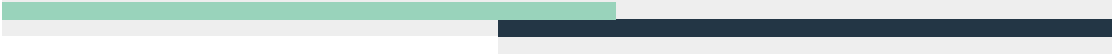


17-
18

The Fair Work
Ombudsman
and
Registered Organisations
Commission
Entity

Annual Report

The Fair Work Ombudsman and Registered Organisations
Commission Entity Annual Report 2017–18



The Hon Kelly O'Dwyer MP
Minister for Jobs and Industrial Relations
Parliament House
CANBERRA ACT 2600

17 September 2018

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 2018. 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's and ROC's specific needs
- taken all reasonable measures to appropriately deal with fraud.

Yours sincerely,



Sandra Parker
Fair Work Ombudsman

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Year in review



In 2017–18, the Fair Work Ombudsman (FWO) continued to support workplaces to become compliant, productive and inclusive. We significantly expanded our service offerings to ensure more workers and businesses understand their entitlements and obligations. Our intelligence-led activities relied on key data and information to target and address systemic non-compliance in Australian workplaces. In responding to important legislative change, complex issues and growing community expectations, we refined how we reach, engage and influence relevant stakeholders and intermediaries to encourage more compliant, productive, harmonious and cooperative workplaces.

Protecting vulnerable workers

On 14 September 2017, the *Fair Work Amendment (Protecting Vulnerable Workers) Act* received royal assent. The Act provided the FWO with increased powers to more effectively investigate and address instances of worker exploitation. It introduced higher maximum penalties for serious contraventions and made franchisors and holding companies more accountable for non-compliance in their networks.

We responded swiftly to ensure that key stakeholders, business and the Australian public were aware of the changes and their impact. We launched a comprehensive guide to help franchisors promote workplace compliance within their networks in light of the Act. The new powers have also assisted the reframing of our litigation strategy, the principles of which guide the cases we initiate.

Strategic approach to education and enforcement

We continued to adopt a strategic approach to enforcement in order to address the most serious contraventions, hold parties involved in breaches to account, and have a long-term impact.

Our important work on exploitation within labour supply chains and franchise networks relies upon the use of all available levers—legal, brand reputation, market structures and environmental settings—to influence behavioural change. In the past year, we have reported on significant levels of non-compliance within the networks of two of Australia's largest companies—Caltex's retail fuel outlet franchisees and cleaning contractors for Woolworths' supermarket sites in Tasmania.

We continue to take an intelligence-led approach in our education and compliance activities, with our largest campaign educating and auditing 1000 mostly small businesses Australia-wide on the most common and widespread compliance issues.

Our litigation outcomes have included the FWO's first racial discrimination penalty, using accessorial liability laws to hold responsible parties (such as accountants and human resource advisers) to account, and some of the highest penalties for underpayments and record-keeping breaches that the agency has ever achieved.

Our services and resources

Our services play a key role in building a culture of compliance to prevent breaches from occurring by intervening early and resolving issues before they become workplace disputes.

Last year our Fair Work Infoline customer service officers answered more than 375 000 calls, and our website received more visits than any previous year. The number of people using our online tools and resources also increased, including our online portal (My account), Pay and Conditions Tool (PACT) and our free online learning courses.

We also increased our digital service offerings. A key focus in 2017–18 was making our information more accessible to migrant workers, one of the most vulnerable worker cohorts in Australia. We launched a translation tool, which automatically translates www.fairwork.gov.au into 40 different languages. This is in addition to having key information professionally translated into 30 different languages. The launch of our Small Business Showcase

also made it even easier for small businesses to check their obligations. For a full list of our new online resources, see [Online services](#) (page 13).

Working with stakeholders

We are working with business, community organisations and government agencies to promote a culture of compliance and deliver beneficial outcomes for the Australian community. Establishing and maintaining these collaborative relationships allows us to share insights and intelligence, reach different audiences, build trust and, ultimately, have a greater impact by delivering stronger outcomes.

We have formed relationships with community organisations, such as community legal centres and universities, to more effectively reach at-risk workers and worked with industry and intermediaries to deliver our messages. Our visa assurance protocol with the Department of Home Affairs remains in place to encourage migrant workers to seek our assistance without the fear of having their visa cancelled. We continue to be a member of the cross-agency Migrant Workers' Taskforce, sharing insights on rectifying cases of migrant worker exploitation.

The year ahead

Since its inception, the FWO has worked hard to build its standing and profile in the Australian community, with the agency finding innovative new ways to make an impact in key sectors of the economy.

We will build on this strong foundation. I look forward to the next financial year, where we will continue to improve our services for employees and employers who seek our help. We will focus our information-gathering, education, enforcement and litigation activities on employee cohorts, industries and employment arrangements based on risk-assessment and intelligence. We will also keep working with influential partners and continue to strive to find the best ways to achieve fair and harmonious Australian workplaces.



Sandra Parker
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.

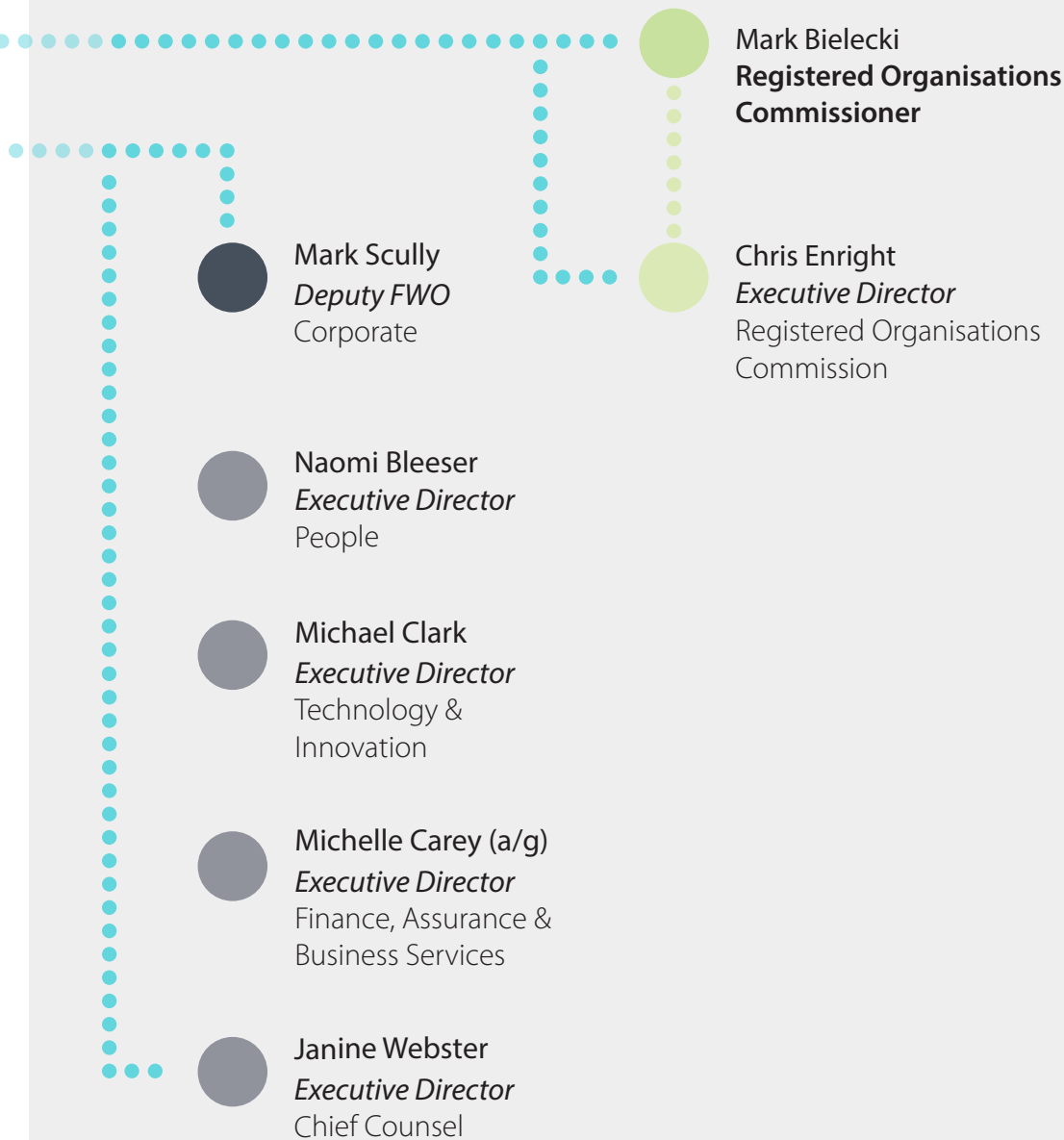
Program 2.1—Registered Organisations Commission deliverables

- 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 structure as at 30 June 2018*





*Sandra Parker was appointed on 15 July 2018, with Natalie James occupying the position of the Fair Work Ombudsman prior to that date. Sandra Parker, the Fair Work Ombudsman, is the agency head for the purposes of the Public Service Act 1999 and is the accountable authority for the purposes of finance laws.

Note: Reporting lines as per accountable authority instructions. The Registered Organisations Commission comprises the Registered Organisations Commissioner, Mark Bielecki, and staff assisting the Commissioner who are APS employees employed by the FWO.



02: FWO performance report

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Fair Work Ombudsman annual performance statement

I, Sandra Parker, as the Entity's accountable authority, present the 2017–18 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	14 days	Activities and recoveries, p. 13
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. 13
	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%	96%	Assisted dispute resolution services, p. 15
	Requests for assistance involving a workplace dispute finalised through compliance and enforcement tools.	no more than 10%	4%	Enforcement outcomes, p. 20
The FWO has a positive impact on sectors/regions or issues of importance to the community.	<p>Indicator: Seek to gain a more comprehensive understanding of the reasons for non-compliance with workplace relations laws.</p> <p>Achieved: The agency completed two inquiries regarding labour contracting and supply chain networks—one in relation to cleaning contractors of Tasmanian supermarket sites and the other in relation to security services for local government councils. These in-depth inquiries provided the FWO with the intelligence to better understand and address the drivers of non-compliance. Expanding our translated online resources and providing the option to submit anonymous reports in 16 different languages enabled more people from culturally and linguistically diverse backgrounds to have access to information about their workplace rights and obligations, providing the agency with more insight into the specific barriers that migrant workers face in the workplace. More than 15 000 anonymous reports were received in the 2017–18 financial year.</p> <p>Our ongoing program of intelligence-led proactive compliance activities, targeting problematic sectors and industries, allowed us to understand and focus on the main issues that employers have difficulty with when trying to comply with workplace laws.</p> <p>The agency continues to undertake detailed analysis to understand trends in the internal and external environment to inform operational priorities and activities.</p>			Proactive activities, p. 16

Further information on results: Proactive activities, page 16

Source: FWO and ROC Entity 2017–18 Portfolio Budget Statements: Programme 2.1 (page 143) and FWOROCE Corporate Plan 2017–2018.

Analysis of performance against FWO purpose

In 2017–18, the FWO met its performance indicators.

Expanding our digital service offerings meant that more people could access our advice, resources and assistance at their convenience. The increased usage of almost all of our online resources indicates that this is what our customers are doing.

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-six per cent of requests for assistance involving a workplace dispute were resolved in this manner. Over the last year, the average time taken to resolve requests for assistance involving a dispute reduced to 14 days.

The success of our assisted dispute resolution treatments enabled us to target compliance activities to particular areas of the labour market. This enhanced our intelligence-gathering and analysis involving systemic non-compliance with workplace laws. In the last year, we reported on two of our in-depth inquiries by detailing a comprehensive profile of how key industry sub-sectors (security and cleaning services) rely on multi-level labour supply arrangements and the correlation with non-compliance.

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 resolution of workplace disputes by supporting parties to access the suite of comprehensive advice and tools available on our website as well as provide tailored advice and assisted dispute resolution services.

We use enforcement tools such as litigation where we see deliberate or repeated exploitation of highly vulnerable workers. Where this exploitation occurs as part of large supply chains or service networks, we use all available mechanisms to encourage all those involved to ensure their workplace systems and processes enable all workers to receive their lawful entitlements.

Our approach involves assisting individuals to resolve their matters while conducting broader scale interventions where we can facilitate 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 workers
- targeting industries and geographic regions with high or emerging levels of non-compliance such as hospitality and cleaning
- identifying and working with partners to address drivers of non-compliant behaviour in complex supply chains and service networks
- supporting small businesses to comply.

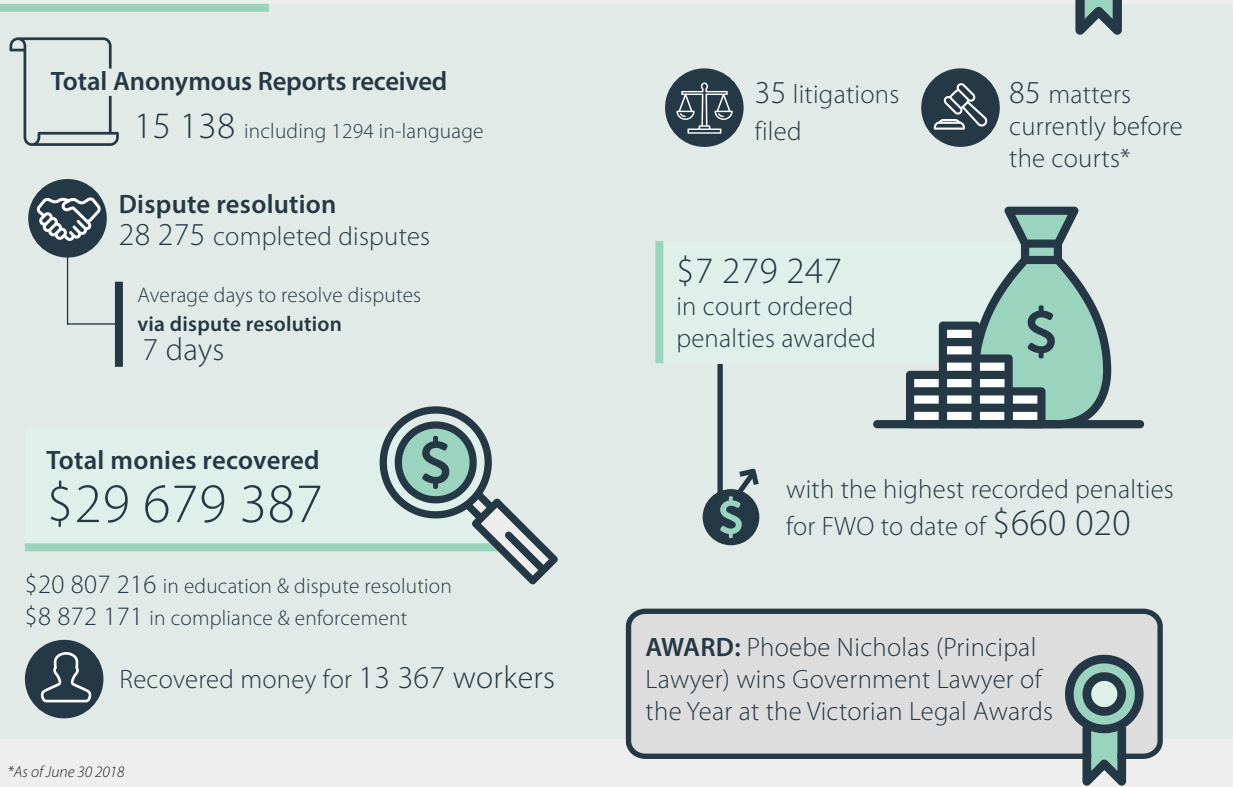
Further details about our priorities and strategies are included in the FWO Corporate Plan, the FWO Strategic Intent and the FWO Compliance and Enforcement Policy, available on our website (www.fairwork.gov.au).

Performance snapshot

Advice and assistance



Dispute resolution and enforcement activities:



*As of June 30 2018

In-language information

230 000 views
for our in-language
information

Over 130 000 web
pages translated

(most popular is Simplified
Chinese with over 60 000
pages translated) with web
translation tool



Social media followers



100,986
Facebook



18,038
Twitter



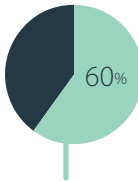
RECORD MY HOURS

AWARD: Gold at both the 2017
Sydney Design Awards and
the 2017 GOV Design Awards

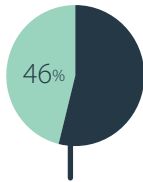


Gender equity

Sustained gender equality at
executive levels



82 female
executive level
managers



6 female senior
executive level
managers



Gender equality in legal briefs

In 2017–18, we briefed female
counsel 55 times and male
counsel 35 times



Development of a Gender
Equality Action Plan 2018–21

Accreditation by the
Australian Breastfeeding
Association as a Breastfeeding
Friendly Workplace



Breastfeeding
Friendly
Workplace

Accredited by the Australian Breastfeeding Association



**Audits of workplaces
completed:**
4572



**Inquiries into systemic
issues of non-compliance
with supply chain networks**
– cleaning arrangements in
Woolworths supermarkets in
Tasmania, resulting in a Proactive
Compliance Deed

Activities and recoveries

In 2017–18, we recovered over \$29.6 million in unpaid wages for more than 13 000 workers through requests for assistance involving a workplace dispute and FWO-initiated activities. Of the 28 275 requests for assistance we handled involving a workplace dispute:

- 96% (27 074) were resolved through education and dispute resolution activities in an average of 7 days, with more than \$20.8 million recovered
- 4% (1201) were resolved through compliance activities in an average of 167 days, with more than \$2.7 million recovered.

The FWO also conducted 5301 FWO-initiated activities through evidence-based campaign audits and inquiries in sectors at high risk of non-compliance. FWO-initiated activities accounted for more than \$6.1 million in recoveries.

Online services

The FWO website, www.fairwork.gov.au, is our primary education and advice channel. It provides mobile-friendly and industry-specific information on workplace laws, self-service tools and an auto-translation function. We also provide professionally translated material on key topics in 30 different languages.

In 2017–18, visits to the website increased by 2.5% to over 16.7 million. This is the most visits the website has ever received in a financial year.

Table 1: Website visits and users, 2016–18

	2017–18	2016–17
fairwork.gov.au visits	16 756 865	16 328 246
fairwork.gov.au users	9 383 211	9 556 221

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.

Tailored information and resources

In the last year, we enhanced and expanded our online resources to provide more tailored information to our customers.

Small business

We launched our digital Small Business Showcase in April, which provides tailored resources, tools and information to support small business employers. From launch until 30 June 2018, the showcase has received nearly 50 000 views. The showcase covers topics such as hiring employees, calculating pay and keeping accurate records. It also includes instructional videos and templates to aid small business.

Young workers

We partnered with the Foundation for Young Australians to produce six videos that address common issues young workers experience. The videos covered topics such as unpaid work, how to address being treated unfairly at work and warning signs for young people in the workplace. The videos are available on the FWO website as well as our YouTube channel. The videos recently won awards in both the youth and employment categories at the Interactive Media Awards.

Franchisors

In response to the enactment of the Protecting Vulnerable Workers legislation, we launched online resources to assist customers to understand and apply the new reforms. This included targeted resources and guides promoting workplace compliance within a franchise network, which emphasise the steps a franchisor can take to prevent workplace issues. The guide in particular specifically references the new liability laws that apply to franchisors and provides case studies and practical information. The guide for franchisors launched in June 2018.

Apprenticeships

We launched two new guides to assist apprentices—one of our most vulnerable cohorts—and their employers to understand their rights and obligations. The new guide for apprentices helps them to understand their entitlements and equips them with information on how to resolve issues and seek support.

In-language information

Our website has expanded the availability of translated and in-language materials in 2017–18.

In addition to key information being professionally translated into 30 languages, a website auto-translation tool was launched in February 2018. This tool allows users to instantly translate most pages of www.fairwork.gov.au into 40 languages other than English, enabling more people from culturally and linguistically diverse backgrounds to use the website. Since its launch, over 130 000 web pages have been translated, with the most popular languages being Simplified Chinese, Korean and Spanish. The most translated pages relate to pay and minimum wages.

Table 2: Website translation tool, most popular languages 2017–18

Language	Number of pages translated
Simplified Chinese	61 094
Korean	16 751
Spanish	9 911
Japanese	6 980
French	6 569

In 2017–18, we continued to expand our professionally translated in-language content, adding more in-language videos, downloadable resources and information in 16 priority languages to address the most common questions and queries asked by migrant workers. Topics translated include public holidays, pay slips and record-keeping, and issues in the workplace. Views of our in-language resources increased 150% compared to 2016–17, being viewed over 230 000 times in total.

Our Anonymous Report tool, which launched on the website in 2016, was also made available in 16 other priority languages this year. Further information about anonymous reports is detailed in Proactive activities, page 16.

Email subscription services

We have made it easier for customers to keep up to date with their entitlements and obligations by consolidating our email subscription services. Our subscription service lets customers opt-in to email updates on various topics, such as important changes to their industry. As at 30 June 2018, we had 380 633 active subscribers, an increase of almost 100 000 subscribers from the previous financial year.

Online education and proactive compliance tools

Our online tools aim to proactively educate both employers and employees about their entitlements and obligations, and empower them to resolve issues. Use of the majority of our online tools increased this year.

Our Pay and Conditions Tool had 6% more visits and generated 10% more calculations than 2016–17, providing an average of 480 000 calculations a month. Our Find my Award tool, which helps customers determine their award coverage, also saw an increase in usage of nearly 90%, with over one million searches conducted by customers.

Courses commenced in our Online Learning Centre increased by 28% in 2017–18. We introduced a new course that focused on record-keeping and pay slips. This course was released following the increase in maximum penalties for record-keeping and pay slip breaches arising from the

new provisions in the Fair Work Act relating to protecting vulnerable workers.

Our Record My Hours smartphone app, developed in 2016–17 to assist employees record their hours of work, was enhanced in 2017–18 to be available in 18 different languages (up from 12). It was downloaded 17 217 times, an increase of 28%. It also won several awards during the year, including gold at both the 2017 Sydney Design Awards and the 2017 GOV Design Awards.

Table 3: Online resources and usage 2016–18

Resource	2017–18	2016–17
Online Learning Centre	37 080	28 931
Record my hours app	17 217	13 420
Pay Tool visits	4 413 288	4 144 609
Pay Tool calculations	5 775 755	5 266 947
My account logins	348 383	280 916
My account registrations	102 342	103 474
Find my Award searches	1 075 311	567 102

Online enquiries

During 2017–18, we answered 64 533 online enquiries, including via My account, web chat, email, Facebook and Twitter. Of these enquiries, 2689 were through the FWO's Facebook and Twitter accounts.

My account is an online portal that allows our customers to send us an online enquiry if they have queries or need assistance with a workplace issue. It also allows users to see and save tailored information, based on their preferences. The online enquiries service was used to answer 50 162 enquiries, most of which came from employees and their representatives (77%). We received the most enquiries from the following industries:

- accommodation and food services (12%)
- health care and social assistance (10%)
- professional, scientific and technical services (10%)
- retail trade (9%).

Customer engagement through our social media channels also increased significantly over the last year. The FWO's Facebook page had over 100 000 followers as at 30 June 2018 (a 67% increase in our followers over the year) and our Twitter account had over 18 000 followers (a 10% increase).

Enquiries answered through our Facebook and Twitter accounts also more than doubled compared to 2016–17 (from 1333 to 2689).

Phone services

Our advisers answered over 376 200 calls in total in 2017–18, with the majority of calls coming from employees or their representatives (69%).

Our dedicated Small Business Helpline answered 98 641 of those calls. In April 2018, the Small Business Helpline answered its 500 000th call since its launch at the end of 2013. The most common enquiry types for the Small Business Helpline were:

- wages
- entitlements
- termination.

Table 4: Calls answered, 2016–18

Phone service	2017–18	2016–17
Non-Small Business Helpline	277 583	285 068
Small Business Helpline	98 641	100 677
Total (Fair Work Helpline)	376 224	385 745

The slight decrease in calls answered is due to the increased use of our online resources and services, including an increase in queries answered via web chat. Our online portal, My account, had 24% more log-ins from customers than the previous year, and our Pay Tool had 10% more calculations, indicating that more people are relying on our digital tools to answer questions about workplace entitlements.

The Fair Work Ombudsman was awarded Best People Strategy and Culture at the 2017 Government Contact Centre Excellence Awards.

Assisted dispute resolution services

There are close to 2.2 million businesses and over 12.5¹ million workers across Australia. Our operating model is therefore based on a risk-based strategic education, advice and enforcement approach, which comprises both responsive and proactive interventions. This approach enables us to achieve the most effective outcomes using the tools and resources we have available.

When deciding how best to assist the people that seek our assistance, we consider the circumstances and issues on a case-by-case basis. Our assisted dispute resolution services recognise that different issues require different types of assistance, and aims to resolve problems between employers and employees before they escalate into formal disputes.

This approach helps to sustain effective employment relationships and enable recovery of any unpaid wages quicker than enforcement action.

In 2017–18, the number of workplace disputes finalised through the agency’s early intervention, mediation and small claims assistance services increased compared to all previous years. The FWO finalised 27 074 of workplace disputes (96% of all disputes) through our assisted dispute resolution services in an average of seven days.

Early intervention

Where employees and employers require assistance to resolve their workplace issue, they may be referred to a FWO early intervention specialist in the first instance.

The advice given during early intervention is tailored in response to the issues raised and the needs of the customer. It can include facilitated discussions with a focus on supporting customers to have effective workplace conversations, coaching customers through their options, provision of online resources and education, and moving to mediation if appropriate.

Early intervention specialists coach and advise customers about how to raise concerns with their employer or employee. The process can empower customers by teaching them how to resolve their own dispute quickly and informally, and can prevent an issue from escalating. The FWO resolved more disputes via early intervention in 2017–18, with over 20 000 disputes finalised via this method. Around 60% of the more than \$20.8 million recovered from our education and dispute resolution activities was via early intervention services.

Table 5: Early intervention disputes and recoveries, 2016–18

	2017–18	2016–17
Disputes completed	20 538	17 476
Monies recovered	\$12 611 943	\$9 038 112

Mediation

We mediate appropriate workplace disputes where the parties consent.

In 2017–18, our accredited mediators worked with parties to finalise 5125 disputes and recovered over \$6.5 million in wages, a 38% and 18% increase respectively on the previous year.

¹ Australian Bureau of Statistics (ABS) Labour Force, Australia, June 2018, cat. no. 6202.0, ABS, Canberra

In addition to monetary settlements, other non-monetary outcomes agreed by the parties through mediation can include apologies, changes to working arrangements and the return of goods and documents.

Small claims assistance

Where disputes cannot be resolved through early intervention or mediation, customers may be offered assistance with lodging a matter in the small claims court. This service is provided to both employees and employers for matters where the claim is for less than \$20 000.

Our assistance team help customers with their small claims in a number of ways, which may include:

- drafting a pre-claim letter to the employer
- discussing different court options
- preparing and presenting calculations
- completing court forms including applications and responses
- explaining different stages of court processes
- filing and serving court documents.

FWO lawyers also attend small claims lists 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.

In 2017–18, the FWO assisted over 800 people through the small claims assistance process, recovering \$1 224 145 in unpaid entitlements.

Investigations

In 2017–18, 1201 matters were referred for investigation and resolved in an average of 167 days. This timeframe is indicative of the more intensive process involved in formal investigations and the features of more complex or significant matters (such as vulnerable workers and/or uncooperative employers).

Our Compliance and Enforcement Policy explains the guiding principles of our strategic approach to ensuring compliance with Commonwealth workplace laws. It also features a range of case studies illustrating the varied services we provide to support productive, cooperative and harmonious workplaces. The policy can be found on the FWO website.

Proactive activities

In the last year, we undertook a range of activities to better understand and address the reasons behind systemic non-compliance in workplaces, with the ultimate goal of building a culture of compliance with workplace laws in Australia.

We have done this by:

- developing tailored resources and working with stakeholders to assist vulnerable workers prone to exploitation in the workforce, such as migrant workers, to resolve issues or seek help
- running intelligence-led campaigns to address and rectify issues of non-compliance in high-risk sectors and regions
- initiating detailed inquiries into sectors with a culture of non-compliance, helping us to better understand and address the drivers behind non-compliance
- developing solutions to address structural and behavioural drivers that lead to widespread non-compliance, including taking appropriate enforcement action in cases of serious non-compliance.

Anonymous reporting

Our Anonymous Report tool lets members of the community notify us of businesses or individuals who may be breaching workplace laws, without identifying themselves. In the last year, this tool was available in 16 priority languages (in addition to English). This enabled more migrant workers, one of our most vulnerable cohorts, to report issues to us in their language. The release of this tool was supported by a digital and traditional media campaign to raise awareness of the resource among migrant workers.

As of 30 June 2018, we received 15 138 anonymous reports, an increase of 44% from 2016–17. Of these reports, 1294 were in languages other than English.

Of all reports received in 2017–18, hospitality was by far the most reported industry, amounting to 37% of all reports. The next highest industries were retail (13%), and building and construction (5%).

Simplified Chinese (22%), Korean (22%), Traditional Chinese (21%) and Japanese (13%) were the languages most used to make in-language reports. Hospitality was the industry most reported on, totalling 39% of all in-language reports. The next highest industries were food manufacturing and processing (14%), and retail (8%).

Used in combination with other operational data and research, anonymous reports have helped to improve our targeting for compliance activities, allowing us to focus on a particular precinct, location, sector or type of conduct where there may be a systemic problem. For example, we relied on intelligence from our anonymous reports as part of a hospitality campaign that targeted specific food precincts

in Melbourne, Sydney and Brisbane. For more information about this campaign, see Hospitality on page 19.

Intelligence-led campaigns

We rely on intelligence gathered from stakeholders, internal operational data, public reports of non-compliance (for example, media stories) and the anonymous reports we receive from the Australian community to determine the industry and regions to target in our campaigns.

We proactively audited over 4500 workplaces in 2017–18, using intelligence-led targeted campaigns to examine specific industries, regions and businesses across Australia.

These campaigns allow us to verify our intelligence, better understand the cultural drivers at play and develop strategies to bring about sustained behavioural change. We are always refining and improving upon our methodology in deciding where to focus our campaign efforts to ensure maximum impact and value to the community.

Of the campaign audits we conducted (where business size was captured), 86% involved small businesses². Our intelligence indicates that, due to their comparable lack of resources, small businesses have more difficulty understanding and complying with workplace laws. In 2017–18, 46% of small businesses we audited as part of our campaigns were non-compliant³, compared to 36% of larger businesses. Of all formal disputes we finalised, 63% involve small business.

Our campaign work provides important opportunities to assist non-compliant businesses to become compliant through targeted education, information and advice.

Of the workplace audits conducted as part of our campaigns, we found an overall compliance rate of 54%, with the top contraventions relating to hourly rate underpayments (39%), failure to provide pay slips in their prescribed form (25%) and penalty rates for weekend work (11%).

Our largest campaign for the year, the Workplace Basics campaign, focuses specifically on educating employers about the most common non-compliance issues such as pay, penalty rates, and record-keeping and pay slip requirements. The campaign seeks to broaden the awareness and understanding of these issues across all industries, with an education phase that provided employers with tailored resources designed to help them get the 'basics' right.

² Defined as having fewer than 15 employees.

³ A business is classified as non-compliant when we have identified at least one issue with their workplace obligations, for example, incorrect record-keeping or underpayments.

The campaign is ongoing; we are currently in the audit phase, which involves contacting and checking 1000 businesses Australia-wide.

We also audited the hospitality industry in targeted, region-based campaigns. For more information on these campaigns, see Hospitality on page 19.

Our campaign audits for 2017–18 resulted in over \$2 363 000 in recoveries.

Vulnerable and migrant workers

Migrant workers and visa holders continue to be one of the most vulnerable worker cohorts, and are continually over-represented in disputes as well as our compliance and enforcement outcomes. While migrant workers make up 6% of the Australian workforce⁴, they account for 20% of all formal disputes completed by the FWO in 2017–18.

The new provisions in the *Fair Work Amendment (Protecting Vulnerable Workers) Act* that commenced in September 2017 recognise that exploitation of vulnerable workers is a serious and systemic issue in Australia's workplace relations system that needs to be addressed. The new laws equipped the FWO with extra tools and higher penalties that will help us respond more effectively to the exploitation of this cohort.

The over-representation of migrant workers in our disputes potentially reflects their unique situation: being new to the Australian labour market, not having baseline knowledge about workplace rights and entitlements, and potentially experiencing language and cultural barriers. Some migrant workers may also be reluctant to speak with public officials and may be concerned about their visa status if they raise issues. These factors can make migrant workers particularly vulnerable to exploitative practices from unscrupulous employers. We have actively sought to encourage this cohort to seek our assistance with issues, by identifying and removing barriers that may make them reluctant to seek help.

In the last year, we continued with our commitment to address and remedy the exploitation of these vulnerable workers. Activities performed in this regard include:

⁴ This percentage has been derived by dividing the number of selected visa types with working entitlements by total persons employed. Home Affairs, Temporary entrants and New Zealand citizens in Australia, as at 30 June 2016, Temporary entrants in Australia (stock data) statistics, p. 3, <https://www.homeaffairs.gov.au/ReportsandPublications/Documents/statistics/student-temp-grad-programme-report-dec-2016.pdf>, accessed 27 September 2018. 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, <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Jun%202016>, accessed 27 September 2018.

- using all enforcement tools at our disposal to deal with the most serious cases of non-compliance against this cohort:
 - Sixty-three per cent of the court cases initiated in 2017–18 involved litigating employers who exploit the vulnerabilities of migrant workers. This included some of the highest penalties the FWO has ever secured, such as a record \$660 000 against a former owner of a fruit market, and \$510 000 against a contract cleaning company. The judgments associated with these enforcement outcomes evidenced the community's concern with instances of deliberate and blatant exploitation of vulnerable overseas workers, and act as a powerful message of deterrence to other employers.
 - We continue to investigate and litigate 7-Eleven franchisees and outlets who take advantage of vulnerable workers, including securing almost \$200 000 in penalties against a 7-Eleven outlet in Brisbane for falsifying records and underpaying two international students. 7-Eleven entered into a Proactive Compliance Deed with the FWO in late 2016, committing to a range of measures designed to ensure all its workers receive their lawful entitlements through strong accountability for all operators across its franchise network.
 - Our compliance activity into Caltex's retail fuel outlets in 2017–18 found a non-compliance rate of 76% across 25 franchisee sites, with 17 of those site operators being from non-English speaking backgrounds. Sixty per cent of employees involved in the audit were also visa holders. This activity resulted in the use of 22 enforcement tools, including two litigations.
- adding more resources and tools to the FWO website to make it easier than ever for migrant workers and employers to get information about their workplace rights and obligations. For more information about these resources, see Online services on page 13
- implementing our International Students' Strategy. Developed in consultation with key stakeholders, the strategy involved an open letter to international students that was distributed to selected media outlets (including major metropolitan newspapers as well as some Chinese, Vietnamese and Indian publications) and through targeted social media channels. The letter urged international students to get informed about their workplace rights and seek help from the FWO where required. In the subsequent weeks, the agency received double the usual volume of anonymous reports from international students and our online in-language resources had increased visits. We also disseminated a communication package to relevant stakeholders and provided targeted social media content, knowing that this medium is popular with students
- continuing to work with key communities and stakeholders to not only better communicate with this cohort, but also to increase our understanding of the reasons for the high rates of non-compliance by employers from culturally and linguistically diverse backgrounds. Key activities and initiatives with communities and stakeholders included:
 - the continuation of our visa assurance protocol, developed with the Department of Home Affairs (Home Affairs). Under the protocol, a worker's temporary visa will not be cancelled if they require our assistance with workplace issues and meet other criteria, such as committing to abide by visa conditions in the future⁵
 - participating in Taskforce Cadena, we also share intelligence and data with Home Affairs to target and disrupt entities seeking to commit visa fraud and exploit foreign workers in Australia
 - finalising a strategy, in consultation with Korean business leaders, Korean media and the Korean Consular General, to bring about a culture of compliance among the Korean community in Australia. Key activities included producing in-language resources for employers and employees, and participation in the Korean Australian Business Forum
 - working with the Department of Jobs and Small Business to sponsor and support research into the information needs of temporary migrant workers. The research focused on how best to inform migrant workers about their rights and obligations in regards to workplace laws in Australia and sought input directly from more than 2000 migrant workers from 39 countries and regions, and was conducted in 12 languages (including English)
 - continuing to work with the Department of Jobs and Small Business, and other agencies, as a member of the Migrant Workers' Taskforce, looking to maximise opportunities to improve outcomes for migrant workers
 - participating in forums and networks, and working collaboratively with government bodies and key stakeholders to combat human trafficking and slavery-like practices. This included referring suspected instances of human trafficking and slavery to the Australian Federal Police and sharing information about our work through the Interdepartmental Committee (IDC) on Human Trafficking and Slavery, the National Human Trafficking Roundtable and the Labour Exploitation Working Group. While offences

⁵ We have an agreement with Home Affairs 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 and are actively assisting us in an investigation. This applies as long as they commit to abiding by visa conditions in the future and there is no other basis for visa cancellation (such as on national security, character, health or fraud grounds).

relating to trafficking of persons do not fall within the operational remit of the FWO, we acknowledge that the employees and employers we interact with may be victims or perpetrators of human trafficking and slavery.

Inquiries into supply chain networks

We continue to tackle the systemic issues of non-compliance and exploitation in labour supply chains. Past inquiries we have conducted have consistently shown a correlation between multiple levels of subcontracting and breaches of workplace laws, usually involving vulnerable workers performing low-skilled work.

Two inquiries that we reported on in 2017–18 gave us a greater understanding of how industries that commonly rely on labour contracting operate, and the drivers behind non-compliance.

Our inquiry into the procurement of security services by local government found that the ‘further away’ a business was from the council in the supply chain, the greater the levels of non-compliance: 63% of subcontractors were found to be non-compliant compared to 42% of principal contractors who had a direct relationship with the council.

Our inquiry into cleaning arrangements in Tasmanian supermarkets, and specifically the labour procurement contracting arrangements adopted at Woolworths stores, found an alarming non-compliance rate of 90% by contractors and sub-contractors at these sites, and underpayments of over \$64 000. As a result of these findings, we have made referrals to the Australian Taxation Office (ATO), initiated two litigations, and as of August 2018, Woolworths has publicly committed to monitoring its network of cleaning contractors through a new compliance partnership with us⁶.

Major companies have an ethical responsibility to take the lead in promoting a culture of compliance with workplace laws in their contracting networks. While it is the direct employer's responsibility to ensure workers are receiving their proper entitlements, the top of the supply chain has an obligation to ensure that unlawful conduct is not occurring within their business. Where operators deliberately ignore exploitation in their supply chains, we use every lever available to ensure they are held accountable. In 2017–18, we successfully relied on accessory liability laws to secure over \$130 000 in

court-imposed penalties against a cleaning company who sub-contracted its services to the MCG⁷.

The FWO also supports and encourages businesses in monitoring and managing their supply chains. Industry-driven initiatives play a key role in fostering sustainable, long-term cultural change. Our Proactive Compliance Partnerships with Woolworths have seen the company commit to monitoring and regulating its network of trolley services and cleaning contractors, to ensure its contractors and any sub-contractors are paying workers correctly and meeting their obligations.

We continue to be involved in and support the Cleaning Accountability Framework—a multi-stakeholder industry-led initiative that seeks to improve labour and cleaning standards in Australia. Our supply chain resources provide practical steps that help businesses take responsibility for their labour supply chains and networks. These guides were created in consultation with business, unions and employer organisations where contracting work is most common. In 2017–18, these resources were collectively viewed over 15 000 times.

Hospitality

The hospitality industry is a key focus of the FWO's compliance operations. Our operational data has consistently indicated this industry is over-represented in non-compliance with workplace laws. Despite it only making up around 7% of Australia's workforce, the hospitality industry accounted for the highest number of disputes the FWO assisted with both in 2016–17 (17%) and 2017–18 (18%). We also made over \$4.8 million in recoveries from this sector—19% of all our recoveries.

It is the industry in which a significant proportion of vulnerable workers (in particular young workers and migrant workers) seek our assistance, accounting for 33% of all formal disputes we assisted migrant workers with, and 29% of all formal disputes we assisted young workers with. Thirty-seven per cent of all anonymous reports received were in relation to the hospitality industry.

The industry is also over-represented in our compliance and enforcement outcomes. It makes up almost a third of all of our litigations in the last two years, and had the highest number of compliance notices (34%), infringement notices (36%) and letters of caution (30%) issued in 2017–18.

⁶ The Proactive Compliance Partnership with Woolworths regarding their cleaning services supply chain was signed on 24 August 2018.

⁷ FWO media release: Penalty against MCG head contractor over underpayments a “wake-up call”, 29 May 2018

As an agency, we want to better understand the factors influencing the high rates of non-compliance in the hospitality industry. As part of our ongoing program of intelligence-led audits, we conducted a number of proactive compliance activities that targeted popular food precincts in Melbourne, Sydney and Brisbane. Our inspectors visited businesses in three prominent hospitality precincts in each city. The precincts were chosen using a range of intelligence and analysis (including anonymous report information) to determine high concentrations of known, or suspected, non-compliant practices.

The campaign audited 243 businesses in total, finding a non-compliance rate of 72% and recovering \$471 904 for 616 employees. The most common breaches were in relation to underpayment of wages (38%), and failure to provide pay slips in the prescribed form (17%).

The campaign delivered valuable insights into the compliance barriers for these precincts. This included factors like:

- the costs associated with employment as well as other key inputs such as amenities
- low awareness of where to get help
- industry norms
- language barriers
- a reliance on third-party wage advice (such as accountants).

These insights assist to explain the potential drivers of non-compliance in the hospitality industry and will assist the FWO in designing future education, communication and compliance activities.

Another key method for addressing non-compliance in the hospitality industry is through deterrence. Where we identify serious exploitation and a deliberate disregard for the law, we use available tools to hold those responsible to account. In 2017–18, we secured a total of \$2 263 360 in court-ordered penalties against non-compliant companies, business owners and their accessories in the hospitality industry, a 56% increase from the previous financial year. In one of our most significant litigations, we secured almost \$400 000 in penalties against a restaurant and three individuals—including a human resources (HR) manager—who underpaid their staff almost \$600 000.

Fast food, restaurants and cafés

The hospitality industry remains a key concern and focus for us. In the next year, we will concentrate on those areas of the hospitality industry with the highest rates of non-

compliance; the fast food, restaurant and café (FRAC) sub-sectors. Our FRAC strategy looks to impact the behaviours and compliance levels of this sector by:

- working with key business owners and influencers in the industry to drive behavioural change
- communicating our messages across sector networks
- using our new legislative powers to hold lead businesses and others involved in non-compliance to account.

Enforcement outcomes

We reserve our statutory enforcement tools for cases of serious non-compliance, or those matters considered to be in the public interest. This might include instances where there is a blatant disregard of the law, exploitation of vulnerable workers, or systemic issues of non-compliance where there is a need for specific deterrence. Our Compliance and Enforcement Policy provides more detail of our approach.

In 2017–18, we used a total of 877 enforcement tools (including infringement notices, compliance notices, enforceable undertakings and litigations). Additionally, we sent 829 formal caution letters to employers, warning them to correct compliance issues that we had identified.

Infringement notices

Infringement notices are on-the-spot fines we issue to employers for breaching record-keeping and pay slip requirements. Before issuing a notice, we consider the employer's previous compliance history as well as how much their lack of record-keeping impacts our ability to find, calculate and recover entitlements. We issued 615 infringement notices in 2017–18 for a total amount of \$397 341.

Compliance notices

Compliance notices formally require a person to take specific action to fix alleged entitlement-based breaches of the Fair Work Act. Prior to issuing a compliance notice, the FWO takes the nature of the breach and the employer's level of cooperation into consideration. Most contraventions are resolved voluntarily, without needing to issue a compliance notice. In 2017–18, we recovered more than \$950 000 in unpaid wages through 220 compliance notices. If a notice is not complied with, the FWO takes action in court to enforce it. This can result in orders for remedial action and penalties. We initiated three 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 admits liability, expresses contrition and agrees to remedy breaches as well as secure ongoing future compliance. This is often through back-payment, training sessions for managers and independent wage audits. In 2017–18, we used enforceable undertakings seven times, recovering over \$2.1 million in back-payments. Our largest enforceable undertaking for the year recovered \$1.4 million in back-payments for over 1300 workers in a swim school franchise network. Copies of our enforceable undertakings are publicly available on our website, www.fairwork.gov.au.

Table 6: Enforcement outcomes 2017–18

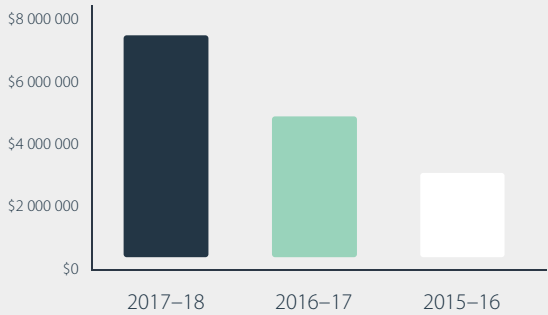
Enforcement tool	Number
Infringement notices issued	615
Compliance notices issued	220
Enforceable undertakings executed	7
Litigations commenced	35

Litigation

Our approach to litigation is based on the agency’s key areas of strategic focus. In considering whether to commence legal proceedings, we focus on those that will deliver maximum impact to a particular industry, sub-sector or region. This assessment also involves consideration of our capacity to seek higher penalties under the new provisions relating to protecting vulnerable workers.

In 2017–18, we initiated 35 litigations and achieved over \$7.2 million court-ordered penalties (\$5.8 million against companies and \$1.4 million against individuals). This is the highest amount of penalties we have ever secured in a financial year (a 46% increase from the previous highest amount of \$4 864 925 in 2016–17). This rise in court-ordered penalties reflects the increasing complexity and significance of matters we are filing, as well as the court’s growing intolerance for exploitative conduct against vulnerable workers. As at 30 June 2018, the FWO had 85 matters before the courts.

Figure 2: Penalties ordered, 2015–2018



In 2017–18, we achieved a number of significant litigation outcomes in matters where there was a high level of public interest.

First racial discrimination case

FWO’s first racial discrimination case involved the exploitation of two Malaysian employees who were discriminated against because of their racial background. The former operators of a Tasmanian hotel treated the Malaysian employees differently to other staff members, paying them less and requiring them to work longer hours. The court found that the employees’ Malaysian-Chinese background was a ‘substantial and operative reason’ for being discriminated against, ordering over \$210 000 in penalties.

Accessorial liability

We used accessorial liability laws to hold professional services providers to account for deliberate exploitation of workers. One case involved holding an accounting firm, which provided payroll services for an employer, to account for the underpayment of two workers on 417 working holiday visas. The underpayments continued to occur even after the FWO identified and provided notice to the employer and accounting firm regarding the underpayments. In the decision, the Judge stated that the firm ‘had a responsibility to ensure there was compliance with ... the Fair Work Act.’ The decision was upheld on appeal. In a separate case, the FWO was also successful in using accessorial liability laws to hold a HR manager of a business to account.

First Paid Parental Leave legal action

In another first, we took legal action against an employer who failed to transfer the Australian Government's Paid Parental Leave funds to an employee. The affected employee was on a 487 skilled visa. After she had a child, the Department of Human Services (DHS) transferred her paid parental leave to her employer, Noorpreet Pty Ltd, to transfer to her. After many unsuccessful attempts by the employee to retrieve her payment, DHS referred her to us to resolve the matter. During the investigation, Noorpreet's director provided a FWO Inspector with a false document that claimed the company had already paid the parental leave payment to the employee's husband, in cash. The court found the company and the director had engaged in 'deliberate deception'. Stating that deterrence against the employer's conduct guided his decision, the Judge issued penalties of nearly \$120 000 to the company and the director (who were also found to have engaged in several record-keeping and pay slip contraventions).

New record for highest total penalties ordered

A record of the total penalties ordered in a proceeding was set during 2017–18. Total combined penalties of \$660 020 was ordered in the matter *Fair Work Ombudsman v Mhoney Pty Ltd & Anor*. This case involved significant underpayments and exploitation of a shop assistant in a fruit and vegetable shop. The employee was a migrant worker who had recently arrived in Australia and lacked fluency in English.

Record penalty

We also secured our highest penalties for a legal action in Western Australia, and our third-highest penalties nationally, in the matter *Fair Work Ombudsman v Commercial and Residential Cleaning Group Pty Ltd, Catherine Paino-Povey and Mark Povey*. This case involved a contract cleaning company that exploited three Taiwanese workers on 417 working holiday visas, with one employee paid just a third of what she was entitled to for two months of work. The operators, a husband and wife, had previously been penalised in 2013 for running another cleaning company that also exploited local and overseas workers. In this case, the judge ordered total penalties of \$510 840 against both the company and the operators, citing that the high penalties were imposed to deter the husband and wife from re-offending.

Gender equity in briefings

In 2017–18, we remained committed to the Law Council of Australia's Equitable Briefing Policy, which aims to improve gender equality in the number of briefs to barristers across the country. In 2017–18, the FWO briefed female counsel 55 times (61%) and male counsel 35 times (39%).

Government Lawyer of the Year

Phoebe Nicholas, Principal Lawyer with FWO, won the Government Lawyer of the Year Award at the 2018 Victorian Legal Awards, hosted by the Law Institute of Victoria. The win recognises the important legal work that Phoebe has led at the FWO, including the Inquiry into 7-Eleven franchises, FWO's Compliance Partnership with Woolworths trolley collecting supply chain, and FWO's first racial discrimination matter.

03: ROC performance report

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Review by the Commissioner



The Registered Organisations Commission (ROC) was established in May 2017 to help improve the governance and financial transparency of registered organisations. There are currently 107 organisations registered under the *Fair Work (Registered Organisations) Act 2009* (the RO Act). In 2017, organisations reported that they had over two million members, controlled more than \$2.8 billion in total assets and had combined annual revenue in the order of \$1.5 billion.

The ROC aims to add value to organisations registered under the RO Act by fostering their efficient management and their accountability to members. We do this by:

- educating and assisting organisations to achieve compliance
- promoting effective governance and financial transparency
- investigating and taking appropriate enforcement action.

The ROC's outcomes in 2017–18 include:

- the implementation of a highly collaborative approach with registered organisations promoting compliance and facilitating remedial action when required
- delivering two face-to-face information sessions to over 200 representatives from over 60 registered organisations
- the introduction of a quarterly ROC newsletter, which provides compliance tips and updates on statutory and regulatory change
- the launch of multiple sophisticated compliance tools to assist organisations

- establishing a helpline to advise on the new corrupting benefits provisions in the *Fair Work Act 2009*
- attracting over 800 subscribers to our subscription service
- embedding the new legislative scheme for the registration of auditors and registering 267 auditors
- concluding 1446 regulatory matters
- surpassing all our time-based performance indicators
- augmenting a coordinated regulatory approach to whistleblower disclosures. We received 86 potentially protected disclosures. During the reporting period, 45 disclosures were allocated to the Commissioner and we finalised 46 disclosures
- commencing six inquiries and four investigations into organisations, their officers or their auditors
- concluding six inquiries and three investigations into organisations or their officers
- progressing 11 referrals made by the Royal Commission into Trade Union Governance and Corruption (TURC) and finalising two referrals
- progressing three civil litigation proceedings in the Federal Court of Australia transferred from the Fair Work Commission (FWC) and commencing a further two proceedings.

The year ahead

The ROC is committed to adding value to registered organisations by fostering their good governance and financial transparency and their compliance with the RO Act. In 2018–19 we will:

- continue to engage and collaborate with organisations about enhanced compliance and high standards of accountability to members
- help organisations to further embed a culture of compliance and increase core organisational skills and capabilities to achieve that
- launch and implement the ROC Education Strategy, which will set out the major education activities and resources that the ROC will deliver in the year ahead (including their timing)
- deliver face-to-face information sessions in Darwin, Perth, Brisbane, Sydney and Melbourne
- encourage democratic control by enabling accountability of office holders to their members through arranging for elections and publication of annual returns of information in a timely manner
- improve financial compliance by engaging with registered auditors, helping members to understand financial statements and working with organisations to ensure their disclosures meet statutory requirements

- undertake an audit of governance training by officers of organisations
- assist organisations to develop internal whistleblower policies and a positive 'speak-up' culture
- monitor the acts and practices of organisations in complying with the provisions of the RO Act
- undertake inquiries and investigations into suspected contraventions of the RO Act while working collaboratively with organisations to remediate harm and promote effective governance
- take appropriate and proportionate evidence-based enforcement action.

The ROC assists and regulates organisations through a range of strategies, including education, guidance, collaboration, monitoring, inquiries, investigation and, if required, enforcement action. We look forward to a productive 2018–19.

I would like to acknowledge the hard work of, and thank, everyone at the ROC for their conscientious efforts and contribution to our outcomes over the past year.

A handwritten signature in black ink, appearing to read 'Mark Bielecki', with a large, stylized circular flourish underneath.

Mark Bielecki
Registered Organisations Commissioner

Registered Organisations Commission annual performance statement

I, Sandra Parker, as the entity's accountable authority, present the ROC's 2017–18 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 employee and employer organisations through education, guidance, regulation, monitoring, inquiries, investigation and appropriate enforcement.

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 35
	Annual returns required to be lodged are assessed for compliance within 40 working days.	95%	100%	Page 35–36
	Lodgements of prescribed information for an election are dealt with within 40 working days.	95%	99%	Page 36
	Applications for registration by auditors are dealt with within 40 working days.	95%	99%	Page 36
	Information to educate employee and employer registered organisations and their members is made available.	Multiple items	15 major education activities	Page 28–29

Source: FWO and ROC Entity 2017–18 Portfolio Budget Statements: Programme 2.1 (p. 143) and FWOROCE Corporate Plan (2017–2018) (p. 7).
Note: The FWO and ROC Entity 2017–18 Portfolio Budget Statements contain two errors on page 142. 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

As at 30 June 2018, there are 107 federally registered organisations comprised of approximately 376 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 audited financial reports with the ROC. Since 2 May 2017, it has been a legislative requirement that only auditors registered by the Commissioner audit the financial reports of reporting units.

Each registered organisation is also required to lodge an annual return of information (annual returns), and organisations and their branches are required to lodge prescribed information for elections (unless exempt). The accurate and timely assessment of these documents is an important aspect of monitoring compliance with the RO Act by organisations. Publication of these documents by the ROC enables accountability to organisations' members and the wider community.

The ROC is pleased to report that 100% of financial reports and annual returns have been assessed by the ROC within 40 working days following lodgement. The ROC has also surpassed timeliness measures for dealing with elections and applications for registration by auditors, with 99% dealt with within 40 working days.

We helped to elevate compliance by improving the governance and financial accountability of organisations through education. In 2017–18 we engaged with registered organisations and their peak bodies in the development and delivery of a broad range of education activities and resources.

ROC priorities and activities: adding value to organisations

Our vision, aim and methods

The ROC’s vision is to be valued by the community for regulating and fostering the efficient management and accountability of organisations. We do this by:

- educating and assisting organisations to achieve compliance
- promoting effective governance and financial transparency
- investigating and taking appropriate enforcement action.

How we add value to organisations

Education activities

The ROC’s priority is providing compliance and governance education, supported by practical resources. Our education activities have been developed in consultation with organisations and their peak bodies, and refined in response to feedback.

In 2017–18, we launched a face-to-face information sessions program, with sessions held in Parramatta and Melbourne. These two sessions attracted more than 200 representatives from over 60 organisations. More sessions are planned in 2018–19 for Darwin, Perth, Brisbane, Sydney and Melbourne. The sessions provided attendees with practical tools for compliance and financial governance. Feedback indicated the ‘question and answer’ sessions with panels of eminent industrial relations counsel were of significant value and 97% of survey respondents stated they would attend another session.

At these information sessions, we launched several education and compliance tools, including:

- an Officers’ Induction Kit
- an interactive compliance calculator
- a pictorial resource which shows at a glance and supports easy access to the range of tools and resources developed by the ROC to help organisations comply with the RO Act.

The ROC released further education tools throughout the year, including initiating quarterly ROC newsletters. Four newsletters were released in 2017–18. Topics covered included introductory information about legislative changes and sources of further information, information about how the ROC undertakes its compliance activities, tips and reminders about compliance requirements and the dispelling

of some common misconceptions about compliance requirements.

The ROC website (www.roc.gov.au) continues to provide information and tools to assist organisations with compliance. In 2017–18, we received 150 310 visits to the website, and 29 296 documents were downloaded.

In 2017–18, we delivered six broad-based education campaigns targeted at organisations and their members. These campaigns covered topics such as whistleblowing, changes to the reporting guidelines for financial reports, and refresher information about regulatory obligations. In addition, we have conducted:

- in addition to regular daily telephone conversations, 44 face-to-face meetings with organisations, registered auditors and peak bodies regarding compliance
- five webinars which attracted 520 participants—one regarding annual returns, one regarding officer and related party disclosures and three regarding corrupting benefits provisions
- public relations activities to raise general awareness about our role and nine presentations at conferences of industrial groups, such as the Employment Law Conference and the New South Wales Industrial Relations Society.

Table 7 provides a list of new education activities we provided in 2017–18. These activities are in addition to our ongoing services, such as website content, fact sheets, templates, guidance notes, checklists and one-on-one consultations.

Table 7: ROC major education activities provided to employer and employee organisations and their members, July 2017 to June 2018

Type of activity	Provided to
First quarterly newsletter with information about changes to the RO Act, the differences between the FWC and the ROC, financial reporting, officer and related party disclosures, loans grants and donations, and recent litigation	Employer and employee organisations (and peak bodies)
Education campaign regarding the <i>Fair Work Amendment (Corrupting Benefits) Act 2017</i>	Employer and employee organisations and their members (and peak bodies)
Education campaign regarding requirement to notify changes to records within 35 days	Employer and employee organisations (and peak bodies)
Education campaign about whistleblower provisions	Employer and employee organisations and their members (and peak bodies)

Table 7 (continued)

Type of activity	Provided to
Second quarterly newsletter with information about financial reporting, the importance of voluntary compliance, corrupting benefits laws and notifications of change	Employer and employee organisations (and peak bodies)
Education campaign about officer and related party disclosures, including website content, a template disclosure statement, a fact sheet and a webinar	Employer and employee organisations and their officers (and peak bodies)
Information session in Parramatta: 6 March 2018	Employer and employee organisations (and peak bodies and auditors)
Development of an interactive calculator that identifies when regulatory actions are due	Employer and employee organisations
Development of an Officers' Induction Kit	Employer and employee organisations and their officers
Production of ROC resources guide factsheet ('ROC Flower')	Employer and employee organisations (and peak bodies)
Updated education tools regarding annual returns, including a webinar	Employer and employee organisations (and peak bodies)
Third quarterly newsletter with information about the first ROC information session, annual returns, relevant Federal Court decisions and, education resources and our balanced compliance approach	Employer and employee organisations (and peak bodies)
Information session in Melbourne: 4 May 2018	Employer and employee organisations (and peak bodies and auditors)
Update of educational materials regarding elections: we encourage the provision of information regarding pending rule alterations	Employer and employee organisations (and peak bodies)
Fourth quarterly newsletter with information about potential upcoming information sessions, misconceptions about notifications of changes, links to latest resources and election tips when rule alterations are pending	Employer and employee organisations (and peak bodies)

Promoting effective governance and financial transparency

In 2017–18, we promoted effective governance and financial transparency within organisations by:

- sending them reminders about upcoming statutory obligations
- assessing financial reports

- seeking to ensure all auditors are registered
- approving financial management training for office holders.

Reminders and alerts

To help organisations meet their statutory compliance timelines, in 2017–18 we issued in excess of 1400 reminders and alerts comprising:

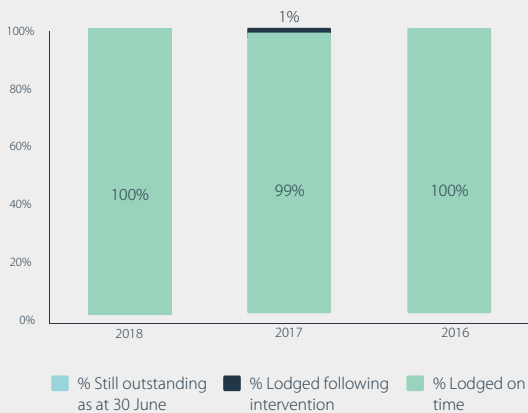
- 172 reminders about the requirement to lodge an annual return of information
- 406 reminders about the requirement to lodge a financial report
- 230 reminders about lodging statements of loans grants and donations
- 93 reminders about the requirement to lodge information for an election
- 564 alerts about training for office holders.

Annual returns of information

Annual returns provide information about office holders, election requirements, branches and member numbers for the organisation. Timely lodgement and publication of these documents promotes democratic control as members can readily ascertain who their officers are and when elections are due.

In 2017–18, we are pleased to report that all organisations lodged their annual returns by the due date of 31 March 2018.

Figure 3: Percentage of annual returns of information lodged within statutory timelines



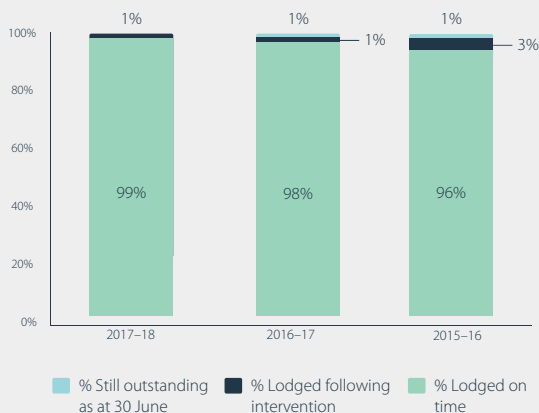
Note: In 2016 and 2017, annual returns of information were lodged with the Fair Work Commission (FWC). They were lodged with the ROC in 2018.

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. Timely lodgement and publication of these documents promotes financial transparency.

Compliance rates for the lodgement of financial returns within the statutory timeframe have incrementally improved over three years. Ninety-nine per cent of reporting units lodged financial returns on time in 2017–18.

Figure 4: Percentage of financial returns lodged within statutory timelines



Note: Prior to 2 May 2017, financial returns were lodged with the FWC. On and from 2 May 2017 they were lodged with the ROC.

Assessment for compliance and publication for transparency

In assessing documents lodged for compliance (including annual returns of information, financial reports and election information), the ROC applies a risk-based approach designed to direct resources to areas where risk of non-compliance is highest. In 2017–18, 1446 regulatory matters were subject to risk-based assessment and closed. Most documents lodged by organisations are published on our website.

Improving financial reporting compliance

The contents of all financial returns are assessed against key compliance requirements (primary review), while 20–25% are subject to a more detailed advanced review. Over a five-year period, each reporting unit will be subjected to an advanced review at least once (more often if circumstances warrant). Compliant financial reports must meet key compliance

criteria, including whether:

- significant disclosure requirements under the reporting guidelines are met
- statutory timeframes are met
- appropriate notes regarding preparation of accounts are made
- related-party disclosures are made
- concise reports contain all disclosure requirements within the reporting guidelines (if applicable)
- key components of the auditor's report are met, including whether the General Purpose Financial Report (the GPFR) is 'unqualified'; and
- the report is audited by a registered auditor.

Applications for exemptions from financial reporting (s. 271 of the RO Act) and applications for reduced financial reporting (s. 269 of the RO Act) are reviewed against all required legislative criteria.

As at 30 June 2018, not all financial returns with a 2017 year end had been lodged. Of those that had been lodged and assessed for compliance, 73% met the compliance measures, compared to 70% in 2016 and 56% in 2015.

Table 8: Initial compliance of financial reports with financial year end 2015, 2016 and 2017

	2017	2016	2015
Primary review	70%	68%	48%
Advanced review	57%	45%	39%
Applications for reduced reporting requirements and applications for exemptions	99%	98%	93%
Percentage of financial reports that initially met key compliance criteria	73%	70%	56%

Note: Prior to 2 May 2017, financial returns were lodged with the FWC. On and from 2 May 2017 they were lodged with the ROC.

Ensuring all auditors are registered

All auditors of organisations' financial reports are required to meet criteria specified in the RO Act and be registered with the Commissioner. As at 30 June 2018, the Commissioner had registered 267 auditors since registration commenced on 2 May 2017. All but three financial reports lodged with the ROC have been audited by a registered auditor. The three that were not are subject to an inquiry see Table 10 on pages 31–32.

Ensuring office holders undertake training

The RO Act requires holders of office with financial duties to undertake financial training that has been approved by the Commissioner (s. 293K). The Commissioner has approved 12 training packages, which are listed on our website. The ROC will audit compliance with this requirement in 2018–19.

An office holder can be exempted from training if the Commissioner is satisfied that the office holder has a proper understanding of their financial duties (s. 293M). The ROC is consulting with organisations and their peak bodies to develop an application form for exemption. The form, when finalised, will aim to balance the need for office holders to be properly trained in financial management duties with the efficient management of organisations.

How we regulate

Adding value to organisations through regulation

The ROC aims and works hard to help organisations remedy unintended non-compliance. We have a stepped approach for assessment of probable contraventions that takes into account the nature and history of an organisation's compliance, as well as any remedial actions undertaken by the organisation.

When the ROC commences an inquiry or investigation, we seek to work with the organisation and relevant persons to promote good governance. We consult with the organisation and assess whether any harmful conduct has occurred and, if so, whether it has, or can be, remedied. The extent of cooperation by an organisation and actions taken to remedy harmful conduct informs how we progress alleged non-compliance. The vast majority of our inquiries and investigations do not result in litigation. However, we will commence proceedings if, after considering all of the circumstances, it is warranted.

Inquiries

The Commissioner is able to make inquiries into compliance by registered organisations with financial obligations or into the application of civil penalty provisions.

The ROC takes a collaborative approach to inquiries—we aim to work with organisations to ensure compliance is achieved and any harms, so far as is possible, are remedied. Table 9 details the inquiries commenced in or continuing during the reporting period.

Table 9: Inquiries initiated and closed under chapter 11, part 4 of the RO Act in 2017–18

	No. open as at 30 June 2017	No. commenced during 2017–18	No. concluded during 2017–18	No. open as at 30 June 2018
Inquiries	3	6	6	3

Table 10 details the inquiries undertaken during the reporting period.

Table 10: Inquiries under chapter 11, part 4 of the RO Act in 2017–18

Name	Type*	Commencement date	Issue	Completion date or estimated completion date	Outcome
Health Services Union, New South Wales Branch	s. 330	5 June 2017	Inquiry arising from TURC referral regarding conduct of former Branch Secretary	31 August 2017	No further action
Flight Attendants' Association of Australia, International Division	s. 336(1A)	23 June 2017	Follow-up inquiry 12 months after investigation to determine whether reporting unit has addressed compliance issue (related party transactions) found during investigation	30 August 2017	No further action

Name	Type*	Commencement date	Issue	Completion date or estimated completion date	Outcome
Transport Workers' Union of Australia	s. 336(1A)	28 June 2017	Follow-up inquiry 12 months after investigation to determine whether reporting unit has addressed compliance issues (record-keeping) found during investigation	23 October 2017	No further action
United Firefighters' Union of Australia, Victorian Branch	s.330	13 July 2017	Inquiry arising from TURC referral (see page 32) regarding payments for Committee of Management member's personal legal matters	17 October 2017	No further action
Health Services Union, Tasmania Branch	s.330	15 September 2017	Inquiry in relation to payment received by former Branch Secretary when leaving office	8 January 2018	No further action
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, New South Wales Divisional Branch	s.330	8 December 2017	Inquiry as to whether financial records properly kept and whether statements of loans, grants and donations properly made	22 March 2018	No further action
Australian Road Transport Industrial Organisation, Tasmanian Branch	s.330	8 May 2018	Inquiry considering circumstances surrounding appointment of unregistered auditor	Estimate: August 2018	In progress
Master Builders Association of New South Wales	s.330	8 May 2018	Inquiry considering circumstances surrounding appointment of unregistered auditor	Estimate: August 2018	In progress
Clubs Victoria Inc.	s.330	11 May 2018	Inquiry considering circumstances surrounding appointment of unregistered auditor	Estimate: September 2018	In progress

* Types: s. 330: inquiry as to whether contravention of financial obligations and/or civil penalty provisions, s. 336(1A): follow-up inquiry within 12 months of notification of contravention of financial obligations

Investigations

If satisfied there are reasonable grounds for doing so, the Commissioner is empowered to conduct investigations into compliance by registered organisations with their financial obligations, or to ascertain whether there has been a breach of a civil penalty provision. Table 11 provides an overview of investigations that commenced or were continuing during 2017–18.

Table 11: Investigations under chapter 11, part 4 of the RO Act in 2017–18

	No. open as at 30 June 2017	No. commenced during 2017–18	No. concluded during 2017–18	No. open as at 30 June 2018
Investigations	2	4	3	3

As at 1 July 2017, the Commissioner was conducting two investigations into organisations regarding alleged contravention of financial and/or civil penalty provisions (under s. 331). During 2017–18, three further investigations were commenced under s. 331 and a further investigation was commenced under both s. 331. and s. 332 (an investigation arising from an auditor's report). See Table 12 for details of investigations.

Table 12: Investigations under chapter 11, part 4 of the RO Act in 2017–18

Name	Type*	Commencement date	Issue	Completion date or estimated completion date	Outcome
Australian Workers' Union, Victorian Branch	s. 331	2 November 2016	Referral from the TURC; alleged breaches of s. 253(3) and s. 230	19 March 2018	Federal Court proceedings commenced 16 May 2018
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia, Electrical, Energy and Services Division, Victorian and Tasmanian Branches	s. 331	24 May 2017	Alleged inappropriate use of funds	16 February 2018	No further action
Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia	s. 331	22 September 2017	Failure to keep an accurate record of office holders and failure to notify changes to records	13 April 2018	Federal Court proceedings commenced 10 May 2018
The Australian Workers' Union, National Office and Victorian Branch	s. 331	20 October 2017	Alleged unapproved donations	On hold due to Federal Court action	On hold pending outcome of Federal Court action
Australia Hotels Association, Queensland Branch	s. 331	20 October 2017	Elections not held over extended period	Estimate: 30 September 2018	Still under investigation
Construction, Forestry, Mining and Energy Union (CFMEU), Mining and Energy Division, Queensland District Branch	s. 331 and 332	14 March 2018	Whether there has been inappropriate credit card usage and loans to officers and employees	Estimate: 31 December 2018	Still under investigation

* Types: s. 331: alleged contravention of financial and/or civil penalty provisions, s. 332: arising from the auditors' report

Investigations: whistleblowers

The Commissioner is required to investigate protected disclosures made by whistleblowers (s. 337CA). The whistleblower scheme, introduced in May 2017, expanded the categories of people protected when whistleblowing about potentially unlawful conduct by officers and employees of registered organisations. Criminal penalties for taking a reprisal against a whistleblower were also introduced.

The ROC co ordinates the regulatory approach (across Commonwealth agencies and law enforcement bodies) to whistleblower disclosures under the RO Act. The ROC aims to provide a safe method for 'blowing the whistle', while also working with the relevant organisation to address actual or potential harm. Depending on the nature of the allegation, the ROC will, if necessary, take appropriate enforcement action.

The ROC has consulted with stakeholders, including academics and representatives of whistleblower groups, and continues to refine its processes. In 2018–19, we aim to assist organisations to develop model internal whistleblower policies and a positive 'speak-up' culture.

Table 13: Protected disclosures under chapter 11, part 4A of the RO Act 2017–18

No. open at 30 June 2017	No. opened 1 July 2017 – 30 June 2018	No. closed 1 July 2017 – 30 June 2018 because ineligible disclosure	No. closed – ROC did not consent to allocation	No. allocated to authorised official external to the ROC	No. allocated to the RO Commissioner	No. closed with no investigation conducted	No. closed with investigation completed	No. open as at 30 June 2018
1	86	24	1	1	45	27	19	15

Royal Commission into Trade Union Governance and Corruption

The Royal Commission into Trade Union Governance and Corruption (TURC) was established 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.

One referral resulted in the FWC commencing civil proceedings against the TWU. These proceedings were transferred to the Commissioner in May 2017. The Commissioner 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 Queensland Branch election. The Federal Court did not find that the TWU had failed to keep a copy of the register of members for a Queensland Branch election, however all other alleged breaches were substantiated. The court imposed penalties on the TWU totalling \$271 362, which the TWU appealed against. The hearing of the appeal is listed to be heard by the Full Federal Court on 23 August 2018.

On 16 May 2018, the Commissioner commenced civil proceedings against the AWU and Mr Cesar Melhem in response to 10 referrals from the TURC. The Commissioner seeks the imposition of civil penalties on the AWU and Mr Melhem alleging that their conduct constituted schemes in which the membership of the AWU was artificially inflated and the AWU Victorian Branch received payments that were not legitimately due to it. A case management conference in this matter was listed before Mortimer J on 9 July 2018, but as at 30 June 2018, the matter had not yet been listed for hearing.

In response to referrals from the TURC, the ROC concluded two inquiries with no further action, one in relation to the New South Wales Branch of the HSU and the other in relation to the UFUA (see pages 31–32).

Table 14: Status summary of referrals from the Royal Commission into Trade Union Governance and Corruption

Referred to the ROC	Before the Federal Court (including appellate court)	Closed by the ROC with no further action	In abeyance, pending police investigations or criminal proceedings
24	11*	2	11

* Note: There are two matters before the Federal Court. The proceedings against the AWU is based on 10 referrals from the TURC.

Enforcing provisions of the RO Act

The ROC's approach to enforcement is that it will proceed where there is evidence to support this. If the evidence leads the ROC to conclude that enforcement of compliance obligations is warranted and is in the public interest, we will commence proceedings. In 2017–18 two penalties were imposed as the result of ROC's court actions, including penalties of \$271 362 against the TWU (see p. 34) and \$2000 in penalties imposed against Michael Mijatov, previously an officer of the Flight Attendants' Association of Australia (FAAA). The allegations, orders sought and outcomes (if finalised) of legal action are detailed in Table 15.

Table 15: Alleged contraventions and orders sought under s.310(10(a) of the RO Act 2017–18

Name	Date	Alleged contraventions	Orders applied for	Date of completion	Outcome
<i>Registered Organisations Commissioner v Australian Nursing and Midwifery Association & Mark Olson</i> [WAD 470/2015]	21 August 2015	The Western Australian 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 (hearing concluded September 2017, judgment reserved)	Awaiting judgment
<i>Registered Organisations Commissioner v Transport Workers Union</i> [NSD 2041/2016]	25 November 2016	Failing to remove unfinancial NSW members from its register Failing to keep a register in New South Wales and Western Australia Failing to keep a copy of the member register for a Queensland Branch election (referral from the TURC)	Declarations, civil penalties and any other order the Court deems appropriate	2 February 2018 (first instance) Under appeal	Penalties of \$271 362.36 imposed on the TWU comprising \$200 000 for failing to remove 20 907 unfinancial members from the register and \$71 362.36 for failing to keep records. Unsuccessful regarding allegation of failure to keep register of members in Qld. The TWU have appealed the amount of the penalties

Correction

This page corrects the first row of Table 15 on page 35 of The Fair Work Ombudsman and Registered Organisations Commission Entity Annual Report 2017–18. The information corrected regards the *Registered Organisations Commissioner v Michael Mijatov* [NSD 2181/2016] and corrects the date, alleged contraventions, orders applied for, date of completion and outcome.

Table 15: Alleged contraventions and orders sought under s.310(10(a) of the RO Act 2017–18 (continued)

Name	Date	Alleged contraventions	Orders applied for	Date of completion	Outcome
<i>Registered Organisations Commissioner v Michael Mijatov</i> [NSD 2181/2016]	19 December 2016	Failing to discharge his duties with care and diligence in: Failing to provide annual budgets as required under the FAAA's rules Approving more than 12 weeks back-pay for himself	Declarations, civil penalties and compensation to the FAAA, costs and any other order the Court deems appropriate	22 June 2018	Civil penalty payment orders: \$500 for failing to prepare annual budgets and \$1500 for approving back-pay for himself (penalty mitigated on the basis that the Court accepted that Mr Mijatov genuinely believed that back-pay was owed)
<i>Registered Organisations Commissioner v Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia</i> [NSD802/2018]	10 May 2018	Failure to keep an accurate record of office holders Failure to notify changes to records	Declarations, civil penalties and any other order the Court deems appropriate	Ongoing	
<i>Registered Organisations Commissioner v The Australian Workers Union & Cesar Melhem</i> [VID583/2018]	16 May 2018	Entering on the register of members 851 people who were not members Failure to remove 2534 unfinancial members from the register Receipt of payments by the Victorian Branch that were not legitimately due	Declarations, civil penalties and any other order the Court deems appropriate	Ongoing	

Action taken against the ROC

On 20 October 2017, the ROC commenced an investigation into whether \$230 500 of donations, including to a range of political campaigns, were properly authorised by the AWU. On Monday 23 October 2017, the ROC received information which gave rise to concerns that documents in the possession of the AWU may be being interfered with. On Tuesday 24 October 2017, the ROC applied to a magistrate and was granted search warrants to be executed by the Australian Federal Police. The AWU commenced court proceedings to quash the decision by the ROC to commence the investigation. The investigation is not being advanced while these proceedings continue.

Service standards

The ROC aims to ensure that annual returns and financial reports are assessed in a timely manner, and that elections and auditor registrations are finalised in a timely manner. In 2017–18, all timeliness targets were improved upon.

Financial reports, annual returns and elections were previously regulatory functions of the FWC and transferred to the ROC on 1 May 2017. Consequently, comparisons in the tables below include comparisons with the FWC service standards where relevant.

Financial reports

Our service standard for financial reports is that of those lodged under the RO Act, 95% are assessed for compliance within 40 working days. Assessing a financial report for compliance means that the financial report has been reviewed against a primary review checklist or an advanced review checklist (see page 30). The primary and advanced review checklists are published at www.roc.gov.au.

Table 16: Performance of financial reports function against timeliness target

Year and agency	Number assessed	Number within KPI	Result
2017–18 ROC	369	369	100%
2016–2017 FWC/ROC	375	375	100%
2015–2016 FWC	391	391	100%

Annual returns

The service standard for annual returns of information required to be lodged under the RO Act is that 95% of those lodged are assessed for compliance within 40 working days. Assessing an annual return for compliance means that the annual return of information lodged by the organisation has been assessed against the ROC checklist for compliance with the RO Act. The annual return checklist is published at www.roc.gov.au.

Table 17: Performance of annual returns function against timeliness target

Year and agency	Number assessed	Number within KPI	Result
2017–18 ROC	109	109	100%
2016–2017 FWC/ROC	109	109	100%
2015–2016 FWC	113	109	96%

Elections

The service standard for prescribed information for elections lodged by registered organisations or their branches is that 95% are dealt with within 40 working days. Dealing with prescribed information for elections means that the Commissioner (or Delegate) made arrangements for the conduct of an election, or decided not to make arrangements, or the prescribed information was withdrawn.

Table 18: Performance of election function against timeliness target

Year and agency	Number dealt with	Number within KPI	Result
2017–18 ROC	211	210	99%
2016–2017 FWC/ROC	223	221	99%
2015–2016 FWC	214	211	98%

Registration of auditors

The service standard for applications for registration by auditors is that 95% are dealt with within 40 working days. Dealing with applications for registration means that the Commissioner (or Delegate) registered an auditor, or decided not to register an auditor, or the application was withdrawn.

Table 19: Performance of the registration of auditors function against timeliness target

Year and agency	Number dealt with	Number within KPI	Result
2017–18 ROC	81	80	99%
May–June 2017 ROC	188	188	100%

In addition to surpassing all of our timing targets in 2017–18, comparison with previous years shows continuous improvement in the assessment of annual returns and dealing with elections, plus constant achievement of 100% timeliness for the assessment of financial reports. Dealing with applications for registration of auditors within 40 working days fell from 100% to 99%. This was a result of one application, where a hearing was required to be held under s. 255D of the RO Act and, to ensure due process and a fair hearing for the applicant, the timeline was extended beyond 40 working days. Our ability to meet or improve upon our timing targets means that documents lodged by organisations are promptly assessed and published, ensuring ‘real time’ transparency of lodged information.



04: Management and accountability

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Workforce demographics

At 30 June 2018, the Entity employed 770 ongoing, 52 non-ongoing and zero casual employees under the *Public Service Act 1999*.

In 2017–18, we had a total of 35 ongoing engagements, 76 non-ongoing engagements and 38 internal promotions. The size, location and makeup of our workforce are detailed below.

Table 20: Employees by classification, at 30 June 2018 and 30 June 2017

Classification	2018	2017
APS1 ongoing	0	0
APS1 non-ongoing	0	0
APS1 total	0	0
APS2 ongoing	4	6
APS2 non-ongoing	1	1
APS2 total	5	7
APS3 ongoing	56	70
APS3 non-ongoing	43	29
APS3 total	99	99
APS4 ongoing	118	143
APS4 non-ongoing	1	1
APS4 total	119	144
APS5 ongoing	286	262
APS5 non-ongoing	2	4
APS5 total	288	266
APS6 ongoing	161	169
APS6 non-ongoing	1	1
APS6 total	162	170
EL1 ongoing	96	98
EL1 non-ongoing	3	1
EL1 total	99	99
EL2 ongoing	36	34
EL2 non-ongoing	1	2
EL2 total	37	36
SES Band 1 ongoing	10	9
SES Band 1 non-ongoing	0	0
SES Band 1 total	10	9
SES Band 2 ongoing	3	3
SES Band 2 non-ongoing	0	0
SES Band 2 total	3	3
Total	822	833

Table 21: Employees by employment status, at 30 June 2018 and 30 June 2017

Employment status	2018	2017
Ongoing full-time	571	594
Non-ongoing full-time	47	35
Total full-time	618	629
Ongoing part-time	199	200
Non-ongoing part-time	5	4
Total part-time	204	204

Table 22: Employees by gender, at 30 June 2018 and 30 June 2017

Gender	2018	2017
Female ongoing	495	510
Female non-ongoing	33	21
Total female	528	531
Male ongoing	275	284
Male non-ongoing	19	18
Total male	294	302

Note: Collection of data on gender X (Indeterminate/Intersex/Unspecified) commenced on 1 July 2016, however no employees are recorded in our payroll system using this category to date.

Table 23: Employees by location, at 30 June 2018 and 30 June 2017

Location	2018	2017
Ongoing ACT	46	57
Non-ongoing ACT	3	0
Total ACT	49	57
Ongoing NSW	219	235
Non-ongoing NSW	13	13
Total NSW	232	248
Ongoing Vic.	266	264
Non-ongoing Vic.	26	19
Total Vic.	292	283
Ongoing Qld	98	96
Non-ongoing Qld	7	7
Total Qld	105	103
Ongoing SA	72	76
Non-ongoing SA	3	0
Total SA	75	76
Ongoing WA	37	35
Non-ongoing WA	0	0
Total WA	37	35
Ongoing NT	3	4
Non-ongoing NT	0	0
Total NT	3	4

Table 23 (continued)

Location	2018	2017
Ongoing Tas.	29	27
Non-ongoing Tas.	0	0
Total Tas.	29	27

Table 24: Workplace diversity profile, at 30 June 2018 and 30 June 2017

Self-disclosure category	2018	2017
People with disability	30	34
People from culturally and linguistically diverse backgrounds ongoing	228	223
People from culturally and linguistically diverse backgrounds non-ongoing	15	11
People from culturally and linguistically diverse backgrounds total	243	234
People from Aboriginal and Torres Strait Islander backgrounds ongoing	10	9
People from Aboriginal and Torres Strait Islander backgrounds non-ongoing	0	0
People from Aboriginal and Torres Strait Islander backgrounds total	10	9

Table 25: Senior executive and executive level employees by classification and gender, at 30 June 2018 and 30 June 2017

Classification	2018 female	2017 female	2018 male	2017 male	2018 total	2017 total
EL 1	67	64	32	35	99	99
EL 2	15	13	22	23	37	36
SES Band 1	5	5	5	4	10	9
SES Band 2	1	1	2	2	3	3
Total	88	83	61	64	149	147

Note: Tables 20 to 25 exclude the Fair Work Ombudsman and the Registered Organisations Commissioner.

Workforce management

Capability development

In 2017–18, the FWO made a significant investment in developing workforce capability. We introduced the Manager Academy project, which aims to develop and maintain the skills of our new managers, and refresh and up-skill the capability of more experienced managers. Working directly with our managers, our aim is to understand their experiences, deliver targeted training programs and co-design solutions to current and future management challenges. As a part of this project, we established a representative group of managers to co-design project deliverables and rolled out our new management foundations program—Management in Action.

Other 2017–18 capability development initiatives included:

- development and delivery of legislative training to frontline staff on the introduction of the Protecting Vulnerable Workers provisions under the Fair Work Act
- delivery of 79 training courses to more than 782 participants through 183 online and face-to-face sessions nationally, amounting to approximately 14 009 training hours—this included training in customer management, decision-making and supervisor skills
- supporting 32 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 and corporate FWO staff
- developing a structured induction and learning pathway that helped to strengthen the technical and professional skills of Fair Work Inspectors. The pathway provides a progressive capability framework with internal programs and externally accredited training
- providing all employees with access to an online learning platform containing self-paced courses to cost-effectively enable employees to up-skill at a time and place convenient to them.

Employee engagement

FWO has high engagement levels between staff, supervisors and the agency, and generally performs well in the Australian Public Service (APS) Employee Census compared to the APS overall. Our staff report believing strongly in the purpose of the FWO and feel supported to develop new and innovative ways of working. In 2017–18, 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 living and applying the FWO's cultural attributes through the FWO Culture Project.

Graduate program

In December 2017, five employees completed their graduate year at the FWO. 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.

Indigenous Australian Government Development Program

In December 2017, an employee completed the Indigenous Australian Government Development Program (IAGDP), a well-established employment and development programme designed for Aboriginal and Torres Strait Islander employees.

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 induction training for new staff, mandatory training for existing staff and incorporated in employee performance plans.

Diversity and inclusion

We value diversity and inclusion and we recognise the positive contribution employees from diverse backgrounds make at the FWO.

In 2017–18, our commitment to an inclusive and flexible workplace continued through:

- development of a new Diversity and Inclusion Strategy and Diversity and Inclusion Action Plan 2018–21
- development of a Gender Equality Action Plan 2018–21
- providing online training to increase diversity awareness for the following diversity groups—Gay, Lesbian, Bisexual, Transgender and Intersex; Aboriginal and Torres Strait Islander; Multi-Cultural and Disability
- availability and increased take up of flexible working arrangements

- support mechanisms for employees experiencing family or domestic violence, including access to up to 20 days paid leave
- a register of multilingual staff willing to assist customers from diverse backgrounds
- sponsorship of employee networks including our Gay, Lesbian, Bisexual, Transgender and Intersex Network; Gender Equality Network; Aboriginal and Torres Strait Islander Peoples Network; and Disability Network
- sustained gender equality at executive levels, with 60% female executive managers and 46% female senior executive managers at 30 June 2018
- our practice of briefing both male and female counsel; we briefed female counsel 55 times and male counsel 35 times
- continued accreditation by White Ribbon Australia as a workplace that takes active steps to prevent and respond to violence against women
- accreditation by the Australian Breastfeeding Association as a Breastfeeding Friendly Workplace
- participation in the Australian Network on Disability Stepping Into Internships program which facilitates paid internships for university students with disability
- participation in the Red Cross Next Generation Leadership program which places humanitarian visa holders in Australian workplaces to gain experience in leadership and advocacy.

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 (the agreement) came into effect on 19 October 2016. Under the agreement there was a 3% salary increase on commencement, a 2% increase on 19 October 2017 and there will be a further 1% increase in 2018.

The agreement covers APS1–EL2 employees and provides access to a range of leave, flexible working arrangements, allowances and other benefits. It also provides for 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 the FWO intranet.

Table 26: Employee workplace agreements, common law contracts and individual flexibility agreements by classification, at 30 June 2018 and 30 June 2017

Classification	2018 enterprise agreement	2017 enterprise agreement	2018 common law contract	2017 common law contract	2018 individual flexibility agreement	2017 individual flexibility agreement	2018 total	2017 total
APS 1	0	0	0	0	0	0	0	0
APS 2	5	7	0	0	0	0	5	7
APS 3	99	99	0	0	0	0	99	99
APS 4	119	144	0	0	0	0	119	144
APS 5	288	266	0	0	0	0	288	266
APS 6	162	170	0	0	0	0	162	170
EL 1	99	99	0	0	0	0	99	99
EL 2	34	33	0	0	3	3	37	36
SES Band 1	0	0	10	9	0	0	10	9
SES Band 2	0	0	3	3	0	0	3	3
Total	806	818	13	12	3	3	822	833

Our remuneration policy operates in accordance with parameters that apply across the APS. No performance bonuses were paid to FWO staff in 2017–18.

Table 27: Salary ranges by classification, at 30 June 2018

Classification	Salary ranges
APS 1	\$49 321 - \$51 253
APS 2	\$55 884 - \$61 160
APS 3	\$62 833 - \$67 725
APS 4	\$69 911 - \$75 831
APS 5	\$77 889 - \$82 522
APS 6	\$84 323 - \$96 936
EL 1	\$107 230 - \$115 724
EL 2	\$123 573 - \$175 100
SES Band 1	\$197 506 - \$244 226
SES Band 2	\$259 261 - \$276 960

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 2017–18, 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
- development and launch of our new Health and Wellbeing framework for 2018–20, which takes a risk-based approach to work health and safety
- ongoing commitment of the Health and Safety Committee who advised and consulted with the broader agency on workplace health and safety policy-related matters, reviewed trends in claim and incident data and contributed to broader workplace health and safety initiatives
- providing webinars and information to promote wellbeing initiatives and encouraging employees to actively look after their health
- implementing a '10,000 steps program' to encourage an active workforce
- mental health first aid, work health and safety, and resilience training

- an influenza vaccination program
- 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
- promotion of services through our employee assistance provider such as access to nutritionists, online tutorials and specialist coaches that can provide confidential support on a range of personal issues (e.g. relationships, money, mental health) for individuals and people leaders
- early intervention and rehabilitation case management services.

The number of accepted workers' compensation claims continues to decline from previous years, resulting in an ongoing reduction in our Comcare premium. The agency's initiatives and commitment to early intervention, rehabilitation, return to work principles and ongoing education through our health and wellbeing strategy continues to provide a safe and rewarding workplace for our employees.

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 incidents or dangerous occurrences arising out of work undertaken by any of our employees.

There were eight notifiable incidents reported to Comcare in 2017–18. These related to building faults, such as electrical and lift malfunctions.

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 2017–18.

Property and environmental management

In 2017–18, 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 offices, with a timer mechanism switching lighting off when rooms are not occupied
- trialling light emitting diode (LED) lighting in a small number of new offices
- participating in Earth Hour 2018, which involved turning off all non-essential lights in our 23 tenancies on 24 March 2018
- using 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 and white, and double-sided
- using recycled copy paper
- implementing paperless processes
- engaging in scheduled document destruction and recycling of cardboard/paper
- 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 (SES) officers, including a representative from the ROC. Membership is shown at Entity structure on page 5.

Regularly scheduled meetings of the FWO and Deputy FWOs representing each of the FWO's three groups are held. This forum provides additional oversight of the FWO's operations and finances.

Regular meetings also occur with the ROC pursuant to a Memorandum of Understanding.

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 committees:

- Strategic Investments and Technology, which provides strategic governance for major information technology (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 2017–18, the Audit Committee comprised three independent members (including the Chair) and one senior officer from the FWO. During the period, the committee considered internal reviews of:

- complaints and feedback processes
- key performance reporting
- the Protective Security Policy Framework – Information Security
- benefits realisation of IT projects.

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 the implementation of relevant legislation and practices. Work health and safety outcomes are outlined at work health and safety on page 42.

Business planning

Organisational goals are set out in our 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 the corporate plan, strategic goals and individual performance plans.

Plans are updated to reflect priority shifts, and performance against the plans is monitored by the Executive Committee and senior management. Our corporate plan and strategic intent are made available to external stakeholders via our website and the corporate plan is submitted to the Department of Finance and Portfolio Minister annually.

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 to risks, and controls and treatments are identified through a strategic risk register, which is reviewed every quarter by the Executive Committee.

Following consultation, an internal audit plan was developed for 2018–19 that 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 2018–20 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 possible fraud against the FWO and the ROC.

External scrutiny

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

The FWO welcomes feedback from customers about their experience with us. Our Feedback and Complaints Management Policy is available on our website 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.

Table 28: FWO service complaints and requests for reviews received and finalised

Action	2017–18	2016–17
Received	199	237
Finalised	197	225

The ROC actively seeks feedback about its services and practices. Users of the website are provided with the opportunity to provide feedback on all web pages. The ROC encourages participants in the ROC’s education activities to complete evaluation forms and feedback surveys.

The ROC provides a formal complaint handling process for complaints about its staff and administrative processes, which is published on www.roc.gov.au.

The ROC did not receive any formal complaints about its staff or administrative processes during the reporting period.

Reports to the Commonwealth Ombudsman

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

The Commonwealth Ombudsman investigates complaints about our actions, and identifies and conducts its own motion investigations on administration matters. In 2017–18, seven formal reviews were conducted in relation to the FWO’s operations with no adverse findings made.

One matter had not been finalised by the Commonwealth Ombudsman as at 30 June 2018.

Table 29: Commonwealth Ombudsman investigations and findings

	2017–18	2016–17
Commonwealth Ombudsman investigations	7	2
Adverse findings	0	0

In 2017–18, there were no reports by the Auditor-General, the Australian National Audit Office, a parliamentary committee or the Commonwealth Ombudsman in relation to the FWO’s or ROC’s operations.

Freedom of information

FWO requests

The FWO received 60 Freedom of Information (FOI) requests in 2017–18. This compared with 49 requests received in 2016–17. The FWO’s disclosure log is available at www.fairwork.gov.au. 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. There was an increase in informal information access requests—from 98 requests in 2016–17 to 125 requests in 2017–18.

ROC requests

The ROC received nine requests for information under the *Freedom of Information Act 1982* (FOI Act) in 2017–18. The ROC’s disclosure log, which is published on the ROC website, reports what information has been provided and how to access it.

Formal FOI requests are not required for most documents held by the ROC. Most documents lodged by registered organisations are publicly available on the ROC website at www.roc.gov.au.

Information Publication Scheme

We are required to publish information to the public as part of the 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 on 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.

During the year, the ROC reviewed its website to ensure that the publication requirements of the FOI Act have been met. The ROC’s information publication plan is scheduled for publication in August 2018.

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 reported no privacy breaches to the Office of the Australian Information Commissioner (OAIC) in 2017–18, compared with one matter reported in 2016–17.

The ROC proactively reported one privacy breach to the OAIC during the year. In light of the steps taken in response to the breach, the OAIC advised that it did not intend to take any action.

Judicial decisions or administrative reviews

There were no judicial decisions, or decisions of administrative tribunals or the Australian Information Commissioner, that have had a significant effect on the operations of the FWO or ROC in 2017–18.

Regulator Performance Framework

Under the Regulator Performance Framework, the FWO's performance was measured against six key performance indicators in 2017–18. 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 the second report was published this year. Both reports are available on the FWO website.

In 2015, the FWC developed Regulator Performance Framework measures to assess its performance in regulating registered organisations. The ROC has adopted these measures and its first regulator performance framework report is due to be published on the ROC website in 2019.

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 2017–18 are outlined in the financial statements on page 48. The operating loss for 2017–18 was \$9.204 million and includes depreciation expense of \$10.102 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 2017–18, we reported no significant non-compliance with finance law.

Purchaser–provider arrangements

During 2017–18, we purchased IT services and a number of other administrative functions on a fee-for-service basis through a longstanding arrangement with the Technology Services Group within the Department of Jobs and Small Business under a Memorandum of Understanding.

The management of enterprise resource planning services was provided to the Entity on a fee-for-service basis under a Memorandum of Understanding with the Service Delivery Office within the Department of Finance.

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).

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 six contracts were awarded to Indigenous suppliers during the year, totalling \$1 575 429.58 (GST inclusive).

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 2017–18, eight new consultancy contracts were entered into involving a total expenditure of \$509 168 (including GST). In addition, seven ongoing consultancy contracts were active during the period, involving a total expenditure of \$835 277.

Table 30: Consultancy contract spending

	2017–18	2016–17	2015–16
Number of new consultancy contracts	8	17	8
Value	\$509 168	\$976 186	\$588 953

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 2017–18, the FWO continued to administer the Community Engagement Grants Program (CEGP). The CEGP is a four-year program that is scheduled to conclude on 31 December 2020.

Information on grants awarded under the CEGP is available at www.fairwork.gov.au.

Advertising and market research

Payments made to market research and media advertising organisations in 2017–18 are detailed in Table 31.

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 2017–18.


Table 31: Market research, direct mail and media advertising contracts over \$13 000 in 2017–18

	Organisation	Service provided	Total paid in 2017–18 (GST inclusive)
Media advertising organisations	Dentsu Mitchell Media Australia	Communication campaigns	\$18 499
	Dentsu Mitchell Media Australia	Media advertising	\$154 519
Market research	Instinct and reason		\$66 200

05: Financial statements



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Agency Resource Statement

Table 32: Agency Resource Statement, 2017–18

	Actual Available Appropriation for 2017–18 \$'000	Payments Made 2017–18 \$'000	Balance Remaining 2017–18 \$'000
	(a)	(b)	(a-b)
Ordinary Annual Services¹			
Departmental appropriation ²	181,919	135,495	46,424
Total Ordinary Annual Services	181,919	135,495	46,424
Other services			
Special Appropriation			
Administered outputs	750	661	89
Total Special Appropriation	750	661	89
Total Available Annual Appropriations	182,669	136,156	46,513
Funds Held by CRF			
Opening balance	2,265	–	2,265
Non-appropriation receipts	995	–	995
Payments	–	661	(661)
Total Funds Held by CRF	3,260	661	2,599
Special Account			
Opening balance	1,379	–	1,379
Non-appropriation receipts	6,509	–	6,509
Payments	–	5,680	(5,680)
Total Special Account	7,888	5,680	2,208
Total Net Resourcing for Fair Work Ombudsman and Registered Organisations Commission Entity	193,817	142,497	51,320

1. Appropriation Act (No. 1) 2017–18. This may also include prior-year departmental appropriation and section 74 retained revenue receipts.

2. Includes an amount of \$5.283m in 2017–18 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

Table 33: 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 2017–18 \$'000	Actual Expenses 2017–18 \$'000	Variation \$'000
	(a)	(b)	(a-b)
Program 1.1: Education Services and Compliance Activities			
Departmental Expenses			
Departmental appropriation	108,900	110,464	(1,564)
S74 Retained revenue receipts	1,190	1,847	(657)
Expenses not requiring appropriation in the budget year	11,180	10,233	947
Total for Program 1.1	121,270	122,544	(1,274)
Total Expenses for Outcome 1	121,270	122,544	(1,274)
		2017–18	
Average staffing level (number)		702	

Table 34: Expenses and Resources for Outcome 2

Outcome 2: Effective governance and financial transparency of registered employee and employer organisations, through regulation, investigation and appropriate enforcement activities.	Budget 2017–18 \$'000	Actual Expenses 2017–18 \$'000	Variation \$'000
	(a)	(b)	(a-b)
Program 2.1: Registered Organisations Commission			
Departmental Expenses			
Departmental appropriation	6,509	5,680	829
Total for Program 2.1	6,509	5,680	829
Total Expenses for Outcome 2	6,509	5,680	829
		2017–18	
Average staffing level (number)		19	



INDEPENDENT AUDITOR'S REPORT

To the Minister for Jobs and Industrial Relations

Opinion

In my opinion, the financial statements of the Fair Work Ombudsman and Registered Organisations Commission Entity for the year ended 30 June 2018:

- (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 2018 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 2018 and for the year then ended:

- Statement by the Accountable Authority and the 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 an Overview 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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 Fair Work Ombudsman is also responsible for such internal control as the Fair Work Ombudsman 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.

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In preparing the financial statements, the Fair Work Ombudsman 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 Fair Work Ombudsman is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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

17 September 2018

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

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

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



Sandra Parker
Accountable Authority

17 September 2018



Russell Thackeray
Chief Financial Officer

17 September 2018

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STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2018

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

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

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

Budget variance commentary

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

Rental Income

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

Other Income

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

Other Gains

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

STATEMENT OF FINANCIAL POSITION as at 30 June 2018

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

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

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

Budget variance commentary

Statement of Financial Position for FWOROCÉ

Trade and other receivables

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

Non-financial assets

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

Prepayments

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

Suppliers

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

Other payables

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

Other provisions

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

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

	Notes	2018 \$'000	2017 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening Balance				
Balance carried forward from previous period		98,384	91,385	98,384
Opening balance		98,384	91,385	98,384
Comprehensive Income				
Contributions by owners				
Equity injection - Appropriations		–	150	–
Departmental capital budget	5.1	5,283	6,849	5,283
Total transactions with owners		5,283	6,999	5,283
Closing balance as at 30 June		103,667	98,384	103,667

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	3.2	205	–	–
Total comprehensive income		205	–	–
Closing balance as at 30 June		5,981	5,776	5,776

RETAINED EARNINGS

Opening Balance				
Balance carried forward from previous period		(52,274)	(43,634)	(56,798)
Opening balance		(52,274)	(43,634)	(56,798)
Comprehensive Income				
Surplus/(Deficit) for the period		(9,204)	(8,640)	(11,080)
Total comprehensive income		(9,204)	(8,640)	(11,080)
Closing balance as at 30 June		(61,478)	(52,274)	(67,878))

TOTAL EQUITY

Opening Balance				
Balance carried forward from previous period		51,886	53,527	47,362
Opening balance		51,886	53,527	47,362
Comprehensive Income				
Surplus/(Deficit) for the period		(9,204)	(8,640)	(11,080)
Revaluation		205	–	–
Total comprehensive income		(8,999)	(8,640)	(11,080)
Transactions with owners				
Contributions by owners				
Equity injection - Appropriations		–	150	–
Departmental capital budget		5,283	6,849	5,283
Total transactions with owners		5,283	6,999	5,283
Closing balance as at 30 June		48,170	51,886	41,565

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

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

Accounting policy

Equity injections

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

Restructuring of administrative arrangements

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

Budget variance commentary

Surplus/(Deficit) for the period

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

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

CASH FLOW STATEMENT for the period ended 30 June 2018

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

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

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

Budget variance commentary

Operating Activities

Appropriations

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

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

Sale of goods and rendering of services

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

Suppliers

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

Section 74 receipts

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

Investing activities

Purchase of non-financial assets

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

Contributed equity

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

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

	Notes	2018 \$	2017 \$	Original Budget \$
NET COST OF SERVICES				
Expenses				
Write-down and impairment of assets	2.1	2,713,709	2,311,626	–
Total expenses		2,713,709	2,311,626	–
LESS:				
Income				
Non-taxation revenue				
Fees and fines	2.2A	8,099,765	5,152,228	300,000
Total revenue		8,099,765	5,152,228	300,000
Net contribution by services		5,386,056	2,840,602	300,000
Surplus		5,386,056	2,840,602	300,000
OTHER COMPREHENSIVE INCOME				
Total Other Comprehensive Income		–	–	–
Total Comprehensive Income		5,386,056	2,840,602	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 2017–18 PBS.

Budget variance commentary

Write down and impairment of assets

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

Fees and fines

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

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES as at 30 June 2018

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

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 2017–18 PBS.

Budget variance commentary

Trade and other receivables

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

Other financial assets

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

ADMINISTERED RECONCILIATION SCHEDULE as at 30 June 2018

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

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

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

Accounting policy

Administered cash transfers to and from the OPA

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

ADMINISTERED CASH FLOW STATEMENT for the period ended 30 June 2018

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

Overview

The Basis of Preparation

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

The financial statements have been prepared in accordance with:

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

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

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

New Australian Accounting Standards

Adoption of new Australian Accounting Standard Requirements

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

Future Australian Accounting Standard Requirements

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

Taxation

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

Reporting of Administered Activities

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

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

Events After the Reporting Date

Departmental

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

Administered

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

1. Financial Performance

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

1.1 Expenses

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

Accounting policy

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

1.1B: Suppliers

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

1.1 Expenses *(continued)*

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

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

Accounting policy

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

1.2 Own-Source Revenue and Gains

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

Accounting policy

Resources received free of charge

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

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

Gains from make-good

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

1.2B: Revenue from Government

Appropriations		
Departmental appropriations	116,973	112,395
Total revenue from Government	116,973	112,395

Accounting policy

Revenue from Government

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

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

2. Income and Expenses Administered on Behalf of Government

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

2.1 Administered - Expenses

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

Accounting policy

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

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

2.2 Administered - Income

	2018 \$	2017 \$
Revenue		

Accounting policy

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

2.2A Fees and Fines

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

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

3.1 Financial Assets

	2018 \$'000	2017 \$'000
3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	816	679
Cash held by contracted agents	1,076	1,189
Total cash and cash equivalents	1,892	1,868
3.1B: Trade and Other Receivables		
Goods and services receivable		
Goods and services	1,701	153
Total goods and services receivables	1,701	153
Appropriations receivables		
Appropriation receivable	46,740	61,297
Total appropriations receivables	46,740	61,297
Other receivables		
GST receivable from the Australian Taxation Office	304	384
Other	3,358	148
Total other receivables	3,662	532
Total trade and other receivables	52,103	61,982
No provision for impairment is provided for as at balance date.		
Credit terms for goods and services were within 30 days (2017: 30 days).		

Accounting policy

Loans and receivables

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

Impairment of financial assets

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

3.2 Non-Financial Assets

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

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

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

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

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

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

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

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

Revaluations of non-financial assets

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

Accounting policy

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

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

Asset recognition threshold

Purchases of land and buildings (leasehold improvements), property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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

Revaluations

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

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

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

Depreciation

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

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

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

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

Impairment

All assets were assessed for impairment at 30 June 2018. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Intangibles

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

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

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

3.3 Payables

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

Settlement is usually made net 30 days.

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

3.4 Other Provisions

3.4: Other Provisions

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

The agency currently has no (2017: one) agreements for the leasing of premises which has a provision requiring the agency to restore the premises to its original condition at the conclusion of the lease.

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

4. Assets and Liabilities Administered on Behalf of Government

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

4.1 Administered - Financial Assets

	2018 \$	2017 \$
4.1A: Trade and Other Receivables		
Other receivables		
Court-awarded penalties	9,034,062	4,933,207
Total trade and others receivables (gross)	9,034,062	4,933,207
Less Impairment allowance		
Other receivables—Court-awarded penalties	(4,297,857)	(2,403,409)
Total trade and others receivables (net)	4,736,205	2,529,798
All receivables are expected to be settled within 12 months.		
Reconciliation of the Impairment Allowance		
Movements in relation to 2018		
		Other receivables \$
As at 1 July 2017		(2,403,409)
Amounts written off		819,261
Increase recognised in net surplus		(2,713,709)
Total as at 30 June 2018		(4,297,857)

Accounting policy

Receivables

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

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

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

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

5. Funding

This section identifies the FWOROCE funding structure.

5.1 Appropriations

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

Annual Appropriation for 2018

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

Notes

1. Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2017-18: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4, 6) 2017-18: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
2. Adjustments to Appropriation in 2017-18 comprised PGPA Act Section 74 receipts of \$3,007 million.
3. The variance between total appropriation and appropriation applied in 2018 relates to payments funded from unspent prior year appropriation items.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

Annual Appropriation for 2017

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

1. Appropriations reduced under Appropriation Acts (No. 1, 3, 5) 2016-17: sections 10, 11 and 12 and under Appropriation Acts (No. 2, 4, 6) 2016-17: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.
2. Adjustments to Appropriation in 2016-17 comprised PGPA Act Section 74 receipts of \$5,036 million and Section 75 transfers of \$2,227 million.
3. The variance between total appropriation and appropriation applied in 2017 relates to payments funded from unspent prior year appropriation items.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

5.1 Appropriations (continued)

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

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

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

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

Authority	Type	Purpose	Appropriation Applied	
			2018 \$'000	2017 \$'000
<i>Fair Work Act 2009 s. 559(4) Administered</i>	Unlimited	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	661	1,515
Total special appropriations			661	1,515

5.2 Special Accounts

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

1. Appropriation: PGPA Act, section 80.

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

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

6. People and Relationships

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

6.1 Employee Provisions

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

Accounting policy

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

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

Leave

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

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

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

Separation and redundancy

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

Superannuation

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

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

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

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

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

Accounting judgements and estimates

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

6.2 Key Management Personnel Remuneration

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

	2018 \$'000	2017 \$'000
Short-term employee benefits	3,663	3,110
Post-employment benefits	615	526
Other long-term employee benefits	444	395
Total key management personnel remuneration expenses¹	4,722	4,031

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

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

6.3 Related Party Disclosures

Related party relationships:

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

Transactions with related parties:

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

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

7. Managing Uncertainties

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

7.1 Contingent Assets and Liabilities

7.1A Contingent Assets and Liabilities

Unquantifiable contingencies

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

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

Accounting policy

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

7.1B: Administered—Contingent Assets and Liabilities
Quantifiable Administered Contingencies
At 30 June 2018, the agency has no quantifiable administered contingent assets. (2017: nil)
At 30 June 2018, the agency has no quantifiable administered contingent liabilities. (2017: nil)
Unquantifiable Administered Contingencies
At 30 June 2018, the agency is currently involved in litigation against 88 entities and while the probability of success is high in these matters, it is not possible to accurately estimate the value of any penalties that may be imposed by the courts. (2017: 101)
At 30 June 2018, the agency has no unquantifiable administered contingent liabilities. (2017: nil)

7.2 Financial Instruments

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

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

Accounting policy

Financial assets

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

Impairment of financial assets

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

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

Financial liabilities

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

Other financial liabilities

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

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

7.3 Fair Value Measurement

7.3: Fair Value Measurement

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

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

Accounting policy

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

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

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

8. Other information

8.1 Assets Held in Trust

8.1A: Assets Held in Trust

Monetary assets

For the receipt of monies temporarily held in trust or otherwise for the benefit of a person other than the Commonwealth and to repay amounts where an Act or other law requires or permits the repayment of an amount received

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

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	
	2018 \$'000	2017 \$'000
FUNCTIONS ASSUMED		
Assets recognised		
Total assets recognised	-	-
Liabilities recognised		
Employees leave liabilities	-	466
Total liabilities recognised	-	466
Net liabilities recognised²	-	(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 FWOROC, with the Fair Work Ombudsman as the accountable authority.

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

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 (page 47)
Section 516A <i>Environment Protection and Biodiversity Conservation Act 1999</i>	Property and environmental management (page 43)
Part II <i>Freedom of Information Act 1982</i>	Freedom of information (page 45)
Schedule 2, Part 4 <i>Work Health and Safety Act 2011</i>	Work health and safety (page 42)
Section 329FC of the <i>Registered Organisations Act</i>	ROC priorities and activities (page 27)

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.

Compliance partnership

A collaborative relationship between the FWO and businesses that want to publicly demonstrate their commitment to creating compliant and productive workplaces. These are formalised through a Proactive Compliance Deed.

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.

Early intervention

Tailored assistance that aims to preserve employment relationships by keeping the matter in the hands of the parties. Customers are coached through their options, referred to online resources and supported to have effective workplace conversations.

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.

Fair Work Amendment (Protecting Vulnerable Workers) Act 2017

This amendment to the Fair Work Act increased penalties for serious contraventions of workplace laws and breaches of record-keeping and pay slip obligations, and changed laws relating to certain franchisors and holding companies. For more information on the changes, visit www.fairwork.gov.au/PVWAct.

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.

Migrant Workers' Taskforce

A cross-agency taskforce that aims to identify further proposals for improvements in law, law enforcement and investigation, and other practical measures to more quickly identify and rectify any cases of migrant worker exploitation.

Modern awards

Created by the FWC, modern awards came into effect on 1 January 2010. They supplement the National Employment Standards (NES) 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.

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

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.

Small business

The Fair Work Act defines a small business employer as a business that employs fewer than 15 employees.

Taskforce Cadena

Taskforce Cadena is a joint initiative between the FWO and the Australian Border Force (ABF; under the Department of Home Affairs). 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.

Abbreviations and acronyms

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
APS	Australian Public Service
APSC	Australian Public Service Commission
ATO	Australian Taxation Office
CEGP	Community Engagement Grants Program
CFMEU	Construction, Forestry, Mining and Energy Union
CSS	Commonwealth Superannuation Scheme
DCB	Departmental Capital Budgets
DHS	Department of Human Services
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>
FRAC	Fast food, restaurant and café
FWO	Fair Work Ombudsman
FWOROC	Fair Work Ombudsman and Registered Organisations Commission Entity
GST	Goods and services tax
IAGDP	Indigenous Australian Government Development Programme
IDC	Interdepartmental Committee
IPP	Indigenous Procurement Policy
IPS	Information Publication Scheme
IT	Information technology
KPI	Key performance indicator
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
PCD	Proactive Compliance Deed
PGPA	Public Governance, Performance and Accountability
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
Tas.	Tasmania
TURC	Royal Commission into Trade Union Governance and Corruption
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	100–103
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	90–94
17AJ(d)		List of requirements.	Mandatory	95–98
17AJ(e)		Details of contact officer.	Mandatory	104
17AJ(f)		Entity's website address.	Mandatory	104
17AJ(g)		Electronic address of report.	Mandatory	104
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1–2
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	4
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	5–6
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	4
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	4
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	9, 27
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	46–47
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	49–50

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	46
17AD(d)	Management and accountability			
	<i>Corporate governance</i>			
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	44
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	43–44
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
	<i>External scrutiny</i>			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	44–45
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	46
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
	<i>Management of human resources</i>			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	40–43
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 level • statistics on full time employees • statistics on part time employees • statistics on gender • statistics on staff location • statistics on employees who identify as Indigenous. 	Mandatory	39–40
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	42

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	42
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	42
17AG(4)(c)(iii)		A description of non salary benefits provided to employees.	Mandatory	42
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	46–47
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	46–47
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	46–47
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	46–47
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	46–47
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 “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory	46
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	46
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises 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’s website.”	If applicable, mandatory	46
Financial statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	48–87
17AD(f)	Other mandatory information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that “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.”	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	47
17AH(1)(b)		A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory	47
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	41
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	45
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	99
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	89

Corrections

The following errors appeared in our 2016–17 annual report.

As printed on page 18

Migrant workers

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.

Correction:

Engaging with the Korean community, including Korean business leaders, media and the Consulate General, to develop a tailored strategy to educate this community about workplace rights and responsibilities.

As printed on page 15

Online Learning Centre

The pay tool provided an average of 90 000 calculations per month in 2016-17.

Correction:

The pay tool provided an average of approximately 438 000 calculations per month in 2016-17.

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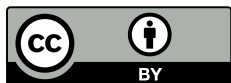
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