

FAIR WORK OMBUDSMAN

ANNUAL REPORT 2014–15



PERFORMANCE HIGHLIGHTS

The Fair Work Ombudsman (FWO) ensures compliance with Australian workplace laws and educates the community about rights and responsibilities at work.

Highlights across our core functions of advice, assistance and enforcement include:

Advice

FAIRWORK.GOV.AU

Over

13.3 MILLION

visits

More than

2.2 MILLION

pay tool visits

39 744

My account registrations

20 543

interactive education
courses commenced

FAIR WORK INFOLINE



468 754

calls



00:04:08

Small Business Helpline
average call wait time



99%

first contact resolution rate

BROADCAST & SOCIAL MEDIA



14 640

media items



37 063

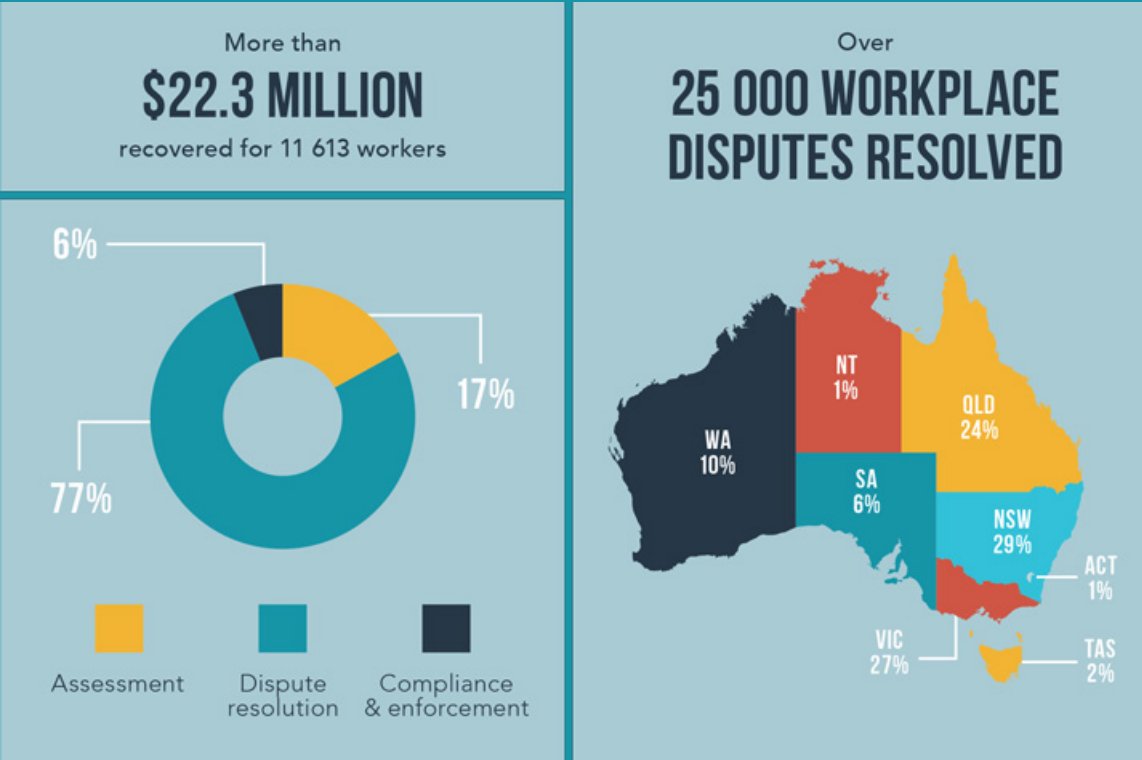
email update subscribers



55 006

social media followers

Assistance



Enforcement





Australian Government

Fair Work
OMBUDSMAN

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

Dear Minister

In accordance with section 686 of the *Fair Work Act 2009* and section 70 of the *Public Service Act 1999*, I am pleased to submit the Fair Work Ombudsman annual report for the financial year ending 30 June 2015.

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

Yours sincerely

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

Natalie James
Fair Work Ombudsman
28 September 2015

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About each section

Part one

Features a review by the Fair Work Ombudsman and provides an overview of the agency, including our role, outcomes, executive and structure.

Part two

Provides a summary of our performance against deliverables and key performance indicators in the FWO Portfolio Budget Statements 2014–15.

Part three

Contains a report on our operations including our people and environmental performance.

Part four

Provides information about our corporate management and accountability including governance structure, risk management, purchasing and external scrutiny.

PART ONE: OUR AGENCY

THE FWO IS AN INDEPENDENT STATUTORY OFFICE RESPONSIBLE FOR ENSURING COMPLIANCE WITH AUSTRALIAN WORKPLACE LAWS. OUR JURISDICTION IS SET OUT IN THE *FAIR WORK ACT 2009*. WE WORK WITH EMPLOYEES, EMPLOYERS AND THE COMMUNITY TO EDUCATE AND ENFORCE COMPLIANCE.

OUR VISION: COMPLIANT, PRODUCTIVE & INCLUSIVE WORKPLACES

Figure 1: FWO Strategic Intent logo



We provide advice and assistance to employees and employers that is easy to access, understand and apply. This supports the community to meet regulatory requirements, improve employment practices and increase productivity.

By understanding and complying with workplace laws and implementing effective employment practices, businesses can make informed decisions and are better equipped to respond to challenges. They can then focus on being successful, creating jobs and contributing to Australia's economic and social wellbeing.

Unlawful employment practices impose significant costs on individuals and society. These behaviours create barriers to workforce participation, weaken the integrity of the workplace relations system, distort the labour market and undermine the principles of fair competition. We take reasonable and proportionate enforcement action in cases where people deliberately and/or repeatedly breach the law.

Further details about our priorities and strategies are included in the FWO Strategic Intent, available at fairwork.gov.au.



Natalie James
Fair Work Ombudsman

OUR YEAR IN REVIEW

In 2014–15, my second year as the Fair Work Ombudsman, I was pleased to publish the FWO Strategic Intent (p. 1). It sets out our vision, '*to support compliant, productive and inclusive Australian workplaces*', and the five strategic objectives that frame our work and priorities.

The FWO Strategic Intent is publicly available and explains what we do, why we do it and how. It focuses our effort and resources on activities that influence positive behaviour change, achieve the greatest long-term impact and benefit to the Australian community, and create a culture of compliance with workplace laws.

We are reaching, engaging and influencing small businesses, workers, stakeholders and vulnerable communities, and working with other government agencies to create more compliant, productive and inclusive workplaces. We are addressing systemic non-compliance by inquiring into, understanding and responding to the structural and behavioural drivers that lead to widespread non-compliance.

Building confidence to make good decisions

The agency has continued moving towards a modern, customer-focused service model. By providing practical advice that's easy to access, understand and apply, the community can confidently make good workplace decisions. This is why we've focused on delivering our services in a way that best matches our customers' needs and preferences, is effective in achieving compliance and can be delivered in an operationally sustainable way.

Technology has underpinned the most significant advancements in our customer service. This year, our approach has assisted more customers when and where it suited them.

- The FWO website launched on 16 June 2014 was visited 13.3 million times in 2014–15, an increase of 1.6 million visits from the previous year. Over a third of these visits were via a mobile or tablet device.
- The majority of enquiries to the FWO are about pay and entitlements. A new mobile-friendly Pay and Conditions Tool (PACT) was launched in May 2015, making it easier for our customers to calculate pay, shift, leave, notice and redundancy entitlements online and at their convenience. In its first 40 days to the end of the financial year, the PACT received over 464 800 visits.

Resolving issues early

Our 'early intervention' activities have spearheaded positive changes in our service delivery in 2014–15. We are facilitating the early resolution of issues by providing impartial dispute resolution options that help employers and employees solve their problems quickly and retain positive workplace relationships. Over 7000 people were assisted to resolve their disputes quickly without lodging a formal dispute form, with more than \$3 million in back-payments recovered. This contributed to a decrease in dispute form lodgements from 2013–14 levels, comparable to the number of early interventions undertaken.

Online resources are a vital part of our self-resolution services. More than 20 000 interactive courses were commenced online during the year, including a course on how to have difficult conversations.

Influencing long-term behaviour change

In our experience, most employers want to do the right thing. There are a range of reasons why an employer may not be compliant with workplace laws, including the complexity of the system, or an oversight or misunderstanding the legislation. Our Compliance and Enforcement Policy, published in May 2015, emphasises our proportionate approach to responding to requests for assistance.

Almost 80% of the 25 000 matters assisted during the year were addressed through dispute resolution processes. Enforcement action was taken in 558 cases.

Our approach focuses enforcement action on matters involving exploitation of vulnerable workers, such as young workers, who consistently make up about a quarter of all requests for assistance. Visa holders continue to be a priority and were involved in 42% of the cases we took to court during the year. Working with government and community organisations, we continue to tackle visa holder vulnerabilities, including language, cultural and age barriers.

As I signalled in my speech to the Australian Labour and Employment Relations Association in 2014, we have also been focusing our attention and resources on industries known to employ vulnerable workers. I have called on business to take a greater responsibility for what is

happening in their supply chain. Businesses that benefit from the labour of underpaid workers in their supply chain risk legal liability and damage to their reputation. We continue to inquire into and address the structural and behavioural drivers that lead to widespread non-compliance across industries and regions.

Notably this year:

- Coles admitted ethical and moral responsibility for subcontracted trolley collectors who were underpaid by their employers. Ten employees were back-paid \$220 000, and a fund was created to protect future trolley collectors found to be underpaid. Importantly, Coles has changed their workplace practices to reduce the risk of this occurring in the future.
- We released the findings of our inquiry into significant exploitation at Baiada Group's poultry processing sites, which focused on the labour procurement arrangements and subsequent non-compliance at their NSW plants. Discussions are continuing with Baiada to ensure that it takes significant steps to change its labour supply governance arrangements and avoid future exploitation of workers.
- We continued examining employment arrangements of working holiday visa holders and seasonal workers along the harvest trail. More than \$250 000 was recovered for 870 workers. Our online and social media content aimed at local and overseas fruit and vegetable pickers was seen almost four million times. The inquiry will continue in 2015–16.

This year we launched two new inquiries: one is looking into the procurement of housekeepers in 4 and 5 star hotels and the other into 7-Eleven. The findings of both these inquiries will be made public next year.

Working with business and government

We're working with business and government to identify unnecessary compliance and regulation costs and to deliver useful support and services. This includes giving small businesses priority access to workplace relations advice through the Small Business Helpline, making improvements to My account, our online self-service gateway, and working with the Fair Work Commission on its review of modern awards.

We have continued our commitment to making it easier for small businesses to be compliant with workplace laws. Our Small Business Helpline has taken over half a million calls since its inception in December 2013. Callers typically wait less than five minutes to speak to a trained small business adviser. This year we stayed engaged with small business by hosting a roundtable with the Small Business Commissioner, spoke at small business events such as the National Small Business Summit and participated in a multi-agency webinar for small business owners.

Establishing measures against the six key performance indicators in the Regulator Performance Framework is another step we've taken towards reducing unnecessary or inefficient regulation. Measuring and publicly reporting our performance will give business, the community and individuals further confidence in the work we do.

We work across government to address compliance issues in a joined-up and effective way. The combined expertise and insights of our regulator colleagues help us find better ways to maximise our reach, increase our impact, and deliver appropriate and timely services.

This year, through our participation in the Modern award review, the FWO continued our contribution to assisting the Fair Work Commission remove ambiguity from awards and make them simpler and easier to use. We contributed to the Australian Human Rights Commission's (AHRC) 'Supporting working parents' online resource. We are foundation members of the Phoenix Taskforce—with the Australian Competition and Consumer Commission, Australian Securities and Investments Commission and Australian Taxation Office (ATO)—and we have worked with the Department of Immigration and Border Protection (DIBP) on policy, education and visa holder matters.

Looking ahead

The FWO Strategic Intent and Compliance and Enforcement Policy will continue to frame our priorities and approach in 2015–16. We will continue to tailor our services to match our customers' needs and be proportionate in our response to cases of non-compliance.

Our focus will be on balancing our response to requests for assistance and activities that deliver a long-term impact on workplace practices that includes bringing about sustainable changes in non-compliant industries, regions and labour markets.

We will work with community groups to ensure people who are new to our country and unfamiliar with our workplace relations system do not find that culture and language differences are a barrier to workplace participation. We will aim to put information into the hands of those who need it and support them to come to us for help if they remain unsure.



Natalie James
Fair Work Ombudsman

OUR EXECUTIVE

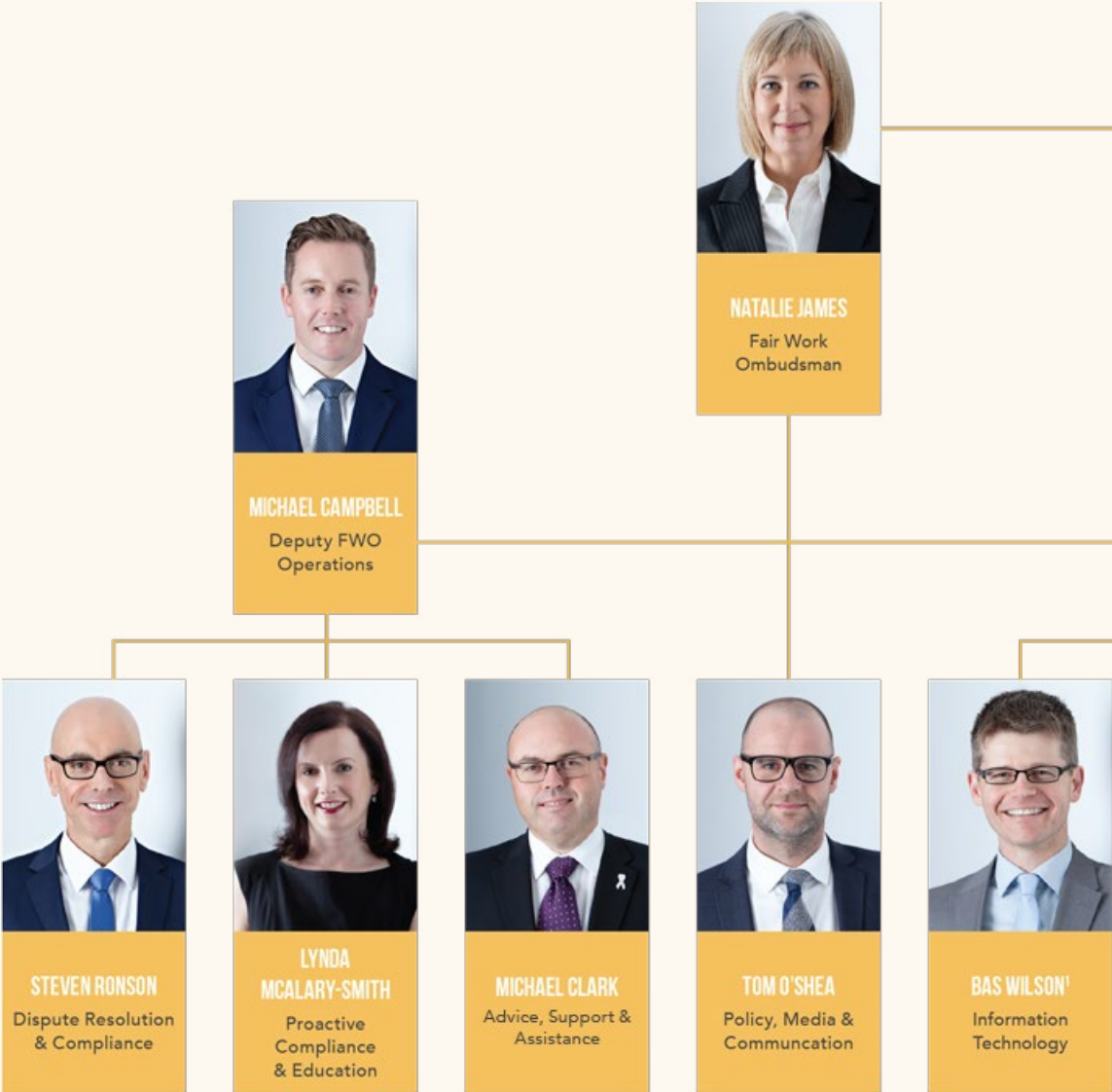


Figure 2: FWO organisation chart as at 30 June 2015

Notes: Reporting line between Fair Work Ombudsman and Chief Counsel as per Chief Executive’s instructions.

- 1. Leanne Fry’s substantive position.
- 2. This program of work runs until December 2015.



MARK SCULLY
Deputy FWO
Corporate



LEANNE FRY
Digitisation Project²



KARSTEN LEHN
Major Project
Management



GIORGINA STRANGIO
People



NAOMI BLEESER
Finance, Research
& Governance



JANINE WEBSTER
Legal & Business
Improvement

Information about the role and responsibilities of the FWO’s Executive Committee is available on p. 49.

Fair Work Ombudsman

Natalie James

As the Fair Work Ombudsman, Natalie James is responsible for promoting harmonious, productive and cooperative workplace relations and ensuring compliance with Australian workplace laws.

Deputy Ombudsman, Operations

Michael Campbell

Michael Campbell leads the compliance and advisory service groups in their mission to deliver consistent and high-quality workplace relations advice, education, dispute resolution and compliance outcomes for the Australian community.

Deputy Ombudsman, Corporate

Mark Scully

Mark Scully manages the essential support services and ensures appropriate governance and stewardship arrangements are in place. He leads the people, finance, projects, technology and legal service groups to deliver efficiencies for the agency and innovative services for the Australian community.

OUR BUSINESS AREAS

Dispute Resolution & Compliance

- Monitors, promotes and enforces compliance with workplace laws through education, dispute resolution, assessment of suspected breaches and proportionate responses to cases of non-compliance.

Proactive Compliance & Education

- Assists customers to understand and comply with workplace laws through the FWO website, development of resources, and stakeholder engagement and partnership.
- Prevents and detects non-compliance through education and audit programs.

Advice, Support & Assistance

- Provides workplace relations advice, support and assistance to customers inside and outside the agency, including through the Fair Work Infoline.
- Assesses requests for assistance and decides the most appropriate way to help.

Policy, Media & Communications

- Ensures the FWO meets its responsibilities to the Australian Parliament and the Minister for Employment.
- Uses communication and media channels to engage and assist customers to access and understand the FWO's advice and services, and to deter non-compliance with workplace laws through promoting enforcement outcomes.

Information Technology

- Provides and manages information technology services, including services provided by the Shared Services Centre.

Digitisation Program

- Manages the FWO Digital Strategy to support the development, deployment and ongoing improvement of our digital services. This program of work runs until December 2015.

Major Project Management

- Manages large-scale, enterprise-wide projects that deliver improved systems and services to the agency and to the Australian community.

People

- Delivers people solutions and services in a range of areas including pay and entitlements, recruitment, work health and safety, performance and capability development.

Legal & Business Improvement

- Manages the FWO's litigation services, used in the most serious instances of non-compliance with workplace laws.
- Manages the FWO's obligations and processes relating to privacy and handling requests for information.

Finance, Research & Governance

- Provides management and support for the FWO's financial resources and functions and risk management systems.
- Provides evidence-based research to guide decision making.

Key performance indicators

- Targeted campaigns—four national and two in each state and territory.
- 80% of investigations into complaints about breaches of federal agreements or awards completed within 90 days (% of total requests).
- 80% of calls to the contact centre resolved at the first point of contact (% of total calls).
- 99% availability of contact centre services (% of availability during advertised hours).
- 99% availability of website (time available as a % of total time).

OUTCOME AND PROGRAM

The FWO has a single outcome, three deliverables and five key performance indicators as prescribed in the Portfolio Budget Statements. These are used to monitor and assess our performance.

Outcome

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

Program 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.
- Enforce compliance with workplace laws through informal and formal compliance tools, such as enforceable undertakings, compliance notices or, where necessary, litigation in the courts.

PART 2: OUR PERFORMANCE

COMPLIANCE WITH WORKPLACE RELATIONS LEGISLATION IS OUR CORE OBJECTIVE. THE FWO PROVIDES A RANGE OF SERVICES TO ACHIEVE THIS OUTCOME AND TO SUPPORT PRODUCTIVE AND INCLUSIVE AUSTRALIAN WORKPLACES. THIS INVOLVES PROVIDING ADVICE, ASSISTANCE AND, WHERE APPROPRIATE, ENFORCING WORKPLACE LAWS—GUIDED BY OUR COMPLIANCE AND ENFORCEMENT POLICY.

During 2014–15, the agency continued to contribute to the Australian Government’s deregulation agenda, working to identify unnecessary regulation costs and deliver appropriate and tailored support to the community.

ADVICE

Deliverable 1: Provide information, advice and education on the requirements and flexibilities of workplace laws to foster voluntary compliance.

An essential part of our role is to help employees and employers to become aware of their rights and obligations, and improve workplace practices.

We provide practical workplace relations advice and assistance that is easy to access, understand and apply.

Understanding regulatory requirements means people can make informed decisions and be better equipped to respond to challenges in their workplace. Building the community’s capability to address disputes, with minimal intervention from us, means people can maintain productive relationships and manage matters that arise in a way that is less disruptive to business.

Online services

We have developed our online resources and tools with user expectations and the government’s digital-by-default service approach in mind.

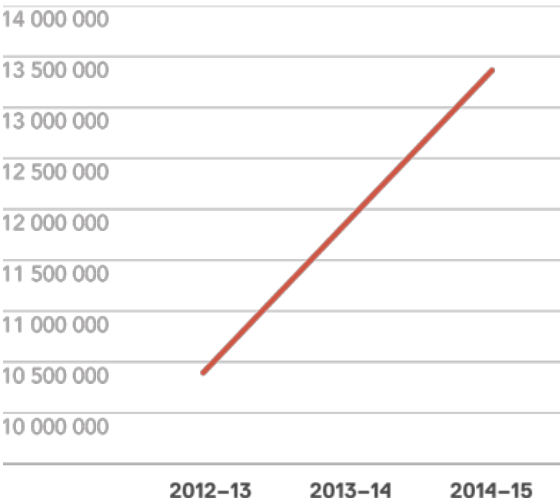
The FWO website (fairwork.gov.au) offers accurate, accessible and tailored information and self-service tools that are available at any time and from a range of devices.

The website continues to be the primary channel customers use to engage with us. They can find answers to industry-specific questions and information for different stages or events in the workplace, like starting a new job and hiring an employee.

In 2014–15, website usability testing found customers could navigate fairwork.gov.au easily and quickly, and are likely to return.

Visits to fairwork.gov.au increased to a total of 13.38 million in 2014–15, 1.6 million visits more than the previous year. There were more than 7.9 million website users, an increase of 13%.

Figure 3: fairwork.gov.au visits



Customers increasingly prefer to visit our website on their phones and tablets. The mobile-friendly design supports customer preference, meaning they can access information whenever and wherever they want. Mobile device visits now account for more than 36% of all visits, and this continues to grow.

Overall, there were more than 45 million page views in 2014–15. The most popular pages were those containing advice on minimum wages, awards and pay guides.

Redundancy was the most commonly searched term, followed by templates, contact details and leave loading.

Customers require information relevant to their circumstance, which fairwork.gov.au facilitates. The ‘Show information tailored for me’ feature presents industry-specific information and was used over two million times in 2014–15. Retail, hospitality, and building and construction were the most selected industries. Retail sales was the most selected sub-industry, accounting for 11% of all industry filters applied by users.

We continue to improve and add to the free resources and tools available at fairwork.gov.au in response to increasing use.

- Pay tool use increased 41%, with more than 2.2 million visits to PayCheck Plus and its replacement, the PACT. Introduced in May 2015, the PACT offers greater accessibility, information for all 122 modern awards, and combines a pay, shift, leave and notice and redundancy calculator. From 23 May to 30 June 2015, the PACT received 464 825 visits.
- More than 20 000 interactive courses were commenced through the year, up 79% from 2013–14. Our Online learning centre is designed to develop the workplace skills of employees and businesses.
- Fact sheet views increased by 62%.
- Best practice guide views increased 237%. In 2014–15, the guides were converted into html, making it easier for customers to find and view. Managing underperformance accounted for 19% of all best practice guide views, followed by A guide for young workers (13%) and the Effective dispute resolution guide (12%).

Table 1: Visits and visitors to fairwork.gov.au

	2014-15	2013-14	2012-13
Visits to fairwork.gov.au	13 380 802	11 780 824	10 327 287
fairwork.gov.au users	7 902 577	7 009 123	5 949 628

Many businesses don't operate from an office and the PACT enables them to work out pay rates on a range of devices—and without tying up their phone line.



Alex Kym
Major project management

Pay rates on the go

Calculating wages and entitlements is now easier. The PACT provides answers to the most common enquires: 'What should I be paying my staff?' and 'What should I be paid?'

Responding to the needs of customers, the tool was developed after extensive research, user consultation and user acceptance testing.

Built with a responsive design, the PACT can be accessed on any mobile device, and enables calculations to be saved for later reference.

The PACT combines a pay, shift, leave and notice and redundancy calculator, and offers reliable tailored advice that can be easily accessed and applied in the workplace.

Don't know which modern award applies? Award coverage can be determined by answering simple questions about the type of work performed. Want to understand how we came to that figure? Users can access detailed information on how wages were calculated.

The PACT was released in May 2015 and can be accessed at fairwork.gov.au.

Figure 4: Pay tool visits

Note: PayCheck Plus was available up to May 2015, when the PACT was launched. The PACT includes a leave calculator, PayCheck Plus did not.

Table 2: Online resources and downloads

	2014-15	2013-14	2012-13
Fact sheets available	40	46	40
Fact sheet views	2 360 739	1 455 495	1 115 282
Best practice guides available	13	13	13
Best practice guide views	424 394	126 065	93 882
Templates available	66	65	59
Template downloads	820 454 ¹	525 754	438 810
Pay tool visits	2 219 905	1 571 779	1 292 825
Online learning centre courses available	5	5	2
Online learning centre courses commenced	20 543	11 485	1050

1. Includes checklists, which were not counted as templates in previous years.

Subscription services

Our employer newsletter had 12 111 subscribers, a 22% increase from the previous year. The publication covers the latest employment issues and news. We also had 37 063 people subscribe to our email updates, a 14% rise from 2013–14. The tailored emails let people know about important changes to workplace laws, including advising specific industries to check their pay rates following the annual wage review.

Table 3: Subscription services

	2014–15	2013–14	2012–13
Newsletters produced	6	5	5
Newsletter subscribers	12 111	9945	6128
Email updates produced	7	6	9
Email update subscribers	37 063	32 499	22 487

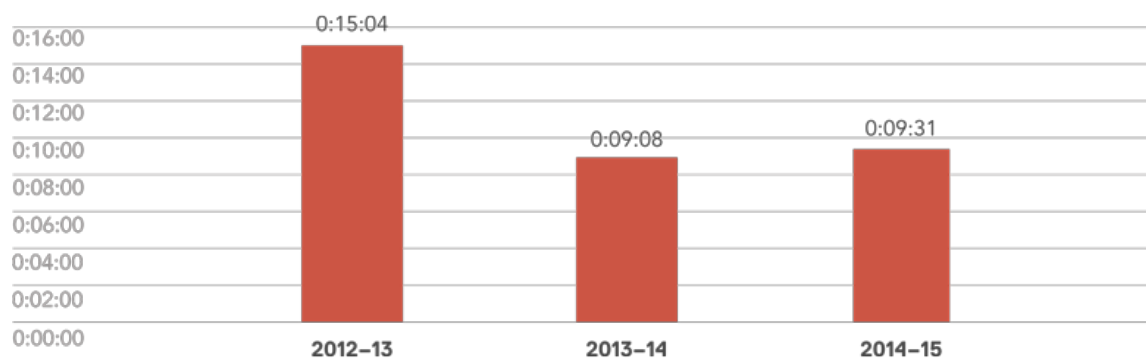
Phone services

Fair Work advisers answered 468 754 calls to the Fair Work Infoline, including the Small Business Helpline, within an average time of nine-and-a-half minutes.

Table 4: Fair Work Infoline, 2014–15

	General Helpline	Small Business Helpline	Fair Work Infoline total
Calls answered	332 979 (71%)	135 775 (29%)	468 754 (100%)
Average call wait time	00:11:43	00:04:08	00:09:31

Note: Calls answered excludes escalations, which can be required for more complex enquiries.

Figure 5: Average call wait time

Wages continued to be the number one area people sought advice on over the phone. Employment conditions and termination of employment were also of interest to callers.

Calls commonly related to people working in cafes and restaurants, hairdressing and beauty services, and construction. Small Business Helpline calls mostly involved businesses with 14 or fewer employees.

Calls about apprentices made up 4% of all enquires, with 21 139 calls about this sector. This is comparable to 2013-14 apprentice call rates.

Table 5: Nature of calls by percentage

Enquiry type	2014-15	2013-14	2012-13
	%	%	%
Wages	27	28	35
Conditions of employment	20	20	21
Termination of employment	17	15	14
Leave	11	11	10
Referrals to other agencies	10	10	7
Entitlements	6	6	5
Workplace complaint	6	7	6.8
Independent contractors	1	0.7	0.5
Other	2	2.3	0.7

Note: The enquiry type 'claims' reported in our 2012-13 annual report has been merged with workplace complaint.

Table 6: Nature of calls by percentage, 2014–15

Enquiry type	General Helpline	Small Business Helpline
	%	%
Wages	23	40
Conditions of employment	20	20
Termination of employment	17	14
Leave	11	10
Referrals to other agencies	11	6
Entitlements	6	7
Workplace complaint	8	1
Independent contractors	1	1
Other	3	1

We again met and exceeded our availability and quality service standards. The ‘first contact resolution’ key performance indicator (KPI = 80%) was 99% for the year. This was based on enquiries being resolved within 48 hours without extra customer contact required. We also met our key performance indicators for ‘availability’ (KPIs = 99%) of our contact centre services and website.

Providing small business people with quick, dedicated assistance means time and energy can be diverted to more important things, like growing their business.



Jen Sunga
Fair Work Infoline

Tailored small business advice

Work had slowed for first-time small business owner Fred and it was necessary to reduce his staffing levels. But Fred was unsure of what he needed to do and conscious that he wanted to get things right. If work picked up, Fred also wanted to know about employing staff on a casual basis.

A call to the Small Business Helpline alleviated any fears and enabled Fred to swiftly get on with running his business.

Our helpline adviser explained Fred's obligations on paying out leave and notice periods and whether redundancy was applicable. This was based on award coverage identified from information Fred provided about his business.

Our adviser also pointed Fred to relevant resources at fairwork.gov.au, including the 'Ending employment' and 'Awards and agreements' sections, and encouraged him to speak directly to any affected employees.

Note: The employer's name has been changed to protect privacy.

Other enquiries

We continued to encourage customers to visit our website, call us and register for My account to offer a more efficient and tailored service. This contributed to a further reduction in written correspondence and an increase in the number of enquiries answered through My account.

Almost 40 000 new customers registered for My account, more than four times the levels of 2013–14. This online self-service gateway lets people save tailored information to access when it suits them. An online enquiry service is offered to My account users.

We also offer tailored advice through Practitioner Assist, a dedicated telephone and email service for employer organisations, workplace relations practitioners and unions.

Table 7: Other enquiries

	2014–15	2013–14	2012–13
My account registrations	39 744	9380	1150
My account enquiries answered	22 308	1400	92
Written correspondence answered ¹	13 766	40 043	93 031
Practitioner Assist enquiries answered	1573	1600	1168

1. Includes email (available after hours from November 2013), fax, online chat and post.

Broadcast and social media services

In 2014–15, we issued 226 media releases, 996 tweets and 321 Facebook posts to promote our education and compliance activities and to raise community awareness of our free resources and services.

We had over 2000 interactions with suburban, regional, metropolitan and national media outlets and featured in 14 640 media items throughout Australia. This included more than 7700 online articles, 4500 radio items, 1400 print articles and 800 television items.

We responded to more than 1200 enquiries through our social media channels and attracted 5602 new Twitter and 20 611 new Facebook followers. Our tweets were seen almost 10 million times and our Facebook posts were seen more than 7.3 million times. On LinkedIn we had more than 4000 followers and our YouTube videos were viewed 104 392 times.

Digital engagement

- In 2014–15, digital engagement activities helped us reach people in a broad range of industries:
- Our content was seen more than four million times by local and overseas workers picking fruit and vegetables on the seasonal harvest trail.
 - We utilised in-language content targeting workers in the textile, clothing and footwear industry, which was viewed almost one million times.
 - People in the building and construction industry saw our content about their rights and obligations 4.2 million times.
 - Over one million views of campaign content for the Online learning centre, and 87% more people started an online learning course during, and immediately following, the promotion.

We work with culturally and linguistically diverse workers, business owners and other stakeholders to help them better understand wages and entitlements under Australian workplace laws.



Lara Hurrell
Overseas Workers

International students— you have workplace rights

With almost 340 000 international students, Australia is a popular study destination. Most need to work to support themselves while studying – and knowing their workplace rights is their best defence against being underpaid or treated unfairly.

International students can be vulnerable to exploitation in the workplace because of age, language and cultural barriers.

In 2014–15, the FWO received 181 requests for assistance from people on student visas.

A digital communications campaign – about workplace rights in Australia – achieved 500 000 impressions, meaning a number of international students saw our content in multiple places.

Facebook content was translated into Chinese, Indian (Hindi), Korean, Vietnamese, Portuguese (Brazilian) and Thai.

The campaign content was shared with key partners, including international student associations, universities, private colleges and local councils to increase our reach.

Our dedicated community engagement officers delivered presentations, workshops and took part in discussion groups with these partners.

We're also active in industries known to employ significant numbers of international students, including hospitality, cleaning, convenience stores and trolley collecting.

fairwork.gov.au has information to assist international students and other overseas workers understand their workplace rights. Materials are translated into 27 languages and videos in 14 languages are available on YouTube.

Stakeholder engagement


Working with industry, unions, government, academia and others enables us to influence and find solutions to workplace issues. Successful examples of collaboration in 2014–15 include:

Contributing to the Government's deregulation agenda

- Worked with the Fair Work Commission on the Modern award review, including providing further information on aspects of modern awards our customers find ambiguous, as well as examples and rates tables for models of future modern awards.
- Provided information and data relating to FWO activities to assist the Productivity Commission with its review into Australia's workplace relations framework.
- Hosted a second small business roundtable with the Small Business Commissioner, and attended a series of events to build connections with, and tailor services for, the small business community.
- Contributed to online forums known as 'Small Business Fix-it Squads' where small business owners and government regulators discuss ways to tackle the everyday issues of running a business. These forums are hosted by the ATO.
- Participated and presented at community of practice forums, which brought together all government regulators to share ideas and experiences.

Building a culture of compliance with workplace laws

- Worked to detect and deter fraudulent phoenix behaviour through the Inter-Agency Phoenix Forum. Phoenix activity is where directors of a company deliberately avoid tax, superannuation and/or employee entitlements by liquidating an indebted company and then create another entity that undertakes the same or similar business.
- Became a foundation member of Taskforce Cadena, alongside the DIBP, to tackle allegations of worker exploitation involving temporary visa holders.
- Presented at events, including to industry, unions, government, academia and organisations that support culturally and linguistically diverse communities, and provided training to community organisations.
- Collaborated with the AHRC to develop online resources for working parents.
- Placed FWO staff in legal centres, including JobWatch, as part of a pilot secondment program to share our expertise and enhance relationships.
- Entered into four new memorandums of understanding (MoUs), bringing our total to 10. The Accommodation Association of Australia, National Union of Workers, Shop Distributive and Allied Employees Association and Victorian Registration and Qualifications Authority have formally agreed to work with us to improve compliance with workplace laws. This includes providing education to their employees and members. Copies of the MoUs are available at fairwork.gov.au.

A portrait of Cecilia Fahey, a woman with short, dark, curly hair, smiling. She is wearing a black zip-up top under a light grey cardigan. The background is a blurred cityscape.

Our policy enables us to identify and apply proportionate responses, from providing education, to helping with requests for assistance, to dealing with serious non-compliance.

Cecilia Fahey

Strategic Research, Analysis & Reporting

Consulting and confirming our approach

The FWO Compliance and Enforcement Policy sets out what we do, why we do it and how – in a transparent and accessible way.

Replacing five FWO guidance notes, the policy covers fundamental aspects of our decision making through plain English end-to-end descriptions of how we go about our work.

It was developed over 18 months in consultation with 35 stakeholders, including the Department of Employment, the Fair Work Commission and peak industry bodies. The policy reflects our evolving operating model and confirms our commitment to:

- intervene early in workplace disputes to maintain employment relationships
- proportionate and risk-based compliance and enforcement outcomes
- influence and address the drivers of systemic non-compliance
- continuous service improvement.

The policy is available at fairwork.gov.au, alongside the FWO Strategic Intent. A video explains the different ways we assist customers and is also available on our website.

ASSISTANCE

Deliverable 2: Investigate claims regarding alleged breaches of workplace laws and undertake targeted activities.

In 2014–15, we assisted parties involved in over 25 000 workplace disputes and recovered more than \$22.3 million in back-payments for over 11 000 workers.

Of the 25 000 workplace disputes, around 18 000 were formal allegations of non-compliance lodged through a dispute form, mostly from workers. The remaining 7 000 matters came through as phone or email enquiries and were referred to our newly established ‘early intervention’ program.

The ‘early intervention’ pilot program became part of our standard suite of services in 2014–15 and has successfully assisted people to resolve workplace disputes early—removing the need for dispute forms to be lodged. Intervening ‘early’ in the life of a dispute contributed to a decrease in dispute form lodgements from 2013–14 levels, comparable to the number of early interventions undertaken.

This indicates that early intervention activities are resolving disputes before they escalate, saving time and money for all parties and preserving employment relationships.

We continue to tailor solutions for customers who request our assistance. In assessing potential non-compliance with workplace laws, we consider the individual’s circumstances, the issues at the workplace and the situation more generally to determine how best we can help. This recognises that not everyone or every issue requires the same type of assistance or intervention.

Our Compliance and Enforcement Policy details the services we offer to support compliance with workplace laws, and is available at fairwork.gov.au.

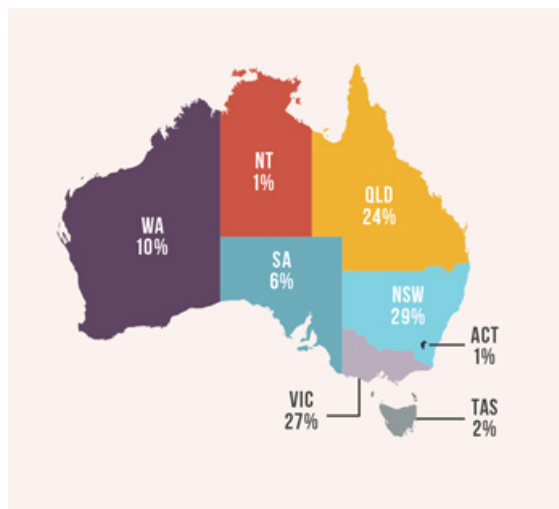
Broadly, requests for assistance involving disputes are finalised through three stages – assessment, dispute resolution, and compliance and enforcement:

- Assessment involves establishing the background to a request, whether the allegations are within the FWO’s jurisdiction, and if they are, whether they are serious, widespread and affect people considered vulnerable.
- The dispute resolution process involves applying appropriate treatment models to support resolution, often by working with both parties. This involves various advice and assistance measures contained in our ‘early intervention’ strategies or more structured inter-party mediation.
- Compliance and enforcement usually occurs where the matter indicates serious non-compliance and involves intervention by a Fair Work inspector.

Figure 6: How requests for assistance were finalised, 2014–15



Figure 7: Requests for assistance finalised by state and territory, 2014–15



Dispute form lodgements

This year, we received 18 468 dispute form lodgements and finalised 18 030 matters. Of these, 96% were finalised within 90 days (KPI = 80%). Almost all requests (99%) were completed within 180 days.

Nearly 28% of dispute forms received related to businesses in New South Wales. Victoria and Queensland each accounted for around 26%, followed by Western Australia (10%), South Australia (6%), Tasmania (2%), the Australian Capital Territory (1%) and the Northern Territory (1%). This is comparable to 2013–14.

The majority (68%) of disputes concerned minimum wages and conditions (49%), annual leave entitlements (10%), payment in lieu of notice (5%) and failure to provide a payslip in the required timeframe (4%).

Consistent with last year, over half (51%) of matters finalised related to the industry sectors of accommodation and food services (14%), construction (12%), retail (10%), administration and support services (8%) and other services – including hair and beauty, automotive and dry cleaning services (7%).

More than half of the dispute forms lodged (58%) came from males, and of those:

- 55% were aged 21 to 40 years
- 18% worked in the construction industry, 11% in accommodation and food services and 9% in transport, postal and warehousing.

Dispute forms from females made up 42%, and of those:

- 39% were aged 21 to 30 years
- 20% worked in the accommodation and food services industry, 13% in retail trade and 11% in health care and social assistance.

Dispute resolution

Early intervention program

In its first year as an integrated program, early interventions took an average of six days to resolve a dispute. This compared to 17 days in dispute resolution and 89 days in compliance and enforcement stages.


The early intervention process involves addressing issues at first contact. This is often through an initial call to the Fair Work Infoline and before a workplace dispute form is lodged. Trained dispute resolution specialists act quickly to support parties in resolving their issues.

Intervening early saves time and money for everyone involved, and can often preserve an employment relationship that might otherwise have ended.

More than \$3 million, of the total \$22.3 million recovered in 2014–15, was achieved through 7372 early interventions.

Each intervention is tailored and may include coaching customers through their options with reference to resources available on fairwork.gov.au, working through examples of effective workplace conversations and supporting discussions between parties in the workplace.

The aim is to maintain positive working relationships by keeping the matter in the hands of the parties and supporting them to resolve the issue so the business can be more compliant and productive in the future.



By intervening early and tailoring advice and assistance, we're giving customers confidence to attempt self-resolution, while maintaining positive workplace relationships.

Belinda Livermore
Customer Solutions

Fast and friendly solution

Due to various operational requirements, small business owner Sam refused to approve Gina's request to take Fridays off. Gina had requested the day off for medical reasons related to her pregnancy.

With the employment relationship quickly deteriorating, Sam called the Small Business Helpline. On explaining the situation, she was referred to our specialist early intervention area.

Our impartial FWO officer encouraged Sam to consider other mutually acceptable arrangements that could be put forward at a meeting with Gina.

Gina was also invited – and agreed – to speak with the FWO officer ahead of the meeting.

During both conversations our FWO officer explained the rights and obligations around parental leave, provision of a safe work environment, flexible working arrangements, and ways to accommodate business and individual requirements.

Sam and Gina were also directed to our free online course about dealing with difficult conversations.

Shortly after contact with the FWO, Sam and Gina met and came to an arrangement where shorter hours would be worked over the week. The needs of each party were met.

Note: The employer and employee names have been changed to protect privacy.

Mediation

Mediation is a flexible and confidential two-way process that gives parties the opportunity to discuss the dispute and find mutually acceptable solutions.

Matters concerning a misunderstanding or lack of awareness can often be resolved through mediation, except where issues involve exploitation or deliberate non-compliance. An accredited and impartial FWO mediator works with the parties to reach a settlement during their scheduled telephone conference, but the parties control the outcome.

In 2014–15, the Mediation team finalised over 6000 workplace disputes and assisted 2117 employees to receive almost \$7.7 million in back-payment.

In addition to monetary settlements, the parties may generate creative and often unexpected outcomes such as deciding to return to work, returning property and providing written apologies. For example, we facilitated a mediation in 2014–15 where the employer agreed to mark their former employee's final assignment, enabling the employee to complete their qualification.

Small claims assistance

We increased our assistance for parties who are unable to reach a resolution and decide to pursue their small claims directly with the courts. In 2014–15, we provided impartial, tailored assistance for 1071 people to appear before the courts by clarifying the small claims process and helping them complete court application documents.

The FWO developed a range of comprehensive guides, including a series of explanatory videos about the small claims process. Introduced on our YouTube channel in August 2014, the videos attracted 13 565 views during the year.

We generally offer additional assistance to those with barriers to taking action, such as people from culturally or linguistically diverse backgrounds, or with low literacy. We may help these customers complete small claims applications, advise on how to prepare evidence and correctly serve documents.

In some cases we act as a 'friend of the court'. In this capacity we don't act for either party, but can assist on points of law or raise awareness of important aspects of the case. A total of \$296 338 was ordered in favour of the 172 applicants we assisted as a 'friend of the court' in 2014–15.

With our assistance, some matters can be resolved before they reach the small claims court. For example, we helped a worker draft a pre-claim letter to their employer, indicating small claims action as their next step in pursuing outstanding wages. The parties reached a mutually acceptable agreement without court action.

Customer engagement

The FWO continues to focus on repeated instances of non-compliance. Where employers are involved in multiple requests for assistance, we may intervene in a targeted manner through our customer engagement program.

In 2014–15, FWO officers worked with employers that had a history of non-compliance to finalise 1462 matters. Over \$1 million was recovered for 329 workers through tailored and proportionate compliance responses, including issuing 142 letters of caution and 32 infringement notices.

Information on the reasons for an employer's repeated non-compliance is collected to inform future education and compliance practices. Contributing factors include communication breakdowns and poor dispute handling processes at the workplace, financial difficulties and cash flow problems, and ignorance or deliberate avoidance of workplace laws.

Working directly with an employer to understand the reasons for repeated non-compliance means we can respond appropriately and identify practical, long-term solutions.



Marilyn Sturgeon
Customer Solutions

Addressing repeated non-compliance

A security company became the focus of a compliance intervention, following several underpayment contraventions and education from the FWO over seven months.

Despite rectifying the initial underpayments, another employee requested our assistance – indicating that the company was continuing to pay a flat rate for all hours worked.

To address the cause of the repeated non-compliance, the matter was referred to our customer engagement area for tailored intervention.

FWO officers met with company representatives. They issued a compliance notice to correct the latest breach – and demonstrate the seriousness of such breaches – and provided further advice on how to maintain compliance.

In addition to back-paying the outstanding wages, the company agreed to engage with us regularly to ensure ongoing compliance.

Investigation

We conduct investigations where we suspect exploitation or deliberate non-compliance. We take proportionate action to address contraventions and, where appropriate, seek an enforcement outcome. Information on enforcement outcomes is available on p. 33.

Compliance partnerships

Employers can make a public commitment to compliance with workplace laws by entering into a proactive compliance deed. The deeds demonstrate a business' intention to operate responsibly and ethically.

Four major brands, employing around 29 000 workers, entered into partnerships with us through the year. This included the proprietary limited brands JB HI-FI Group, Retail Zoo and Minor DKL Food Group. Domino's Pizza also renewed their partnership, signing a second deed with the FWO.

Each agreement is tailored to the needs of the business and details the steps they will take to ensure compliance, such as improving payroll systems, conducting workplace relations training and self-auditing wages and records. Copies of the deeds are available at fairwork.gov.au.

Campaigns

Each year, we run national and state/territory based campaigns in various geographical locations and different industry sectors. Campaigns help us to detect and prevent non-compliance by building a culture of conscious compliance within workplaces. Employers not meeting their obligations are expected to fix problems that are identified, and are assisted to put in place systems to ensure mistakes are not repeated.

We take an evidence-based and proportionate approach to determine where to focus our attention and which workplace relations issues to target. Industries, sectors and areas with a high percentage of requests for assistance and vulnerable workers are typically selected. Businesses previously audited and identified as non-compliant are also considered for re-audit to assess their ongoing compliance.

In designing and implementing campaigns, we work with industry associations, employer representatives, unions and community groups.

National campaigns

In 2014–15, our national campaigns focused on textile clothing and footwear, cleaning, building and construction, and apprentices. The education phases of our national apprentice and textile, clothing and footwear campaigns were completed, with further auditing to take place in 2015–16.

Information on the national campaigns, including campaign reports, is available at fairwork.gov.au.

Regional campaigns

In the course of the year, we commenced 16 regional campaigns, with at least two occurring in each state and territory. This includes the South Australia, Western Australia and Northern Territory Records and resources campaign and the East Coast Records and resources campaign, occurring in New South Wales, Queensland and Tasmania.

Overall, 2014–15 campaign activity accounted for:

- engagement with thousands of businesses, enabling us to educate about workplace rights and refer people to our resources
- 4564 workplace audits
- more than \$1.9 million recovered on behalf of 2295 employees
- an increase in overall compliance and a decrease in money recovered, with return audits finding improved workplace practices by the majority of previously non-compliant businesses
- 66 letters of caution, including 38 issued to businesses where we identified a history of non-compliance
- 11 infringement notices, six were issued to businesses where we identified a continuing pattern of non-compliance
- one litigation initiated against a café in Alice Springs for failure to comply with record-keeping obligations.

Unique to the employer's needs, compliance partnerships instil confidence in staff and the public that the brand is committed to ongoing compliance with workplace laws.



Ryan Elson
Compliance

Taking workplace responsibilities seriously

Food franchisor Minor DKL Food Group Pty Ltd (MDKL) joined a growing list of businesses who want to work with the FWO in a compliance partnership.

MDKL controls 350 workplaces throughout Australia with a 6000-strong workforce. These include The Coffee Club, Ribs & Rumps Restaurants, The Groove Train and Coffee Hit.

As part of the two-year agreement, MDKL will:

- review its current systems and processes to ensure they promote compliance
- self-audit employment records to ensure employees are receiving their full entitlements
- nominate a dedicated staff member to deal with disputes from its staff that are referred by the FWO
- introduce workplace relations training for managers and ensure all employees are aware of their rights and entitlements.

A designated FWO contact point provides access to technical knowledge and training resources, and gives the company an opportunity to resolve workplace issues in-house in the first instance.

Table 8: Campaign audits finalised and money recovered for employees

	2014–15	2013–14	2012–13
Total audits completed	4564	4567	5675
National audits completed	2122	2848	2192
Regional audits completed	2442	1719	3483
Total monies recovered from audits	\$1 900 879	\$4 003 342	\$3 948 401
Number of workers paid	2295	7541	5209

In 2014–15, 4564 audits found a 66% compliance rate.

Of the non-compliant businesses, 49% had non-monetary contraventions.

Table 9: Campaign audits finalised by state and territory

	2014–15	2013–14	2012–13
New South Wales and Australian Capital Territory	1284	1342	1618
Northern Territory	122	151	108
Queensland	997	1020	1879
South Australia	524	476	742
Tasmania	268	167	294
Victoria	882	999	639
Western Australia	487	412	395
Total	4564	4567	5675

Table 10: Money recovered for employees through campaigns by state and territory

	2014–15	2013–14	2012–13
	\$	\$	\$
New South Wales and Australian Capital Territory	439 359	1 064 815	904 087
Northern Territory	585 522	110 915	145 282
Queensland	322 853	799 826	704 383
South Australia	152 788	294 862	589 714
Tasmania	39 014	167 904	128 621
Victoria	215 545	1 080 449	733 268
Western Australia	145 798	484 571	743 046
Total	1 900 879	4 003 342	3 948 401



Matt Fossey
Campaigns

The vast majority of businesses with errors work with us to correct their mistakes and return audits are finding improved workplace practices are being maintained.

Spot checks in childcare

The childcare sector is an industry of interest due to the nature of the work and the potential vulnerability of workers.

Census data shows that 96% of childcare workers are female, about a third are aged 24 years or less and about a quarter were born overseas – increasing their vulnerability to exploitation at work.

Following an increase in requests for assistance, and almost 10 000 phone enquiries between January 2012 and April 2013, we launched the National children's services campaign in 2013–14.

The campaign focused on long day care centres and outside school hours care, and was delivered in two parts.

Phase one involved educating employers about their obligations – just under 9000 businesses were contacted, we advertised online, created a dedicated web page and conducted a webinar.

In phase two, 420 businesses were audited to check compliance with wages and record-keeping obligations – 71% were found compliant and the 123 businesses who made errors worked with us to fix them.

Of the \$438 635 recovered for 584 employees, almost \$170 000 was recovered for 166 people employed by a Western Australian company. One letter of caution was also issued, putting a business on notice that we expect compliance in the future.

The campaign report was released in May 2015 and is available at fairwork.gov.au.

Inquiries

The FWO may begin an inquiry in response to systemic non-compliance trends in our data, issues raised in the media, or concerns we receive from the public. The scope of an inquiry usually extends beyond a single request for assistance to include an industry, region, supply chain, labour market or a combination of these. We examine structural and behavioural drivers that lead to serious widespread non-compliance, with particular attention paid to the influence of entities at the top of supply chains. The complexity of these issues and the entrenched non-compliance means inquiries are longer term activities.

As part of our approach, we may conduct site visits, interviews and audits of workplace records over a number of years before findings, recommendations and actions are shared. Inquiry reports are published on fairwork.gov.au.

Ten comprehensive inquiries were active during 2014–15, with more than 160 related education and compliance activities conducted.

We released the report into the labour procurement arrangements of the Baiada Group in New South Wales in June 2015. The 18-month inquiry focused on understanding the causes of ongoing requests for assistance from chicken processing workers. Inadequate governance practices were identified at the top of the supply chain, leading to exploitation of workers – largely working holiday visas holders – by labour providers.

In addition, we completed inquiries into the Department of State Development and Business Innovation's labour hire and independent contractor arrangements in Victoria, and the Department of Education and Child Development's procurement of minibuses for special needs school children in South Australia.

Inquiries continuing in 2015–16 are examining the:

- employment arrangements of workers, mainly working holiday visa holders and seasonal workers, along the harvest trail
- outsourced housekeeping arrangements used by 4 and 5 star franchise hotels
- work performed by working holiday visa holders
- knowledge of pregnancy discrimination workplace laws by employers in Victorian and New South Wales Chinese speaking communities
- procurement of trolley collecting services by Woolworths
- workplace practices of 7-Eleven franchise stores
- procurement arrangements of cleaners in Tasmanian supermarkets operated by Coles and Woolworths.

As at 30 June 2015, we had recovered \$254 924 for 870 workers as part of the Harvest trail inquiry. Money has been recovered through compliance audits and requests for assistance from workers. Twenty-four infringement notices were issued; totalling \$14 250 in penalties, and legal proceedings were initiated against one horticulture employer.

Companies who look the other way while profiting from underpaid workers in their supply chain, risk costly legal liability and damage to their reputation.



Verity Yeates
Legal Practice

Exposing exploitation in poultry processing

Baiada, Australia's largest poultry processing company, was put under the spotlight following an inquiry into labour procurement arrangements at its processing sites in Beresfield, Hanwood and Tamworth.

The in-depth inquiry commenced following claims of plant workers being significantly underpaid, forced to work long hours and pay high rent for unsafe accommodation – allegations that were substantiated through the inquiry.

The inquiry found the company to have poor governance arrangements, including verbal agreements with an extensive list of labour-hire contractors used to

source most of its workers – largely 417 working holiday visa holders from Taiwan and Hong Kong.

Baiada paid the principal contractors a rate per kilogram of poultry processed, rather than by the hours worked. They in turn subcontracted to at least seven other second-tier entities, some of whom further subcontracted down another two or three tiers.

Work continues in partnership with other regulatory agencies and groups to investigate further, enforce workplace laws and raise awareness about the importance of businesses taking responsibility for workers all the way through their supply chains.

Potential breaches of laws outside our jurisdiction have been referred to the relevant authorities.

ENFORCEMENT

Deliverable 3: Enforce compliance with workplace laws through informal and formal compliance tools, such as enforceable undertakings, compliance notices or, where necessary, litigation in the courts.

Our approach to enforcement is careful, considered and proportionate. We take a range of relevant factors into consideration when deciding how we will respond to requests for assistance. This approach is explained in our Compliance and Enforcement Policy.

Enforcement action is reserved for serious non-compliance or situations with significant public interest. This includes matters involving exploitation of vulnerable workers, blatant disregard for the law and where a strong deterrence message is required.

Enforcement outcomes

An enforcement outcome is where formal action is taken under the Fair Work Act in response to breaches of workplace laws. Four enforcement outcomes are available to us.

Infringement and compliance notices and the execution of enforceable undertakings increased in 2014–15, recognising the constructive and cost-effective outcomes of their use.

Infringement notices

Infringement notices (or on the spot penalties) are issued for record-keeping or payslip contraventions.

In 2014–15, we issued 348 infringement notices to ensure employers understand the importance of record-keeping obligations.

Before notices were issued, we considered the employer’s previous compliance history and how much their lack of record keeping impacted on our ability to find, calculate and recover entitlements.

Compliance notices

A compliance notice is a written notice that legally requires a person to do certain things to fix alleged breaches of the Fair Work Act. We usually issue these notices where the employer hasn’t agreed to, or we suspect won’t, rectify the alleged breaches.

Use of compliance notices typically means unpaid wages may be recovered quickly without the need to initiate legal action. Recognising this, 118 notices were issued and \$416 010 recovered throughout the year, almost twice the number issued in 2013–14.

Non-compliance with these notices is actionable in a court and can result in penalties. We initiated eight litigations against employers alleging they failed to comply with their notice. Before launching legal action, FWO made extensive efforts to facilitate back-payments owed to employees.

Table 11: Use of enforcement tools

	2014–15	2013–14	2012–13
Infringement notices issued	348	116	124
Compliance notices issued	118	65	74
Enforceable undertakings executed	42	15	12
Litigations commenced	50	37	50
Total	558	233	260

Enforceable undertakings

We use enforceable undertakings where an employer has acknowledged they've breached the law, accepted responsibility and agreed to cooperate with us to fix the problem.

The enforceable undertaking is a company's written commitment to address contraventions, often through back-payment, and prevent future breaches through initiatives such as training sessions for senior managers.

These legally binding documents also require companies to perform self-audits and report on compliance at specific times.

We can take legal action to enforce the terms of an enforceable undertaking if it's not complied with.

Enforceable undertakings minimise costs for all parties, enable employees to receive unpaid entitlements sooner and facilitate long-term behavioural change. They also enable legally binding commitments that are different from what a court would typically order if we initiated legal action, such as donating money to community groups and registering for our My account service.

During 2014–15, we issued 42 enforceable undertakings, a 180% increase when compared with 2013–14.

The National Union of Workers was the first union to enter into an enforceable undertaking. This followed alleged adverse action against their members. One other enforceable undertaking entered into during the year related to adverse action.

More than \$3.7 million in underpayments were recovered through enforceable undertakings. The majority (93%) of enforceable undertakings related to wages and conditions breaches, and 48% involved matters relating to overseas workers.

In 2014-15, Aged Care Services Australia Group Pty Ltd voluntarily reported \$4.8 million in underpayments they discovered during a review. The company signed an enforceable undertaking which includes offering \$550

towards financial advice for those workers owed more than \$10 000, an agreement to implement training for managers and auditing pay packets over a three-year-period.

Enforceable undertakings are publicly available at fairwork.gov.au.

Litigation

We reserve court action for the most serious instances of non-compliance. Cases usually involve an employer who has not cooperated with us or who has deliberately exploited vulnerable workers.

The FWO takes legal action in appropriate cases where we have sufficient evidence and, on balance, where we consider it is in the public interest and a proper response to the alleged misconduct. Our litigation policy (Guidance Note 1 – Litigation Policy) is available at fairwork.gov.au.

In 2014–15, we initiated 50 civil penalty litigations. Thirty-three matters were decided in court, including 31 commenced in prior years. This resulted in court-ordered penalties of more than \$2.3 million.

Twenty-six of these matters involved an accessory, someone other than the business who was involved in the contravention, such as a director. Penalties of \$1 909 093 were ordered, including \$571 889 against the relevant individuals.

We also seek court orders to stop those involved from engaging in unlawful behaviour, deter others from breaching the law and provide judicial clarification of workplace laws.

In addition to financial penalties, we successfully secured interim orders that froze the assets of two companies to the value of the alleged underpayments. This meant the employees could still receive their entitlements if the company dissolved their assets. We're seeking an increasing number of corrective action orders, requiring parties to complete training and future audits to address non-compliance.

A portrait of Kristy Arnold, a woman with long, wavy blonde hair and blue eyes, smiling. She is wearing a dark grey cardigan over a white top. The background is a blurred office setting.

We welcome opportunities to work together with companies who are willing to take legal and ethical responsibility for ending exploitation of vulnerable workers.

Kristy Arnold
Assessment & Intelligence Team

Looking at the supply chain

A trolley collector received a life-changing surprise when we tracked him down and returned almost \$90 000. This followed an agreement with Coles Supermarkets to back-pay ten of its subcontracted workers.

In late 2011, the FWO raised concerns with Coles about the underpayment of trolley collectors employed by subcontractors at their sites.

The following year, we commenced legal action against two of the subcontractors and named Coles as a respondent – alleging Coles didn't take action, despite knowing the trolley collectors weren't being paid correctly.

Legal action was withdrawn when, in October 2014, Coles acknowledged its responsibility for compliance across all business operations and signed an enforceable undertaking committing the company to:

- back-pay 10 trolley collectors \$220 000
- establish a \$500 000 fund to back-pay any other trolley collectors underpaid at their sites
- bring trolley collection services in-house at all their Australian sites within two years
- set up a special hotline in the head office for store managers to escalate disputes or concerns about trolley collectors
- investigate and finalise internal disputes within 28 days
- provide ongoing reports to the FWO.

Table 12: Civil penalty litigations

	2014–15	2013–14	2012–13
Civil litigations commenced	50	37	50
Penalty decisions	33	39	45
Penalties	\$2 380 638	\$3 046 380	\$1 654 570
Underpayments recovered	\$863 847	\$1 558 116	\$683 026

The majority of litigations commenced (42%) involved wages and conditions. Almost all of these concerned allegations of underpayment of minimum wages – and 72% involved casual workers.

Wages and conditions litigations largely included the restaurant, cleaning, retail and security industries, and most also involved record-keeping contraventions.

Failure to comply with a Fair Work Commission Order, a notice to produce or a compliance notice represented 34% of all allegations taken to court. Enforcing orders and notices is important to uphold the effectiveness of Australia’s workplace relations system. It’s also in the public’s interest to ensure orders, such as unfair dismissal or industrial action orders, are complied with.

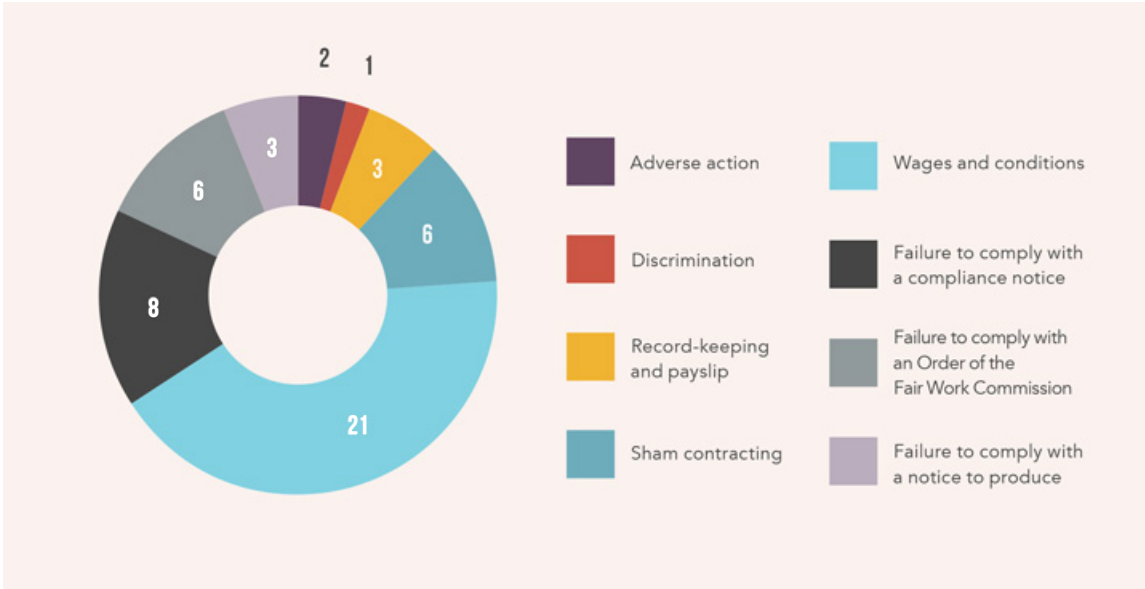
A record \$47 500 penalty was awarded against a gymnasium and its director for deliberately ignoring a Fair Work Commission Order to provide final pay to a receptionist. As the largest penalty imposed for breaching an order, this sends a clear message that refusing to comply will not be tolerated.

We commenced eight litigations involving a failure to comply with compliance notices. In one case the court imposed a \$38 250 penalty against a manufacturing company for failing to pay two employees, highlighting the importance of notices as an alternative to litigation.

In another case, an employer repeatedly refused to comply with a notice requiring them to back-pay an overseas chef \$4000. Despite the company going into liquidation following the decision, we secured full payment for the worker from the director’s penalties.

For the first time in three years, we initiated legal action for failure to comply with a notice to produce. The three matters were taken to court after we considered how difficult it was to identify and recover underpayments without employer records.

Figure 8: Types of civil penalty litigations commenced, 2014–15



In 2014–15, we were also involved in:

- four debt recovery proceedings
- one intervention in a case considering whether a regulator can make submissions on appropriate penalties
- one instance where we provided assistance to the Federal Court on an award interpretation matter
- four applications to set aside compliance notices
- two appeals.

The FWO initiated nine litigations alleging contraventions of general protection provisions through the year. Six involved sham contracting allegations, representing 12% of all litigations commenced. Many involve overseas workers and largely relate to the hospitality, transport, cleaning, security, labour hire and health and massage industries.

We take action against employers who deliberately engage employees as contractors to avoid paying minimum entitlements. In one case decided, a Melbourne travel services company was penalised \$228 000 for paying flat hourly rates of \$9–\$11 to a migrant worker who should have been paid as a casual employee. The underpayments totalled \$19 567 over eight months.

In another case, the court found two travel businesses deliberately misclassified workers as independent contractors to unlawfully cut costs. Six workers, who should have been classified as employees, were underpaid more than \$25 000. As our attempts to rectify the situation were ignored, and with consideration to the seriousness of the matter, we initiated legal action. The businesses were penalised a total of almost \$138 000.

Making no effort to understand workplace laws and failing to apply them correctly can result in inadvertent, but very significant, contraventions.



Eric Leahy
Legal Practice

When legal action is necessary

The Federal Court penalised Lifestyle SA, a company that manages retirement villages, almost \$200 000 for underpaying 46 employees more than \$2.5 million.

The employees – many aged in their fifties or older – received a \$50 flat rate per shift to be pager monitors, with the largest single underpayment being almost \$265 000.

Despite having to stay on-site for up to 16 hours, the company initially insisted employees weren't performing work unless they responded to an emergency call-out.

By underpaying wages, casual loadings, penalty rates and annual leave entitlements, Lifestyle SA gained a significant unfair competitive advantage.

Serious non-compliance priorities

We regularly review our compliance priorities to meet the changing needs of the Australian community. These are the areas we consider to be serious non-compliance priorities.

We measure the seriousness of non-compliance by the potential impact it has on an individual, group or market.

In 2014–15, we particularly focused our efforts on matters involving those most vulnerable to exploitation and those industries that employ them. Overseas and young workers are more likely to face significant barriers to taking their own action.

Overseas workers

We received 2163 workplace dispute forms from overseas workers in 2014–15 and finalised 1971, accounting for more than 10% of all FWO matters.

Half were resolved through dispute resolution services, with \$1.6 million in underpayments recovered—up from \$1.1 million in 2013–14.

Of the dispute forms received from overseas workers, 181 (8%) were from international students, 930 (43%) related to subclass 417 working holiday visas and 315 (15%) involved subclass 457 temporary skilled work visas.

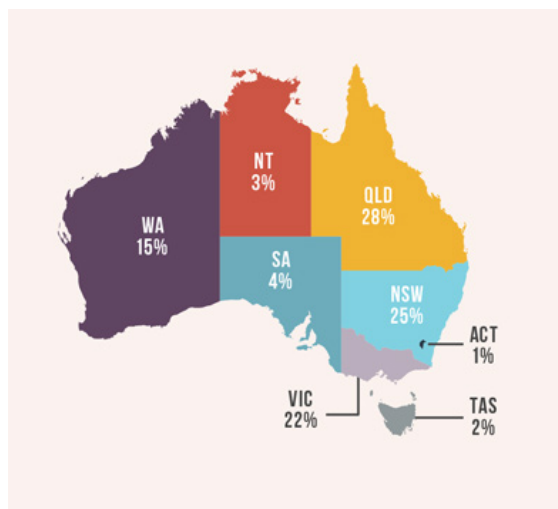
In 2014–15, a travel agency underpaid a visa worker \$4321 in just seven weeks. Non-compliance had resulted from the employer’s limited English literacy skills. After receiving advice on minimum entitlements from the FWO, the employer back-paid the worker and agreed to use our online resources to develop systems for ongoing compliance.

In addition to assisting individuals, we work with community organisations to provide education and support through a trusted third party. This includes employment based advisory services, peak bodies and community legal centres.

Figure 9: Overseas worker dispute form lodgements and outcomes, 2014–15

Disputes received	Disputes finalised	% of all FWO disputes finalised	Monies recovered	Number of overseas workers paid
2163	1971	11%	\$1 640 499	488

Figure 10: Overseas worker disputes finalised by state and territory, 2014–15



Of the overseas worker matters finalised: 26% related to the accommodation and food services sector, followed by agriculture, forestry and fishing (15%); administrative and support services (10%); retail trade (8%); and construction (7%).

The top three allegations overseas workers sought assistance with were: wages, including underpayment of hourly rates and time worked (71%); annual leave (5%); and failure to provide payslips in the required time (4%).

We're undertaking an inquiry into the employment experiences of working holiday visa holders and what the drivers of non-compliance are. The inquiry is seeking to identify and address vulnerabilities faced by these workers. This includes: difficulties in understanding and exercising their entitlements because of age and language barriers; the remoteness of their working location; and their dependence on employers to obtain eligibility for a visa.

457 visa holder sponsorship obligations

As well as ensuring 457 visa holders receive their minimum entitlements, the FWO also assists the DIBP in monitoring compliance with other specific sponsorship obligations under the *Migration Act 1958*.

We check nominated salaries are being paid and the visa holder is performing the nominated position approved in their visa. Where employers are not meeting these obligations, the matter is referred to the DIBP for it to assess the appropriate action under migration laws.

Through the year, a total of 702 entities employing 1611 temporary skilled work visa holders were assessed, 223 entities were referred to the DIBP due to concerns that wages or position obligations were not being met for 328 employees.

In 2014–15, 36% of infringement notices issued were for matters involving overseas workers, and 31% of compliance notices also related to this worker cohort.

Table 13: Use of enforcement tools for matters involving overseas workers

	2014–15	2013–14
Compliance notices issued	37	16
Infringement notices issued	124	23
Enforceable undertakings issued	20	3
Litigations commenced	21	12
Total	202	54

Note: Totals are not mutually exclusive— some enforcement tools involve multiple overseas workers.

Compared to 2013–14, overseas workers were involved in 75% more litigations initiated during the year. The majority (38%) were workers from the restaurant industry.

More than one third (42%) of all litigations commenced involved visa holders, with one in five (22%) specifically relating to subclass 417 working holiday visa workers.

Table 14: Litigations relating to visa and overseas workers

	2014–15	2013–14	2012–13
Proceedings initiated	21	12	16
Decisions	12	11	11
Penalties awarded	\$745 277	\$757 066	\$613 048

The 11 litigations we commenced involving subclass 417 visas concerned allegations of minimum wage underpayments. Seven of these cases also involved record-keeping and pay slip contraventions, and five involved a failure to comply with a notice to produce. The other 10 overseas worker litigations largely related to subclass 457 visa holders.

In one case decided during the year, a chef on a 457 visa received \$80 000 owed to him. The employers were penalised \$100 000 for paying a flat weekly rate, despite the chef being required to work 60 hours.

Young workers

Young workers, aged 25 years or younger, lodged 26% of all the dispute forms received in 2014–15. There were more than 4800. Total recoveries increased by almost \$500 000 compared to 2013–14.

More than half of the disputes were resolved through dispute resolution services, with over \$2.8 million in underpayments recovered for 1218 young workers.

Allegations from young workers largely related to: wages, including underpayments (36%) and not being paid for time worked (25%); annual leave (7%); failure to provide payslips in the required time (6%); and payment in lieu of notice (3%).

The highest proportion of young worker matters finalised related to: accommodation and food services (22%); construction (16%); retail trade (11%); other services—including hair and beauty, automotive and dry cleaning services (10%); and administrative and support services (6%).

Dispute forms received from apprentices totalled 1016 and \$701 120 was recovered for 270 apprentices. The highest proportion of disputes came from trades workers, including: hairdressers (16%); carpenters (16%); chefs (12%); plumbers and electricians (10%); and mechanics (9%).

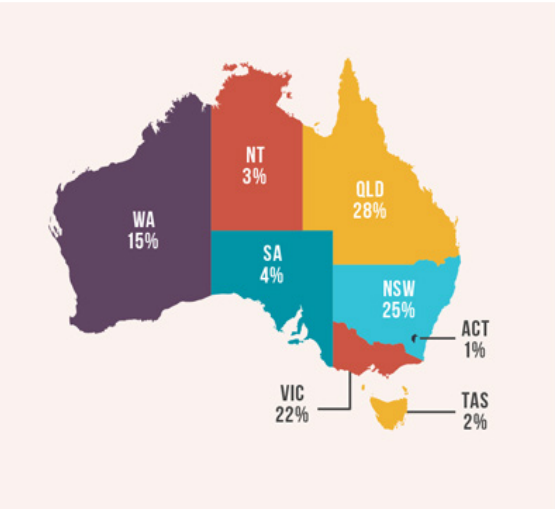
In 2014–15, a 16-year old school-based apprentice came to us for help after working 18 days without payment. A findings of contravention letter was sent to the employer, but they didn’t comply with our requests. We then issued a compliance notice and the young worker was back-paid \$1178. To support future compliance, the employer was issued with a letter of caution and referred to tools and resources on fairwork.gov.au.

Education and compliance audits of 700 businesses engaging apprentices across a range of industries were conducted during the year. Specific advice and assistance was provided to employers around how to support apprentices through to completion of training contracts, with about half of all apprenticeship contracts in trades not completed. The national campaign report will be published on fairwork.gov.au in 2015–16.

Figure 11: Young workers dispute form lodgements and outcomes, 2014–15

Disputes received	Disputes finalised	% of all FWO disputes finalised	Monies recovered	Number of young workers paid
4864	4708	26%	\$2 885 165	1218

Figure 12: Young worker disputes finalised by state and territory, 2014–15



As with overseas workers, our use of infringement notices for matters involving young workers more than doubled compared to 2013–14.

Table 15: Use of enforcement tools for matters involving young workers

	2014–15	2013–14
Compliance notices issued	35	32
Infringement notices issued	60	25
Enforceable undertakings issued	10	2
Litigations commenced	14	10
Total	119	69

Note: Totals are not mutually exclusive— some enforcement tools involve multiple young workers.

More than one quarter (28%) of all litigations commenced involved young workers, with the largest proportion from the hospitality (36%) and retail (21%) sectors.

Table 16: Litigations relating to young workers

	2014–15	2013–14	2012–13
Proceedings initiated	14	10	8
Decisions	15	5	9
Penalties awarded	\$722 097	\$387 672	\$311 731

In 2014–15, we successfully sought an unprecedented permanent injunction against a director for underpayment and non-payment of young workers in NSW hairdressing salons. The director faces contempt of court proceedings if further underpayments are proven against him, in any business he operates. We sought the injunction after the employers’ repeatedly breached workplace laws and refused to engage with us. The three salons and the director were penalised a total of \$162 000.

We also took action to clarify that employers can’t profit from arrangements labelled as ‘work experience’, ‘volunteer’ or ‘internships’ at the expense of workers. A media company used interns to produce radio shows and paid the young workers a fixed fee for their ‘expenses’, in lieu of wages. This resulted in significant underpayments for two young workers. The company was penalised \$24 000.

PART 3: OUR OPERATIONS

OUR PEOPLE ARE CRITICAL TO ACHIEVING SUCCESSFUL OUTCOMES. WE CONTINUED TO BUILD THE CAPABILITY OF OUR WORKFORCE, COLLABORATED TO ACHIEVE RESULTS AND TRANSFORMED OUR SYSTEMS TO BETTER SERVICE THE AUSTRALIAN COMMUNITY.

WORKFORCE

At 30 June 2015, we employed 753 ongoing, 37 non-ongoing and no casual employees under the *Public Service Act 1999*.

In 2014–15, our external recruitment processes resulted in 14 ongoing engagements, one non-ongoing engagement and six internal promotions.

We are committed to supporting flexible work practices, with all vacancies advertised as full-time or part-time.

A series of tables on p. 59 shows the size, location and makeup of our workforce.

DIVERSITY

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

Our commitment to maintaining a flexible, diverse and inclusive workforce continued in 2014–15 through our:

- White Ribbon and Australian Breastfeeding Association accreditations
- register of multilingual staff willing to assist customers from diverse backgrounds
- provision of support mechanisms for employees experiencing family or domestic violence
- participation in the Australian Public Service Commission's (APSC) Indigenous Pathways Program
- Diversity Council's ongoing support of employee networks, including the Women's forum; the Gay, lesbian, bisexual, transgender and intersex (GLBTI) network; the Indigenous employee network; and the Disability network

- attendance at events such as the Midsomma festival
- sustained gender equality at executive levels, with 57% female managers and 45% senior female managers at 30 June 2015
- practice of briefing male and female counsel; we briefed 56 female and 34 male barristers.

WORKFORCE PLANNING AND EMPLOYEE RETENTION

Entry level recruitment programs

To support current and future work of the FWO, we conducted a graduate program in 2015.

Eleven graduates were recruited with degrees in law, information technology, workplace relations, finance, communications and commerce. This included an Indigenous legal graduate through the APSC's Indigenous Pathways Program.

The 10-month graduate program offers workplace learning and development in a supportive environment and enables the agency to build capability in specialist roles and capacity in critical areas.

Engagement

Our 2015 census results continue to show high levels of engagement across the FWO. Perceptions of effective communication between senior leaders and other employees are particularly positive.

In 2014–15, we conducted activities to promote a positive workplace culture and genuine employee engagement, including:

- recognising high-performing individuals and teams through informal and formal reward programs, including our annual achievement awards
- introducing a structured, strategic and systematic approach to change management that guides supervisors and managers through the people side of change.

The Agency consultative forum continues to facilitate open communication and consultation across the FWO. Representatives discussed and sought feedback on a range of initiatives, reviews and policies, including the agency's revised performance policy.

The performance policy guides staff in achieving and maintaining high standards, translating into great service for customers and productivity gains for the FWO.

Over the past 18 months we have improved our performance management practices. The new approach focuses on setting clear expectations and the provision of regular, meaningful feedback, rather than process.

Capability development

In 2014–15, we focused on designing and delivering training for the PACT, our external website fairwork.gov.au and the Customer service solution, which is due for delivery in 2015.

We also developed a capability strategy that outlines our approach to building workforce capability. This work will be continued through the development of a capability framework and a new Learning management and performance system, which will be implemented in 2015–16.

In 2014–15, approximately \$900 000 was spent on programs to develop workforce capability. This equates to 1.7% of the agency's total salaries cost. Costs associated with attending and delivering courses are not included in this figure, such as staff travel.

Other 2014–15 capability development highlights include:

- designing and delivering a comprehensive leadership program for high-performing EL1 leaders, focusing on meeting strategic objectives and increasing productivity and outputs
- supporting 41 employees to undertake formal accredited courses through our study assistance scheme
- supporting the Continuing professional development framework to ensure frontline staff maintain technical knowledge and professional development

- delivering training programs to more than 1100 participants across 40 courses and 100 sessions nationally, both online and face-to-face. This equates to approximately 5200 training hours. The programs were on the PACT, small claims, document management, our external website and clear writing for the web.

REMUNERATION AND CONDITIONS OF EMPLOYMENT

Enterprise agreement

The FWO Enterprise Agreement 2011–14 remains the main source of terms and conditions of employment for APS1–EL2 employees. It has enabled us to remain an attractive employer and service provider, responsive to the needs of government and the Australian community.

The enterprise agreement reached its nominal expiry date during the year and employees were provided with information to help them understand their rights and obligations under the agreement and associated policies.

The agency is currently negotiating a new enterprise agreement.

Remuneration

Our remuneration policy operates in accordance with parameters that apply across the APS.

Table 17: Salary ranges by classification at 30 June 2015

Classification	Salary ranges
APS 1	N/A
APS 2	\$52 792 – \$57 815
APS 3	\$59 407 – \$64 063
APS 4	\$66 144 – \$71 779
APS 5	\$73 738 – \$78 148
APS 6	\$79 862 – \$91 867
EL 1	\$101 665 – \$110 750
EL 2	\$117 221 – \$170 000
SES Band 1	\$208 414 – \$220 867
SES Band 2	\$239 194 – \$250 676

Note: Excludes the Fair Work Ombudsman.

Performance bonuses

No performance bonuses were paid to staff in 2014–15.

WORK HEALTH AND SAFETY

In 2014–15, we continued delivering work health and safety services to staff, including programs to support mental health and wellbeing.

Initiatives and outcomes during the year included:

- implementing a health and wellbeing strategy and awareness campaign to provide support and education services
- mental health first aid training and work health and safety refresher training for staff
- a hazard and risk assessment in accordance with the *Work Health and Safety Act 2011*
- an influenza vaccination program
- a rehabilitation management system audit

- early intervention and active prevention initiatives such as workstation assessments, introducing sit-to-stand desks in some offices and providing rehabilitation case management services.

The initiatives received positive feedback and engagement from staff, promoted health and wellbeing and provided valuable support.

Work health and safety incident reporting

Notifiable incidents

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

There were no notifiable accidents and no dangerous occurrences reported to Comcare in 2014–15.

Investigations

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

No investigations were conducted in 2014–15.

Property and environmental management

We provide our employees with high-quality, cost-effective, safe and sustainable office accommodation and facilities to meet business needs.

Accommodation

The implementation of our national property strategy has enabled us to successfully deliver effective and efficient property services. This has included co-location with other government departments, improved occupational density ratios and better use of office space to reduce our property expenditure.

Between July 2009 and June 2015 we achieved a property holdings reduction of approximately 28% in three capital city offices. We also successfully collaborated with other government agencies to sublet surplus metropolitan lease holdings and co-locate in smaller regional centres.

We are currently located in 23 sites across Australia, including all capital cities and territories.

Information technology

Business performance is supported by a range of information technology services, including application development and support, business analytics, application hosting, infrastructure provisioning and other support services. We continue to invest in digital solutions to be more productive and innovative.

Responsibility for the FWO's information technology is shared between the agency, which continues to sustain and develop its major business applications, and the Departments of Employment and Education and Training Shared Services Centre, which manages our other information technology services.

Digitalisation Program

We established a program to focus on digital customer products and services, enhanced data use and analytics, and internal productivity improvements.

In 2014–15, a tablet-based site visit report was developed. Fair Work inspectors record customer interactions on an iPad and email the finalised report direct to the employer.

A self-service mobile tool for the hairdressing industry is also in development, which will step people through issues relating to ending employment.

This program of work runs until December 2015.

Environmental performance

Waste, energy and water consumption and greenhouse emissions are minimised through the implementation of our Environmental management action plan. Employees are actively informed about their environmental responsibilities at work.

In 2014–15, our environmental initiatives included:

- using print-on-demand, requiring staff to swipe their ID card to print
- using 100% carbon neutral paper for internal printing and piloting paperless processes
- reducing our property size and fit outs to meet government standards
- participating in programs to recycle toner cartridges and mobile phones
- introducing bin-less offices and encouraging more recycling.

PART 4:

OUR CORPORATE MANAGEMENT AND ACCOUNTABILITY

CORPORATE GOVERNANCE COVERS THE RULES, RELATIONSHIPS, SYSTEMS AND PROCESSES BY WHICH WE APPLY THE RESOURCES ENTRUSTED TO US. WE MAINTAIN HIGH STANDARDS OF ACCOUNTABILITY AND PERFORMANCE MANAGEMENT THROUGH OUR CORPORATE GOVERNANCE PRACTICES.

GOVERNANCE COMMITTEES

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

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

Executive Committee

The Executive Committee is our chief decision-making body and is comprised of all Senior executive service officers. Membership is shown on p. 5.

The Executive Committee sets and facilitates the delivery of the FWO's strategic direction. The committee makes decisions across all areas and ensures we operate in a timely and lawful manner.

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.

Developing staff and promoting open communication and collaboration are priorities for the Executive Committee.

The Executive Committee meets once a month and distributes meeting outcomes to all staff via the intranet.

Audit Committee

The FWO Audit Committee is responsible for providing independent assurance to the Fair Work Ombudsman on the agency's financial and performance reporting, risk management framework, internal control system, and legislation and policy compliance. In 2014–15, the Audit Committee comprised of two external, independent members and two senior FWO officers.

In 2014–15, the committee conducted internal reviews of the FWO's:

- project management framework
- compliance with the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*
- risk management framework
- website security
- business continuity planning control processes.

IT Projects and Capital Expenditure Sub-Committee

The IT Projects and Capital Expenditure Sub-Committee provides high-level strategic governance of major IT and capital expenditure projects. It also incorporates the functions of our previous IT committee, which met for the last time in July 2014.

Health and Safety Committee

The Health and Safety Committee reviews and provides recommendations on policy matters involving the work health and safety of staff. This includes implementing preventative initiatives and reporting on relevant legislation. Discussion of our work health and safety outcomes takes place on p. 47.

Diversity Council

The Diversity Council makes recommendations to advance the FWO's diversity goals and monitors our progress against agreed diversity strategies, plans and targets.

Discussion of diversity initiatives appears on p. 46. Statistics on our culturally and linguistically diverse staff can be found on p. 61.

BUSINESS PLANNING

Each business area develops strategic and operational plans that set direction and performance measures. The business plans provide a link between the FWO's strategic goals, set out in the FWO Strategic Intent, and individual performance agreements. Plans are reviewed and updated regularly to reflect priority shifts.

Throughout the year, performance is reported against these plans in senior management meetings. The FWO's overall performance is also scrutinised by a range of external stakeholders.

RISK MANAGEMENT

Our risk management framework provides a holistic view of risks across operational and corporate areas. Work continues on improving risk management practices, including controls and treatment, and embedding these into everyday work.

We maintain a strategic risk register, which summarises and assigns owners to identified risks. The strategic risk register informs our internal audit program. The Audit Committee reviews the internal audit program and risk information annually.

Introduced in 2010, the Protective security policy framework provides controls for the Australian Government to protect its people, information and assets at home and overseas. In 2014–15, we complied with all of the 36 mandatory reporting requirements. Two categories aren't applicable, these relate to multilateral or bilateral agreements and eligibility waivers.

FRAUD CONTROLS AND INVESTIGATIONS

The Fraud control plan enables us to manage and monitor identified fraud risks. It includes prevention, detection and response initiatives. The plan was revised in 2015 to reflect the *PGPA Act* and is available to all staff on our intranet.

We take all reasonable measures to minimise the risk of fraud and to investigate and recover the proceeds of fraud against the FWO.

There were no known or suspected causes of fraud committed against the FWO in 2014–15.

ETHICS AND VALUES

Ethics and values information is available on our intranet and is embedded in mandatory staff training.

The training informs employees about the APS values, Code of conduct and employment principles and how to apply them in the workplace.

Every employee's performance plan is based on expected performance outcomes and behaviours, and incorporates the APS values and Code of conduct.

FINANCIAL MANAGEMENT

By continuing our strong focus on budget management, we can ensure resources are allocated to deliver the greatest benefit and impact.

Our financial results for 2014–15 are outlined on p. 63. The loss for 2014–15 of \$7.316 million was within the FWO's approved budget funding.

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.

Purchaser-provider arrangements

Our procurement policies are consistent with the *PGPA* Act and the Commonwealth Procurement Rules. We apply the following criteria to all procurement activities:

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

We obtain value for money by accessing existing Commonwealth panels or coordinated contract arrangements, and partner with other larger Australian Government departments and agencies, where applicable, when procuring goods and services.

In 2014–15, we purchased information technology services and other administrative functions on a fee-for-service basis through a memorandum of understanding. Services were provided by the Departments of Education and Employment and Training Shared Services Centre.

Procurement initiatives to support small business

The FWO supports small business participation in the Commonwealth Government procurement market by:

- using the Commonwealth Contracting Suite for low-risk procurements under \$200 000 to reduce the tendering burden
- adhering to the Commonwealth's 30-day payment policy
- engaging with small business organisations to increase the 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's website: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts.

The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website: treasury.gov.au.

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 tender, 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 2014–15, we negotiated 19 new consultancy contracts involving total actual expenditure of \$1 366 356 (including GST).

Table 18: Consultancy contract spending

	2014–15	2013–14	2012–13
Number of new consultancy contracts	19	15	10
Value	\$1 366 356	\$581 438	\$725 000

Note: A number of significant market research activities were conducted in 2014–15.

The AusTender website, tenders.gov.au, contains information about the value of contracts and consultancies.

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.

Further information on market research projects conducted in 2014–15 is available on p. 56.

Grants

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

Advertising and market research

Payments made to market research and media advertising organisations in 2014–15 are detailed in table 19.

Where the total amount paid to an organisation is less than \$12 565, details haven’t been included, consistent with the *Commonwealth Electoral Act 1918*.

No advertising campaigns, for which expenditure was greater than \$250 000, were undertaken in 2014–15.

Table 19: Market research, direct mail and media advertising contracts over \$12 565, 2014–15

Organisation	Service provided	Total \$ paid in 2014–15 (GST inclusive)
Media advertising organisations		
Mitchell & Partners	Communication campaigns	62 628
Mitchell & Partners	Recruitment advertising	33 000
Universal McCann	Communication campaigns	51 626
Market research		
Australian Council for Educational Research		107 629
Deloitte Access Economics		84 700
Diverse Werks		218 130
Quantum Market Research		46 860
U1 Group		17 050

EXTERNAL SCRUTINY

Reports relating to operations

The Commonwealth Ombudsman investigates complaints about our actions, and identifies and conducts its own motion investigations on matters of administration. In 2014–15, one formal review was conducted with no adverse findings made.

Table 20: Commonwealth Ombudsman investigations

	2014–15	2013–14	2012–13
Commonwealth Ombudsman investigations	1	2	5
Number relating to the FWO	1	2	5
Adverse findings	0	0	0

The Australian National Audit Office conducts an audit of our financial statements. The 2014–15 Independent Auditor’s Report is available on p. 65 of this report.

There were no other reports by the Auditor-General, a Parliamentary committee or Commonwealth Ombudsman in relation to the operation of the FWO.

Agency service reviews

As part of our commitment to service, we welcome customer feedback about their experience with us. Parties may request a review if they are dissatisfied with our processes, disagree with an outcome or if we did not meet their service expectations.

There are three types of reviews conducted:

- escalated reviews
- independent reviews
- Commonwealth Ombudsman referral.

We saw a decrease of 37% in the number of requests for review or pieces of constructive feedback received during 2014–15, compared with 2013–14.

This decrease is attributed to a stronger focus on early resolution between parties, which is providing customers with more options and assisting in achieving positive outcomes.

Table 21: Reviews received and finalised

	2014–15		2013–14	
	Received	Finalised	Received	Finalised
Operations Group	198	199	313	268

Freedom of information

We received 67 freedom of information (FOI) requests through the year, with seven requests outstanding at 30 June 2015. This is one less FOI request received than in 2013–14.

Members of the public wanting to access documents relating to their request are directed to our Document access policy, available from fairwork.gov.au.

In 2014–15, we continued facilitating access to documents outside the *Freedom of Information Act 1982* (FOI Act) to reduce the need for customers to make FOI requests.

Privacy

We’re committed to protecting the privacy of individuals who provide us with their information. During 2014–15, we completed a privacy risk assessment and introduced mitigation strategies for the identified risks. This included staff training, privacy impact assessments for new projects and processes, and staff communications to reinforce the importance of good information handling and security practices.

Decisions by the Australian Information Commissioner

The Office of the Australian Information Commissioner (OAIC) reviews our compliance with information transparency, FOI and privacy.

Two applications for an Information Commissioner review of FOI decisions made by the FWO were filed with the OAIC in 2014–15. One involved a decision to impose a charge for an FOI request. This matter was finalised as the Commissioner found the application lacked substance. The other application remains outstanding with the OAIC as at 30 June 2015. This involves a decision to exempt confidential material from mediation documents under section 45 of the FOI Act.

Judicial decisions or administrative reviews

There were no judicial decisions or administrative reviews or findings that affected our operations in 2014–15.

Community perceptions

Feedback, research, media and external scrutiny provide insights into how we are perceived.

The FWO Customer service charter outlines our services, what customers can expect from us and what they should do if unsatisfied.

The FWO Customer service charter is available on fairwork.gov.au.

External scrutiny of our business, processes and strategies helps us identify opportunities to improve and deliver the best services for the public. We value the findings, ideas and views of all stakeholders.

Research into culturally and linguistically diverse communities

We conducted a number of research projects with intermediaries, employees and small businesses to gather feedback on our tools and resources, details about culturally and linguistically diverse community employment experiences, and data on these communities.

Research into subclass 417 visa holders

A survey of individuals granted a second year on a subclass 417 visa indicates potential exploitation of key requirements to stay in Australia.

The online survey, conducted in 2014–15, was available in Chinese, Korean, Italian and English and forms part of our ongoing inquiry into the wages and conditions of working holiday visa holders.

Study into the FWO's impact

In collaboration with the University of Melbourne Law School, research into Australian businesses' perceptions of the FWO's general deterrence strategies will be conducted in 2015–16. This follows a pilot survey of 42 Victorian businesses undertaken during the year. Most pilot participants felt the FWO influenced compliance practices and indicated the media as the channel most commonly used to learn about FWO activities.

APPENDIX 1: REPORTING ON SPECIFIC LEGISLATION

Table 22: Specific legislative reporting requirements

Legislation	Page
Section 311A <i>Commonwealth Electoral Act 1918</i>	52–53
Section 516A <i>Environment Protection and Biodiversity Conservation Act 1999</i>	47–48
Section 8 <i>Freedom of Information Act 1982</i>	55
Section 10 <i>Public Governance, Performance and Accountability Rule 2014</i>	50–53
Schedule 2, Part 4 <i>Work Health and Safety Act 2011</i>	47–48

APPENDIX 2: WORKFORCE DEMOGRAPHICS

Table 23: Employees by classification, at 30 June 2012–15

Classification	2014–15	2013–14	2012–13
APS1	0	1	1
APS2	4	6	7
APS3	108	115	115
APS4	137	161	158
APS5	250	239	222
APS6	146	154	158
EL1	101	95	92
EL2	33	36	42
SES Band 1	9	9	9
SES Band 2	2	3	5
Total	790	819	809

Note: Excludes the Fair Work Ombudsman.

Table 24: Employees by classification and location, at 30 June 2015 and 30 June 2014

Classification	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
APS 1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1
APS 2	0	0	1	1	1	1	0	0	2	2	0	1	0	0	0	1	4	6
APS 3	4	3	38	40	36	34	15	18	4	4	10	16	0	0	1	0	108	115
APS 4	5	7	56	64	22	31	14	15	23	23	5	6	2	3	10	12	137	161
APS 5	13	12	70	68	88	84	38	39	21	18	11	10	1	0	8	8	250	239
APS 6	17	17	49	51	44	46	17	18	11	12	6	8	1	1	1	1	146	154
EL 1	15	14	28	26	38	35	7	7	8	8	4	4	0	0	1	1	101	95
EL 2	6	6	9	11	13	13	2	2	1	3	0	0	1	0	1	1	33	36
SES Band 1	2	2	3	4	2	2	1	0	1	1	0	0	0	0	0	0	9	9
SES Band 2	0	0	0	0	2	2	0	0	0	1	0	0	0	0	0	0	2	3
Total	62	61	254	265	246	248	94	99	71	73	36	45	5	4	22	24	790	819

Note: Excludes the Fair Work Ombudsman.

Correction: The total number of staff in Tasmania (2014) was reported as 26 in the FWO Annual Report 2013–14.

Table 25: Ongoing full-time and part-time employees by gender and location, at 30 June 2015 and 30 June 2014

Classification	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Female full-time	30	27	113	123	94	101	33	34	27	31	8	11	3	2	12	11	320	340
Female part-time	9	10	39	40	50	45	26	27	20	17	9	10	1	1	2	3	156	153
Total female	39	37	152	163	144	146	59	61	47	48	17	21	4	3	14	14	476	493
Male full-time	19	23	87	87	78	83	29	28	22	25	10	12	1	1	8	9	254	268
Male part-time	2	0	11	11	4	2	2	2	2	0	2	2	0	0	0	0	23	17
Total male	21	23	98	98	82	85	31	30	24	25	12	14	1	1	8	9	277	285
Total female and male	60	60	250	261	226	231	90	91	71	73	29	35	5	4	22	23	753	778

Note: Excludes the Fair Work Ombudsman.
Correction: The number of full time males in South Australia (2014) was reported as 24 in the FWO Annual Report 2013–14.

Table 26: Non-ongoing full-time and part-time employees by gender and location, at 30 June 2015 and 30 June 2014

Classification	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Female full-time	2	1	1	2	13	11	2	5	0	0	2	3	0	0	0	1	20	23
Female part-time	0	0	2	1	2	1	0	0	0	0	0	1	0	0	0	0	4	3
Total female	2	1	3	3	15	12	2	5	0	0	2	4	0	0	0	1	24	26
Male full-time	0	0	1	1	4	3	2	3	0	0	4	5	0	0	0	0	11	12
Male part-time	0	0	0	0	1	2	0	0	0	0	1	1	0	0	0	0	2	3
Total male	0	0	1	1	5	5	2	3	0	0	5	6	0	0	0	0	13	15
Total female and male	2	1	4	4	20	17	4	8	0	0	7	10	0	0	0	1	37	41

Note: Excludes the Fair Work Ombudsman.

Table 27: Ongoing and non-ongoing full-time and part-time employees by gender, at 30 June 2015 and 30 June 2014

Classification	ACT		NSW		VIC		QLD		SA		WA		NT		TAS		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Female full-time	32	28	114	125	107	112	35	39	27	31	10	14	3	2	12	12	340	363
Female part-time	9	10	41	41	52	46	26	27	20	17	9	11	1	1	2	3	160	156
Total female	41	38	155	166	159	158	61	66	47	48	19	25	4	3	14	15	500	519
Male full-time	19	23	88	88	82	86	31	31	22	25	14	17	1	1	8	9	265	280
Male part-time	2	0	11	11	5	4	2	2	2	0	3	3	0	0	0	0	25	20
Total male	21	23	99	99	87	90	33	33	24	25	17	20	1	1	8	9	290	300
Total female and male	62	61	254	265	246	248	94	99	71	73	36	45	5	4	22	24	790	819

Note: Excludes the Fair Work Ombudsman.

Correction: The total number of staff in Victoria (2014) was reported as 249 in the FWO Annual Report 2013–14.

Table 28: Senior executive and executive level employees by classification and gender, at 30 June 2015 and 30 June 2014

Classification	Female		Male		Total	
	2015	2014	2015	2014	2015	2014
EL 1	64	63	37	32	101	95
EL 2	13	14	20	22	33	36
SES Band 1	5	5	4	4	9	9
SES Band 2	0	0	2	3	2	3
Total	82	82	63	61	145	143

Note: Excludes the Fair Work Ombudsman.

Table 29: Workplace diversity profile, at 30 June 2015 and 30 June 2014

Total staff		Female		People from culturally and linguistically diverse backgrounds		People from Aboriginal and Torres Strait Islander backgrounds		People with disability	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
790	819	500	519	176	176	7	8	29	26

Note: Excludes the Fair Work Ombudsman.

Table 30: Employee workplace agreements by classification, at 30 June 2015 and 30 June 2014

Classification	Enterprise agreement		Common law contract		Total	
	2015	2014	2015	2014	2015	2014
APS 1	0	1	0	0	0	1
APS 2	4	6	0	0	4	6
APS 3	108	115	0	0	108	115
APS 4	137	161	0	0	137	161
APS 5	250	239	0	0	250	239
APS 6	146	154	0	0	146	154
EL 1	101	95	0	0	101	95
EL 2	33	36	0	0	33	36
SES Band 1	0	0	9	9	9	9
SES Band 2	0	0	2	3	2	3
Total	779	807	11	12	790	819

Note: Excludes the Fair Work Ombudsman.

APPENDIX 3: CHANGES TO DISABILITY REPORTING

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at www.apsc.gov.au.

From 2010–11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, 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 reports can be found at www.dss.gov.au.

APPENDIX 4: INFORMATION PUBLICATION SCHEME

We are required to publish information to the public as part of the *Freedom of Information Act 1982* Information Publication Scheme (IPS). Each agency must display a plan on its website showing what information it publishes in accordance with IPS requirements. Our IPS Agency Plan can be found at 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.

APPENDIX 5: SUMMARY OF RESOURCES

Table 31: Expenses and Resources for Outcome 1

Outcome 1: Compliance with workplace relations legislation by employees and employers through advice, education and where necessary enforcement.	Budget 2014–15	Actual expenses 2014–15	Variation
	\$'000	\$'000	\$'000
	(a)	(b)	(a-b)
Program 1: Education services and compliance activities			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	121,492	118,500	2,992
Revenue from independent sources (Section 31)	4,750	5,247	(497)
Total for Program 1	126,242	123,747	2,495
Total expenses for Outcome 1	126,242	123,747	2,495
2014–15			
Average staffing level (number)		705	

Note: Budget information reflects budgets as set out in the Portfolio Budget Statements 2014–15.

Table 32: Agency Resource Statement 2014–15

	Actual available appropriations for 2014–15	Payments made 2014–15	Balance remaining 2014–15
	\$'000	\$'000	\$'000
	(a)	(b)	(a-b)
Ordinary annual services			
Departmental outputs			
Departmental outputs	191,769	127,346	64,423
Total ordinary annual services	191,769	127,346	64,423
Other services departmental non-operating			
Equity injections	10,598	9,336	1,262
Total other services	10,598	9,336	1,262
Special appropriation			
Administered outputs	530	521	9
Total special appropriation	530	521	9
Total available annual appropriations	202,897	137,203	65,694
Funds held by Consolidated Revenue Fund			
Opening balance	2,669	-	2,669
Non-appropriation receipts	240	-	240
Payments	-	521	(521)
Total funds held by Consolidated Revenue Fund	2,909	521	2,388
Total net resourcing for Fair Work Ombudsman	205,806	137,724	68,082



INDEPENDENT AUDITOR'S REPORT

To the Minister for Employment

I have audited the accompanying annual financial statements of the Office of the Fair Work Ombudsman for the year ended 30 June 2015, which comprise:

- Statement by the Accountable Authority and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement;
- Schedule of Administered Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Accountable Authority of the Office of 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 and the rules made under that Act. The Accountable Authority is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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

Independence

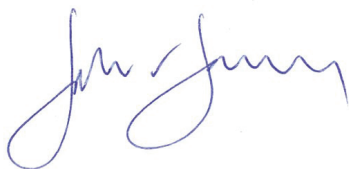
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

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

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

Australian National Audit Office



John Jones
Executive Director
Delegate of the Auditor-General

Canberra
23 September 2015

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*, and are based on properly maintained 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 will be able to pay its debts as and when they fall due.

A blue ink signature, appearing to read 'Natalie James', written in a cursive style.

Natalie James

Accountable Authority

21 September 2015

A blue ink signature, appearing to read 'Russell Thackeray', written in a cursive style.

Russell Thackeray

Chief Financial Officer

21 September 2015

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	74,883	77,414
Suppliers	4B	39,439	37,940
Grants	4C	1,851	1,835
Depreciation and amortisation	4D	7,572	7,713
Losses from asset sales	4E	2	8
Total expenses		123,747	124,910
LESS:			
Own-Source Income			
Own-source revenue			
Rental income	5A	4,515	3,453
Total own-source revenue		4,515	3,453
Gains			
Other gains	5B	732	1,264
Total gains		732	1,264
Total own-source income		5,247	4,717
Net cost of services		(118,500)	(120,193)
Revenue from Government			
Revenue from Government	5C	111,184	112,685
Deficit		(7,316)	(7,508)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	4,737
Total other comprehensive income		-	4,737
Total comprehensive loss attributable to the Australian Government		(7,316)	(2,771)

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	7A	2,973	3,160
Trade and other receivables	7B	63,986	80,444
Total financial assets		66,959	83,604
Non-financial assets			
Land and buildings (leasehold improvements)	8A	13,085	15,120
Property, plant and equipment	8B	2,191	2,945
Intangibles	8D	11,171	7,407
Other non-financial assets	8F	1,785	1,452
Total non-financial assets		28,232	26,924
Total assets		95,191	110,528
LIABILITIES			
Payables			
Suppliers	9A	9,314	11,226
Other payables	9B	3,439	4,308
Total payables		12,753	15,534
Provisions			
Employee provisions	10A	18,928	18,262
Other provisions	10B	11,011	10,261
Total provisions		29,939	28,523
Total liabilities		42,692	44,057
Net assets		52,499	66,471
EQUITY			
Contributed equity		81,574	88,230
Reserves		5,776	5,776
Retained earnings (accumulated deficit)		(34,851)	(27,535)
Total equity		52,499	66,471

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

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2015

	Contributed Equity		Asset Revaluation Surplus		Retained Earnings		Total Equity	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance								
Balance carried forward from previous period	88,230	85,039	5,776	1,039	(27,535)	(20,027)	66,471	66,051
Opening balance	88,230	85,039	5,776	1,039	(27,535)	(20,027)	66,471	66,051
Comprehensive Income								
Deficit for the year	-	-	-	-	(7,316)	(7,508)	(7,316)	(7,508)
Revaluation	-	-	-	4,737	-	-	-	4,737
Total comprehensive loss attributable to the Australian Government	-	-	-	4,737	(7,316)	(7,508)	(7,316)	(2,771)
Transactions With Owners								
Repeal of capital appropriation	(10,988)	(268)	-	-	-	-	(10,988)	(268)
Departmental capital budget	4,332	3,459	-	-	-	-	4,332	3,459
Total transactions with owners	(6,656)	3,191	-	-	-	-	(6,656)	3,191
Closing Balance								
Attributable to the Australian Government	81,574	88,230	5,776	5,776	(34,851)	(27,535)	52,499	66,471

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

CASH FLOW STATEMENT

for the period ended 30 June 2015

		2015	2014
	Notes	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services		4,506	3,736
Appropriations		112,600	115,522
Net GST received		3,789	4,187
Other		657	1,189
Total cash received		121,552	124,634
Cash used			
Employees		74,177	75,312
Suppliers		42,005	42,853
Section 74 receipts transferred to OPA		5,877	6,647
Total cash used		122,059	124,812
Net cash from (used by) operating activities	11	(507)	(178)
INVESTING ACTIVITIES			
Cash used			
Purchase of non-financial assets		8,549	6,230
Total cash used		8,549	6,230
Net cash used by investing activities		(8,549)	(6,230)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		8,869	6,712
Total cash received		8,869	6,712
Net cash from financing activities		8,869	6,712
Net increase in cash held		(187)	304
Cash and cash equivalents at the beginning of the reporting period		3,160	2,856
Cash and cash equivalents at the end of the reporting period	7A	2,973	3,160

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

CASH FLOW STATEMENT

as at 30 June 2015

	2015	2014
	\$'000	\$'000
BY TYPE		
Commitments receivable		
Sublease rental income	(4,111)	(8,159)
Net GST recoverable on commitments	(4,560)	(3,670)
Total commitments receivable	(8,671)	(11,829)
Commitments payable		
Operating leases	50,965	36,911
Other commitments	3,304	11,621
Total commitments payable	54,269	48,532
Net commitments by type	45,598	36,703
BY MATURITY		
Commitments receivable		
Operating lease income		
Within 1 year	(2,696)	(4,099)
Between 1 to 5 years	(1,415)	(3,935)
More than 5 years	-	(125)
Total operating lease income	(4,111)	(8,159)
Net GST recoverable on commitments		
Within 1 year	(1,232)	(1,943)
Between 1 to 5 years	(1,925)	(1,702)
More than 5 years	(1,403)	(25)
Total net GST recoverable on commitments	(4,560)	(3,670)
Total commitments receivable	(8,671)	(11,829)

SCHEDULE OF COMMITMENTS (CONTINUED)

Commitments payable

Operating lease commitments

Within 1 year	13,634	16,268
Between 1 to 5 years	21,903	20,245
More than 5 years	15,428	398
Total operating lease commitments	50,965	36,911

Other commitments

Within 1 year	2,613	9,202
Between 1 to 5 years	691	2,419
More than 5 years	-	-
Total other commitments	3,304	11,621
Total commitments payable	54,269	48,532

Net commitments by maturity	45,598	36,703
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Note: Commitments are GST inclusive where relevant.

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

Leases for Office Accommodation

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

Motor Vehicles

A fleet of motor vehicles is leased which is used by staff in performing their day to day activities. Motor vehicle leases are generally for a period of two years.

Other Commitments

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

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

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

		2015	2014
	Notes	\$ (*)	\$ (*)
NET COST OF SERVICES			
Expenses			
Write-down and impairment of assets	16	981,833	1,437,428
Total expenses		981,833	1,437,428
LESS:			
Income			
Non-taxation revenue			
Fees and fines	17A	2,665,275	2,026,834
Interest	17B	1,684	-
Total revenue		2,666,959	2,026,834
Net contribution by services		1,685,126	589,406
Surplus		1,685,126	589,406
OTHER COMPREHENSIVE INCOME			
Total Other Comprehensive Income		-	-
Total Comprehensive Income		1,685,126	589,406

(*) 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.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES			
as at 30 June 2015			
		2015	2014
	Notes	\$ (*)	\$ (*)
ASSETS			
Financial assets			
Trade and other receivables	18	1,697,984	1,280,786
Other financial assets	18	251,161	90,000
Total financial assets		1,949,145	1,370,786
Total assets administered on behalf of Government		1,949,145	1,370,786
LIABILITIES			
Total liabilities administered on behalf of Government		-	-
Net assets			
		1,949,145	1,370,786

(*) 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.

ADMINISTERED RECONCILIATION SCHEDULE

as at 30 June 2015

	2015	2014
	\$ (*)	\$ (*)
Opening assets less liabilities as at 1 July	1,370,786	1,910,862
Net (cost of) / contribution by services		
Income	2,666,959	2,026,834
Expenses	(981,833)	(1,437,428)
Transfers to / from Australian Government:		
Transfers to OPA	(1,017,049)	(1,121,982)
Transfers to OPA by other agencies	(89,718)	(7,500)
Closing assets less liabilities as at 30 June	1,949,145	1,370,786

(*) 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.

ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2015

		2015	2014
	Notes	\$ (*)	\$ (*)
OPERATING ACTIVITIES			
Cash received			
Interest		1,685	-
Fines		1,015,364	1,121,982
Total cash received		1,017,049	1,121,982
Net cash from operating activities			
		1,017,049	1,121,982
Net increase in cash held	19	1,017,049	1,121,982
Cash and cash equivalents at the beginning of the reporting period			
		-	-
Cash from the Official Public Account			
Appropriations		-	-
Cash to the Official Public Account			
Administered accounts		(1,017,049)	(1,121,982)
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.

SCHEDULE OF ADMINISTERED COMMITMENTS	
as at 30 June 2015	
The FWO has no administered commitments (2014: Nil).	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1	Summary of Significant Accounting Policies
Note 2	Events After the Reporting Date
Note 3	Net Cash Appropriation Arrangements
Note 4	Expenses
Note 5	Own-Source Income
Note 6	Fair Value Measurement
Note 7	Financial Assets
Note 8	Non-Financial Assets
Note 9	Payables
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Note 11	Cash Flow Reconciliation
Note 12	Contingent Assets and Liabilities
Note 13	Senior Management Personnel Remuneration
Note 14	Financial Instruments
Note 15	Financial Assets Reconciliation
Note 16	Administered – Expenses
Note 17	Administered – Income
Note 18	Administered – Financial Assets
Note 19	Administered – Cash Flow Reconciliation
Note 20	Administered Contingent Assets and Liabilities
Note 21	Administered – Financial Instruments
Note 22	Administered – Financial Assets Reconciliation
Note 23	Appropriations
Note 24	Special Accounts
Note 25	Assets Held in Trust
Note 26	Reporting of Outcomes
Note 27	Budgetary Reports and Explanations of Major Variances

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Objectives of the Fair Work Ombudsman

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

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

The Agency is structured to meet one outcome:

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

The continued existence of the Agency in its present form and with its present programs is dependent on Australian Government (Government) policy and on continuing funding by Parliament for the Agency's administration and programs.

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

Departmental activities are identified under one program - Program 1 - Education services and compliance activities.

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- Financial Reporting Rules (FRR) for reporting periods ending on or after 1 July 2014; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an 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.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the Agency or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

1.2 Basis of Preparation of the Financial Statements (continued)

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the statement of comprehensive income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Administered revenues, expenses, assets, liabilities and cash flows reported in the financial statements (and related notes) are accounted for on the same basis and using the same policies as for departmental items, except where otherwise stated at Note 1.20.

1.3 Significant Accounting Judgements and Estimates

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

- the fair value of non-financial assets has been taken to be the market value of similar assets as determined by management assessment
- the Australian Government shorthand method has been used to estimate the present value of long service leave liabilities.

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

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard in the current reporting period.

The following new standard was issued prior to the signing of these statements by the Accountable Authority and the Chief Finance Officer, and was applicable to the current reporting period:

AASB 1055 Budgetary Reporting

The purpose of the Budgetary Reporting standard is to specify budgetary disclosure requirements for public sector entities. In response to adopting this standard, Note 27 provides original budgeted financial statements along with the explanations of major variances between reported actuals and the corresponding budget amounts.

All other 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.

1.5 Revenue

Revenue from the sale of goods is recognised when:

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

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

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

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

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

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

Revenue from Government

Amounts appropriated for departmental output 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.

Parental Leave Payments Scheme

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

1.6 Gains

Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. 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 (refer to Note 1.7).

1.6 Gains (continued)

Sale of assets

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

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (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.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 – Employee Benefits) and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

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

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 sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Agency is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration 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 schemes.

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

The liability for defined benefits is recognised in the financial statements of the Government and is settled by the 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 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 liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.9 Leases

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

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

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

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

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Fair Value Measurement

The Agency deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- cash on hand
- demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, and
- cash in special accounts.

1.13 Financial Assets

The Agency classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss
- held to maturity investments
- available for sale financial assets, and
- loans and receivables.

The classification 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.

1.13 Financial Assets (continued)

Effective Interest Method

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

Income is recognised on an effective interest rate basis except for financial assets that are recognised at fair value through profit or loss.

Loans and Receivables

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

Impairment of Financial Assets

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

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, 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.

1.14 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are measured in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

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, with interest expense recognised on an effective yield basis.

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

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

1.15 Contingent Liabilities and Contingent Assets

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.

1.16 Acquisition of Assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and 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.

1.17 Land and Buildings (Leasehold Improvements), Property, Plant and Equipment

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 \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

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

Revaluations

Following initial recognition at cost, land and buildings (leasehold improvements), property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were 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 depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on an asset class basis. Any revaluation increment was 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 were recognised directly through the surplus / deficit except to the extent that they reversed 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 is restated to the revalued amount.

1.17 Land and Buildings (Leasehold Improvements), Property, Plant and Equipment (continued)

Depreciation

Depreciable property, plant and equipment 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:

	2015	2014
Leasehold improvements	Lesser of lease term and useful life	Lesser of lease term and useful life
Plant and equipment	5 years	5 years
Computer equipment	3 – 8 years	3 – 8 years

The aggregate amount of depreciation allocated for each class of asset during the financial year is disclosed in Note 4D.

Impairment

All assets were assessed for impairment at 30 June 2015. 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.

1.18 Intangibles

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Agency's software are three years (2013–14: 3 years).

All software assets were assessed for indications of impairment as at 30 June 2015.

1.19 Taxation

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

Revenues, expenses and assets are recognised net of GST except:

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

1.20 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 below, 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.

Administered Cash Transfers to and from the Official Public Account

Revenue collected by the Agency for use by the Government rather than the Agency is administered revenue. Collections are transferred to the Official Public Account (OPA) 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.

Revenue

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.

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

Receivables

Where receivables are not subject to concessional treatment, they are carried at amortised cost using the effective interest method. Gains and losses due to impairment, 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.

NOTE 2: 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.

NOTE 3: NET CASH APPROPRIATION ARRANGEMENTS

	2015	2014
	\$'000	\$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	256	4,942
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(7,572)	(7,713)
Total comprehensive loss – as per the Statement of Comprehensive Income	(7,316)	(2,771)

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

NOTE 4: EXPENSES

	2015	2014
	\$'000	\$'000
Note 4A: Employee Benefits		
Wages and salaries	52,933	52,029
Superannuation:		
Defined contribution plans	6,428	6,585
Defined benefit plans	4,676	4,835
Leave and other entitlements	9,500	11,161
Separation and redundancies	711	1,521
Other employee expenses	635	1,283
Total employee benefits	74,883	77,414

Note 4B: Suppliers

Goods and services supplied or rendered		
Contractors	7,304	6,960
Legal fees	1,958	2,512
Property outgoings	2,925	3,021
Travel	2,443	2,452
Training	854	902
Telecommunications	1,590	1,483
Other	7,071	5,471
Total goods and services supplied or rendered	24,145	22,801

Goods supplied in connection with

External entities	1,429	1,001
Total goods supplied	1,429	1,001

Services rendered in connection with

Related entities	7,434	7,483
External entities	15,282	14,317
Total services rendered	22,716	21,800
Total goods and services supplied or rendered	24,145	22,801

Note 4B: Suppliers (continued)	2015	2014
	\$'000	\$'000
Other suppliers		
Operating lease rentals in connection with		
External entities:		
Minimum lease payments	13,593	13,976
Workers compensation premiums	1,701	1,163
Total other suppliers	15,294	15,139
Total suppliers	39,439	37,940
Note 4C: Grants		
Grants to private sector entities	1,851	1,835
Total grants	1,851	1,835
Note 4D: Depreciation and Amortisation		
Depreciation		
Land and buildings (leasehold improvements)	4,801	5,111
Property, plant and equipment	1,155	945
Total depreciation	5,956	6,056
Amortisation		
Intangibles - computer software	1,616	1,657
Total amortisation	1,616	1,657
Total depreciation and amortisation	7,572	7,713
Note 4E: Losses from Asset Sales		
Property, plant and equipment		
Proceeds from sale	–	(7)
Carrying value of assets sold	2	15
Total Losses from Asset Sales	2	8

NOTE 5: OWN-SOURCE INCOME

	2015	2014
	\$'000	\$'000
Own-Source Revenue		
Note 5A: Rental Income		
Operating lease rentals	4,515	3,453
Total rental income	4,515	3,453

Note 5B: Other Gains

Resources received free of charge - audit fees	75	75
Other	657	1,189
Total other gains	732	1,264

Note 5C: Revenue from Government

Appropriations		
Departmental appropriations	111,184	112,685
Total revenue from Government	111,184	112,685

NOTE 6: FAIR VALUE MEASUREMENT

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Agency can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

Fair value measurements at the end of the reporting period				For Levels 2 and 3 fair value measurements			
	2015 \$'000	2014 \$'000	Category (Level 1, 2 or 3)	Valuation techniques	Inputs used	Range (weighted average)	Sensitivity of the fair value measurement to changes in unobservable inputs
Non-financial assets							
Land and buildings (leasehold improvements)	13,085	15,120	Level 3	Depreciated replacement cost	Replacement cost, total useful life and remaining useful life	0.2 yrs–8.8 yrs (4.3 yrs)	The significant unobservable inputs used in the fair value measurement of the Agency's leasehold improvements and property, plant and equipment asset classes relate to the consumed economic benefit / asset obsolescence. A significant increase (decrease) in this input would result in a significantly lower (higher) fair value measurement.
Property, plant and equipment	2,191	2,945	Level 3	Depreciated replacement cost	Replacement cost, total useful life and remaining useful life	\$20-\$19,850 (\$595)	
Total fair value measurements of assets in the Statement of Financial Position	15,276	18,065					

Fair value measurements – highest and best use differs from current use for non-financial assets (NFAs)

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.

Recurring and non-recurring Level 3 fair value measurements - valuation process

The Agency procured valuation services from RHAS for the 2013–14 financial year and relied on valuation models provided by RHAS. RHAS provided written assurance to the Agency that the valuation models developed are in accordance with AASB 13.

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

Note 6B: Level 1 and Level 2 Transfers for Recurring Fair Value Measurements

There have been no fair value measurements transfers between level 1 and level 2 during the year.

The Agency's policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred can be found in Note 1.11.

Note 6C: Reconciliation for Recurring Level 3 Fair Value Measurements

Recurring Level 3 fair value measurements – reconciliation for assets

	Non-financial assets					
	Land and Buildings (Leasehold Improvements)		Property, Plant and Equipment		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July	15,120	13,928	2,945	3,402	18,065	17,330
Total losses recognised in net cost of services ¹	(4,801)	(5,111)	(1,155)	(945)	(5,956)	(6,056)
Total gains recognised in other comprehensive income ²	-	4,386	-	351	-	4,737
Purchases	2,766	1,917	403	152	3,169	2,069
Sales	-	-	(2)	(15)	(2)	(15)
Total as at 30 June	13,085	15,120	2,191	2,945	15,276	18,065

1. These losses are represented in the Statement of Comprehensive Income as depreciation expenses.

2. These gains are represented in the Statement of Comprehensive Income as revaluations.

The Agency's policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred can be found in Note 1.11.

NOTE 7: FINANCIAL ASSETS

	2015	2014
	\$'000	\$'000
Note 7A: Cash and Cash Equivalents		
Cash on hand or on deposit	1,318	1,528
Cash held by outsiders	1,655	1,632
Total cash and cash equivalents	2,973	3,160
Note 7B: Trade and Other Receivables		
Goods and services receivable in connection with		
Related parties	253	195
Total goods and services receivables	253	195
Appropriations receivables		
Existing programs	62,712	79,653
Total appropriations receivables	62,712	79,653
Other receivables		
GST receivable from the Australian Taxation Office	606	365
Other	415	231
Total other receivables	1,021	596
Total trade and other receivables (gross)	63,986	80,444
Total trade and other receivables (net)	63,986	80,444
Trade and other receivables (net) expected to be recovered		
No more than 12 months	63,986	80,444
More than 12 months	-	-
Total trade and other receivables (net)	63,986	80,444

Trade and other receivables (gross) aged as follows

Not overdue	63,970	80,442
Overdue by		
0 to 30 days	2	-
31 to 60 days	-	-
61 to 90 days	-	-
More than 90 days	14	2
Total trade and other receivables (gross)	63,986	80,444

No provision for impairment is provided for as at balance date.

NOTE 8: NON-FINANCIAL ASSETS

	2015	2014
	\$'000	\$'000
Note 8A: Land and Buildings (Leasehold Improvements)		
Fair value	18,132	15,366
Accumulated depreciation	(5,047)	(246)
Total land and buildings (leasehold improvements)	13,085	15,120

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.

Note 8B: Property, Plant and Equipment

Fair value	3,358	2,957
Accumulated depreciation	(1,167)	(12)
Total Property, Plant and Equipment	2,191	2,945

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

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

Note 8C: Reconciliation of Opening and Closing Balances of Land and Buildings (Leasehold Improvements) and Property, Plant and Equipment

Reconciliation of the opening and closing balances of property, plant and equipment for 2015			
	Land and buildings (leasehold improvements)	Property, plant and equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2014			
Gross book value	15,366	2,957	18,323
Accumulated depreciation	(246)	(12)	(258)
Total as at 1 July 2014	15,120	2,945	18,065
Additions			
By purchase	2,766	403	3,169
Revaluations and impairments through equity	–	–	–
Depreciation	(4,801)	(1,155)	(5,956)
Disposals			
Other	-	(2)	(2)
Total as at 30 June 2015	13,085	2,191	15,276
Total as at 30 June 2015 represented by			
Gross book value	18,132	3,358	21,490
Accumulated depreciation and impairment	(5,047)	(1,167)	(6,214)
Total as at 30 June 2015	13,085	2,191	15,276

Reconciliation of the opening and closing balances of property, plant and equipment for 2014

	Land and buildings (leasehold improvements)	Property, plant and equipment	Total
	\$'000	\$'000	\$'000
As at 1 July 2013			
Gross book value	35,318	4,744	40,062
Accumulated depreciation	(21,390)	(1,342)	(22,732)
Totals as at 1 July 2013	13,928	3,402	17,330
Additions			
By purchase	1,917	152	2,069
Revaluations and impairments through equity	4,386	351	4,737
Depreciation	(5,111)	(945)	(6,056)
Disposals			
Other	–	(15)	(15)
Totals as at 30 June 2014	15,120	2,945	18,065
Total as at 30 June 2014 represented by			
Gross book value	15,366	2,957	18,323
Accumulated depreciation and impairment	(246)	(12)	(258)
Total as at 30 June 2014	15,120	2,945	18,065

Note 8D: Intangibles

	2015	2014
	\$'000	\$'000
Computer software		
Internally developed – in progress	9,033	4,236
Internally developed – in use	15,544	14,961
Purchased – in use	22	22
Accumulated amortisation	(13,428)	(11,812)
Total Intangibles	11,171	7,407

No indicators of impairment were found for intangible assets.

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

Note 8E: Reconciliation of Opening and Closing Balances of Intangibles**Reconciliation of the opening and closing balances of intangibles for 2015**

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2014			
Gross book value	19,197	22	19,219
Accumulated amortisation	(11,790)	(22)	(11,812)
Total as at 1 July 2014	7,407	-	7,407
Additions			
By purchase or internally developed	5,380	-	5,380
Amortisation	(1,616)	-	(1,616)
Total as at 30 June 2015	11,171	-	11,171
Total as at 30 June 2015 represented by			
Gross book value	24,577	22	24,599
Accumulated amortisation	(13,406)	(22)	(13,428)
Total as at 30 June 2015	11,171	-	11,171

Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000
As at 1 July 2013			
Gross book value	15,029	22	15,051
Accumulated amortisation	(10,133)	(22)	(10,155)
Total as at 1 July 2013	4,896	-	4,896
Additions			
By purchase or internally developed	4,168	-	4,168
Amortisation	(1,657)	-	(1,657)
Total as at 30 June 2014	7,407	-	7,407
Total as at 30 June 2014 represented by			
Gross book value	19,197	22	19,219
Accumulated amortisation	(11,790)	(22)	(11,812)
Total as at 30 June 2014	7,407	-	7,407

Note 8F: Other Non-Financial Assets

	2015	2014
	\$'000	\$'000
Prepayments	1,785	1,452
Total other non-financial assets	1,785	1,452
Other non-financial assets expected to be recovered		
No more than 12 months	1,785	1,452
More than 12 months	-	-
Total other non-financial assets	1,785	1,452

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

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

NOTE 9: PAYABLES

	2015	2014
	\$'000	\$'000

Note 9A: Suppliers

Trade creditors and accruals	7,898	9,065
Operating lease rentals	1,416	2,161
Total suppliers	9,314	11,226

Suppliers expected to be settled

No more than 12 months	7,432	10,288
More than 12 months	1,882	938
Total suppliers	9,314	11,226

Suppliers in connection with

Related parties	3,971	4,673
External parties	5,343	6,553
Total suppliers	9,314	11,226

Settlement is usually made net 30 days.

Note 9B: Other Payables

Wages and salaries	2,519	2,283
Separations and redundancies	-	168
Lease incentives	920	1,857
Total other payables	3,439	4,308

Other payables expected to be settled

No more than 12 months	3,164	3,388
More than 12 months	275	920
Total other payables	3,439	4,308

NOTE 10: PROVISIONS

	2015	2014
	\$'000	\$'000
Note 10A: Employee Provisions		
Leave	18,869	18,162
Other	59	100
Total employee provisions	18,928	18,262

Employee provisions are expected to be settled in:

No more than 12 months	11,696	12,500
More than 12 months	7,232	5,762
Total employee provisions	18,928	18,262

Note 10B: Other Provisions

Provision for restoration	292	292
Onerous leases	10,719	9,969
Total other provisions	11,011	10,261

Other provisions are expected to be settled in:

No more than 12 months	4,522	6,135
More than 12 months	6,489	4,126
Total other provisions	11,011	10,261

Note 10B: Other Provisions (continued)

	Restoration obligations	Onerous leases	Total
	\$'000	\$'000	\$'000
As at 1 July 2014	292	9,969	10,261
Additional provisions made	-	4,985	4,985
Amounts used	-	(4,235)	(4,235)
Total as at 30 June 2015	292	10,719	11,011

The Agency currently has one (2014: one) agreement for the leasing of premises which has a provision requiring the Agency to restore the premises to its original condition at the conclusion of the lease. The Agency has made a provision to reflect the present value of this obligation.

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

NOTE 11: CASH FLOW RECONCILIATION

	2015	2014
	\$'000	\$'000
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	2,973	3,160
Statement of financial position	2,973	3,160
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	(118,500)	(120,193)
Revenue from Government	111,184	112,685
Adjustments for non-cash items		
Depreciation and amortisation	7,572	7,713
Losses from asset sales	2	8
Movements in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	933	3,631
(Increase)/Decrease in prepayments	(333)	50
Liabilities		
Increase/(Decrease) in employee provisions	666	1,749
Increase/(Decrease) in suppliers payables	(1,912)	(6,108)
Increase/(Decrease) in other payables	(869)	(471)
Increase/(Decrease) in other provisions	750	758
Net cash from/(used by) operating activities	(507)	(178)

NOTE 12: CONTINGENT ASSETS AND LIABILITIES

Unquantifiable Departmental Contingent Liabilities

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

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

Unquantifiable Administered Contingent Liabilities

The Agency is currently involved in litigation against 90 entities and while the probability of success is high in these matters, it is not possible to accurately estimate the value of any penalties that may be imposed by the courts.

NOTE 13: SENIOR MANAGEMENT PERSONNEL REMUNERATION

	2015	2014
	\$	\$
Short-term employee benefits		
Salary	2,838,610	2,931,557
Total short-term employee benefits	2,838,610	2,931,557
Post-employment benefits		
Superannuation	507,168	496,347
Total post-employment benefits	507,168	496,347
Other long-term employee benefits		
Annual leave	236,937	251,561
Long service leave	106,622	113,202
Total other long-term employee benefits	343,559	364,763
Termination benefits		
Termination benefits	-	115,296
Total termination benefits	-	115,296
Total senior executive remuneration expenses	3,689,337	3,907,963

Note: The total number of senior management personnel that are included in the above table are 12 (2014: 13).

NOTE 14: FINANCIAL INSTRUMENTS

	2015	2014
	\$'000	\$'000
Note 14A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	2,973	3,160
Goods and services receivables	253	195
Other receivables	415	231
Total loans and receivables	3,641	3,586
Total financial assets	3,641	3,586

Financial Liabilities

Financial liabilities measured at amortised cost

Suppliers	9,314	11,226
Total financial liabilities measured at amortised cost	9,314	11,226
Total financial liabilities	9,314	11,226

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

Note 14B: Fair Value of Financial Instruments

	Carrying amount	Fair value	Carrying amount	Fair value
	2015	2015	2014	2014
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	2,973	2,973	3,160	3,160
Goods and services receivables	253	253	195	195
Other receivables	415	415	231	231
Total financial assets	3,641	3,641	3,586	3,586
Financial Liabilities				
Suppliers	9,314	9,314	11,226	11,226
Total financial liabilities	9,314	9,314	11,226	11,226

Note 14B: Fair Value of Financial Instruments (continued)

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

Note 14C: Credit Risk

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

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has determined there is no allowance for impairment required in 2014–15.

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

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

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

	2015	2014
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	2,973	3,160
Goods and services receivables	253	195
Other receivables	415	231
Total	3,641	3,586

Credit quality of financial assets not past due or individually determined as impaired

	Not past due nor impaired	Not past due nor impaired	Past due or impaired	Past due or impaired
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	2,973	3,160	-	-
Goods and services receivables	239	193	14	2
Other receivables	413	231	2	-
Total	3,625	3,584	16	2

Ageing of financial assets that are past due but not impaired for 2015

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Goods and services receivables	2	-	-	12	14
Other receivables	-	-	-	2	2
Total	2	-	-	14	16

Ageing of financial assets that are past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Goods and services receivables	-	-	-	2	2
Other receivables	-	-	-	-	-
Total	-	-	-	2	2

Note 14D: Liquidity Risk

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

Maturities for non-derivative financial liabilities - 2015

	On demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Financial Liabilities

Suppliers	-	7,432	70	30	1,782	9,314
Total	-	7,432	70	30	1,782	9,314

Maturities for non-derivative financial liabilities - 2014

	On demand	within 1 year	between 1 to 2 years	between 2 to 5 years	more than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Financial Liabilities

Suppliers	-	9,810	788	585	43	11,226
Total	-	9,810	788	585	43	11,226

Note 14E: Market Risk

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

NOTE 15: FINANCIAL ASSETS RECONCILIATION

	2015	2014
	\$'000	\$'000
Total financial assets as per statement of financial position	66,959	83,604
Less: Non-financial instrument components		
Appropriations receivable for existing programs	62,712	79,653
GST receivable from the Australian Taxation Office	606	365
Total non-financial instrument components	63,318	80,018
Total financial assets as per financial instruments note	3,641	3,586

NOTE 16: ADMINISTERED – EXPENSES

	2015	2014
	\$ (*)	\$ (*)
Write-Down and Impairment of Assets		
Impairment of financial instruments	981,833	1,437,428
Total write-down and impairment of assets	981,833	1,437,428

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

NOTE 17: ADMINISTERED – INCOME

	2015	2014
	\$ (*)	\$ (*)
Revenue		
Non-Taxation Revenue		
Note 17A: Fees and Fines		
Court-awarded penalties	2,419,040	1,939,664
Infringement notices	246,235	87,170
Total fees and fines	2,665,275	2,026,834
Note 17B: Interest		
Penalty interest	1,684	-
Total interest	1,684	-

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

NOTE 18: ADMINISTERED – FINANCIAL ASSETS

	2015	2014
	\$ (*)	\$ (*)
Note 18A: Trade and Other Receivables		
Other receivables		
Court-awarded penalties	3,100,698	3,003,874
Total trade and others receivables (gross)	3,100,698	3,003,874
Less Impairment allowance		
Other receivables–Court-awarded penalties	(1,402,714)	(1,723,088)
Net Receivables	1,697,984	1,280,786
Trade and other receivables (gross) aged as follows		
Not overdue	309,419	482,526
Overdue by:		
0 to 30 days	90,000	13,200
31 to 60 days	157,732	21,420
61 to 90 days	57,330	150,682
More than 90 days	2,486,217	2,336,046
Total trade and others receivables (gross)	3,100,698	3,003,874
Impairment allowance aged as follows		
Not overdue	-	-
Overdue by:		
0 to 30 days	-	-
31 to 60 days	(157,732)	-
61 to 90 days	(38,250)	-
More than 90 days	(1,206,732)	(1,723,088)
Total impairment allowance	(1,402,714)	(1,723,088)
Receivables are with entities external to the Government.		

Reconciliation of the Impairment Allowance		
Movements in relation to 2015		
	Other receivables	Total
	\$ (*)	\$ (*)
As at 1 July 2014	(1,723,088)	(1,723,088)
Amounts written off	1,302,207	1,302,207
Increase recognised in net surplus	(981,833)	(981,833)
Total as at 30 June 2015	(1,402,714)	(1,402,714)
Movements in relation to 2014		
	Other receivables	Total
	\$ (*)	\$ (*)
As at 1 July 2013	(716,800)	(716,800)
Amounts written off	431,140	431,140
Increase recognised in net surplus	(1,437,428)	(1,437,428)
Total as at 30 June 2014	(1,723,088)	(1,723,088)
Note 18B: Other Financial Assets		
Accrued revenue	251,161	90,000
Total other financial assets	251,161	90,000

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

NOTE 19: ADMINISTERED – CASH FLOW STATEMENT

	2015	2014
	\$ (*)	\$ (*)
Reconciliation of cash and cash equivalents as per administered schedule of assets and liabilities to administered cash flow statement		
Cash and cash equivalents as per		
Schedule of administered cash flows	–	–
Schedule of administered assets and liabilities	–	–
Discrepancy	–	–
Reconciliation of net cost of services to net cash from operating activities		
Net contribution by services	1,685,126	589,406
Adjustments for non-cash items		
Transfers to Official Public Account by other agencies	(89,718)	(7,500)
Movements in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	(417,198)	(362,186)
(Increase)/Decrease in other financial assets	(161,161)	902,262
Net cash from operating activities	1,017,049	1,121,982

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

NOTE 20: ADMINISTERED – CONTINGENT ASSETS AND LIABILITIES

Quantifiable Administered Contingencies

At 30 June 2015, the Agency has no quantifiable administered contingent assets (2014: nil).

At 30 June 2015, the Agency has no quantifiable administered contingent liabilities (2014: nil).

Unquantifiable Administered Contingencies

At 30 June 2015, the Agency is currently involved in litigation against 90 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 (2014: 73).

At 30 June 2015, the Agency has no unquantifiable administered contingent liabilities (2014: nil).

Significant Remote Administered Contingencies

At 30 June 2015, the Agency has no significant remote administered contingent assets (2014: nil).

At 30 June 2015, the Agency has no significant remote administered contingent liabilities (2014: nil).

NOTE 21: ADMINISTERED – FINANCIAL INSTRUMENTS

	2015	2014
	\$ (*)	\$ (*)

Note 21A: Categories of Financial Instruments

Financial Assets		
Receivables	1,697,984	1,280,786
Other financial assets	251,161	90,000
Total financial assets	1,949,145	1,370,786

Note 21B: Net Income and Expense from Financial Assets

Financial Assets		
Write-down and impairment of assets	(981,833)	(1,437,428)
Net Loss From Financial Assets	(981,833)	(1,437,428)

Note 21C: Fair Value of Financial Instruments

	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	2015	2015	2014	2014
	\$ (*)	\$ (*)	\$ (*)	\$ (*)
Financial Assets				
Loans and receivables				
Receivables	1,697,984	1,697,984	1,280,786	1,280,786
Other financial assets	251,161	251,161	90,000	90,000
Total financial assets	1,949,145	1,949,145	1,370,786	1,370,786

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

Note 21D: Credit Risk

The maximum exposure to credit risk at the reporting date in relation to each class of recognised financial assets is the carrying amount of those assets.

The maximum exposure to credit risk is the risk that arises from the potential default of a debtor. This amount is equal to the total amount of receivables and other financial assets. The Agency has assessed the risk of default on payment and has allocated \$1,402,714 in 2014–15 to an allowance for impairment account.

The Agency is not in a position to manage its credit risk as the administered debtors are recognised following court proceedings and not through a trade relationship.

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

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

	2015	2014
	\$ (*)	\$ (*)
Financial Assets		
Receivables	3,100,698	3,003,874
Accrued revenue	251,161	90,000
Total	3,351,859	3,093,874

Credit quality of financial instruments for 2015:

	Not Past Due Nor Impaired	Not Past Due Nor Impaired	Past due or impaired	Past due or impaired
	2015	2014	2015	2014
	\$ (*)	\$ (*)	\$ (*)	\$ (*)
Financial Assets				
Receivables	309,419	482,526	2,791,279	2,521,348
Accrued revenue	251,161	90,000	-	-
Total	560,580	572,526	2,791,279	2,521,348

Note 21D: Credit Risk (continued)**Ageing of financial assets that are past due but not impaired for 2015**

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (*)
Financial Assets					
Receivables	90,000	-	19,080	1,279,485	1,388,565
Total	90,000	-	19,080	1,279,485	1,388,565

Ageing of financial assets that are past due but not impaired for 2014

	0 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total
	\$ (*)	\$ (*)	\$ (*)	\$ (*)	\$ (*)
Financial Assets					
Receivables	13,200	21,420	150,682	612,958	798,260
Total	13,200	21,420	150,682	612,958	798,260

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

Note 21E: Market Risk

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

NOTE 22: ADMINISTERED - FINANCIAL ASSETS RECONCILIATION

	2015	2014
	\$ (*)	\$ (*)
Total financial assets as per administered schedule of assets and liabilities	1,949,145	1,370,786
Total financial assets as per administered financial instruments note	1,949,145	1,370,786

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

NOTE 23: APPROPRIATIONS

Note 23A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriation for 2015

		<i>Appropriation Act</i>		<i>PGPA Act</i>					
		Annual Appropriation ¹	AFM	Section 74	Section 75	Total appropriation	Appropriation Applied in 2015 (Current and Prior Years)	Variance ²	Section 51 determinations
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental									
Ordinary annual services	115,591	-	5,877	-	121,468	127,346	(5,878)		(75)
Equity	-	-	-	-	-	-	-	-	-
Total departmental	115,591	-	5,877	-	121,468	127,346	(5,878)		(75)
ADMINISTERED									
Administered items	-	-	-	-	-	-	-	-	-
Total administered	-	-	-	-	-	-	-	-	-

1. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2014–15: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2014–15: 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. The variance between total appropriation and appropriation applied in 2015 relates to payments funded from unspent prior year appropriation items.
3. In the 2014–15 financial year, the Government imposed a targeted savings measure onto the Agency totalling \$75,000. The determination reduces Appropriation Act No. 1 2014–15 by \$75,000.

Note 23A: Annual Appropriations ('Recoverable GST exclusive') (continued)
Annual Appropriation for 2014

	<i>Appropriation Act</i>			<i>FMA Act</i>		Total appropriation	Appropriation Applied in 2014 (Current and Prior Years)	Variance ²
	Annual Appropriation ¹	Appropriations Reduced ¹	AFM	Section 31	Section 32			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Departmental								
Ordinary annual services	116,144	(702)	-	6,647	-	122,089	128,881	(6,792)
Equity	-	-	-	-	-	-	-	-
Total departmental	116,144	(702)	-	6,647	-	122,089	128,881	(6,792)
ADMINISTERED								
Administered items	-	-	-	-	-	-	-	-
Total administered	-	-	-	-	-	-	-	-

1. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2013–14: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2013–14: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. In the 2012–13 financial year, the Government imposed both a targeted savings measure and a fire services levy onto the Agency totalling \$702,000. The determination was issued on 5 August 2013 by the Finance Minister to reduce Appropriation Act No. 1 2013–14 by \$702,000.
2. The variance between total appropriation and appropriation applied in 2014 relates to payments funded from unspent prior year appropriation items.

Note 23B: Departmental and Administered Capital Appropriations ('Recoverable GST exclusive')

2015 Capital Budget Appropriations			Capital Budget Appropriations applied in 2015 (Current and Prior years) ²				
<i>Appropriation Act</i>	<i>PGPA Act</i>		Total Capital Budget Appropriations	Payments for non-financial assets	Payments for other purposes	Total payments	Variance ³
Annual Capital Budget	Section 75						
\$'000	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL							
Ordinary annual services—Departmental Capital Budget ¹	4,332	-	4,332	9,023	-	9,023	(4,691)
ADMINISTERED							
Ordinary annual services—Administered Capital Budget	-	-	-	-	-	-	-

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, see Note 22A: Annual Appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which have been capitalised.
3. The variance between total appropriation and appropriation applied relates to payments funded from unspent prior year appropriation items.

Note 23B: Departmental and Administered Capital Appropriations ('Recoverable GST exclusive') (continued)

2014 Capital Budget Appropriations				Capital Budget Appropriations applied in 2014 (Current and Prior years) ²			
<i>Appropriation Act</i>	<i>FMA Act</i>						
Annual Capital Budget	Section 32	Total Capital Budget Appropriations	Payments for non-financial assets	Payments for other purposes	Total payments	Variance ³	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
DEPARTMENTAL							
Ordinary annual services- Departmental Capital Budget ¹	3,459	-	3,459	6,237	-	6,237	(2,778)
ADMINISTERED							
Ordinary annual services—Administered Capital Budget	-	-	-	-	-	-	-

1. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriations, see Note 23A: Annual Appropriations.
2. Payments made on non-financial assets include purchases of assets and expenditure on assets which have been capitalised.
3. The variance between total appropriation and appropriation applied relates to payments funded from unspent prior year appropriation items.

Note 23C: Unspent Annual Appropriations ('Recoverable GST exclusive')
Departmental

	2015	2014
	\$'000	\$'000
Appropriation Act (No. 1) 2010–11 ¹	-	500
Appropriation Act (No. 1) 2011–12 ¹	-	9,088
Appropriation Act (No. 2) 2011–12 ¹	-	1,400
Appropriation Act (No. 1) 2012–13	-	2,807
Appropriation Act (No. 1) 2013–14	-	69,018
Appropriation Act (No. 1) 2014–15	65,685	-
Total	65,685	82,813

1. Due to the *Omnibus Repeal Day (Autumn 2014) Act 2014*, appropriations receivable for the period 1 July 2010 to 30 June 2012 of \$10.988 million were repealed during the 2014–15 financial year. These funds relate to capital budgets and have been approved for re-appropriation in the 2015–16 Budget.

Note 23C: Unspent Annual Appropriations ('Recoverable GST exclusive')

Authority			Appropriation Applied	
			2015	2014
			\$'000	\$'000
Type	Purpose			
<i>Fair Work Act 2009</i> s559(4) Administered	Unlimited	To provide an appropriation where an Act or other law requires or permits the repayment of an amount received by the Commonwealth and apart from this section there is no specific appropriation for the repayment.	521	177
Total			521	177

NOTE 24: SPECIAL ACCOUNTS

Services for Other Entities and Trust Monies Special Account - Established 27 June 2013

Legal Authority: *Public Governance, Performance and Act 2013; s78*

Appropriation: *Public Governance, Performance and Act 2013; s78*

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

This account is non-interest bearing.

Services for Other Entities and Trust Monies Special Account - Financial Summary

	2015	2014
	\$ (*)	\$ (*)
Opening balance	-	958,117
Receipts	-	60,818
Payments made	-	(70,982)
Transfer to Consolidated Revenue Fund	-	(947,953)
Closing Balance	-	-
Represented by:		
Cash - held in the Official Public Account	-	-

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

NOTE 25: 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.

	2015	2014
	\$ (*)	\$ (*)
Monetary Assets		
As at 1 July	2,669,495	2,709,334
Receipts	240,073	208,173
Payments	(521,266)	(248,012)
Total as at 30 June	2,388,302	2,669,495
Total monetary assets held in trust	2,388,302	2,669,495

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.

NOTE 26: REPORTING OF OUTCOMES

The Agency delivers services under one Outcome. The financial information is recorded against this Outcome.

Note 26A: Net Cost of Outcome Delivery

	Outcome 1 & Total	Outcome 1 & Total
	2015	2014
	\$'000	\$'000
Departmental		
Expenses	123,747	124,910
Own-source income	5,247	4,717
Administered		
Expenses	982	1,437
Income	2,667	2,027
Net cost of outcome delivery	116,815	119,603

Outcome 1 is described in Note 1.1. Net costs shown include intra-Government costs that are eliminated in calculating the actual budget outcome.

Note 26B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

The major classes of departmental expenses and income that contribute to the Agency’s outcome are as shown in the Statement of Comprehensive Income and Statement of Financial Position.

Note 26C: Major Classes of Administered Expenses, Income, Assets and Liabilities by Outcome

The major classes of administered expenses, income, assets and liabilities that contribute to the Agency’s outcome are as shown in the Administered Schedule of Comprehensive Income and Administered Schedule of Assets and Liabilities.

NOTE 27: BUDGETARY REPORTS AND EXPLANATIONS OF MAJOR VARIANCES

The following tables provide a comparison of the original budget as presented in the 2014–15 Portfolio Budget Statements (PBS) to the 2014–15 final outcome as presented in accordance with Australian Accounting Standards for the Agency. The Budget is not audited.

Note 27A: Departmental Budgetary Reports

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	74,883	74,684	199
Suppliers	39,439	39,474	(35)
Grants	1,851	1,851	-
Depreciation and amortisation	7,572	10,233	(2,661)
Losses from asset sales	2	-	2
Total expenses	123,747	126,242	(2,495)
LESS:			
Own-Source Income			
Own-source revenue			
Rental income	4,515	4,350	165
Total own-source revenue	4,515	4,350	165
Gains			
Other gains	732	400	332
Total gains	732	400	332
Total own-source income	5,247	4,750	497
Net cost of services	(118,500)	(121,492)	2,992
Revenue from Government	111,184	111,259	(75)
Deficit	(7,316)	(10,233)	2,917

Note 27A: Departmental Budgetary Reports (continued)

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	–	–	–
Total other comprehensive income	–	–	–
Total comprehensive loss attributable to the Australian Government	(7,316)	(10,233)	2,917

1. The Agency's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (ie. from the Agency's 2014–15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

STATEMENT OF FINANCIAL POSITION**as at 30 June 2015**

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	2,973	2,856	117
Trade and other receivables	63,986	55,643	8,343
Total financial assets	66,959	58,499	8,460
Non-financial assets			
Land and buildings (leasehold improvements)	13,085	8,819	4,266
Property, plant and equipment	2,191	3,845	(1,654)
Intangibles	11,171	12,596	(1,425)
Other non-financial assets	1,785	1,502	283
Total non-financial assets	28,232	26,762	1,470
Total assets	95,191	85,261	9,930
LIABILITIES			
Payables			

Suppliers	9,314	5,745	3,569
Other payables	3,439	–	3,439
Total payables	12,753	5,745	7,008
Provisions			
Employee provisions	18,928	17,800	1,128
Other provisions	11,011	6,202	4,809
Total provisions	29,939	24,002	5,937
Total liabilities	42,692	29,747	12,945
Net assets	52,499	55,514	(3,015)
EQUITY			
Contributed equity	81,574	92,830	(11,256)
Reserves	5,776	1,039	4,737
Retained earnings (accumulated deficit)	(34,851)	(38,355)	3,504
Total equity	52,499	55,514	(3,015)

1. The Agency's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (ie. from the Agency's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Note 27A: Departmental Budgetary Reports (continued)
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2015

Contributed Equity				Asset Revaluation Surplus			Retained Earnings			Total Equity		
	Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate		Actual	Budget estimate	
	Original ¹		Variance ²	Original ¹		Variance ²	Original ¹		Variance ²	Original ¹		Variance ²
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance												
Balance carried forward from previous period	88,230	88,498	(268)	5,776	1,039	4,737	(27,535)	(28,122)	587	66,471	61,415	5,056
Opening balance	88,230	88,498	(268)	5,776	1,039	4,737	(27,535)	(28,122)	587	66,471	61,415	5,056
Comprehensive Income												
Deficit for the year	-	-	-	-	-	-	(7,316)	(10,233)	2,917	(7,316)	(10,233)	2,917
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss attributable to the Australian Government	-	-	-	-	-	-	(7,316)	(10,233)	2,917	(7,316)	(10,233)	2,917
Transactions With Owners												
Repeal of capital appropriation	(10,988)	-	(10,988)	-	-	-	-	-	-	(10,988)	-	(10,988)
Departmental capital budget	4,332	4,332	-	-	-	-	-	-	-	4,332	4,332	-
Total transactions with owners	(6,656)	4,332	(10,988)	-	-	-	-	-	-	(6,656)	4,332	(10,988)
Closing Balance Attributable to the Australian Government	81,574	92,830	(11,256)	5,776	1,039	4,737	(34,851)	(38,355)	3,504	52,499	55,514	(3,015)

1. The Agency's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (ie. from the Agency's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

CASH FLOW STATEMENT

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Sales of goods and rendering of services	4,506	4,350	156
Appropriations	112,600	120,983	(8,383)
Net GST received	3,789	3,800	(11)
Other	657	300	357
Total cash received	121,552	129,433	(7,881)
Cash used			
Employees	74,177	75,322	(1,145)
Suppliers	42,005	40,794	1,211
Section 74 receipts transferred to OPA	5,877	4,350	1,527
Total cash used	122,059	120,466	1,593
Net cash from (used by) operating activities	(507)	8,967	(9,474)
INVESTING ACTIVITIES			
Cash used			
Purchase of non-financial assets	8,549	13,299	(4,750)
Total cash used	8,549	13,299	(4,750)
Net cash used by investing activities	(8,549)	(13,299)	4,750

Note 27A: Departmental Budgetary Reports (continued)

FINANCING ACTIVITIES

Cash received

Contributed equity	8,869	4,332	4,537
Total cash received	8,869	4,332	4,537
Net cash from financing activities	8,869	4,332	4,537
Net increase in cash held	(187)	–	(187)
Cash and cash equivalents at the beginning of the reporting period	3,160	2,856	304
Cash and cash equivalents at the end of the reporting period	2,973	2,856	117

1. The Agency's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (ie. from the Agency's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Note 27B: Departmental Major Budget Variances for 2015

Explanations of major variances	Affected line items (and statement)
Depreciation	
The delayed completion of major projects has resulted in lower depreciation being recognised for the financial year.	Depreciation and amortisation expense (Statement of Comprehensive Income)
Other Gains	
Revenue from services provided to Fair Work Building Industry Inspectorate under a Memorandum of Understanding were higher than expected due to a number of services, budgeted for part year, being provided for the whole year.	Other Gains (Statement of Comprehensive Income)
Receivables and Payables	
Lower than budgeted drawdowns were required for capital expenditure due to the delayed completion of major projects. Accruals held at the end of the financial year were higher than budgeted due to the later than anticipated receipt of invoices for services. Other Payables were not separated out in the budgeted Statement of Financial Position.	Trade and Other Receivables, Payables (Statement of Financial Position), Appropriations, Investing Activities Cash Received and Cash Used (Cash Flow Statement)
Provisions	
An increase was made to the onerous lease provision relating to the new Sydney office lease, which was not budgeted as the lease for the new Sydney office was finalised late in the financial year.	Other Provisions (Statement of Financial Position)
Appropriations	
Undrawn Appropriations were repealed by the Omnibus Repeal Day (Autumn 2014) Act 2014 requiring an unbudgeted adjustment to the equity of the Agency. Lower than budgeted drawdowns were required for capital expenditure.	Contributed Equity (Statement of Financial Position and Statement of Changes in Equity) and Appropriations (Cash Flow Statement)
Reserves	
The 2013–14 revaluation of non-financial assets was finalised in June 2014, after the production of the 2014–15 budget statements (May 2014).	Non-financial assets and Equity (Statement of Financial Position), Asset Revaluation Surplus (Statement of Changes in Equity)

Note 27C: Administered Budgetary Reports**ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME****for the period ended 30 June 2015**

	Actual	Budget estimate	
		Original¹	Variance²
	2015	2015	2015
	\$ (*)	\$ (*)	
NET COST OF SERVICES			
Expenses			
Write-down and impairment of assets	981,833	-	981,833
Total expenses	981,833	-	981,833
LESS:			
Income			
Non-taxation revenue			
Fees and fines	2,665,275	300,000	2,365,275
Interest	1,684	-	1,684
Total revenue	2,666,959	300,000	2,366,959
Net contribution by services	1,685,126	300,000	1,385,126
Surplus	1,685,126	300,000	1,385,126
OTHER COMPREHENSIVE INCOME			
Total Other Comprehensive Income	-	-	-
Total Comprehensive Income	1,685,126	300,000	1,385,126

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

1. The Agency's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (ie. from the Agency's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

as at 30 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$ (*)	\$ (*)	
ASSETS			
Financial assets			
Trade and other receivables	1,697,984	919,000	778,984
Other financial assets	251,161	-	251,161
Total financial assets	1,949,145	919,000	1,030,145
Total assets administered on behalf of Government	1,949,145	919,000	1,030,145
LIABILITIES			
Total liabilities administered on behalf of Government	-	-	-
Net assets	1,949,145	919,000	1,030,145

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

1. The Agency's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (ie. from the Agency's 2014–15 Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Note 27D: Administered Major Budget Variances for 2015

Explanations of major variances	Affected line items (and statement)
Court penalties	
The quantum of penalties handed down by the courts where FWO has brought forward successful litigations are unable to be accurately estimated at the time of establishing budgets. It is also unknown what the recoverability of the court penalties will be as this will vary in individual matters.	Fees and fines income, write-down and impairment of assets expenditure (Administered Schedule of Comprehensive Income), trade and other receivables (Administered Schedule of Assets and Liabilities)

GLOSSARY

Annual wage review

A review of minimum award wages and the national minimum wage order conducted by the Fair Work Commission each financial year.

Australian Public Service (APS) employee

A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the *Public Service Act 1999*.

Corporate governance

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

Enforceable undertakings

A written commitment outlining how a person intends to rectify a contravention.

Enterprise agreement

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

Fair Work Commission

The national workplace relations tribunal created by the *Fair Work Act 2009*. It is an independent body with power to carry out a range of functions covering: the safety net of minimum wages and employment conditions; enterprise bargaining; industrial action; dispute resolution and termination of employment.

General protections

Protections provided by the *Fair Work Act 2009*, relating to workplace discrimination, sham contracting, and workplace rights.

Individual flexibility arrangement

An arrangement between an employer and an employee, that can vary the effect of some conditions of a modern award or enterprise agreement. The individual flexibility arrangement must pass the 'Better Off Overall Test', but does not need to be registered.

Industrial instruments

Sets out minimum conditions of employment for employees to whom they apply. Instrument types include modern awards, enterprise agreements, award-based transitional instruments, transitional minimum wage instruments and agreement-based transitional instruments.

Mediation

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

Modern awards

An award made by the Australian Industrial Relations Commission as part of the award modernisation process that commenced operation on 1 January 2010. Modern awards supplement the National Employment Standards by setting out additional minimum terms and conditions that apply in a particular industry or occupation including monetary entitlements such as wages, penalty rates and allowances.

National Employment Standards (NES)

Ten minimum standards of employment that apply to national system employees from 1 January 2010. For a list of the NES visit www.fairwork.gov.au/nas.

Phoenixing

Involves a company intentionally accumulating debts to improve cash flow or wealth and then liquidating to avoid paying the debt. The business is then continued as another corporate entity, controlled by the same person or group and free of their previous debts and liabilities.

Proactive compliance deed

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

Sham contracting

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

ABBREVIATIONS AND ACRONYMS

AHRC	Australian Human Rights Commission
APS	Australian Public Service
APSC	Australian Public Service Commission
CBEAS	Community Based Employment Advisory Services
DIBP	Department of Immigration and Border Protection
GLBTI	Gay, lesbian, bisexual, transgender and intersex
EL1	Executive Level 1
EL2	Executive Level 2
Fair Work Act	<i>Fair Work Act 2009</i>
FOI	Freedom of Information
FOI Act	<i>Freedom of Information Act 1982</i>
FWO	Fair Work Ombudsman
IFA	Individual Flexibility Arrangement
IPS	Information Publication Scheme
KPI	Key Performance Indicator
NES	National Employment Standards
OAIC	Office of the Australian Information Commissioner
PACT	Pay and Conditions Tool
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance & Accountability Act 2013</i>
SES	Senior Executive Service

LIST OF REQUIREMENTS

Part of report	Description	Requirement	Page
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	Contact officer(s)	Mandatory	144
	Internet home page address and Internet address for report	Mandatory	144
Review by Secretary			
	Review by departmental secretary	Mandatory	2–4
	Summary of significant issues and developments	Suggested	2–4
	Overview of department's performance and financial results	Suggested	2–4
	Outlook for following year	Suggested	2–4
	Significant issues and developments – portfolio	Portfolio departments – suggested	N/A
Departmental overview			
	Role and functions	Mandatory	7–8
	Organisational structure	Mandatory	5–6
	Outcome and programme structure	Mandatory	8
	Where outcome and programme structures differ from Portfolio Budget Statements (PBS)/Portfolio Additional Estimates Statements (PAES) or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Nil to report
	Portfolio structure	Portfolio departments - mandatory	N/A
Report on performance			
	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	9–44
	Actual performance in relation to deliverables and KPIs set out in PBS/PAES or other portfolio statements	Mandatory	9–44

Part of report	Description	Requirement	Page
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	Nil to report
	Narrative discussion and analysis of performance	Mandatory	9–44
	Trend information	Mandatory	9–44
	Significant changes in nature of principal functions/services	Suggested	Nil to report
	Performance of purchaser/provider arrangements	If applicable, suggested	51–53
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	Contribution of risk management in achieving objectives	Suggested	50
	Performance against service charter, customer service standards, complaints data, and the department's response to complaints	If applicable, mandatory	54–56
	Discussion and analysis of the department's financial performance	Mandatory	51–53
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	Nil to report
	Agency resource statement and summary resource tables by outcomes	Mandatory	63–64
Management and accountability			
Corporate governance			
	Agency heads are required to certify their agency's actions in dealing with fraud	Mandatory	50
	Statement of the main corporate governance practices in place	Mandatory	49–51
	Names of the senior executive and their responsibilities	Suggested	5–8
	Senior management committees and their roles	Suggested	49–50
	Corporate and operational plans and associated performance reporting and review	Suggested	49–51
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	50–52
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External scrutiny			
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Management of Human Resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	45–48
	Workforce planning, staff retention and turnover	Suggested	45–47
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	47
	Training and development undertaken and its impact	Suggested	46–47
	Work health and safety performance	Suggested	47–48
	Productivity gains	Suggested	Nil to report
	Statistics on staffing	Mandatory	57–61
	Statistics on employees who identify as Indigenous	Mandatory	61
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	61
	Performance pay	Mandatory	47
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	N/A
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	51–52
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	52

Part of report	Description	Requirement	Page
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	Nil to report
Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	Nil to report
Small business	Procurement initiatives to support small business	Mandatory	51
Financial Statements	Financial Statements	Mandatory	65
Other mandatory information			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	47–48
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	52–53
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	47–48
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	Nil to report
	Grant programmes	Mandatory	52
	Disability reporting—explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	62
	Information Publication Scheme statement	Mandatory	62
	Correction of material errors in previous annual report	If applicable, mandatory	58–60
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[fairwork.gov.au/about-us/reports-and-submissions/
annual-reports](http://fairwork.gov.au/about-us/reports-and-submissions/annual-reports)

Website

fairwork.gov.au

ACKNOWLEDGEMENTS

Annual report team

Sarah Strudwicke and Carly Britt.
Special thanks to all FWO contributors.

Design

Yoke

Photography

Paolo Cappelli

Cover employee

Gabe Fattal, Fair Work Infoline

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