finance, Assurance & Business Services between 20 February and 18 August 2017.

02: FWO performance report

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Fair Work Ombudsman annual performance statement

I, Natalie James, as the Entity’s accountable authority, present the 2016–17 annual performance statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The statement is based on properly maintained records, accurately reflects the entity’s performance, and complies with subsection 39(2) of the PGPA Act.

Agency purpose

The FWO is the Australian Government agency responsible for ensuring compliance with workplace relations laws through advice, education and, where necessary, enforcement.

Results

Performance criteria	Indicator	Target	Achieved	Further information on results
The FWO manages requests for assistance in a timely manner.	Average number of days requests for assistance involving a workplace dispute are finalised.	30 days	15 days	Activities and recoveries, p. 14
The FWO provides information and advice that is accessible, timely and reliable.	Availability of website services (time available as a percentage of total time).	99%	99%	Online services, p. 14
	Availability of contact centre services (percentage of availability during advertised hours).	99%	99%	Phone services, p. 15
The FWO takes a risk-based and proportionate approach to its compliance and enforcement activities.	Requests for assistance involving a workplace dispute finalised through education and dispute resolution services.	at least 90%	94%	Assisted dispute resolution services, p. 16
	Requests for assistance involving a workplace dispute finalised through compliance and enforcement tools.	no more than 10%	6%	Enforcement outcomes, p. 22
The FWO has a positive impact on sectors/regions or issues of importance to the community.	The FWO responded to trends in enquiry and dispute data and reports of potential workplace issues from the public through self-initiated activities. These activities recovered more than \$8 million in underpayments. Activities were targeted at understanding the issues contributing to, and finding long-term solutions for, migrant and young worker exploitation, non-compliance in the hospitality industry and in labour procurement and supply chain practices.			FWO-initiated activities, p. 17

Source: FWO Corporate Plan 2015–19 and FWO 2016–17 Portfolio Budget Statements: Programme 1.1 (p 129–130).

Analysis of performance against FWO purpose

In 2016–17, the FWO met its performance indicators. We delivered activities that were effective, had a positive impact and contributed to our purpose.

New and improved digital services provided convenient and accessible advice and assistance to more of the community in shorter timeframes. Reflecting this, visits to the FWO website increased by 7% and online enquiries increased by 15% compared with 2015–16.

We focused on providing employers and employees with the right level of information and support to resolve workplace disputes through education and dispute resolution activities. Ninety four percent of requests for assistance were resolved in this manner. Over the last year, the average time taken to resolve requests for assistance also reduced to 15 days, as compared with 19 days in 2015–16.

This enabled us to target compliance activities to matters and sectors of the labour market that our enhanced intelligence-gathering and analysis indicated involved serious and systemic non-compliance with workplace laws.

One of the common features of these matters was that they often involved people more vulnerable to exploitation.

We participated in a number of activities focused on addressing worker exploitation, including two senate inquiries and a ministerial working group on visa holder matters. The agency provided information and advice with respect to the Government’s commitments to increase penalties for serious contraventions of the law and enhance our formal evidence gathering powers under the Fair Work Act.

FWO priorities and activities

The FWO delivers a range of services to support compliant, productive and inclusive Australian workplaces. We provide advice, assistance and, where appropriate, enforce workplace laws.

We encourage early self-resolution of workplace disputes by supporting parties to access the suite of comprehensive advice and tools available via our website and providing advice tailored to their situation.

Where it is appropriate, we aim to keep employment relationships intact by helping employees and employers access, understand and apply Australian workplace laws.

We use enforcement tools where we see deliberate or repeated exploitation of highly vulnerable workers by operators.

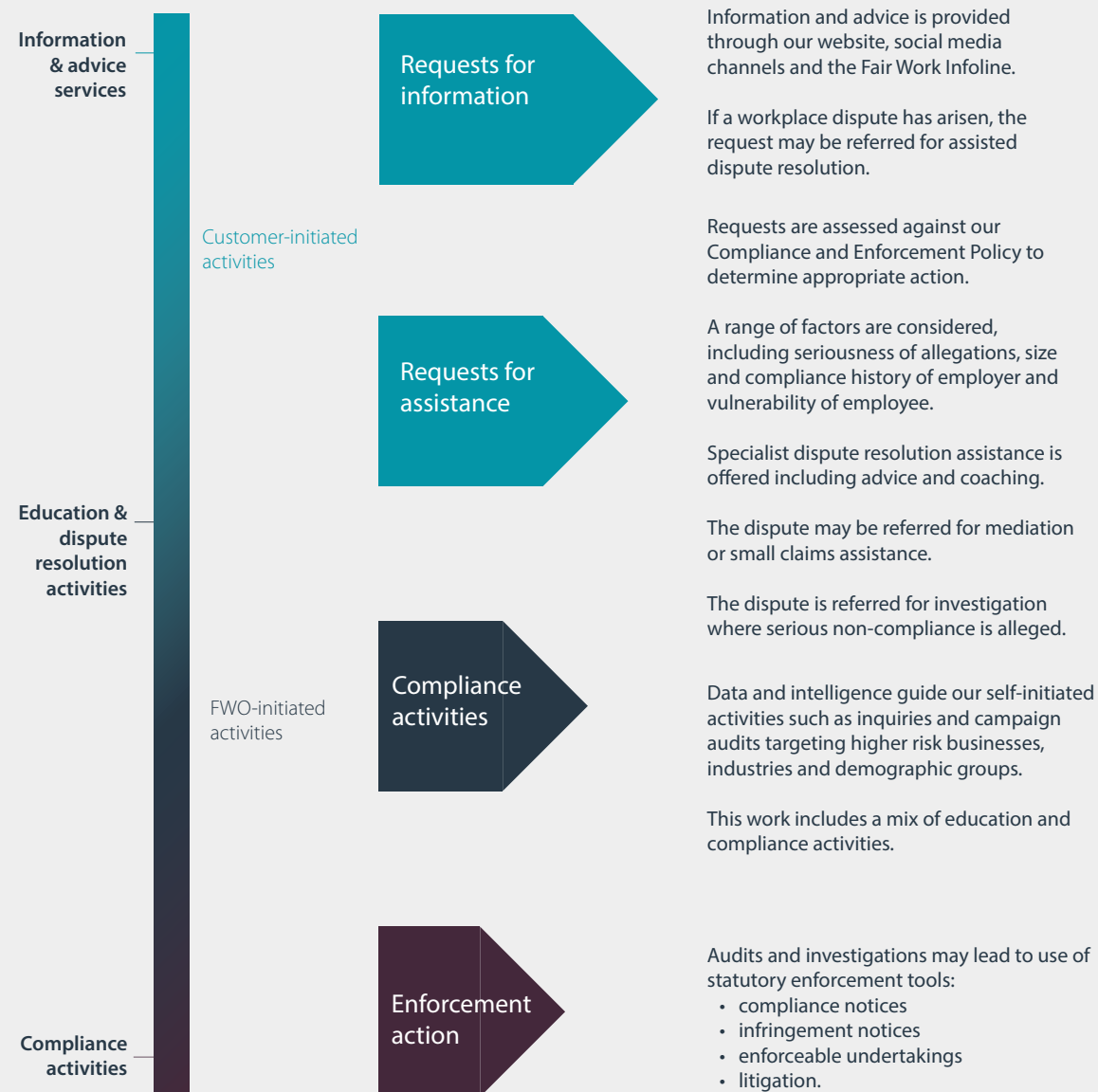
Where these operators are part of large supply chains or networks, we encourage those benefiting from the labour to use the levers available to them to ensure their system effectively prevents underpayment of workers.

Our approach involves assisting individuals to resolve their matters and also deploying our resources in activities designed to deliver sustainable change to the workplace practices of non-compliant sectors of the labour market. This includes:

- addressing issues faced by vulnerable cohorts, in particular, migrant and young workers
- targeting industries and geographic regions with high levels of non-compliance such as hospitality, retail, cleaning and agriculture
- identifying and working with partners to address drivers of non-compliant behaviour in complex supply chains and networks
- supporting small business to comply.

Further details about our priorities and strategies are included in the FWO Corporate Plan, the FWO Strategic Intent and the FWO Compliance and Enforcement Policy, available on our website (www.fairwork.gov.au).

How the FWO provided advice, assistance and enforced workplace laws in 2016–17



Customer interactions

16 328 246 fairwork.gov.au visits ↑ up 7%

103 474 My account registrations ↑ up 25%

5 266 947 pay tool calculations ↑ up 5%

3 698 678 fact sheet and best practice guide views ↑ up 13%

28 931 online courses commenced ↑ up 59%

385 745 Infoline calls answered ↓ down 2%

67 118 online enquires answered ↑ up 15%

26 917 resolved requests for assistance involving a workplace dispute ↑ up 9%

10 535 anonymous reports received

5645 FWO-initiated activities including inquiries and campaign audits

192 compliance notices issued

665 infringement notices issued

40 enforceable undertakings issued

55 court cases commenced entered

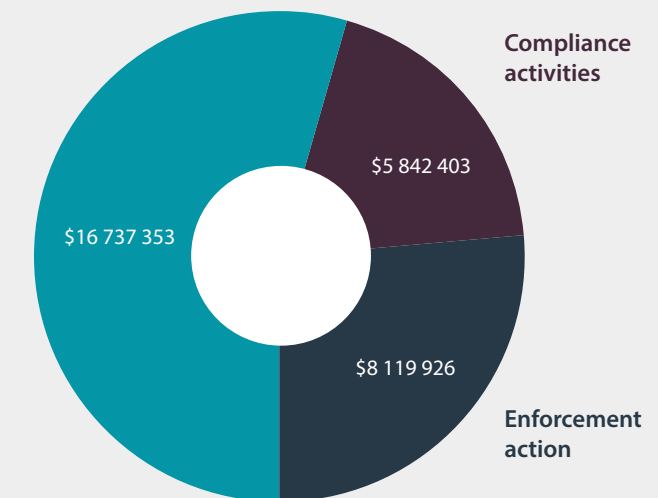
All percentage increases/decreases as compared with 2015–16

New resources

13 420 Record My Hours app downloads

567 102 Find my award searches

Recovered more than **\$30.6 million**
for more than **17 000** employees



Education & dispute resolution activities

Average days to resolve dispute

7 days

136 days

Education & dispute resolution activities

Compliance activities

Activities and recoveries

In 2016–17, we recovered more than \$30.6 million in unpaid wages for more than 17 000 workers through requests for assistance involving a workplace dispute and FWO-initiated activities. Of the 26 917 requests for assistance involving a workplace dispute:

- 94% (25 332) were resolved through education and dispute resolution activities in an average of seven days, with more than \$16.7 million recovered
- 6% (1585) were resolved through compliance activities in an average of 136 days, with more than \$4.6 million recovered. Of this, more than \$3.5 million was recovered through use of our statutory enforcement tools.

In addition, we conducted 5645 FWO-initiated activities including inquiries and campaign audits in sectors at high risk of non-compliance. These FWO-initiated activities accounted for more than \$9.3 million in recoveries, including \$4.5 million through use of our statutory enforcement tools.

Online services

Our primary advice channel is www.fairwork.gov.au. It offers mobile-friendly tailored information, self-service tools and translated material available in 30 languages.

We improved and expanded our in-language content, including adding new videos to the website. Information on our in-language web content is detailed in Compliance priorities on p. 18.

During the year, resources developed for the Aboriginal and Torres Strait Islander community were also added to the website. This includes videos, guides and fact sheets about solving problems at work, taking time off for sorry business—the grieving process after the loss of a family or community member—and how the FWO can help with workplace issues.

Visits to the website increased by 7% in 2016–17 to over 16.3 million. People are increasingly choosing to access information on their phones and tablets, with mobile device visits accounting for 44% of traffic.

Table 1: Website visits and users, 2015–17

	2016–17	2015–16
fairwork.gov.au visits	16 328 246	15 308 115
fairwork.gov.au users	9 556 221	9 017 902

Note: Visits represent the total number of individual visits to the website. Users represent the number of individuals who have visited the website. Visits from the same user are counted as additional visits, but not as additional users.

All website users can subscribe to receive email updates tailored to their needs. At 30 June 2017, there were 282 942 active subscribers to email services.

Record My Hours app

In 2016–17, we released our first smartphone app. Record My Hours enables employees to record the hours they work on their mobile device. It is available in multiple languages and uses smartphone technology—like maps and GPS—to automatically record when an employee arrives and leaves their workplace. Manual recording is also available.

Employers are obliged to keep records and in the event that they don’t, the app provides alternative evidence. If an issue arises at work, employees can use the information to discuss with their employer or share their records with someone else, like the FWO or a representative. In this case, information from the app would be considered alongside other workplace records when reconciling any underpayments. In 19 court actions commenced we were unable to calculate all or some of the underpayments owed to employees due to insufficient records. Further information on record-keeping contraventions is included in Litigation on p. 23.

The app was downloaded 13 420 times in 2016–17 and has won several awards, including gold at the 2017 Tech Design Awards.

Online Learning Centre

Our Online Learning Centre remains a popular resource, with 59% more courses commenced in 2016–17. In addition, we supplied our courses to 43 organisations during the year to incorporate within their own learning management systems. Courses are for people who want to broaden their workplace knowledge, update their skills and discover new and more productive ways of working. Three new courses were added in 2016–17:

- managing employees
- diversity and discrimination
- workplace flexibility.

The diversity and flexibility courses were designed in partnership with the Australian Human Rights Commission.

The FWO’s Online Learning Centre won *Excellence in Public Sector Management* at the 2016 Prime Minister’s Awards, recognising our innovative education approach.

Table 2: Online resource usage, 2015–17

Resource use	2016–17	2015–16
My account registrations	103 474	82 507
Online enquiries answered	67 118	58 543
Record My Hours app downloads	13 420*	–
Online learning centre courses commenced	28 931	18 220
Pay tool visits	4 144 609	4 021 289
Pay tool calculations provided	5 266 947	5 024 736
Find my award searches commenced	567 102**	–

** Record My Hours app was launched in March 2017 to make it quick and easy to record hours of work on mobile devices.*

*** Find my award tool was introduced in September 2016 to help customers determine award coverage.*

Our online tools and resources continue to grow in popularity. In April 2017 our Pay and Conditions Tool generated its 10 millionth pay rate calculation. The pay tool provided an average of 90 000 calculations per month in 2016–17. Information was commonly accessed on retail, building and construction, and hospitality modern awards.

Online enquiries

During 2016–17, we responded to 67 118 online enquiries, including via My account, web chat, email and over 1300 enquiries through the FWO’s Facebook and Twitter accounts.

Customers who cannot find information specific to their situation on the FWO website can submit an online enquiry through My account. My account is an authenticated online portal that also allows users to save tailored information such as pay rates, keep up to date with changes to pay and conditions, and interact with FWO advisers if they haven’t been able to resolve their query through our online guidance.

In February 2017, a new online enquiry service was introduced through My account to improve customer experience. Interactive technology provides users with instant assistance for the most common questions, creating capacity for our advisers to provide personalised assistance for more complex enquiries.

This streamlined process is enabling us to assist more people, faster and more conveniently.

Additional changes made during the year allow individuals to request our assistance to resolve workplace disputes through My account. The system requires all relevant information about the dispute to be provided in the first instance and enables relevant documents such as pay slips to be uploaded. These features have helped to streamline dispute assessment and processing. Prior to this, individuals were required to complete a paper-based form in order to lodge a request for assistance. The paper-based form was used in less than 1% (215) of the 26 917 requests for assistance to resolve a workplace dispute received during the year.

Of the 63 043 My account enquires answered, wages was the most common topic. Entitlements and issues relating to termination of employment were also common.

The industries that accounted for the highest number of enquiries were:

- accommodation and food services (11%)
- professional, scientific and technical services (10%)
- retail trade (10%)
- health care and social assistance (10%).

Phone services

Our advisers answered more than 385 700 calls in 2016–17, with 71% coming from employees or their agents. The average call wait time was 8:20 minutes – with the average call lasting 10:18 minutes. The Small Business Helpline had an average call wait time of 4:38 minutes and the average length of each call was 8:52 minutes.

The Fair Work Infoline was awarded *Best Government Contact Centre over 30 staff* at the 2016 Government Contact Centre Excellence Awards and *Best in Class Contact Centre (under 100 seats)* at Contact Centre Week Australia 2017.

Consistent with our online enquiries, wages was the most common reason people called. This was followed by entitlements and termination.

The industries that accounted for the highest number of calls were:

- construction (15%)
- retail trade (10%)
- health care and social assistance (9%)
- accommodation and food services (9%).

Table 3: Calls answered, 2015–17

Phone service	2016–17	2015–16
Fair Work Infoline	285 068 (74%)	285 161 (72%)
Small Business Helpline	100 677 (26%)	109 302 (28%)
Total	385 745 (100%)	394 463 (100%)

A reduction in calls answered was offset by an increase in visits to the FWO’s online resources. There was a 25% increase in My account registrations and 5% more pay tool calculations during the year.

In September 2016 the FWO Library was made publicly accessible. The Library is a database of more than 430 workplace relations articles used by our advisers. During the year the Library was visited 30 883 times. The most popular articles accessed cover annual leave and sick leave during workers’ compensation, termination notices and withholding final pay, and penalty rate changes in the retail award.

Assisted dispute resolution services

When determining the best way to help people who seek our assistance, we consider their circumstances and the issues being presented. We offer tailored dispute resolution services to parties who are able to resolve their matter through advice and coaching. It is common that people coming to FWO for help are not clear about the application of the law. Our dispute resolution services support employers and employees to understand the law as it applies to them. Our intention is to leave parties better informed, so they are equipped to resolve issues that may arise in the future. We usually start with advice and coaching, moving to mediation if it is appropriate.

In 2016–17, the FWO resolved 25 332 workplace disputes through our dispute resolution services, most within an average of seven days. Where appropriate, customers were coached through their options, referred to online resources and supported to have effective workplace conversations.

In 1585 cases the matters were referred for investigation. We resolved these matters in an average of 136 days—the lengthier timeframe is indicative of the more intensive

process involved in formal compliance activities and the features of more serious matters. These compliance activities often feature vulnerable workers and/or uncooperative employers. These cases are more likely to result in the use of our statutory enforcement tools. Enforcement outcomes are included on p. 22.

Mediation

We mediate appropriate workplace disputes where the parties consent and if it is not possible to resolve them through advice and coaching. Our accredited and impartial mediators worked with parties to resolve 3716 disputes, with over \$5.51 million in back-payments recovered for employees in 2016–17. A new digital scheduling system saw an increase in mediation participation as parties were able to self-book session dates and times. In addition to monetary settlements, other outcomes agreed by the parties through mediation included written apologies, changes to working hours and the return of goods or documents.

Small claims assistance

Unresolved disputes may also be referred for small claims assistance. A small claims application is an option when a workplace issue can’t be resolved by agreement between the parties, for example, where an employer does not agree to mediation or mediation is unsuccessful. This option is available for matters where:

- the claim is for less than \$20 000
- the entitlement being claimed is covered under Australian workplace laws
- the statutory time limit has not expired (usually six years from when the entitlement was due to be paid).

The FWO assisted over 700 people to pursue their small claims directly before the courts in 2016–17. The courts awarded more than \$975 500 to 171 applicants.

In preparation for appearances, we may offer assistance to both employees and employers such as help completing court documents. Comprehensive information, including step-by-step guides and videos, is available on the FWO website to assist people in preparing for an application.

We provide additional assistance to people that experience barriers to taking action, such as those from culturally or linguistically diverse backgrounds, or with low literacy.

FWO lawyers assisted in 137 small claims matters as a ‘friend of the court’. In this capacity we don’t act for either party, but can assist the parties and the court on points of law or practice.

FWO-initiated activities

In 2016–17, we drew on intelligence from a range of sources to better understand the reasons for systemic non-compliance with workplace laws and to tackle worker exploitation. We also continued to leverage government programs and laws, giving consideration to the broader regulatory framework, including workplace relations, migration and corporations laws. This included:

- as a foundation member of the Migrant Workers’ Taskforce and Taskforce Cadena
- through the Inter-Agency Phoenix Forum and Phoenix Taskforce
- by providing a submission to and appearing at the Senate inquiry into the Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017 and the Senate inquiry into corporate avoidance of the *Fair Work Act 2009*
- by engaging with and referring relevant matters to the Australian Taxation Office (ATO), Australian Securities and Investments Commission (ASIC) and the Australian Competition and Consumer Commission (ACCC).

Anonymous reporting

Our Anonymous Report tool enables the community to alert us to potential non-compliance without identifying themselves. In 2016–17, we received 10 535 anonymous reports. Half of these reports alleged issues of non-compliance in the hospitality (36%) or retail (14%) industries.

Our education and compliance priorities for 2016–17 were identified by combining anonymous reports with other operational data, information from other government agencies and public reports of non-compliance (such as allegations reported in the media). These compliance priorities are outlined in Compliance priorities on p. 18.

Audits of workplace records

Improved intelligence-gathering and analysis has allowed us to identify suspected non-compliant businesses for auditing. Where we identify issues, we work with the businesses to fix any problems. Systems are put in place to ensure ongoing compliance, and are tested with subsequent re-auditing.

Our 2016–17 audits of workplace records found an overall compliance rate of 53%, a decrease of 8% when compared with 2015–16. This decrease in compliance rates reflects our improved ability to target businesses suspected of non-compliance, rather than signifying a decrease in overall workplace compliance.

Our National Compliance Monitoring Campaign assessed whether businesses found in breach of workplace laws through previous FWO interactions were now compliant. We conducted the campaign to better understand the impact of the education and assistance we had provided during these interactions. Assistance provided during previous campaigns included helping each business understand how the law applies to them and helping to establish processes and systems to support ongoing compliance. The repeat audits found 69% of the 891 businesses compliant with all workplace relations obligations. Most of the remaining non-compliant businesses had made clear efforts to comply with their obligations, but minor errors were still detected.

To test overall improvement levels our national program of re-auditing non-compliant employers will continue in 2017–18.

In 2016–17, auditing work accounted for 18% of all monies recovered. Our 4558 audits resulted in the recovery of just under \$5.5 million in unpaid wages—up 213% from 2015–16.

The largest portion of this money—over \$3.5 million—was recovered for nearly 6000 Chemist Warehouse employees that were not paid for compulsory online training. Chemist Warehouse has since entered into a Proactive Compliance Deed with the FWO. A copy of the deed is available on the FWO website.

In our second operation with ASIC, first-time company directors in Melbourne were educated and their compliance was checked during joint visits from ASIC and FWO inspectors. The joint visits aimed to establish compliant operations from early in a business’ lifecycle and streamlined what would have been two separate appointments into one. This follows the success of the agencies’ May 2016 joint operation in Brisbane, which received positive feedback from businesses and recovered almost \$40 000 for underpaid workers.

Compliance priorities

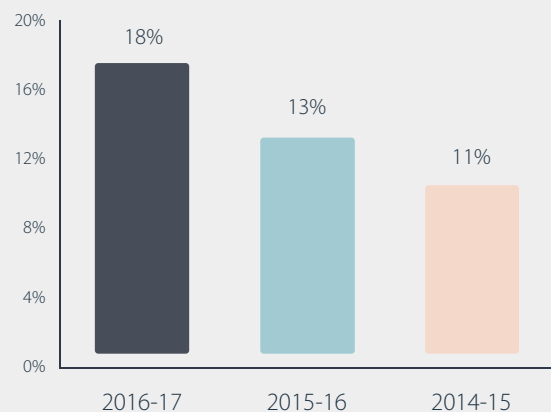
During the year, our intelligence-led compliance activities responded, in particular, to concerns with the following sectors and issues.

Migrant workers

We continue to see an overrepresentation of visa holders in matters at the enforcement end of our activities. Migrant workers make up 6%² of the Australian workforce, however 18% of the workplace disputes we assisted with involved a visa holder. This cohort featured in 49% of the court cases commenced during the year.

Figure 2: Proportion of disputes the FWO helped to resolve by visa holders, 2014–17

Government and community concern about the exploitation



of migrant workers remains high. This is evident in senate inquiry witness statements, media reporting and the 12% of anonymous reports we received during the year which allege workplace exploitation of visa holders.

Migrant workers can be inhibited from exercising their workplace rights or seeking help from government bodies because of a lack of awareness about their options, language and cultural barriers, and concerns about visa status.

² This percentage has been derived by dividing the number of selected visa types with working entitlements by total persons employed. DIBP, **Temporary entrants and New Zealand citizens in Australia, as at 30 June 2016**, Temporary entrants in Australia (stock data) statistics, p. 3, www.border.gov.au/ReportsandPublications/Documents/statistics/br0169-30-june-2016.pdf, accessed 27 September 2017, Australian Bureau of Statistics (ABS), **Labour Force Australia**, June 2016, cat. no. 6202.0, Table 1. Labour force status by Sex, Australia - Trend, Seasonally adjusted and Original, www.abs.gov.au/AUSSTATS/abs@nsf/DetailedPage/6202.0Jun%202016?OpenDocument, accessed 27 September 2017.

As part of our commitment to tackle worker exploitation, we developed the FWO Multicultural Access and Equity Plan 2016–19. The plan outlines how we are working to ensure multicultural employers and employees are aware of and educated about workplace rights and responsibilities. It also sets out how we are working to remove barriers of access to FWO advice and services for multicultural communities.

Activities completed in 2016–17 include:

- Setting up and promoting an arrangement with the DIBP to support migrant workers to come forward about exploitation. Under the assurance protocol, a breached temporary visa with work rights will not be cancelled where workers request the FWO's assistance³. Facebook posts publicising the assurance protocol to working holiday visa holders and international students were seen over 1.1 million times.
- Introducing a dedicated 'visa' option for callers to the Fair Work Infoline that directs callers to translated website resources and prompts advisers to ensure the caller understands advice given. We also maintained a referral process for community legal centres which enables intermediaries to contact the FWO on behalf of migrant workers.
- Expanding the in-language content on the FWO website to 30 languages and improving content on popular topics (such as pay, leave and ending employment) for the top 16 language groups. New resources include animated in-language storyboards and videos designed to aid understanding of basic workplace rights and obligations. The storyboards and videos were developed in consultation with migrant workers, community organisations and cultural advisers.
- Engaging with the Korean community, including Korean business leaders, media and the Consular General, to develop a tailored strategy to educate this community about workplace rights and responsibilities. This follows a significant number of enforcement outcomes involving employers and employees of Korean background. In 2017, targeted Facebook posts and ads on Korean websites and apps were seen over one million times, and contributed to more than 11 200 visits to Korean language content on the FWO website.
- Continuing to build our relationship with the Chinese business community. We worked together to deliver

³ We have an agreement with DIBP that a person's temporary visa will not be cancelled if they:

- had an entitlement to work as part of their visa
- believe they have been exploited at work
- have reported their circumstances to us
- are actively assisting us in an investigation.

This applies as long as:

- they commit to abiding by visa conditions in the future
- there is no other basis for visa cancellation (such as on national security, character, health or fraud grounds).

information on workplace laws as part of our Chinese Engagement Strategy. In 2016, we met with local councils in areas with high Chinese populations across Victoria and NSW. During these meetings we distributed resources for Chinese business operators, demonstrated the FWO website, including our Simplified and Traditional Chinese content, and explored opportunities to increase awareness of workplace laws in their community. We also promoted our Chinese resources via Facebook, Weibo and WeChat (Chinese social media channels) and display advertising on Chinese language websites. Content was seen over 1.7 million times and generated over 12 000 visits to our Chinese language page. Media coverage was also generated through various Chinese language media outlets.

- Administering the Community Engagement Grants Program, which funds community organisations to deliver services, projects and programs of work that supplement our functions under the Fair Work Act, and which are targeted at assisting vulnerable workers. Services facilitated by the program include:
 - JobWatch—general advice and assistance to the most vulnerable workers in Victoria (Vic.), Tasmania (Tas.) and Queensland (Qld), and legal casework services and community legal education for Victorian workers.
 - Growcom—education on compliance with workplace laws, including training, for Queensland horticultural employers to improve the employment experiences of vulnerable workers in the sector.
 - Redfern Legal Centre—free and independent employment law advice and assistance to international students through the NSW International Student Employment Law Service, and development of the employment section of an education app.
 - Employment Law Centre Western Australia (WA)—specialist employment law legal advice service for vulnerable and disadvantaged workers.
 - Northern Territory (NT) Working Women's Centre and Working Women's Centre South Australia (SA)—workplace information, advice and advocacy services for vulnerable female workers as well as outreach and community engagement activities targeted at other vulnerable groups
- Participating in forums and networks that bring together government bodies and key stakeholders to collaborate on best practice solutions including the:

- Interdepartmental Committee on Human Trafficking and Slavery
- National Roundtable on Human Trafficking and Slavery

- Labour Exploitation Working Group
- Melbourne Law School's Migrant Worker Campaign Steering Group
- Council of International Students Australia National Conference.

- Assessing whether 457 temporary skilled work visa holders were receiving their nominated salary and/or not performing work in the nominated position in their visa. Five hundred and nineteen entities that employed 741 temporary skilled work visa holders were assessed. One hundred and thirty entities were referred to the DIBP over concerns regarding 160 workers.
- Completing an inquiry into wages and conditions of those working under the 417 Working Holiday Visa Program, which found an environment of unreasonable and unlawful requirements imposed on visa holders by unscrupulous businesses. As a result of the inquiry we recommended a number of measures, including:
 - establishing a federal–state inter-agency working group that examines current and future regulations to develop a holistic compliance and enforcement model
 - exploring opportunities to work with a broader range of stakeholders and extend the channels through which information and support is delivered
 - supporting the establishment of an employer register for employers of 417 visa holders partnering with academics and migration experts.
- Working with the Department of Employment to administer compliance with the Seasonal Worker Programme. In 2016–17, we delivered 53 on-arrival briefings, providing new workers and their employers with information about workplace rights and obligations in Australia. We also finalised a litigation involving one programme employer, and entered into an enforceable undertaking with another to address serious non-compliance.

Young workers

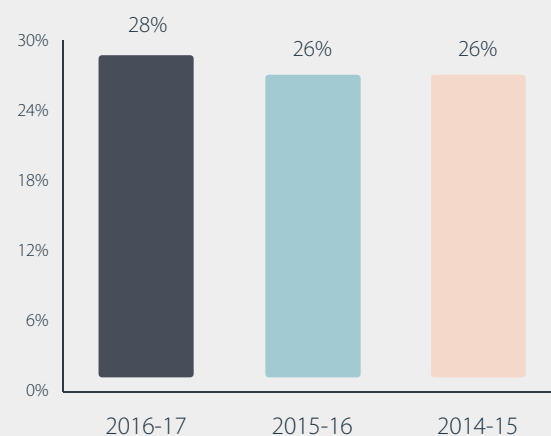
Compounding the issues faced by many migrant workers is their age. Student visa holders account for the largest proportion of temporary entrants to Australia that may choose to look for work. There are around 355 755 student visa holders in Australia⁴, and it's estimated that about half are working or looking for work⁵.

⁴ DIBP, **Student visa and Temporary Graduate visa programme bi-annual report ending at 31 December 2016**, page 7, www.border.gov.au/ReportsandPublications/Documents/statistics/student-temp-grad-programme-report-dec-2016.pdf, accessed 14 August 2017.

⁵ ABS, **Characteristics of Recent Migrants, Australia**, Nov 2013, cat. no. 6250.0, Labour Market Outcomes, www.abs.gov.au/AUSSTATS/abs@nsf/allprimarymainfeatures/6FDE06668457D86CA25813E0016818F?opendocument, accessed 4 September 2017.

More broadly, young workers were involved in 28% of the workplace disputes we assisted with. They are overrepresented in disputes, given workers under the age of 25 account for about 15% of the Australian working population⁶. Similarly, young workers were involved in 44% of the court cases commenced. We recovered over \$1.4 million in underpayments for 723 young workers.

Figure 3: Proportion of disputes the FWO helped to resolve by young workers, 2014–17



Young people in their early working life often need extra support navigating the workplace relations system. To assist young workers, the FWO:

- Launched the Record My Hours smartphone app. Available in multiple languages the app enables employees, in particular young and migrant workers, to quickly and easily record the hours they work on their mobile device. The app serves as a backup record should any concerns regarding pay arise. These records can be especially useful in the many industries, such as hospitality, where shifts can be irregular and employees finish up when the customer flow begins to reduce, rather than at a set time. The app's functionality is further explained in Online services on p. 14.

⁶ The approximate proportion of employed persons aged 15–24 has been derived from dividing the number of employed persons aged 15–24 by the total number of employed persons at the same point in time (30 June 2017). ABS, **Labour Force Australia**, June 2017, cat. no. 6202.0, [www.ausstats.abs.gov.au/ausstats/maiusubs.nsf/0/DCBDA6FB9E70FA17CA25816200195ASD/\\$File/62020_jun_2017.pdf](http://www.ausstats.abs.gov.au/ausstats/maiusubs.nsf/0/DCBDA6FB9E70FA17CA25816200195ASD/$File/62020_jun_2017.pdf), accessed 14 August 2017.

- Released the findings of our National Apprenticeship Campaign that checked the pay and employment records of 2266 apprentices. Businesses were selected based on FWO dispute data and data from the Department of Education and Training. Seventy eight per cent of the 822 businesses audited met record-keeping and pay slip requirements and 68% paid their apprentices correctly. The activity recovered \$339 433 in underpayments for 323 apprentices, with an average recovery of \$1051 per apprentice. Fifty four formal cautions, seven compliance notices and five infringement notices were also issued.
- Entered into memorandums of understanding with the Government of South Australia, Department of State Development and the Victorian Registration and Qualifications Authority to share information that will assist in the effective regulation of apprenticeships and traineeships.
- Ran a National Apprenticeship Initiative in which we emailed and text messaged 2352 first-year hairdressing apprentices and 1794 of their employers a link to information on common workplace issues in the industry including pay rates, pay slips, hours of work, breaks and unpaid work. The initiative is ongoing and as new apprentices sign up they are sent these communications.
- Conducted compliance activities to gather data and address non-compliant workplace practices in Wollongong. Retail and hospitality businesses in the region were targeted following media reports of an alleged culture of underpaying students. In addition to audits of businesses and engagement with students, we engaged with the Illawarra Business Chamber to provide education on workplace rights and obligations.
- Addressed common workplace misconceptions, identified as prevalent among young workers and their employers, by publishing a series of common myths and tips for young workers on the FWO website, issuing a media release and posting on our social media channels. The combination of these activities resulted in 6502 views of the myths and tips webpage, over 780 000 views of the social media content and received associated radio coverage.

Hospitality industry

Almost half (45%) of Australia's hospitality workers are aged between 15 and 24 years.⁷ In 2016–17, 44% of the hospitality workers we assisted to resolve workplace disputes were aged under 26 and 31% were visa holders.

⁷ As at November 2016, Department of Employment, **Australian Jobs 2017**, <https://docs.employment.gov.au/system/files/doc/other/australianjobs2017.pdf>, page 14, viewed 14 August 2017.

Despite the hospitality industry employing around 7% of Australia's workforce⁸, it accounted for the highest number (17%) of disputes we assisted with. It was also the industry with the highest number of anonymous reports received (36%), infringement notices issued (39%) and court actions commenced (27%).

We continue to receive a steady number of enquiries from the industry, with 9% of phone and online enquiries relating to accommodation and food services—compared with 10% in 2015–16.

The above data, supported by media reports, helped us target our activities to regions and sectors with potential issues. This included:

- Engaging with the Victoria Street Traders Association to provide education on workplace rights and obligations and conducting unannounced visits to restaurants in popular cheap eats precincts in Sydney, Melbourne and Brisbane. Compliance activity targeting these precincts will continue in 2017–18 due to the high levels of non-compliance found and the large numbers of vulnerable workers affected.
- Audits of 34 randomly selected Pizza Hut franchisees in response to media reports alleging exploitation and a pattern of underpayments by the chain. Between June 2010 and January 2016 we recovered \$91 000 for workers. The recent audits recovered \$12 086 for 23 Pizza Hut delivery drivers, some of whom had been misclassified as independent contractors and/or asked to cover fuel and vehicle operating costs. As a result of this activity, three Pizza Hut franchisees have entered into enforceable undertakings, and 11 compliance notices, 11 infringement notices and 17 formal letters of caution have also been issued. We are also currently in discussions with Pizza Hut about what it might do to address what appears to be widespread non-compliance by its franchisees. Our report on this work generated media coverage in 20 newspapers and over 80 websites, and more than 280 radio and television broadcasts.

Agriculture industry

While the agriculture industry accounted for 3% of the disputes we helped resolve in 2016–17, 10% of our enforcement outcomes involved employers in this sector. As the industry's workforce is comprised of a high number of temporary visa workers, we work closely with agriculture businesses to help raise awareness and capability.

⁸ As at May 2017, Department of Employment, **Industry information: Accommodation and Food Services**, <http://imip.gov.au/default.aspx?LMIP/GainInsights/IndustryInformation/AccommodationandFoodServices>, viewed 14 August 2017.

As we go about our work, the importance of visa workers, particularly 417 visa holders (backpackers) as a source of labour is very clear. Our work with the sector is to promote employment arrangements that are lawful, particularly those businesses which engage workers through the agency of labour hire.

Activities to support these aims included:

- Working with the Migrant Workers' Taskforce in implementing the key recommendations of the FWO's 417 Working Holiday Visa Inquiry report (as outlined in Migrant workers on p. 18), including ensuring the integrity of the framework that operates with respect to visa holders seeking a second-year visa.
- Working with industry stakeholders through our Community Engagement Grants Program and Horticulture Roundtable to raise awareness and capability with workplace laws. Activities undertaken through the program include training for Queensland horticulture employers and the development of the Fair Farms Initiative.
- Producing new labour supply chain resources to support compliant outsourcing of labour and contracting arrangements, as outlined in Labour procurement and supply chain practices, p. 21.
- Initiating legal proceedings in order to provide clarity on the application of the Horticulture Industry Award's piece rate rules. Piece rates have a long-standing role in the sector, however there are differing views as to how the award's provisions apply. In *Fair Work Ombudsman v Hu & Ors* we are seeking to remove this ambiguity and welcome the participation of other industry stakeholders to bring about clarity in the sector.

Labour procurement and supply chain practices

We continued to encourage businesses to take responsibility for labour procurement practices throughout their supply chains. We find the most serious examples of exploitation often involve vulnerable migrant workers employed by an operator who is part of a much bigger supply chain or network. These workers are typically employed to perform low-skill and labour-intensive work such as collecting supermarket trolleys or picking fruit on the Harvest Trail. We used accessorial liability provisions under the Fair Work Act to address serious and deliberate contraventions of workplace laws in supply chains.

Fifty-one of the court actions commenced during the year (93%) involved an accessory—a company or individual other than the employing entity who was involved in the contravention. This compares with 92% in 2015–16. Community and media condemnation of businesses benefiting from the labour of unpaid workers in their supply chains also continued.

To support businesses to take steps to monitor and manage contract arrangements and minimise legal and reputational risks, we:

- Developed supply chain resources in consultation with business, unions and employer organisations in industries where outsourcing or contracting work is common. Trolley collection, charity collection, security, poultry processing and horticulture representatives provided input. The guides contain advice on contracting labour, monitoring arrangements and self-auditing. Since their publication in May 2017, the guides were downloaded from our website 2750 times.
- Signed a Memorandum of Understanding with the Recruitment and Consulting Services Association (RCSA) to establish an information-sharing pathway between RCSA members, other interested parties and the FWO. Information shared may include the identification of illegally operating labour hire providers or serious discriminatory or otherwise illegal hiring practices. We also jointly developed an accreditation scheme for the sector.
- Partnered with key industry stakeholders to pilot a national supply chain certification scheme for the cleaning industry. Cleaning industry employees are among the most vulnerable. Intelligence tells us some businesses compete to win contracts by undercutting their workers' lawful entitlements.
- Partnered with Foodco Group (operator of Muffin Break and Jamaica Blue) and 7-Eleven to assist the franchisors in ensuring compliance with workplace laws across their networks. The 7-Eleven Proactive Compliance Deed generated media coverage in more than 10 newspapers, over 100 radio stations and 50 plus websites.
- Conducted an activity focused on understanding the relationship between United Petroleum head office's contracting arrangements with franchisees and commission agents and their respective employment of console operators at retail fuel sites. This followed media allegations of exploitation and a pattern of requests for FWO assistance from workers. Site visits and employment records revealed \$20 551 in underpayments. Two enforceable undertakings, two compliance notices and three letters of caution were issued.

- Conducted the education phase of a national campaign in the textile, clothing and footwear industry. The findings of this phase revealed limited understanding or observation among business operators of minimum pay rates and other obligations under workplace laws. It also revealed confusion about how compliance and regulation interacts with different levels of the supply chain. In response to the findings, audits of more than 365 clothing, textile and footwear manufacturing businesses are underway.
- Shared information and advice with small business operators and their advisers at more than 20 events nationally. This included at the Small Business and Franchising Consultative Committee to address issues affecting the small business and franchising sectors under competition and consumer law.

Further details about key FWO-initiated activities are available in research, campaign and inquiry reports and policies at www.fairwork.gov.au.

Enforcement outcomes

We use statutory enforcement tools in cases of serious non-compliance where other options such as dispute resolution or small claims are not appropriate to resolve the matter. We also use non-statutory tools such as letters of caution to provide formal warnings.

Matters where enforcement tools are used may involve blatant disregard for the law, exploitation of vulnerable workers, complex supply chains or networks where there is systemic non-compliance or the need for a strong deterrence message.

We find employers who have previously been involved in FWO matters are more likely to comply with workplace laws in the future. This is indicated by the 69% increase in compliance found through our program of re-auditing non-compliant employers, explained further in Audits of workplace records on p. 17. Where the compliance of businesses doesn't improve our response escalates with the use of enforcement tools.

Our use of enforcement outcomes has increased by 12% from 2015–16.

Table 4: Enforcement outcomes, 2015–17

Enforcement tool	2016–17	2015–16
Infringement notices issued	665	573
Compliance notices issued	192	186
Enforceable undertakings executed	40	43
Litigations commenced	55	50
Total	952	852

We also issued 883 letters of caution that warned employers if compliance issues were not fixed they may face enforcement action.

Infringement notices

Infringement notices are on-the-spot penalties for record-keeping or pay slip contraventions. In the first instance, we provided those who made errors with the correct advice and required them to implement compliant record-keeping practices.

When issuing a notice, we considered the employer's previous compliance history as well as how much their lack of record-keeping impacted our ability to find, calculate and recover entitlements.

In 2016–17 we issued 665 infringement notices, up from 573 in 2015–16.

Compliance notices

Compliance notices formally require a person to do certain things to fix alleged entitlement-based breaches of the Fair Work Act. Notices are usually issued where an employer hasn't agreed to, or we suspect won't, rectify the matter.

In issuing a compliance notice, the FWO takes the nature of the breach and the employer's level of cooperation into consideration.

More than \$333 000 in unpaid wages was recovered through 192 compliance notices issued in 2016–17.

If a notice is not complied with, FWO takes action in court to enforce it. This can result in orders for remedial action and penalties. We initiated two litigations against employers alleging they failed to comply with notices. In each case, the FWO made extensive efforts to facilitate back-payments before launching court action.

Enforceable undertakings

Enforceable undertakings are legally-binding arrangements in which an employer agrees to address contraventions and prevent future breaches. This is often through back-payment, training sessions for managers and independent wage audits. Non-compliance with an enforceable undertaking can result in court action to enforce its terms.

In 2016–17, 40 employers acknowledged they had breached the law, accepted responsibility and agreed to cooperate with us to fix the issues by entering into an enforceable undertaking. Over \$5.2 million in back-payments were recovered through enforceable undertakings.

Copies of our enforceable undertakings are publicly available at www.fairwork.gov.au.

Litigation

The deliberate exploitation of vulnerable workers, refusal of an employer to cooperate with the FWO or a significant history of non-compliance may result in court action. Our Litigation Policy is available at www.fairwork.gov.au.

In 2016–17, we initiated 55 civil penalty litigations. Fifty matters were decided and these actions resulted in more than \$4.8 million court-ordered penalties. As at 30 June 2017, the FWO had 101 matters before the courts.

The majority of litigations initiated (75%) concerned wages and conditions. Of these, 73% also alleged pay slip and record-keeping contraventions. In 19 matters we were unable to calculate all or some of the underpayments owed to employees due to insufficient records.

Sixteen (29%) of the litigations filed involve allegations of the creation of false or misleading workplace records. In one case, a record \$532 910 in penalties was ordered against an Albury café owner and his company. In addition to providing fraudulent records, making threats of deportation and violence, and significant underpayments, the employer coerced two visa workers into paying back portions of their wages.

Table 5: Types of civil penalty litigations commenced 2015–17

Main contravention type	2016–17	2015–16
Wages and conditions and record-keeping	24	10
Wages and conditions	9	23
Failure to comply with a notice to produce	7*	1
Failure to comply with an Order of the FWC	4	2
Sham contracting	3*	3
Adverse action	2	0
Failure to comply with a compliance notice	2*	5
Industrial action	2	2
Discrimination	1	0
Record-keeping and payslips	1	4

*Matters also involved record-keeping/payslip and/or wages and conditions contraventions.

In 2016–17, we were involved in several test cases to clarify operation of the Fair Work Act, including:

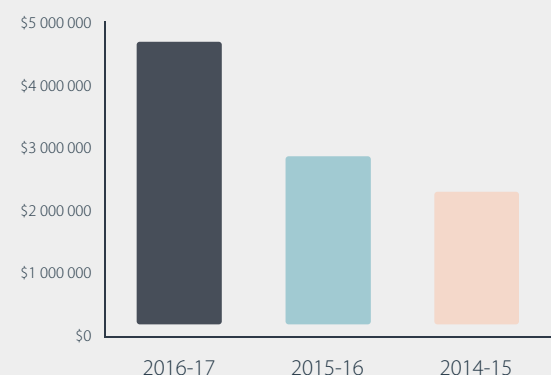
- *Fair Work Ombudsman v Quest South Perth Holdings Pty Ltd* resulted in a decision that made it clear workers can't be terminated in order to engage them as contractors on the same terms and conditions. The matter was run through the Federal Court, Full Federal Court, High Court and then back to the Federal Court to stop a loophole in the legislation that would have prevented the sham contracting provisions from operating effectively. Penalties of \$58 740 were ordered in relation to the unlawful conduct.
- *Fair Work Ombudsman v Blue Impression Pty Ltd & Ors* established that accounting firm EZY Accounting 123 was accessorially liable for contraventions committed by their client in the fast food industry. The Court was satisfied that the accounting firm was provided the necessary information to meet the award obligations by the FWO but continued using its out-of-date system in contravention of the award.

In 2017, we committed to the Law Council of Australia's Equitable Briefing Policy and identified, genuinely considered and engaged female barristers with relevant expertise or experience in a particular practice area. In 2016–17, the FWO briefed female counsel 59 times (63%) and male counsel 35 times (37%).

Table 6: Civil penalty litigations and outcomes, 2015–17

Court action	2016–17	2015–16
Civil litigations commenced	55	50
Penalty decisions	50	41
Penalties ordered	\$4 864 925	\$2 918 643
Underpayments recovered	\$3 942 314	\$1 411 910

Our litigation program has seen us initiate increasingly complex litigations, involving more complainants and a wider range of contraventions. This has contributed to a progressive rise in penalties awarded over the last three financial years.

Figure 4: Total penalties awarded 2014–17

Penalties of more than \$1.1 million were ordered against individuals named as accessories during the year. A further \$3.7 million was ordered against businesses, including over \$1.5 million against labour supply chains and labour hire companies. We pursued 48 directors, with 84% of matters put before the courts involving at least one director.

In addition to financial penalties, since 2014–15 we have sought court orders for the accessory to be responsible for underpayments in 27 matters, and have successfully obtained these orders in six of the seven cases decided in 2016–17. Twenty matters remain before the courts.

A \$126 540 penalty and back payment of \$60 000 to migrant workers was ordered against the director of cleaning company Brisclean Pty Ltd who deliberately misclassified four employees as independent contractors. A fifth employee was also exploited but their underpayment could not be quantified because of a lack of records. This decision set a record for the highest penalty to be awarded against an accessory.

A record for the total penalties ordered in a proceeding was also set during 2016–17. Total combined penalties of \$532 910 was ordered in the matter *Fair Work Ombudsman v Rubee Enterprises Pty Ltd*. This case involved threats of violence, dismissal, withdrawal of support for the employee's visa and demands that the employee pay back part of his wages in cash.

During the year we were also successful in seeking novel court orders to ensure employees receive wages owed to them and to facilitate future compliance. In one case, \$447 300 in penalties and \$223 000 in back-pay was ordered against a cleaning company. We proved in court that Grouped Property Services set up a shell labour hire company to employ 51 workers and avoid paying minimum entitlements. The company also required workers to obtain Australian Business Numbers (ABNs) and submit invoices for payment, and then paid the workers arbitrarily determined low flat rates that undercut minimum entitlements. In some instances the company paid them nothing at all.

At the litigation's commencement the FWO secured a freezing order, preventing the company from being stripped of assets or placed into liquidation as this would have frustrated back-pay orders. The company was also subject to conduct audits, workplace training and restraining orders. This is the first time these types of orders have been made in the Federal Court.

We successfully obtained similar corrective action orders, requiring parties to complete workplace relations training in 14 other cases.

When a business doesn't pay within the timeframe set by the court we file debt recovery proceedings to recoup outstanding underpayments and penalties. Debt recovery proceedings involve wind-up applications. When the court grants a wind-up order, a liquidator is appointed to distribute company assets to creditors including back-pay to workers.

During 2016–17, we were involved in six debt recovery proceedings and nine appeals.

03: ROC performance report

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Review by the Commissioner



Organisations registered under the *Fair Work (Registered Organisations) Act 2009* (the RO Act) are membership associations made up of employees or employers. For 2016 these organisations reported they had over two million members, controlled more than \$2.6 billion in total assets and had combined annual revenue in the order of \$1.5 billion. The RO Act is designed to ensure organisations are representative of, and accountable to, their members. In 2017 the Registered Organisations Commission (the ROC) was established to improve the governance and financial transparency of organisations. We aim to assist organisations to comply with their regulatory obligations and we will, where appropriate, enforce compliance.

As the inaugural Registered Organisations Commissioner, I am honoured to lead the ROC.

I'm pleased with the progress and achievements we have made in the short time we have been operating. We delivered on our core responsibilities from day one—1 May 2017.

- Highlights from our first two months of operation include:
- provision of extensive information to organisations and their office holders about their regulatory obligations
 - education campaigns to raise awareness about the new statutory requirements

- receipt of 274 regulatory matters transferred from the FWC
- registering 187 auditors
- assessing eight potentially protected whistleblower disclosures
- progressing 24 referrals made by the Royal Commission into Trade Union Governance and Corruption
- commencing three formal inquiries and one formal investigation into organisations and their officers
- enforcing provisions of the RO Act by progressing three civil litigation proceedings transferred from the FWC.

The smooth transition of work from the FWC and successful establishment of the ROC is largely due to the commitment, collaboration and expertise of FWC and FWO staff, assisted by the Department of Employment. I thank the people in the many and varied areas involved.

The year ahead

We are committed to improving the governance and financial transparency of registered organisations and promoting compliance with the RO Act by registered organisations, their branches and their officers. Our enhanced investigative and information-gathering powers, including the registration of auditors and provision of improved protections for whistleblowers, will assist us to do this.

Our vision is to be valued by the community for the way we regulate and foster the efficient management and accountability of registered organisations, and in 2017–18 our three-fold strategy will support our efforts to achieve this. We will:

- educate registered organisations about financial and other reporting responsibilities
- encourage democratic control and improved financial and disclosure compliance practices
- undertake inquiries and investigations into suspected contraventions, and where appropriate enforce compliance.

Mark Bielecki
Registered Organisations Commissioner

Registered Organisations Commission annual performance statement

I, Natalie James, as the Entity's accountable authority, present the 2016–17 annual performance statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The statement is based on properly maintained records, accurately reflects the entity's performance, and complies with subsection 39(2) of the PGPA Act.

Agency purpose

The ROC is responsible for improving the governance and financial accountability of registered organisations by ensuring compliance with the *Fair Work (Registered Organisations) Act 2009* through monitoring and regulation.

Results

Performance criteria	Indicator	Target	Achieved	Further information on results
The ROC improves the governance and financial accountability of organisations by regulating compliance with the RO Act.	Financial reports required to be lodged are assessed for compliance within 40 working days.	95%	100%	Page 34, Service standards
Registered organisations demonstrate high levels of compliance with legislative obligations.	The percentage of financial reports that initially meet compliance measures.	To better 56% (the 2015–16 compliance rate)	70%	Page 31, Improving financial reporting compliance

Source: FWO and ROC Entity 2017–18 Portfolio Budget Statements: Programme 2.1, p. 143 and FWC Corporate Plan (2016–2020), p. 7.

Notes: Between 1 July 2016 and 30 April 2017 these activities were performed by the FWC. Performance detailed in the table above is for the complete 2016–17 financial year, including the period when the functions were performed by the FWC. The FWC's Corporate Plan also included the measure that it meet the performance targets set out in the Regulator Performance Framework (RPF). The ROC is not required to report against the RPF for the months May and June 2017, therefore this measure is not included in this annual performance statement.

The FWO and ROC Entity 2017–18 Portfolio Budget Statements contain two errors on page 143: it refers to the Fair Work (Registered Organisations) Act 2016 whereas it should refer to the Fair Work (Registered Organisations) Act 2009; it refers also to 'compliance within 40 days' whereas it should refer to 'compliance within 40 working days.'

Analysis of performance against ROC purpose

There are 110 federally registered organisations comprised of approximately 380 reporting units. In general, a reporting unit is a branch or national office of a registered organisation. Under the RO Act each reporting unit is required to lodge financial reports with the ROC and prior to 1 May 2017 with the FWC. Transparent publication of accurate financial reports is an important way organisations can be accountable to their members and the wider community.

Timely assessment of these reports for compliance with the regulatory framework is essential for supporting transparency and accountability. The ROC is pleased to report that for the second year in succession, 100% of financial reports have been assessed by the ROC and the FWC within 40 working days of lodgement.

Improving the standard of financial reports is also important in supporting transparency and accountability. Seventy per cent of financial reports initially met the compliance measures in 2016–17, compared to 56% in 2015–16.

ROC priorities and activities

The ROC delivers a range of services to promote the effective governance and financial transparency of registered employer and employee organisations. This involves:

- education and assistance to promote voluntary compliance, including through publication of model reports and templates
- encouraging democratic control and improved financial and disclosure compliance practices
- conducting inquiries and investigations and, where appropriate, enforcing the provisions of the RO Act.

Education and assistance

In our first two months of operation the ROC has undertaken:

- two activities to introduce itself to organisations
- four broad education campaigns targeted at organisations, their members or their auditors
- six one-to-one meetings with organisations and peak bodies regarding compliance
- two workshops regarding registration of auditors, which attracted 35 participants
- two webinars, which attracted 75 participants; one regarding registration of auditors and the other on how to locate organisations' records.

Public relations activity was also used to raise general awareness about our role. This included issuing public statements about who we are, what we do and our key inquiries and investigations.

Table 7: ROC education activities May–June 2017

Type of activity/topic	Provided to
Introduction to ROC and invitation to subscribe	Employer and employee organisations
Registration of auditors	Auditors, employer organisations and employee organisations
Introduction to ROC staff and information about lodgement of annual returns of information	Employer organisations and employee organisations
Approved governance training	Training providers, employer organisations and employee organisations
Whistleblower protections	Relevant commonwealth agencies and ROC staff
How to access information about organisations	Members of employer organisations, members of employee organisations, employer organisations and employee organisations

Table 7: ROC education activities May-June 2017 (continued)

Type of activity/topic	Provided to
Face-to-face meetings with employer organisations	Two employer organisations
Face-to-face meetings with employee organisations	Three employee organisations
Face-to-face meetings with peak bodies	One peak body

Online services

The ROC website (www.roc.gov.au) offers information to assist organisations with compliance, including fact sheets, guidance notes and templates.

In the ROC's first two months of operation we received 24 327 visits to the website and 3469 document downloads.

Encouraging democratic control and improved compliance practices

Organisations are emailed reminders about their compliance obligations before the obligation arises. Between 1 May 2017 and 30 June 2017, we issued:

- 45 reminders about financial report lodgement
- 27 reminders about the requirement to lodge information for an election
- 24 alerts about training for office holders
- five reminders about lodging statements of loans, grants and donations.

Documents lodged, including annual returns of information, financial reports and election information, are assessed for compliance.

The ROC applies a risk-based approach designed to direct resources to areas where non-compliance risk is highest. In the first two months of the ROC's operation, 274 regulatory matters were transferred from the FWC and a further 387 were lodged with the ROC. Of those, 378 regulatory matters have been subject to risk-based assessment and closed.

Annual returns of information

Annual returns provide information about office holders, election requirements, branches and member numbers for the organisation.

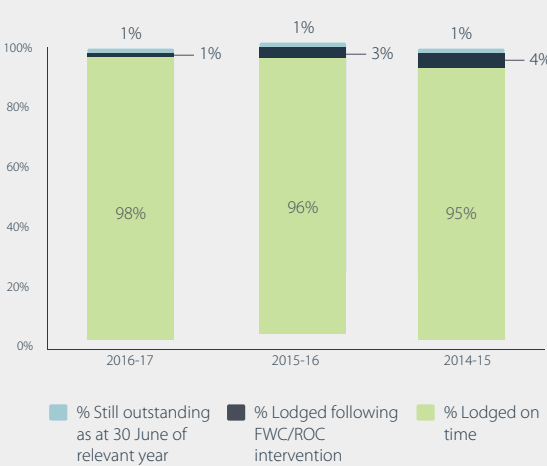
In 2016–17, one organisation did not comply with its statutory obligation to lodge its annual report by 31 March 2017. This is the third consecutive year we have achieved 99% or higher of registered organisations who lodged their annual returns on time.

Financial returns

Financial returns include lodgements by organisations and their branches of financial reports, applications for exemptions from financial reporting and applications for reduced reporting requirements.

Compliance rates for the lodgement of financial returns within the statutory timeframe have incrementally improved over three years. Ninety-eight per cent of reporting units lodged financial returns on time during 2016–17, compared to 95% in 2014–15 and 96% in 2015–16.

Figure 5: Percentage of financial returns lodged within statutory timelines, 2014–17



Improving financial reporting compliance

To improve compliance with financial reporting requirements, the ROC has continued a risk-based approach developed by the FWC. The contents of all reports are reviewed against key compliance requirements (primary review) and around 20–25% are subject to advanced review. Applications for exemptions from financial reporting and applications for reduced financial reporting requirements are reviewed against all legislative criteria that are required to be met to gain an exemption from reporting or reduced reporting requirements.

The ROC has adopted measures developed and used by the FWC to assess financial reporting compliance. These measures include whether:

- disclosures, required by the reporting guidelines, are made
- all statutory timeframes are met
- the required documents are lodged
- appropriate notes are made regarding the preparation of accounts.

Seventy per cent of financial reports initially met the compliance measures in 2016–17, compared to 56% in 2015–16.

Table 8: Compliance of financial reports due in 2015–16 and 2016–17

Type of review	2016–17	2015–16
Primary review	68%	48%
Advanced review	45%	39%
Review of applications for reduced reporting requirements and applications for exemptions	98%	93%
Total of financial reports that met compliance	70%	56%

Inquiries and investigations

Royal Commission into Trade Union Governance and Corruption

The Royal Commission into Trade Union Governance and Corruption (TURC) was established by the Government in 2014 to inquire into alleged financial irregularities associated with union affairs. Thirty matters were referred to the FWC by TURC, 24 of which were subsequently transferred to the ROC.

Of the six referrals that were not transferred to the ROC, four were closed with no further action. The other two referrals by the TURC to the FWC resulted in successful civil litigation proceedings against two former secretaries from the WA Branch of the Transport Workers' Union of Australia (TWU). Further details are included in Table 13. Another referral resulted in FWC commencing civil proceedings against the TWU. The FWC alleged wide-ranging contraventions of the RO Act, including failing to remove unfinancial NSW members from its register, failing to keep a register in NSW and WA, and failing to keep a copy of the member register for a Qld Branch election. The Registered Organisations Commissioner is now the applicant in this matter.

Ten referrals regarding the Vic. Branch of the Australian Workers' Union (AWU) are the subject of an investigation under s. 331 of the RO Act. This section of the RO Act enables the Commissioner (previously the FWC General Manager) to conduct an investigation if there are reasonable grounds to believe financial obligations or civil penalty provisions have been contravened. The 10 referrals were accompanied by more than 23 000 pages of supporting materials across a broad range of potential contraventions, including failing to maintain proper records. The ROC is continuing this investigation.

One referral regarding the NSW Branch of the Health Services Union (HSU) is the subject of a formal inquiry by the ROC under s. 330 of the RO Act.

Eleven referrals transferred to the ROC are in abeyance pending police investigations or criminal proceedings and one other is subject to ongoing assessment.

Table 9: Status summary of referrals from the TURC as at 30 June 2017

Determined by the Federal Court	Before the Federal Court; the Commissioner is now the applicant	Closed by the FWC with no further action	Subject of formal inquiry by the ROC under s. 330 of the RO Act	Subject of formal investigation by the ROC under s. 331 of the RO Act	In abeyance, pending police investigations or criminal proceedings	Subject to ongoing assessment by the ROC
2	1	4	1	10*	11	1

* 10 referrals form the subject of one investigation.

Inquiries

The function of inquiring into compliance with financial obligations and civil penalty provisions under chapter 11, part 4 of the RO Act, has been transferred from the FWC to the ROC.

During 2016–17, the FWC concluded four inquiries and determined in each case that no further action was required.

The ROC commenced three inquiries. One was commenced under s. 330 in response to a referral from the TURC, see p. 31. It concerns the NSW Branch of the HSU.

The remaining two were s. 336(1A) inquiries, one regarding compliance by the Flight Attendants’ Association of Australia (FAAA) and the other concerned TWU compliance. Section 336(1A) of the RO Act requires the Commissioner to make follow-up inquiries within 12 months of notifying contraventions of financial obligations. All three inquiries are ongoing.

Table 10: Inquiries and investigations initiated and closed by FWC and ROC under chapter 11, part 4 of the RO Act in 2016–17

Inquiry or investigation	No. with FWC as at 30 June 2016	No. initiated by FWC 2016–17	No. closed by FWC 2016–17	No. transferred from FWC to ROC	No. initiated by ROC 2016–17	No. with ROC as at 30 June 2017
Inquiries	3	1	4	0	3	3
Investigations	4	1	4	1	1	2

Investigations

In 2016–17, the FWC finalised four investigations into organisations under s. 331.

- One resulted in successful civil proceedings against two former Secretaries of the TWU WA Branch (a TURC referral), with \$65 900 in penalties imposed, reduced to \$38 300 if paid within 74 days of the order; see Table 13 for further details.
- An investigation into alleged misuse of funds by the SA/Tas. Branch of the Textile, Clothing and Footwear Union of Australia (TCFUA) was concluded. However, its recommendations have been held over pending the outcome of legal prosecution proceedings by SA Police under s. 178 of the *Criminal Law Consolidation Act 1935* (SA) against the former SA/Tas. Branch Secretary in relation to multiple claims for payment submitted by him.
- Two investigations found that there was insufficient evidence of alleged wrongdoing.

An FWC investigation regarding alleged breaches of the requirements to maintain proper records by the Vic. Branch of the AWU (a TURC referral) has been transferred to the ROC. This investigation is ongoing.

The ROC is also investigating allegations about the inappropriate use of funds by officers from the Vic. and Tas. Branches of the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). This investigation is ongoing.

Table 11: Investigations conducted by FWC and ROC under chapter 11, part 4 of the RO Act in 2016–17

Name	Type*	Commencement	Issue	Completion date or estimated completion date	Outcome
AWU, Vic. Branch	s. 331	2 November 2016	Referral from the TURC; alleged breaches of s. 253(3) and s. 230	Estimate: 30 November 2017	Still under investigation
CEPU, Electrical, Energy and Services division, Vic. and Tas. Branches	s. 331	24 May 2017	Alleged inappropriate use of funds	Estimate: 31 December 2017	Still under investigation
TCFUA, SA/Tas. Branch	s. 331	15 July 2013	Alleged unauthorised use of funds	Completed: 27 February 2017	Investigation finalised– recommendations in abeyance pending current criminal proceedings
HSU Vic. No.1 Branch	s. 331	19 September 2013	Alleged unauthorised use of funds	Completed: 30 December 2016	No further action: insufficient evidence
CEPU, Communications Division, Tas. Branch	s. 331	23 February 2016	Alleged unauthorised use of funds and engagement of employees	Completed: 26 July 2016	No further action: insufficient evidence
TWU, WA Branch	s. 331	13 April 2016	Referral from the TURC; alleged inappropriate use of funds	Completed: 8 July 2016	Resulted in commencement of legal proceedings, see Table 13 for further details

* s. 331: alleged contravention of financial and/or civil penalty provisions

Whistleblower disclosures investigations

Amendments to the RO Act, effective from 1 May 2017, included significant changes to provisions relating to protections for whistleblowers.

The ROC received eight disclosures that were potentially protected, four of which, after examination, were determined not protected. One investigation was conducted which resulted in no further action. Two were closed without investigation and one is currently under investigation.

Table 12: Protected disclosures under chapter 11, part 4A of the RO Act 2016–17

No. of potential disclosures	No. closed because of ineligible disclosure	No. allocated to external authorised official	No. allocated to the RO Commissioner	No. closed with no investigation conducted	No. of investigations completed	No. open as at 30 June 2017
8	4	0	4	2	1	1

Enforcing provisions of the RO Act

During 2016–17, the FWC continued to pursue legal proceedings against the Australian Nursing and Midwifery Association (ANMF). The Commissioner is now the applicant in these proceedings. The FWC also commenced three further civil proceedings, one of which was completed and two of which were transferred to the ROC. The allegations, orders sought and outcomes, if finalised, are detailed in the Table 13.

Table 13: Alleged contraventions and orders sought under s. 310(1)(a) of the RO Act, 2016–17

Name	Date	Alleged contraventions	Orders applied for	Date of completion	Outcome
Registered Organisations Commissioner v Michael Mijatov [NSD 2181/2016]*	19 December 2016	Failing to discharge his duties with care and diligence Failing to provide annual budgets as required under the FAAA's rules Improperly using his position to gain an advantage in approving more than 12 weeks back-pay for himself in 2011	Declarations, civil penalties and compensation to the FAAA, costs and any other order the Court deems appropriate	Ongoing	N/A
Registered Organisations Commissioner v TWU [NSD 2041/2016]	25 November 2016	Failing to remove un-financial NSW members from its register Failing to keep a register in NSW and WA Failing to keep a copy of the member register for a Qld Branch election (referral from the TURC)	Declarations, civil penalties and any other order the Court deems appropriate	Ongoing	N/A
General Manager of the FWC v James McGiveron & Richard Burton [WAD 363/2016]**	8 August 2016	Arranging for the purchase of luxury, customised utility vehicles for their personal use Involvement in the Branch Committee of Management's adoption of a redundancy policy Failing to exercise care and diligence. Failing to act in good faith Acting contrary to the best interests of the TWU (referral from the TURC)	Declarations, civil penalties and any other order the Court deems appropriate	21 April 2017	Declarations obtained, civil penalty payment orders: \$16 000 (McGiveron) and \$49 900 (Burton) to be paid to the Commonwealth, reduced to \$11 000 and \$27 300 respectively if paid within 74 days of date of orders (21 April 2017).
Registered Organisations Commissioner v ANMF & Mark Olson [WAD 470/2015]***	21 August 2015	The WA Branch failed to comply with its financial reporting obligations in 2009–10, 2010–11 and 2011–12	Declarations, civil penalties and any other order the Court deems appropriate	Ongoing	N/A

* Former International Division Secretary, FAAA
** Former Branch Secretaries, TWU WA Branch
*** WA Branch Secretary, ANMF

Service standards

The ROC aims to ensure that financial reports and annual returns are assessed, and elections and auditor registrations are finalised, in a timely manner. In 2016–17 all timeliness targets were met or exceeded. In particular, the target for the assessment of annual reports has significantly improved over recent years.

Financial reports, annual returns and elections were previously functions of the FWC and transferred to the ROC on 1 May 2017. Performance for these activities is reported for the full 12 months. Performance by the FWC and the ROC in 2016–17 is compared against the previous two years performance by the FWC. The registration of auditors is a new function, not previously performed by the FWC. This activity is reported for the two month period of May–June 2017 only.

Financial reports

The service standard for this is 95% of financial reports required to be lodged under the RO Act are assessed for compliance within 40 working days.

A financial report assessed for compliance means that the financial report has been reviewed against a primary review checklist or an advanced review checklist, p. 31. The primary and advanced review checklists are published at www.roc.gov.au.

Table 14: Performance of financial reports function against timeliness targets

Year and agency	Number assessed	Number within KPI	Result
2016–17 FWC/ROC	375	375	100%
2015–16 FWC	391	391	100%
2014–15 FWC	392	377	96%

Annual returns

The service standard for this is 95% of annual returns are assessed for compliance within 40 working days.

An annual return assessed for compliance means that an annual return of information lodged by an organisation has been assessed against the checklist for compliance with the RO Act. The annual return checklist is published at www.roc.gov.au.

Table 15: Performance of annual returns function against timeliness targets

Year and agency	Number finalised	Number within KPI	Result
2016–17 FWC/ROC	109	109	100%
2015–16 FWC	113	109	96%
2014–15 FWC	101	90	89%

Elections

The service standard for this is 95% of prescribed information for elections are finalised within 40 working days.

Finalisation of prescribed information for elections means that the Commissioner (or delegate) has made arrangements for the conduct of an election, or has decided not to make arrangements, or the prescribed information has been withdrawn.

Table 16: Performance of elections function against timeliness targets

Year and agency	Number finalised	Number within KPI	Result
2016–17 FWC/ROC	223	221	99%
2015–16 FWC	214	211	98%
2014–15 FWC	234	227	97%

Registration of auditors

The service standard for this is 95% of applications for registration by auditors are finalised within 40 working days.

Finalisation of applications for registration by auditors means that the Commissioner (or delegate) has registered an auditor, or has decided not to register an auditor, or the application has been withdrawn.

Table 17: Performance of Registration of auditors function against timeliness targets

Period and agency	Number finalised	Number within KPI	Result
2016 – 17 ROC	188	188	100%

04: Management and accountability

Workforce demographics	38
Workforce management	39
Governance	42
External scrutiny	43
Financial management	45

Workforce demographics

At 30 June 2017, the Entity employed 794 ongoing, 39 non-ongoing and zero casual FWO and ROC employees under the *Public Service Act 1999*.

In 2016–17, we had 73 ongoing engagements, 53 non-ongoing engagements and 54 internal promotions.

The size, location and makeup of our workforce are detailed below.

Table 18: Employees by classification, at 30 June 2017 and 30 June 2016

Classification	2017	2016
APS1 ongoing	0	0
APS1 non-ongoing	0	0
APS1 total	0	0
APS2 ongoing	6	5
APS2 non-ongoing	1	2
APS2 total	7	7
APS3 ongoing	70	71
APS3 non-ongoing	29	31
APS3 total	99	102
APS4 ongoing	143	139
APS4 non-ongoing	1	2
APS4 total	144	141
APS5 ongoing	262	260
APS5 non-ongoing	4	7
APS5 total	266	267
APS6 ongoing	169	148
APS6 non-ongoing	1	1
APS6 total	170	149
EL1 ongoing	98	96
EL1 non-ongoing	1	2
EL1 total	99	98
EL2 ongoing	34	32
EL2 non-ongoing	2	0
EL2 total	36	32
SES Band 1 ongoing	9	7
SES Band 1 non-ongoing	0	0
SES Band 1 total	9	7
SES Band 2 ongoing	3	2
SES Band 2 non-ongoing	0	0
SES Band 2 total	3	2
Total	833	805

Table 19: Employees by employment status, at 30 June 2017 and 30 June 2016

Employment status	2017	2016
Ongoing full-time	594	564
Non-ongoing full-time	35	38
Total full-time	629	602
Ongoing part-time	200	196
Non-ongoing part-time	4	7
Total part-time	204	203

Table 20: Employees by gender, at 30 June 2017 and 30 June 2016

Gender	2017	2016
Female ongoing	510	487
Female non-ongoing	21	26
Total female	531	513
Male ongoing	284	273
Male non-ongoing	18	19
Total male	302	292

Table 21: Employees by location, at 30 June 2017 and 30 June 2016

Location	2017	2016
Ongoing ACT	57	56
Non-ongoing ACT	0	4
Total ACT	57	60
Ongoing NSW	235	232
Non-ongoing NSW	13	5
Total NSW	248	237
Ongoing Vic.	264	240
Non-ongoing Vic.	19	21
Total Vic.	283	261
Ongoing Qld	96	90
Non-ongoing Qld	7	10
Total Qld	103	100
Ongoing SA	76	77
Non-ongoing SA	0	0
Total SA	76	77
Ongoing WA	35	35
Non-ongoing WA	0	5
Total WA	35	40
Ongoing NT	4	4
Non-ongoing NT	0	0
Total NT	4	4
Ongoing Tas.	27	26
Non-ongoing Tas.	0	0
Total Tas.	27	26

Table 22: Workplace diversity profile, at 30 June 2017 and 30 June 2016

Self-disclosure category	2017	2016
People with disability ongoing	33	30
People with disability non-ongoing	1	2
People with disability total	34	32
People from culturally and linguistically diverse backgrounds ongoing	223	218
People from culturally and linguistically diverse backgrounds non-ongoing	11	10
People from culturally and linguistically diverse backgrounds total	234	228
People from Aboriginal and Torres Strait Islander backgrounds ongoing	9	8
People from Aboriginal and Torres Strait Islander backgrounds non-ongoing	0	1
People from Aboriginal and Torres Strait Islander backgrounds total	9	9

Table 23: Senior executive and executive level employees by classification and gender, at 30 June 2017 and 30 June 2016

Classification	2017 female	2016 female	2017 male	2016 male	2017 total	2016 total
EL 1	64	61	35	37	99	98
EL 2	13	14	23	18	36	32
SES Band 1	5	4	4	3	9	7
SES Band 2	1	0	2	2	3	2
Total	83	79	64	60	147	139

Note: Tables 18–23 exclude the Fair Work Ombudsman and the Registered Organisations Commissioner.

Workforce management

Capability development

In 2016–17, we made a significant investment to enhance workforce capability. We introduced a new learning and performance management system, PeopleHub. The system houses corporate training schedules and courses, and enables employees to record and track individual professional development activities. It also provides a mechanism for employees to record performance expectations, along with outcomes from feedback conversations with their manager.

Other 2016–17 capability development initiatives included:

- implementing a capability framework to define the core and leadership capabilities that underpin excellent performance within the FWO
- piloting a talent management program with the aim of growing the long-term leadership capability of seven high-potential FWO employees from across the agency

- delivery of 60 training courses to more than 823 participants through 238 online and face-to-face sessions nationally, amounting to approximately 14 568 training hours–this included training in decision- making, change management and stakeholder communication
- supporting 22 employees to undertake formal accredited courses through our study assistance scheme
- providing a continuing professional development program to maintain the technical knowledge and professional development of frontline FWO staff
- providing all employees with access to Lynda.com, an online learning platform containing self-paced courses to cost-effectively enable employees to upskill at a time and place convenient to them
- running an induction program for ROC employees to ensure their smooth transition into the agency.

Employee engagement

FWO Australian Public Service (APS) Employee Census results continue to show high engagement levels between staff, supervisors and the agency, with an overall employee engagement score of 83%. Approximately 92% of respondents indicated they're happy to go the 'extra mile' at work and 74% felt FWO recognises new and innovative ways of working.

In 2016–17, activities to promote a positive and engaged workplace included:

- recognising exceptional performance through reward programs, including our Annual Achievement Awards and team specific initiatives
- encouraging employee feedback on workplace matters, including revisions to FWO policies, through our Agency Consultative Forum
- facilitating employee involvement in a new project to shape our culture into the future.

Graduate program

In December 2016, five employees completed their graduate year at the FWO. These graduates have degrees in law, business and commerce.

In January 2017, five employees commenced as graduates. These graduates have degrees in law, public policy and arts.

The program is run in conjunction with the Australian Public Service Commission (APSC) Graduate Development Program and helps us build capability in specialist roles and capacity in critical areas.

Ethics and values

The APS Values, Code of Conduct and Employment Principles promote responsible public administration. They underpin our positive workplace culture—one that encourages and recognises high performance, strong leadership and inclusion.

Information on the APS Values, Code of Conduct and Employment Principles is available on our intranet, included in mandatory staff training and incorporated in employee performance plans.

Diversity

We value diversity and the positive contribution employees from diverse backgrounds make.

In 2016–17, our commitment to an inclusive and flexible workplace continued through:

- the launch of our 2017–19 FWO Reconciliation Action Plan, which ensures we continue cultivating relationships and build respect, acceptance, understanding, trust and equal opportunities between Aboriginal and Torres Strait Islander peoples and the wider Australian community
- continued commitment to accreditation by White Ribbon Australia as a workplace which engenders a whole-of-organisation commitment to stop violence against women
- accreditation by the Australian Breastfeeding Association as a Breastfeeding Friendly Workplace
- a register of multilingual staff available to assist customers from diverse backgrounds
- support mechanisms for employees experiencing family or domestic violence
- sponsorship of employee networks including our Gay, Lesbian, Bisexual, Transgender and Intersex Network; Women’s Forum; Indigenous Employee Network; and Disability Network
- sustained gender equality at executive levels, with 57% female executive managers and 50% female senior executive managers at 30 June 2017
- the practice of briefing both female and male counsel; the FWO briefed female counsel 59 times and male counsel 35 times.

Disability reporting

Since 1994, non-corporate Commonwealth entities have reported on their performance as a policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the APSC’s State of the Service reports and the APS Statistical Bulletin. These reports are available on the APSC’s website (www.apsc.gov.au). From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the 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 progress reports was published in 2014, and can be found on the Department of Social Services website (www.dss.gov.au).

Remuneration and employment conditions

The FWO Enterprise Agreement 2016–19 was successfully negotiated this year, and came into effect on 19 October 2016. The agreement covers APS1-EL2 employees and provides access to a range of leave, flexible working arrangements, allowances and other benefits. It also preserves an Agency Consultative Forum, which facilitates staff consultation on workplace matters.

Information on rights and obligations under the agreement and associated policies is available on our intranet.

Table 24: Employee workplace agreements by classification, at 30 June 2017 and 30 June 2016

Classification	2017 enterprise agreement	2016 enterprise agreement	2017 common law contract	2016 common law contract	2017 individual flexibility agreement	2016 individual flexibility agreement	2017 total	2016 total
APS 1	0	0	0	0	0	0	0	0
APS 2	7	7	0	0	0	0	7	7
APS 3	99	102	0	0	0	0	99	102
APS 4	144	141	0	0	0	0	144	141
APS 5	266	267	0	0	0	0	266	267
APS 6	170	149	0	0	0	0	170	149
EL 1	99	98	0	0	0	0	99	98
EL 2	33	27	0	0	3	5	36	32
SES Band 1	0	0	9	7	0	0	9	7
SES Band 2	0	0	3	2	0	0	3	2
Total	818	791	12	9	3	5	833	805

Note: Excludes the Fair Work Ombudsman and the Registered Organisations Commissioner.

Our remuneration policy operates in accordance with parameters that apply across the APS. No performance bonuses were paid to staff in 2016–17.

Table 25: Salary ranges by classification, at 30 June 2017

Classification	Salary ranges
APS 1	\$48 354 - \$50 248
APS 2	\$54 788 - \$59 961
APS 3	\$61 601 - \$66 397
APS 4	\$68 540 - \$74 344
APS 5	\$76 362 - \$80 904
APS 6	\$82 670 - \$95 035
EL 1	\$105 127 - \$113 455
EL 2	\$121 150 - \$170 000
SES Band 1	\$195 000 - \$236 328
SES Band 2	\$243 941 - \$268 057

Note: Excludes the Fair Work Ombudsman and the Registered Organisations Commissioner.

Non-salary staff benefits can include:

- professional membership fees
- parking allocation at work
- a mobile phone, iPad and laptop
- airline lounge membership.

Work health and safety

In 2016–17, initiatives and outcomes of our Health and Wellbeing Strategy included:

- sustaining a safe working environment with hazards and risks removed, minimised or managed

- regular reviews of health and safety policies, guides and fact sheets
- promotion of wellbeing initiatives, encouraging employees to actively look after their health
- mental health first aid, work health and safety, and resilience training
- an influenza vaccination program
- a rehabilitation management system audit, with a 100% compliance result
- workstation assessments and the provision of sit-to-stand workstations as part of our office refurbishment program to promote good ergonomic practices and prevent body stressing injuries
- introduction of a new employee assistance provider that offers additional services, such as access to nutritionists
- early intervention and rehabilitation case management services.

There was a decrease in accepted workers’ compensation claims during the year, resulting in a reduced Comcare premium.

Work health and safety incident reporting

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

There were no notifiable accidents or dangerous occurrences reported to Comcare in 2016–17.

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

No investigations were conducted in 2016–17.

Property and environmental management

In 2016–17, we reduced property expenditure and size by improving office layouts and acquiring new accommodation where appropriate.

The National Australian Built Environment Rating System was considered when approaching the market for accommodation.

Environmental performance

- Our initiatives to reduce waste, energy and water consumption, and greenhouse emissions included:
- sensor lighting in all offices, with a timer mechanism switching lighting off when rooms are not occupied
 - participating in Earth Hour 2017, which involved turning off all non-essential lights in our 23 tenancies on Saturday 25 March
 - utilising video conferencing as a sustainable alternative to travel
 - using print-on-demand, requiring staff to swipe their identification card to print, and setting default properties to print in black
 - implementing paperless processes
 - participating in programs to recycle toner cartridges and mobile phones
 - providing organic matter, recycling and general waste kitchen bins in new accommodation.

Governance

Executive Committee

The Executive Committee is our chief decision-making body and is comprised of all senior executive service officers, including a representative from the ROC. Membership is shown at Entity overview (on p. 5).

The committee evaluates, approves and monitors strategic, operational and financial plans to achieve a high standard of professional and ethical conduct, financial accountability and risk management.

Monthly meetings are scheduled and meeting outcomes are distributed to staff via the intranet.

- The Executive Committee is supported by the following sub-committees:
- Strategic Investments and Technology, which provides strategic governance for major IT and capital expenditure projects
 - Information and Data Governance, which oversees the information governance and data governance frameworks.

Audit Committee

The Audit Committee provides independent assurance to the Fair Work Ombudsman as the accountable authority on the FWO’s and ROC’s financial and performance reporting, risk management framework, internal control systems, and legislation and policy compliance.

- In 2016–17, the Audit Committee comprised two independent members (including the Chair) and one senior officer from the FWO. During the period, the committee considered internal reviews of:
- conflict of interest management
 - human resources delegations
 - financial payment processes
 - taxation arrangements.

Health and Safety Committee

The Health and Safety Committee reviews and provides recommendations for matters involving work health and safety, including implementing preventative initiatives and reporting on relevant legislation. Work health and safety outcomes are outlined at Workforce management (on p. 39)

Business planning

Organisational goals are set out in a corporate plan and the FWO Strategic Intent. Based on this, each business area developed business plans with performance measures. These business plans provide a link between strategic goals and individual performance plans.

Plans are regularly updated to reflect priority shifts and performance against the plans is monitored by senior management and scrutinised by a range of external stakeholders.

Risk and fraud management

A risk management framework facilitates the identification and management of risks across operational and corporate areas, and informs the internal audit plan. Owners are assigned risks, and controls and treatments are identified through a risk register, which is reviewed every quarter by the Executive Committee.

Following consultation, an internal audit plan was developed for 2016–19 which targets identified risk areas. The Audit Committee reviews the plan and risk information.

The Protective Security Policy Framework provides controls for the Australian Government to protect its people, information and assets at home and overseas. Our security requirements are managed by a security team consisting of an Agency Security Advisor, IT Security Advisor, Security Director and Executive Directors. We have a number of security policies and procedures in place.

Fraud controls and investigations

- Our 2016–18 Fraud Control Plan and risk assessment enables us to manage and monitor identified fraud risks through prevention, detection and response initiatives.
- All reasonable measures were taken to minimise fraud risk and to investigate and recover the proceeds of fraud against the FWO and the ROC.

There were no known or suspected cases of significant fraud committed against either body in 2016–17.

External scrutiny

The FWO Customer Service Charter outlines our services, what customers can expect from us and what they should do if unsatisfied. The charter is available at www.fairwork.gov.au.

The FWO welcomes feedback from customers about their experience with us. During 2016–17, we introduced a new consolidated online feedback form, providing a central point for our customers to provide feedback about our services.

- Our Feedback and Complaints Management Policy is available at www.fairwork.gov.au and enables customers to:
- give feedback—comment about the FWO’s services
 - submit a service complaint—express dissatisfaction with an aspect of our service

- request a review – ask for a FWO decision to be reassessed.

If a customer is not satisfied with the way we respond to their feedback or complaint, they can contact the Commonwealth Ombudsman.

New definitions in the policy and the online form’s improved accessibility contributed to an 11% increase in requests for review and service complaints, compared with 2015–16.

Table 26: FWO service complaints and requests for reviews received and finalised

Action	2016–17	2015–16
Received	237	214
Finalised	225	210

The ROC did not receive any feedback or complaints in its first two months of operation. The ROC’s complaint handling process is available at www.roc.gov.au.

Reports to Commonwealth Ombudsman

The Commonwealth Ombudsman investigates complaints about our actions, and identifies and conducts its own motion investigations on administration matters. In 2016–17, two formal reviews were conducted in relation to the FWO’s operations with no adverse findings made.

The Commonwealth Ombudsman also notified the FWO about the outcome of a review commenced in 2015–16, where no adverse findings were made.

Table 27: Commonwealth Ombudsman investigations and findings

	2016–17	2015–16
Commonwealth Ombudsman investigations	2	2
Adverse findings	0	0

The Australian National Audit Office conducts an audit of our financial statements. The 2016–17 Independent Auditor’s Report is available with the financial statements (on p. 49).

There were no other reports by the Auditor-General, a parliamentary committee or Commonwealth Ombudsman in relation to the FWO’s or ROC’s operations.

Freedom of information

FWO requests

The FWO received 49 Freedom of Information (FOI) requests through the year with five requests outstanding as at 30 June 2017. The number of requests has dropped by 32%, compared with 72 requests received in 2015–16.

We continue to facilitate document access through our Information Access Policy, available at www.fairwork.gov.au, which reduces the need for customers to make formal FOI requests. This has seen a 44% increase in informal information access requests—from 68 requests in 2015–16 to 98 requests in 2016–17.

ROC requests

The ROC did not receive any FOI requests in its first two months of operation. The ROC’s Access to Information Policy, available at www.roc.gov.au, outlines when information can be released, how to access and how to make an FOI request.

Formal FOI requests are not required for most documents held by the ROC and documents lodged by registered organisations are publicly available on the ROC website.

Information Publication Scheme

We are required to publish information to the public as part of the *Freedom of Information Act 1982* (FOI Act) Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in annual reports. Each agency must display a plan on its website showing what information it publishes in accordance with IPS requirements. The FWO’s plan can be found at www.fairwork.gov.au. The plan sets out what information is published under the IPS, how and to whom it is published, and how we otherwise comply with IPS requirements. The ROC’s plan will be published at www.roc.gov.au in 2017–18.

Privacy

We are committed to protecting the privacy of individuals who provide us with their personal information and ensuring staff know what to do in the event of a suspected privacy breach. We have continued to undertake privacy impact assessments for new projects and processes.

The FWO proactively reported one privacy breach to the Office of the Australian Information Commissioner (OAIC) during 2016–17. In light of steps taken in response to the breach, the OAIC advised it did not intend to take any action.

Decisions by the Australian Information Commissioner

The OAIC reviews our compliance with information transparency, FOI and privacy.

An application under review by the Administrative Appeals Tribunal in 2015–16 was withdrawn by the applicant in 2016–17. The appeal, lodged by an affected third party to an FOI request, had objected to the release of a document containing information about their business. The Information Commissioner affirmed the FWO’s decision to release this document on the basis that no exemption applied to prevent its release.

Judicial decisions or administrative reviews

There were no judicial decisions or administrative reviews or findings that affected our operations in 2016–17.

Regulator Performance Framework

Under the Regulator Performance Framework, the FWO’s performance was measured against six key performance indicators in 2016–17. These measures involved reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.

Publicly reporting on the agency’s contribution to reducing unnecessary or inefficient regulation will give the community further confidence in the FWO’s work. The first report was published in December 2016 and is available at www.fairwork.gov.au. The second report is due in December 2017.

In 2015, the FWC developed Regulator Performance Framework measures to assess its performance in regulating registered organisations. The ROC has adopted these measures and will publish its first report following a full year of operation.

Financial management

We continue to maintain a strong focus on financial management, ensuring resources are utilised in the most efficient and effective manner to deliver the greatest benefit and impact for the Australian community.

Our financial results for 2016–17 are outlined in the financial statements (on p. 47). The operating loss for 2016–17 was \$8.640 million and includes depreciation expense of \$11.948 million, which is not funded by Government appropriations.

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

In 2016–17, we reported no significant non-compliance with finance law.

Purchaser–provider arrangements

During 2016–17, we purchased information technology services, management of enterprise resource planning services and a number of other administrative functions on a fee-for-service basis through a longstanding arrangement with the Department of Employment (as it is now known) under a Memorandum of Understanding. From 1 July to 30 November 2016, these services were provided by the Department of Employment and Department of Education & Training Shared Services Centre. From December 2016, information technology services and a number of other administrative services have been provided by the Department of Employment’s Technology Services Group.

On 1 December 2016, the Service Delivery Office was established within the Department of Finance and the responsibility for the management of enterprise resource planning services was transferred from the Shared Services Centre.

Procurement initiatives to support small and medium enterprises

We support small business participation in the Commonwealth Government procurement market by:

- reducing tendering burden through use of the Commonwealth Contracting Suite for low-risk procurements under \$200 000
- adhering to the Commonwealth’s 30-day payment policy

- engaging with small business organisations to increase understanding of each other’s offerings and needs
- using credit cards to facilitate on-time payments.

Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance website (www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts).

We recognise the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury website (www.treasury.gov.au).

Procurement to support indigenous enterprises

The Commonwealth Indigenous Procurement Policy (IPP) commenced on 1 July 2015. We amended our procurement policy and practices to meet the new requirements.

A total of four contracts were awarded to indigenous suppliers during the year, totalling \$263 978.

Consultants

We engage consultants if we need specialist expertise or independent research, reviews or assessments to support our decision-making. Providers are selected through open tender, pre-qualified tenders, limited tender or an established panel arrangement.

The decision to engage a consultant is made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules and internal policies.

During 2016–17, 17 new consultancy contracts were entered into involving total actual expenditure of \$976 187 (including GST). In addition, six ongoing consultancy contracts were active during the period, involving total actual expenditure of \$518 244.

Table 28: Consultancy contract spending

	2016–17	2015–16	2014–15
Number of new consultancy contracts	17	8	19
Value	\$976 186	\$588 953	\$1 366 356

In 2016–17, we engaged additional consultants to improve our business intelligence processes and assist in the development of education resources. A greater focus on the use of intelligence to identify priority areas, refining our business model through contemporary educative practices and investing in our IT infrastructure and capabilities led to the increased need for specialist knowledge and a rise in the number and cost of consultancy contracts.

Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

There were no requests for exemption or exemptions given from publishing a contract on AusTender. All our contracts allow for the Auditor-General to access the contractor’s premises.

Grants

During 2016–17, the FWO administered the Community Based Employment Advisory Services (CBEAS) and Community Engagement Grants Program (CEGP). The CBEAS was a four-year program which was scheduled to conclude on 30 June 2016. Arrangements were made to extend that program until 31 December 2016 to enable the new CEGP to be established from 1 January 2017.

Information on grants awarded under the CBEAS and CEGP during 2016–17 is available at www.fairwork.gov.au.

Advertising and market research

Payments made to market research and media advertising organisations in 2016–17 are detailed in table 29.

Where the total amount paid to an organisation is less than \$13 000, details have not been included, consistent with the *Commonwealth Electoral Act 1918*.

No advertising campaigns for which expenditure was greater than \$250 000 were undertaken in 2016–17.

Table 29: Market research, direct mail and media advertising contracts over \$13 000 in 2016–17

	Organisation	Service provided	Total paid in 2016–17 (GST inclusive)
Media advertising organisations	Dentsu Mitchell Media Australia	Communication campaigns	\$47 000
	Dentsu Mitchell Media Australia	Media advertising	\$51 354
Market research	Instinct and reason		\$29 700
	Multicultural Marketing and Management		\$44 957

05: Financial statements

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Agency Resource Statement

Table 30: Agency Resource Statement, 2016–17

	Actual Available Appropriation for 2016–17 \$'000	Payments Made 2016–17 \$'000	Balance Remaining 2016–17 \$'000
	(a)	(b)	(a-b)
Ordinary Annual Services ¹			
Departmental appropriation ²	185,711	123,925	61,786
Total Ordinary Annual Services	185,711	123,925	61,786
Other services			
Departmental Non-Operating			
Equity injections	150	150	–
Total Other Services	150	150	–
Special Appropriation			
Administered outputs	1,800	1,515	285
Total Special Appropriation	1,800	1,515	285
Total Available Annual Appropriations	187,661	125,590	62,071
Funds Held by CRF			
Opening balance	2,125	–	2,125
Non-appropriation receipts	1,655	–	1,655
Payments	–	1,515	(1,515)
Total Funds Held by CRF	3,780	1,515	2,265
Special Account			
Opening balance	–	–	–
Non-appropriation receipts	2,227	–	2,227
Payments	–	848	(848)
Total Special Account	2,227	848	1,379
Total Net Resourcing for Fair Work Ombudsman and Registered Organisations Commission Entity	193,668	127,953	65,715

1. Appropriation Act (No. 1) 2016–17. This may also include prior-year departmental appropriation and section 74 retained revenue receipts.

2. Includes an amount of \$6.849m in 2016–17 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

Table 31: 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 2016–17 \$'000	Actual Expenses 2016–17 \$'000	Variation \$'000
	(a)	(b)	(a-b)
Program 1: Education Services and Compliance Activities			
Departmental Expenses			
Departmental appropriation	103,987	112,395	(8,408)
S74 Retained revenue receipts (a)	1,550	2,070	(520)
Expenses not requiring appropriation in the budget year	7,102	8,640	(1,538)
Total for Program 1	112,639	123,105	(10,466)
Total Expenses for Outcome 1	112,639	123,105	(10,466)
		2016–17	
Average staffing level (number)		710	



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

Opinion

In my opinion, the financial statements of the Fair Work Ombudsman and Registered Organisations Commission Entity for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Fair Work Ombudsman and Registered Organisations Commission Entity as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Fair Work Ombudsman and Registered Organisations Commission Entity, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Fair Work Ombudsman and Registered Organisations Commission Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the Auditor-General Act 1997 (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Fair Work Ombudsman and Registered Organisations Commission Entity, the Fair Work Ombudsman is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Accountable Authority is also responsible for such internal control as the Accountable Authority determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Authority is responsible for assessing the Fair Work Ombudsman and Registered Organisations Commission Entity's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Accountable Authority is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Peter Kerr
Executive Director
Delegate of the Auditor-General
Canberra
19 September 2017

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Natalie James
Accountable authority

19 September 2017

Russell Thackeray
Chief Financial Officer

19 September 2017

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STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	75,455	75,109	73,001
Suppliers	1.1B	34,042	35,391	30,836
Grants	1.1C	1,654	1,849	1,800
Depreciation and amortisation	3.2A	11,948	13,924	7,002
Losses from asset sales		6	54	–
Total expenses		123,105	126,327	112,639
LESS:				
Own-Source Income				
Own-source revenue				
Rental income	1.2A	1,140	3,069	1,050
Other income	1.2B	930	1,208	500
Total own-source revenue		2,070	4,277	1,550
Gains				
Other gains	1.2C	-	292	100
Total gains		-	292	100
Total own-source income		2,070	4,569	1,650
Net cost of services		(121,035)	(121,758)	(110,989)
Revenue from Government	1.2D	112,395	107,995	103,987
Deficit		(8,640)	(13,763)	(7,002)

OTHER COMPREHENSIVE INCOME

Items not subject to subsequent reclassification to net cost of services				
Changes in asset revaluation surplus		–	–	–
Total other comprehensive income		–	–	–
Total comprehensive loss attributable to the Australian Government		(8,640)	(13,763)	(7,002)

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

Original budget reflects the figures presented in the 2016–17 Portfolio Budget Statements.

Budget variance commentary

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

Employee benefits and suppliers
FWOROCE was required to undertake additional functions following the MYEFO budget round under the Increased Protection for Vulnerable Workers and Working Holiday Makers measures, resulting in higher expenditure being incurred against the original budget. The Registered Organisations Commission (ROC) was established on 1 May 2017 and brought additional expenditure not included in the FWO's original budget.

Depreciation
Greater than anticipated costs associated with internally developed software and the decision to accelerate depreciation of some leasehold improvements late in 2015–16 resulted in higher depreciation costs than anticipated in the budget.

Revenue from Government
Additional funding of \$6.181 million was allocated to FWOROCE during the MYEFO budget round under the Increased Protection for Vulnerable Workers and Working Holiday Makers measures.

The ROC was established on 1 May 2017 and brought additional funding not included in the FWO's original budget.

STATEMENT OF FINANCIAL POSITION as at 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	1,868	2,142	2,973
Trade and other receivables	3.1B	61,982	62,486	59,256
Total financial assets		63,850	64,628	62,229
Non-financial assets				
Land and buildings (leasehold improvements)	3.2	12,495	13,161	14,166
Property, plant and equipment	3.2	2,496	2,410	3,101
Intangibles	3.2	11,551	13,170	9,405
Prepayments		1,081	974	1,785
Total non-financial assets		27,623	29,715	28,457
Total assets		91,473	94,343	90,686

LIABILITIES

Payables				
Suppliers	3.3A	10,908	9,948	10,439
Other payables	3.3B	5,240	5,858	–
Total payables		16,148	15,806	10,439
Provisions				
Employee provisions	6.1A	21,346	21,831	20,822
Other provisions	3.4	2,093	3,179	7,719
Total provisions		23,439	25,010	28,541
Total liabilities		39,587	40,816	38,980
Net assets		51,886	53,527	51,706

EQUITY

Contributed equity	98,384	91,385	98,384
Reserves	5,776	5,776	5,776
Retained earnings (accumulated deficit)	(52,274)	(43,634)	(52,454)
Total equity	51,886	53,527	51,706

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

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

Budget variance commentary

Statement of Financial Position for FWOROCE

Cash and cash equivalents

The amount of cash held was lower than forecast in the budget due to lower payments being made and held in bank accounts operated by FWOROCE’s contracted property manager awaiting distribution as lease or property maintenance payments.

Trade and other receivables

The balance of undrawn appropriation was higher than the budgeted figure. This is a result of the lower cash amount required to fund FWOROCE’s operations and reflects the operating result for the financial year before depreciation.

Non-financial assets

The net value of leasehold improvements was lower than budget due to the decision in late 2015–16 to accelerate depreciation of a number of office accommodation fitouts. The higher than budget intangibles figure reflects the increased capital investment in systems over the last 18 months, which was not anticipated in the budget papers.

Prepayments

Lower than expected software support payments made in advance have reduced prepayments at year end.

Other payables

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

Other provisions

A reduction in the provision for onerous leases following an adjustment during the finalisation of the 2015–16 financial statements.

STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening Balance				
Balance carried forward from previous period		91,385	81,574	91,385
Opening balance		91,385	81,574	91,385
Comprehensive Income				
Contributions by owners				
Equity injection - Appropriations		150	–	150
Departmental capital budget		6,849	9,811	6,849
Total transactions with owners		6,999	9,811	6,999
Closing balance as at 30 June		98,384	91,385	98,384

ASSET REVALUATION RESERVE				
Opening Balance				
Balance carried forward from previous period		5,776	5,776	5,776
Opening balance		5,776	5,776	5,776
Comprehensive Income				
Revaluation		–	–	–
Total comprehensive income		–	–	–
Closing balance as at 30 June		5,776	5,776	5,776

RETAINED EARNINGS				
Opening Balance				
Balance carried forward from previous period		(43,634)	(29,871)	(45,452)
Opening balance		(43,634)	(29,871)	(45,452)
Comprehensive Income				
Surplus/(Deficit) for the period		(8,640)	(13,763)	(7,002)
Total comprehensive income		(8,640)	(13,763)	(7,002)
Closing balance as at 30 June		(52,274)	(43,634)	(52,454)

TOTAL EQUITY				
Opening Balance				
Balance carried forward from previous period		53,527	57,479	51,709
Opening balance		53,527	57,479	51,709
Comprehensive Income				
Surplus/(Deficit) for the period		(8,640)	(13,763)	(7,002)
Total comprehensive income		(8,640)	(13,763)	(7,002)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		150	–	150
Departmental capital budget		6,849	9,811	6,849
Total transactions with owners		6,999	9,811	6,999
Closing balance as at 30 June		51,886	53,527	51,706

The above statement should be read in conjunction with the accompanying notes.
Original Budget reflects the figures presented in the 2016–17 PBS.

Accounting policy

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

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

Budget variance commentary

Surplus/(Deficit) for the period
Expenditure levels did not increase to match the additional funding that was allocated to FWOROCE during the MYEFO budget round under the Increased Protection for Vulnerable Workers and Working Holiday Makers measures, resulting in a lower deficit against the original budget.
Amounts expended by the ROC were also lower than the funding transfer into FWOROCE, adding to the lower deficit for the year.

CASH FLOW STATEMENT for the period ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		110,059	112,366	103,772
Sales of goods and rendering of services		2,086	4,376	1,050
Net goods and services tax (GST) received		3,563	4,133	-
Other		-	292	500
Total cash received		115,708	121,167	105,322
Cash used				
Employees		75,138	74,974	73,276
Suppliers		35,607	31,116	31,537
Section 74 receipts transferred to Official Public Account (OPA)		5,036	6,272	1,000
Total cash used		115,781	112,362	105,813
Net cash from (used by) operating activities		(73)	8,805	(491)
INVESTING ACTIVITIES				
Cash used				
Purchase of non-financial assets		9,755	16,272	6,508
Total cash used		9,755	16,272	6,508
Net cash used by investing activities		(9,755)	(16,272)	(6,508)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		9,554	6,636	6,999
Total cash received		9,554	6,636	6,999
Net cash from financing activities		9,554	6,636	6,999
Net increase in cash held		(274)	(831)	-
Cash and cash equivalents at the beginning of the reporting period		2,142	2,973	2,973
Cash and cash equivalents at the end of the reporting period	3.1A	1,868	2,142	2,973

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

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

Budget variance commentary

Operating Activities

Appropriations
Additional funding of \$6.181 million was allocated to FWOROCE during the MYEFO budget round under the Increased Protection for Vulnerable Workers and Working Holiday Makers measures, resulting in higher cash receipts for the year.
The ROC was established on 1 May 2017 and also brought additional receipts not included in the FWO's original budget.

Employees and suppliers
FWOROCE was required to undertake additional functions following the MYEFO budget round under the Increased Protection for Vulnerable Workers and Working Holiday Makers measures, resulting in higher expenditure being incurred against the original budget.
The ROC was established on 1 May 2017 and brought additional expenditure not included in the FWO's original budget.

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

Investing activities

Purchase of non-financial assets
Higher than planned expenditure on non-financial assets was the result of delays in the finalisation of the accommodation fit-out in the new Hobart office, late invoicing for new desktops and project delays for a number of new internally generated software systems.

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

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME for the period ended 30 June 2017

	Notes	2017 \$	2016 \$	Original Budget \$
NET COST OF SERVICES				
Expenses				
Write-down and impairment of assets	2.1	2,311,626	622,056	–
Total expenses		2,311,626	622,056	–
LESS:				
Income				
Non-taxation revenue				
Fees and fines	2.2A	5,152,228	3,606,100	300,000
Total revenue		5,152,228	3,606,100	300,000
Net contribution by services		2,840,602	2,984,044	300,000
Surplus		2,840,602	2,984,044	300,000
OTHER COMPREHENSIVE INCOME				
Total Other Comprehensive Income		–	–	–
Total Comprehensive Income		2,840,602	2,984,044	300,000

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

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

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

Budget variance commentary
Write down and impairment of assets

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

Fees and fines

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

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES as at 30 June 2017

	Notes	2017 \$	2016 \$	Original Budget \$
ASSETS				
Financial assets				
Trade and other receivables	4.1A	2,529,798	2,364,530	1,698,000
Other financial assets	4.1B	912,680	956,610	251,000
Total financial assets		3,442,478	3,321,140	1,949,000
Total assets administered on behalf of Government				
		3,442,478	3,321,140	1,949,000
LIABILITIES				
Total liabilities administered on behalf of Government		–	–	–
Net assets				
		3,442,478	3,321,140	1,949,000

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

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

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

Budget variance commentary
Trade and other receivables

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

Other financial assets

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

ADMINISTERED RECONCILIATION SCHEDULE as at 30 June 2017

	2017 \$	2016 \$
Opening assets less liabilities as at 1 July	3,321,140	1,949,145
Net (cost of)/contribution by services		
Income	5,152,228	3,606,100
Expenses	(2,311,626)	(622,056)
Transfers to/from Australian Government:		
Transfers to OPA	(2,695,264)	(1,501,549)
Transfers to OPA by other agencies	(24,000)	(110,500)
Closing assets less liabilities as at 30 June	3,442,478	3,321,140

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

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

Accounting policy

Administered cash transfers to and from the OPA

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

ADMINISTERED CASH FLOW STATEMENT for the period ended 30 June 2017

Notes	2017 \$	2016 \$
OPERATING ACTIVITIES		
Cash received		
Interest	–	–
Fines	2,695,264	1,501,549
Total cash received	2,695,264	1,501,549
Net cash from operating activities	2,695,264	1,501,549
Net increase in cash held	2,695,264	1,501,549
Cash and cash equivalents at the beginning of the reporting period	–	–
Cash from the OPA		
Appropriations	–	–
Cash to the OPA		
Administered accounts	(2,695,264)	(1,501,549)
Cash and cash equivalents at the end of the reporting period	–	–

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ending 30 June 2017

Overview

The Basis of Preparation

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

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2016
- Australian Accounting Standards and Interpretations–Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

New Australian Accounting Standards

Adoption of new Australian Accounting Standard Requirements

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

Taxation

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

Reporting of Administered Activities

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

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

Events After the Reporting Date

Departmental

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

Administered

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

1. Financial Performance

This section analyses the financial performance of FWOROCE for the year ended 2017.

1.1 Expenses		
	2017 \$'000	2016 \$'000
1.1A: Employee Benefits		
Wages and salaries	53,723	50,887
Superannuation:		
Defined contribution plans	6,877	5,911
Defined benefit plans	3,814	4,525
Leave and other entitlements	9,485	11,380
Separation and redundancies	1,143	1,996
Other employee expenses	413	410
Total employee benefits	75,455	75,109
Accounting policy		
Accounting policies for employee related expenses are contained in the People and Relationships section (p. 81).		
1.1B: Suppliers		
Goods and services supplied or rendered		
Contractors	9,149	7,814
Legal fees	3,011	2,626
Property outgoings	2,526	2,830
Travel	2,503	2,348
Training	820	839
Telecommunications	968	1,630
Software support and maintenance	1,453	1,059
Consultants	1,080	689
Other	3,824	4,477
Total goods and services supplied or rendered	25,334	24,312
Goods supplied	1,203	1,224
Services rendered	24,131	23,088
Total goods and services supplied or rendered	25,334	24,312
Other suppliers		
Operating lease rentals	7,105	9,326
Workers compensation expenses	1,603	1,753

1.1 Expenses <i>(continued)</i>		
	2017 \$'000	2016 \$'000
Total other suppliers	8,708	11,079
Total suppliers	34,042	35,391
Leasing commitments		
The FWOROCE in its capacity as lessee holds office accommodation leases for varying periods up to ten years. Lease payments are subject to increases as specified in the leases. These increases are a combination of fixed annual adjustments and periodic movements to reflect market rates.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	8,107	9,120
Between 1 to 5 years	29,352	20,802
More than 5 years	20,292	13,250
Total operating lease commitments	57,751	43,172
Accounting policy		
Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.		
1.1C: Grants		
Grants to private sector entities	1,654	1,849
Total grants	1,654	1,849

1.2 Own-Source Revenue and Gains

Own-Source Revenue	2017 \$'000	2016 \$'000
1.2A: Rental Income		
Operating lease rentals	1,140	3,069
Total rental income	1,140	3,069
Subleasing rental income commitments		
The FWOROCE in its capacity as lessor sublets office accommodation leases for varying periods up to ten years. Lease receipts are subject to increases as specified in the leases/memorandum of understandings. These increases are a combination of fixed annual adjustments and periodic movements to reflect market rates.		
Commitments for sublease rental income receivables are as follows:		
Within 1 year	460	828
Between 1 to 5 years	704	821
More than 5 years	92	-
Total sublease rental income commitments	1,256	1,649
1.2B: Other Income		
Resources received free of charge - audit fees	77	77
Other income	853	1,131
Total other income	930	1,208
1.2C: Other Gains		
Other—gains from make-good	-	292
Total other gains	-	292

Accounting policy

Resources received free of charge
Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of these resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another government entity as a consequence of a restructuring of administrative arrangements.

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

1.2D: Revenue from Government

Appropriations		
Departmental appropriations	112,395	107,995
Total revenue from Government	112,395	107,995

Accounting policy

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

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

2. Income and Expenses Administered on Behalf of Government

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

2.1 Administered—Expenses

	2017 \$	2016 \$
Write-Down and Impairment of Assets		
Impairment of financial instruments	2,311,626	622,056
Total write-down and impairment of assets	2,311,626	622,056

Accounting policy

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

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

2.2 Administered - Income

Revenue	2017 \$	2016 \$
Accounting policy		
All administered revenues are revenues relating to ordinary activities performed by the agency on behalf of the Australian Government. As such, administered appropriations are not revenues of the individual agency that oversees distribution of the funds as directed.		
2.2A Fees and Fines		
Court-awarded penalties	4,720,018	3,219,498
Infringement notices	432,210	386,602
Total fees and fines	5,152,228	3,606,100

Accounting policy

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

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

3. Financial Position

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

3.1 Financial Assets		
	2017 \$'000	2016 \$'000
3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	679	936
Cash held by contracted agents	1,189	1,206
Total cash and cash equivalents	1,868	2,142
3.1B: Trade and Other Receivables		
Goods and services receivable		
Goods and services	153	483
Total goods and services receivables	153	483
Appropriations receivables		
Appropriation receivable	61,297	61,516
Total appropriations receivables	61,297	61,516
Other receivables		
GST receivable from the Australian Taxation Office	384	328
Other	148	159
Total other receivables	532	487
Total trade and other receivables	61,982	62,486
No provision for impairment is provided for as at balance date.		
Credit terms for goods and services were within 30 days (2016: 30 days).		

Accounting policy

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

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

3.2 Non-Financial Assets

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

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2017

	Land and buildings (leasehold improvements) \$'000	Property, plant and equipment \$'000	Intangibles (computer software) ¹ \$'000	Total \$'000
As at 1 July 2016				
Gross book value	20,057	4,431	28,809	53,297
Accumulated depreciation and amortisation	(6,896)	(2,021)	(15,639)	(24,556)
Total as at 1 July 2016	13,161	2,410	13,170	28,741

Additions

Purchase	4,706	1,151	-	5,857
Internally generated	-	-	3,898	3,898
Depreciation and amortisation	(5,372)	(1,059)	(5,517)	(11,948)

Disposals

Other	-	(6)	-	(6)
Total as at 30 June 2017	12,495	2,496	11,551	26,542

Total as at 30 June 2017 represented by

Gross book value	24,763	5,086	32,687	62,536
Accumulated depreciation, amortisation and impairment	(12,268)	(2,590)	(21,136)	(35,994)
Total as at 30 June 2017 represented by	12,495	2,496	11,551	26,542

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

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

The FWOROCE has six properties that have leasehold improvements where the lease is due for renewal or cessation within the next 12 months. The total net book value of the leasehold improvements for these properties was \$0.297 million as at 30 June 2017.

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

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

Accounting policy

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

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

Asset recognition threshold
Purchases of land and buildings (leasehold improvements), and property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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

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

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

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

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

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

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

	2017	2016
Leasehold improvements	Lesser of term and useful life	Lesser of term and useful life
Plant and equipment	5 years	5 years
Computer equipment	3–8 years	3–8 years

Impairment
All assets were assessed for impairment at 30 June 2017. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

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

Intangibles
The agency's intangible assets comprise internally developed software 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 anticipated useful life. The useful lives of the agency's software are three years (2015–16: three years).

All software assets were assessed for indications of impairment as at 30 June 2017.

3.3 Payables

	2017 \$'000	2016 \$'000
3.3A: Suppliers		
Trade creditors and accruals	8,951	8,047
Operating lease rentals	1,957	1,901
Total suppliers	10,908	9,948

Settlement is usually made net 30 days.

3.3B: Other Payables		
Salaries and wages	593	280
Lease incentives	4,647	5,578
Total other payables	5,240	5,858

3.4 Other Provisions

3.4: Other Provisions

	Provisions for Restoration \$'000	Provision for Onerous leases \$'000	Total \$'000
As at 1 July 2016	–	3,179	3,179
Additional provisions made	200	(1,286)	(1,086)
Amounts used	–	–	–
Total as at 30 June 2017	200	1,893	2,093

The agency currently has one (2016: nil) 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 a number of agreements for the leasing of office accommodation which are surplus to its requirements. The agency has made a provision to reflect the present value of the expected costs to be incurred that are in excess of the economic benefit expected to be derived from these leases.

4. Assets and Liabilities Administered on Behalf of Government

This section analyses the financial performance of FWOROCE for the year ended 2017.

4.1 Administered—Financial Assets

4.1A: Trade and Other Receivables

	2017 \$	2016 \$
Other receivables		
Court-awarded penalties	4,933,207	3,517,269
Total trade and others receivables (gross)	4,933,207	3,517,269
Less Impairment allowance		
Other receivables—Court-awarded penalties	(2,403,409)	(1,152,739)
Total trade and others receivables (net)	2,529,798	2,364,530

All receivables are expected to be settled within 12 months.

Reconciliation of the Impairment Allowance

Movements in relation to 2017

	Other receivables \$
As at 1 July 2016	(1,152,739)
Amounts written off	1,060,956
Increase recognised in net surplus	(2,311,626)
Total as at 30 June 2017	(2,403,409)

Accounting policy

Receivables

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

	2017 \$	2016 \$
4.1B: Other Financial Assets		
Accrued revenue	912,680	956,610
Total other financial assets	912,680	956,610

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

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

5. Funding

This section identifies the FWOROCE funding structure.

5.1 Appropriations					
5.1A: Annual Appropriations ('Recoverable GST exclusive')					
Annual Appropriation for 2017					
	Annual Appropriation¹ \$'000	Adjustments to Appropriation² \$'000	Total appropriation \$'000	Appropriation Applied in 2017 (current and prior Years) \$'000	Variance³ \$'000
Departmental					
Ordinary annual services	110,168	7,263	117,431	115,095	2,336
Capital Budget⁴	6,849	–	6,849	9,404	(2,555)
Equity Injections	150	–	150	150	–
Total departmental	117,167	7,263	124,430	124,649	(219)

- Notes
- 1. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2016–17: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2016–17: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
 - 2. Adjustments to Appropriation in 2016–17 comprised PGPA Act section 74 receipts of \$5.036 million and section 75 transfers of \$2.227 million.
 - 3. The variance between total appropriation and appropriation applied in 2017 relates to payments funded from unspent prior year appropriation items.
 - 4. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

Annual Appropriation for 2016					
	Annual Appropriation¹ \$'000	Adjustments to Appropriation² \$'000	Total appropriation \$'000	Appropriation Applied in 2016 (current and prior Years) \$'000	Variance³ \$'000
Departmental					
Ordinary annual services	107,995	6,272	114,267	118,571	(4,304)
Capital Budget⁴	9,811	–	9,811	6,704	3,107
Equity	–	–	–	–	–
Total departmental	117,806	6,272	124,078	125,275	(1,197)

- 1. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2015–16: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2015–16: 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. The variance between total appropriation and appropriation applied in 2015 relates to payments funded from unspent prior year appropriation items.
- 2. Adjustments to Appropriation in 2015–16 comprised PGPA Act section 74 receipts of \$6.272 million.
- 3. The variance between total appropriation and appropriation applied in 2016 relates to payments funded from unspent prior year appropriation items.
- 4. DCB's are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

5.1 Appropriations (continued)		
5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')		
Departmental	2017 \$'000	2016 \$'000
Appropriation Act (No. 1) 2015–16	–	59,289
Appropriation Act (No. 1) - Capital Budget (DCB) 2015–16	–	4,369
Appropriation Act (No. 1) 2016–17	48,473	–
Appropriation Supply Act (No. 1) - 2016–17	6,697	–
Appropriation Act (No 3) 2016–17	6,181	–
Appropriation Act (No. 1) - Capital Budget (DCB) 2016–17	1,814	–
Total	63,165	63,658

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

5.1C: Special Appropriations ('Recoverable GST exclusive')				
Authority	Type	Purpose	Appropriation Applied	
			2017 \$'000	2016 \$'000
Fair Work Act 2009 s559(4) Administered	Unlimited	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Common-wealth and apart from this section there is no specific appropriation for the repayment.	1,515	450
Total special			1,515	450

5.2 Special Accounts

	ROC Special Account ¹	
	2017 \$'000	2016 \$'000
Balance brought forward from previous period	–	–
Increases	2,227	–
Total increases	2,227	–
Available for payments	2,227	–
Decreases	848	–
Total decreases	848	–
Total balance carried to the next period	1,379	–
Balance represented by:		
Cash held in the agency bank account	–	–
Cash held in the OPA	1,379	–
Total balance carried forward to next period	1,379	–

1. Appropriation: PGPA Act, section 80.
Establishing Instrument: Fair Work (Registered Organisations) Amendment Act 2016, section 329EA.
Purpose: Paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Commissioner’s functions.

5.3 Net Cash Appropriation Arrangements

	2017 \$'000	2016 \$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations ¹	3,308	161
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(11,948)	(13,924)
Total comprehensive loss - as per the Statement of Comprehensive Income	(8,640)	(13,763)

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

6. People and Relationships

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

6.1 Employee Provisions

	2017 \$'000	2016 \$'000
6.1A: Employee Provisions		
Leave	21,327	20,398
Separations and redundancies	-	1,410
Other	19	23
Total employee provisions	21,346	21,831

Accounting policy

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

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

Leave

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

The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the agency’s employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

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

Separation and redundancy

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

Superannuation

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

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance’s administered schedules and notes.

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

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

Accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the agency has made the following judgements that have significant impact on the amounts recorded in the financial statements. The Australian Government shorthand method has been used to estimate the present value of long service leave liabilities. This involves the estimation of salary growth rates, discount rates, the probability of leave vesting and the amount of leave expected to be settled in service.

6.2 Key Management Personnel Remuneration

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

	2017 \$'000	2016 \$'000
Short-term employee benefits	3,110	2,658
Post-employment benefits	526	436
Other long-term employee benefits	395	320
Termination benefits	–	63
Total key management personnel remuneration expenses ¹	4,031	3,477

Notes: The total number of senior management personnel that are included in the above table are 15 (2016: 12).

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

6.3 Related Party Disclosures

Related party relationships:
The entity is an Australian Government controlled entity. Related parties to this entity are Key Management Personnel including the Portfolio Minister and Executive.

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

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

7. Managing Uncertainties

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

7.1 Contingent Assets and Liabilities

7.1A Contingent Assets and Liabilities

Unquantifiable contingencies

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

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

Accounting policy

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

7.1B: Administered—Contingent Assets and Liabilities

Quantifiable Administered Contingencies

At 30 June 2017, the agency has no quantifiable administered contingent assets (2016: nil).

At 30 June 2017, the agency has no quantifiable administered contingent liabilities (2016: nil).

Unquantifiable Administered Contingencies

At 30 June 2017, the agency is currently involved in litigation against 101 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 (2016: 92).

At 30 June 2017, the agency has no unquantifiable administered contingent liabilities (2016: nil).

7.2 Financial Instruments

	2017 \$'000	2016 \$'000
7.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	1,868	2,142
Goods and services receivables	153	483
Other receivables	148	159
Total loans and receivables	2,169	2,784
Total financial assets	2,169	2,784
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	10,908	9,948
Total financial liabilities measured at amortised cost	10,908	9,948
Total financial liabilities	10,908	9,948

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

Accounting policy

Financial assets

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

Impairment of financial assets

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

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

Financial liabilities

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

Other financial liabilities

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

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

7.3 Fair Value Measurement

Accounting policy

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

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

The agency procured valuation services from Rodney Hyman Asset Services (RHAS) Pty Ltd for the 2013–14 financial year and relied on valuation models provided by RHAS. RHAS provided written assurance to the agency that the valuation models developed are in accordance with AASB 13.

7.3: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2017 \$	2016 \$
Non-financial assets		
Land and buildings (leasehold improvements)	12,495	13,161
Property, plant and equipment	2,496	2,410
Total fair value measurements of assets in the Statement of Financial Position	14,991	15,571

8. Other information

8.1 Assets Held in Trust		
8.1A: Assets Held in Trust		
Monetary assets		
For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received		
	2017	2016
	\$	\$
Monetary Assets		
As at 1 July	2,124,690	2,388,302
Receipts	1,655,260	186,464
Payments	(1,514,526)	(450,076)
Total monetary assets held in trust as at 30 June	2,265,424	2,124,690

The values above are at fair value.
These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 *Commonwealth Entities Financial Statements Guide*.

8.2 Restructuring		
	ROC ¹	
	2017	2016
	\$'000	\$'000
FUNCTIONS ASSUMED		
Assets recognised		
Total assets recognised	-	-
Liabilities recognised		
Employees leave liabilities	466	-
Total liabilities recognised	466	-
Net liabilities recognised ²	(466)	-

1. The functions associated with the regulation of registered organisations were assumed from the FWC on 1 May 2017 with the establishment of the ROC.
2. The net assets/(liabilities) transferred from the FWC were \$465,993.

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

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

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

The costs incurred by the FWC in carrying out the functions that were transferred for the financial year to 30 April 2017 was \$3.165 million.

06: Reference materials

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Reporting on specific legislation

Table 32: Other reporting requirements

Legislation	Section
Section 311A <i>Commonwealth Electoral Act 1918</i>	Advertising and market research (p. 46)
Section 516A <i>Environment Protection and Biodiversity Conservation Act 1999</i>	Property and environmental management (p. 42)
Part II <i>Freedom of Information Act 1982</i>	Freedom of information (p. 44)
Schedule 2, Part 4 <i>Work Health and Safety Act 2011</i>	Work health and safety (p. 41)

Glossary

Annual performance statement

A requirement under the PGPA Act, the statement provides a line of sight between planned non-financial performance outlined in a corporate plan and actual performance over the reporting period.

Appropriation

An amount of public money that parliament authorises for spending on a particular purpose.

APS Employee Census

An online, confidential and voluntary survey that tracks the views of APS employees about leadership, their workplace and conditions of work. The results are a key source of information for the State of the Service report.

AusTender

The Australian Government’s web-based procurement system, which provides centralised access to all publicly available approaches to market, multi-use lists, annual procurement plans and reported contracts.

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*.

Comcare

An insurer, regulator and scheme manager that supports healthy and safe workplaces, and reduces harm and injury.

Common law contract

An individual contract of employment between an employer and an employee that is not lodged or certified under federal or state legislation but is subject to award requirements and provisions.

Compliance notice

A notification that legally requires a person to do certain things to fix alleged entitlement-based Fair Work Act breaches. Non-compliance with these notices is actionable in a court and can result in penalties.

Corporate governance

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

Corporate plan

A primary strategic planning document that sets out objectives, capabilities and intended results over a four-year period, in accordance with stated purposes. The plan should provide a clear line of sight with the relevant annual performance statement, portfolio budget statement and annual report.

Customer Service Charter

A public statement about the services the FWO will provide, what customers can expect and what they should do if unsatisfied.

Enforceable undertakings

Legally-binding documents that set out a company’s written commitment to address workplace contraventions and prevent future breaches.

Enterprise agreement

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

Fair Work Act 2009

The principal Commonwealth law governing Australia’s workplace relations system.

Fair Work (Registered Organisations) Act 2009

The legislation that covers the registration and accountability of federally registered unions and employer associations.

Grant

Commonwealth financial assistance covered by the Commonwealth Grants Rules and Guidelines.

Key performance indicators (KPIs)

Financial and non-financial measures used to help define and evaluate an organisation’s success. An indicator is usually selected on the basis of relevance as a measure of some aspect of a specific project or operation.

Mediation

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

Memorandum of understanding

A written agreement between the FWO and another organisation outlining how the collaboration will create and maintain harmonious, productive and cooperative workplaces and promote a level playing field for businesses in specific industries. The formal agreements are publicly available at www.fairwork.gov.au/about-us/our-policies.

Modern awards

Created by the FWC, modern awards came into effect on 1 January 2010. They 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.

My account

Online self-service gateway where customers set up an account and save tailored information, such as pay rates, access previous searches and submit online enquiries.

National Australian Built Environment Rating System

A national rating system that measures the environmental performance of Australian buildings through their energy efficiency, water usage, waste management, indoor environment quality and impact on the environment.

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.

Online learning centre

An online hub offering interactive courses for employers and employees to develop their workplace skills.

Outcomes

Desired results, impacts or consequences for the Australian public resulting from the Government's actions.

Pay and Conditions Tool (PACT)

An online tool that combines a pay, shift, leave and notice and redundancy calculator. It can be accessed on mobile devices and enables calculations to be saved for later reference.

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.

Portfolio Budget Statements (PBS)

A budget-related paper detailing initiatives and budget appropriations in terms of planned government outcomes and programs.

Proactive compliance deed

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

Program/Programme

Government programmes deliver benefits, services or transfer payments to individuals, industry, business or the community and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.

Public Governance, Performance and Accountability (PGPA) Act 2013

The primary piece of Commonwealth resource management legislation, replaced the *Financial Management and Accountability Act 1997* on 1 July 2014.

Public Service Act 1999

The principal Commonwealth law providing for the establishment and management of the APS.

Purchaser–provider arrangements

Arrangements under which the outputs of an agency are purchased by another agency to contribute to outcomes. Purchaser–provider arrangements can occur between Commonwealth agencies or between Commonwealth agencies and state/territory government or private sector bodies.

Purpose

The objectives, functions or role of the entity or company. In relation to performance management, purposes are the reasons or ideal state or outcomes, for which the entity or company undertakes its activities.

Regulator Performance Framework

Commonwealth regulators that administer, monitor or enforce regulation are required to implement the framework from 1 July 2015. It consists of six outcomes-based key performance indicators covering reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.

Sham contracting

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

Small business

A business that employs fewer than 20 employees.

Taskforce Cadena

Taskforce Cadena is a joint initiative between the FWO and the Australian Border Force (ABF; under the DIBP). Initiated in July 2015, the taskforce shares intelligence and data to reduce visa fraud, and reinforces existing efforts to stamp out illegal and exploitative practices involving migrant workers.

Technology Services Group

Provides information technology support and other administrative services to APS departments.

Abbreviations and acronyms

AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
APS	Australian Public Service
APSC	Australian Public Service Commission
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
ANMF	Australian Nursing and Midwifery Association
AWU	Australian Workers Union
CBEAS	Community Based Employment Advisory Services
CEGP	Community Engagement Grants Program
CEPU	Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia
CSS	Commonwealth Superannuation Scheme
DCB	Departmental Capital Budgets
DIBP	Department of Immigration and Border Protection
EL1	Executive Level 1
EL2	Executive Level 2
Fair Work Act	<i>Fair Work Act 2009</i>
FBT	Fringe benefits tax
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FRR	Financial Reporting Rule
FWC	Fair Work Commission
FWO	Fair Work Ombudsman
FWOROCE	Fair Work Ombudsman and Registered Organisations Commission Entity
GST	Goods and services tax

HSU	Health Services Union
IPP	Indigenous Procurement Policy
IPS	Information Publication Scheme
IT	Information technology
KPI	Key performance indicator
MYEFO	Mid-Year Economic and Fiscal Outlook
NES	National Employment Standards
NSW	New South Wales
NT	Northern Territory
OAIC	Office of the Australian Information Commissioner
OPA	Official Public Account
PACT	Pay and Conditions Tool
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
Privacy Act	<i>Privacy Act 1988</i>
PSS	Public Superannuation Scheme
PSSap	PSS Accumulation Plan
Qld	Queensland
RO Act	<i>Fair Work (Registered Organisations) Act 2009</i>
ROC	Registered Organisations Commission
SA	South Australia
SES	Senior Executive Service
SME	Small and medium enterprises
TAFE	Technical and further education
Tas.	Tasmania
TCFUA	Textile, Clothing and Footwear Union of Australia
TURC	Royal Commission into Trade Union Governance and Corruption
TWU	Transport Workers’ Union
Vic.	Victoria
WA	Western Australia

List of requirements

PGPA Rule reference	Part of report	Description	Requirement	Page/s
17AD(g)	Letter of transmittal			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	iii
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	iv
17AJ(b)		Alphabetical index.	Mandatory	99-102
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	92-93
17AJ(d)		List of requirements.	Mandatory	94-97
17AJ(e)		Details of contact officer.	Mandatory	103
17AJ(f)		Entity's website address.	Mandatory	103
17AJ(g)		Electronic address of report.	Mandatory	103
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1-4
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	5
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	6-7
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	5
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	5
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments-mandatory	N/A
17AE(2)		Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	N/A
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	10, 29
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	45-46
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	48

PGPA Rule reference	Part of report	Description	Requirement	Page/s
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory	45
17AD(d)	Management and accountability			
	Corporate governance			
17AG(2)(a)		Information on compliance with section 10 (fraud systems).	Mandatory	43
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	iii
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	42-43
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory	N/A
	External scrutiny			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	43-44
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	44
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	N/A
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	N/A
	Management of human resources			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	39-42
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none">statistics on staffing classification levelstatistics on full-time employeesstatistics on part-time employeesstatistics on genderstatistics on staff locationstatistics on employees who identify as Indigenous.	Mandatory	38-39
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	40-41

PGPA Rule reference	Part of report	Description	Requirement	Page/s
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	41
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	41
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	41
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	N/A
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, mandatory	N/A
Assets management				
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	N/A
Purchasing				
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	45–46
Consultants				
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	45–46
17AG(7)(b)		A statement that “ <i>During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million].</i> ”	Mandatory	45–46
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	45–46
17AG(7)(d)		A statement that “ <i>Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.</i> ”	Mandatory	45–46
Australian National Audit Office access clauses				
17AG(8)		If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	N/A
Exempt contracts				
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	N/A

PGPA Rule reference	Part of report	Description	Requirement	Page/s
Small business				
17AG(10)(a)		A statement that “[<i>Name of entity</i>] supports small business participation in the Commonwealth Government procurement market. <i>Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.</i> ”	Mandatory	45
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	45
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[<i>Name of entity</i>] recognises the importance of ensuring that small businesses are paid on time. <i>The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.</i> ”	If applicable, mandatory	45
Financial statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	47–86
17AD(f)	Other mandatory information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “ <i>During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.</i> ”	If applicable, mandatory	N/A
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	46
17AH(1)(b)		A statement that “ <i>Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].</i> ”	If applicable, mandatory	46
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	40
17AH(1)(d)		Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	44
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	98
17AH(2)		Information required by other legislation: <ul style="list-style-type: none">• Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)• Advertising and Market Research (section 311A of the <i>Commonwealth Electoral Act 1918</i>)• Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>).	Mandatory	88

Corrections

The following error appeared in our 2015–16 annual report.

As printed on page 22:

Enforcement outcomes

Enforceable undertakings

Almost half (43%) related to visa workers, compared to 35% in 2014–15.

Correction:

35% of enforceable undertakings in 2015–16 related to visa holders, compared to 43% in the 2014–15 financial year.

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Acknowledgements

Annual report team Sarah Strudwicke and Carly Britt

Special thanks to all FWO and ROC contributors

Design Will Partington-Gardner

Photography Paolo Cappelli and Justin Cooper



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