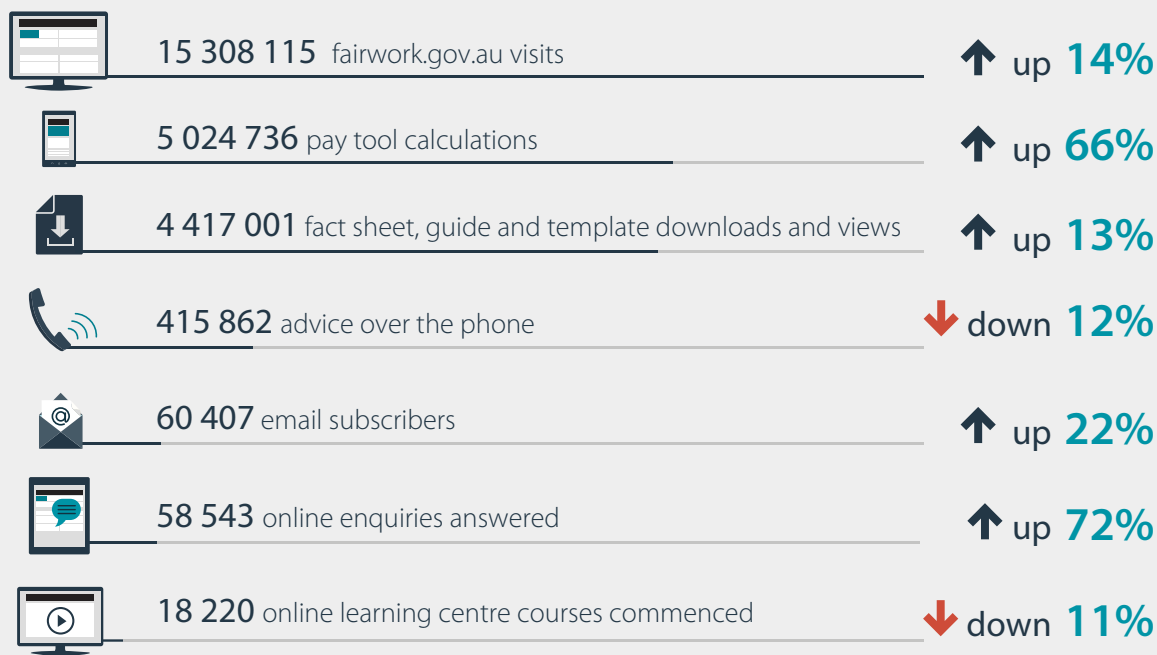


2015–16

Fair Work Ombudsman

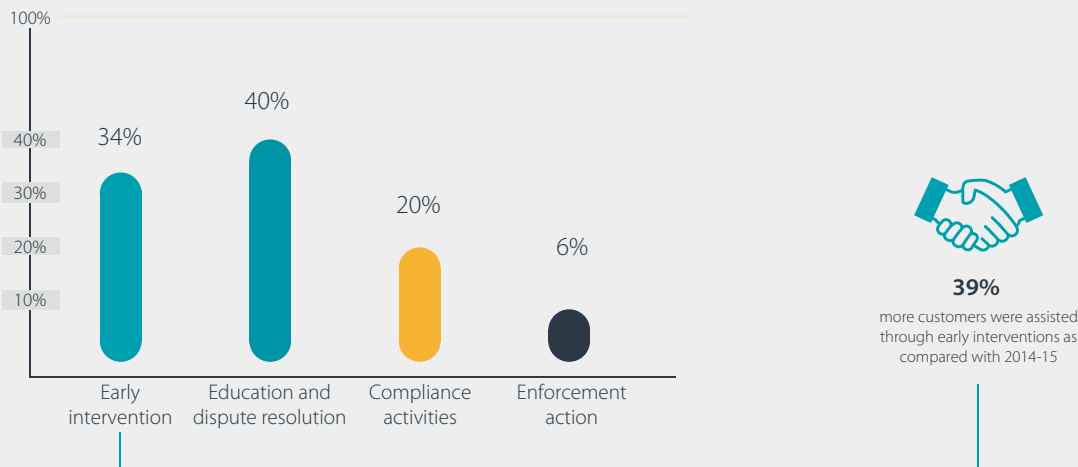
Annual Report

In 2015–16 the Fair Work Ombudsman had over **25 million** customer interactions

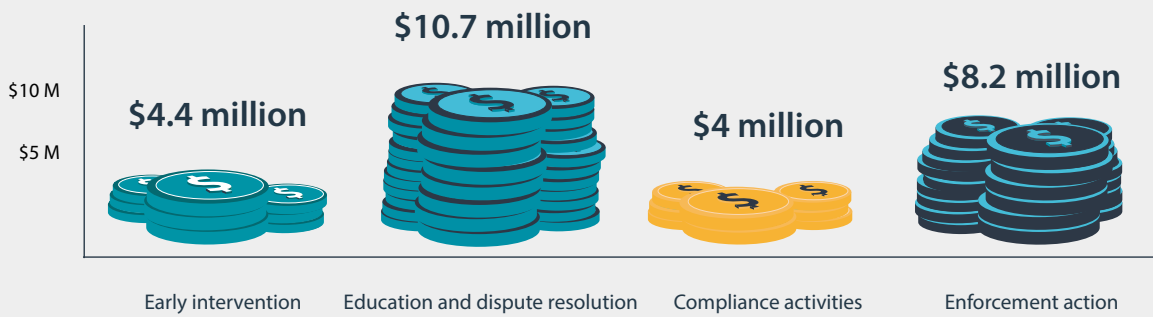


All percentage increases/decreases as compared with 2014–15

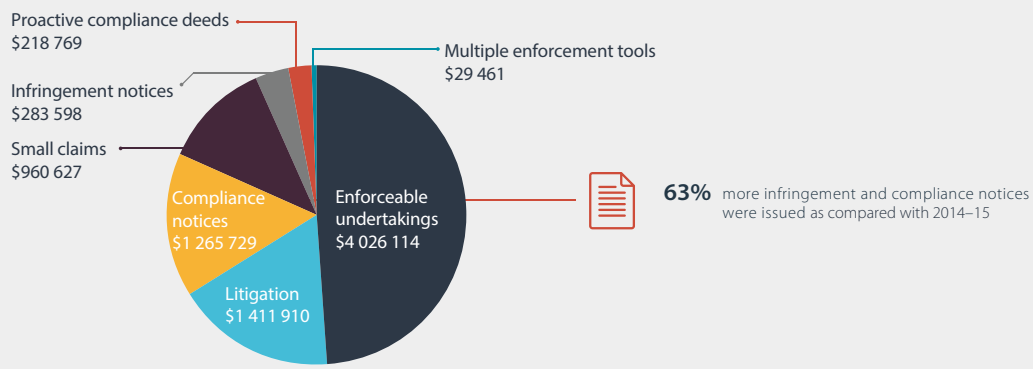
Helped customers resolve over **29 900** workplace relations matters



Recovered more than \$27.3 million for 11 158 workers



Breakdown of enforcement action by outcome



63% more infringement and compliance notices were issued as compared with 2014–15

The Hon Michaelia Cash MP
Minister for Employment
Parliament House
CANBERRA ACT 2600

28 September 2016

Dear Minister

In accordance with section 686 of the *Fair Work Act 2009* and section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA), I am pleased to submit the Fair Work Ombudsman (FWO) annual report for the financial year ending 30 June 2016. It includes information on the FWO's general organisation, administration and performance.

As the Accountable Authority for the FWO, pursuant to section 17AG of the PGPA Rule 2014, I certify that we have:

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

Yours sincerely



Natalie James
Fair Work Ombudsman

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Year in review

There were two prevailing themes for the Fair Work Ombudsman (FWO) in 2015–16:

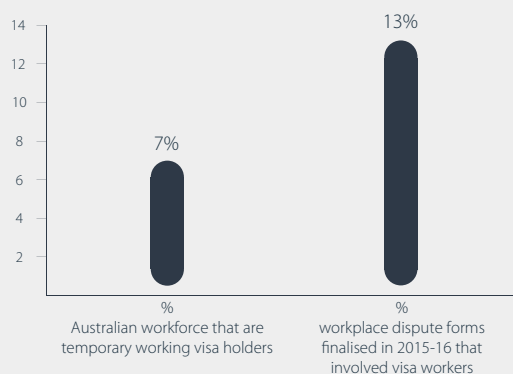
- our determination to use every avenue in addressing exploitation of vulnerable workers, particularly migrant workers
- the continuing enhancement of our services to support business and workers to understand and comply with the complexities of employment regulation.

While the first dominated the headlines, the second was central to the nature of the service we delivered through over 25 million customer interactions in 2015–16 helping us help them take control of their workplace situation and resolve problems or questions quickly, before they escalate into more formal disputes.

Increased community and media attention around vulnerable/migrant workers

The 2015–16 year saw increasing community concern about the exploitation of vulnerable workers by unscrupulous employers. As the number of temporary working visa holders grows in Australia to approximately 7%¹ of the workforce, so too does the number of visa workers coming to the FWO for help. Visa holders accounted for 13% of dispute forms lodged with the FWO, up from 11% the previous year. And the FWO is recovering entitlements for more people in this group, with a 41% increase in 2015–16 (from 488 to 687 workers). We recovered over \$3 million for these visa holders, compared to \$1.6 million in 2014–15 and \$1.1 million in 2013–14.

Figure 1: The proportion of visa workers in Australia compared to the FWO's formal interactions in 2015–16



This group has always been a priority for the FWO. This is because of the cohort's vulnerability—they are often young and have limited English skills. New to our country, they commonly don't have a high understanding of the rules that apply in workplaces or where to get help if they are unsure. Cultural barriers to seeking help and concerns about their visa status inhibit their capacity to seek help or enforce their rights.

They also, sadly, feature in the worst examples of worker exploitation that we see. This is why once again, they are over-represented in our enforcement activities. A startling 76% of our court actions involved a visa holder. This is an increase on last year, where the figure was 46%.

¹ The Productivity Commission reported a 6.5% figure in its review of the Australian workplace relations framework, dated June 2014, but there are other indications the percentage is higher. The senate inquiry into temporary work visa holders (Education and Employment References Committee) report 'A National Disgrace: The Exploitation of Temporary Work Visa Holders' found temporary visa workers made up 11.7% of the working population, dated March 2016.

In the last 12 months, media coverage and parliamentary scrutiny exposed disturbing stories of deliberate worker exploitation and shone a light on the FWO's work in this area — both our successes in enforcing the law and the limitations of the framework.

Our Baiada Poultry and 7-Eleven inquiries identified serious deficiencies in the companies' supply chains and network, creating an environment where exploitation of vulnerable workers was inevitable. The widespread coverage and the public reaction that followed demonstrated the standard the community expects from established, profitable businesses when it comes to its labour force. Both businesses acted to take responsibility for workers' in their supply chain/network after our intervention, implementing practices to ensure that they have line of sight to the workers entitlements, even though they are not the direct employers.

Responsibility for non-compliance

Our most recent inquiries into systemic non-compliance including Baiada Poultry, 7-Eleven, Woolworths trolley collection services and procurement of housekeepers by four-and-five-star hotel groups have revealed a strong correlation between the outsourcing of low skilled work, the prevalence of vulnerable workers in such labour markets, and worker exploitation.

This is also a feature of the early findings in our ongoing inquiries into the harvest trail and subclass 417 working holiday visa program, with reports to be released next year.

Encouraging businesses to take responsibility for their supply chains and networks, and fully utilising our accessorial liability provisions are essential tools in building a culture of compliance with workplace laws. Nearly every matter we filed in court—92%—roped in an accessory (a party other than the employer who played a role in the exploitation of workers). In 2015–16 this included accountants and human resource managers.

By pursuing accessories, we can seek penalties from individuals involved in the conduct, irrespective of whether the corporate employer is still operating, or has money in the bank. And after the recent precedent-making case of *FWO v Step Ahead Security Service Pty Ltd & Anor*, we can now also recoup back-payments from accessories, making them directly accountable for underpayments in which they were involved.

Where directors have been involved in serious breaches of workplace laws, we also refer the matter to the Australian Securities and Investments Commission (ASIC) for their consideration as to the application of corporation law.

Working with other government agencies

Combatting migrant worker exploitation requires Government to address a range of systemic issues across a number of elements of our regulatory framework, including workplace relations, migration and corporation law. Challenges include the ease with which corporate employers can 'phoenix' out of their responsibilities, the capacity of unscrupulous operators to leverage concerns about the future of a worker's visa and the financial advantage gained by unlawfully reducing labour costs relative to the maximum penalties under the *Fair Work Act 2009* (Fair Work Act).

This year we have worked hard to leverage all Government's program and laws to tackle worker exploitation, including:

- as a foundation member of Taskforce Cadena
- by presenting four times at the senate inquiry into temporary work visa workers
- by participating in the Protecting Vulnerable Visa Holders Ministerial Working Group
- through the Inter-Agency Phoenix Forum and the Phoenix Taskforce
- by engaging with and referring relevant matters to the Australian Taxation Office (ATO), ASIC and the Australian Competition and Consumer Commission (ACCC).

Partnering like this allows us to share intelligence and leverage connections within government to increase our effectiveness and, ultimately, deliver better outcomes for the public.

Launching the Anonymous Report tool

I was pleased to launch our new online Anonymous Report tool in April 2016. This functionality enables members of the community — workers, consumers, concerned citizens, businesses, anyone — to alert us to potential non-compliance without identifying themselves

Anonymous tip-offs provided to us in the past as part of our campaigns and inquiries have given us valuable intelligence. Now we have a clear mechanism through which people can provide this information, with the comfort that they need not disclose their identity and that it will be put to good use. In its first three months, we received 1713 anonymous reports. Of these, 77% raised concerns about rates of pay, predominantly underpayment of hourly rates, non-payment of wages and penalty rates. Almost 70% of reports identified the affected workers as having one or more vulnerabilities, predominantly those of being a young worker, a student, a mature-aged worker and/or a visa holder.

The information we collect will be analysed for trends and patterns, which will in turn generate leads for our education and compliance areas to review. The FWO will treat this intelligence in accordance with our publicly available compliance and enforcement policy. We have always distinguished between honest mistakes by those grappling with a complex system and deliberate non-compliance with workplace laws, and we will continue to take a reasonable and proportionate approach to resolving matters.

Young workers

Migrant workers are not the only group over-represented in our data. Workers under the age of 26 continue to account for one in every four dispute forms the FWO receives. Young people in their early working life often need extra support navigating the system, and our Young Workers Team continued to play an essential role supporting FWO's work with this cohort.

Figure 2: The proportion of young workers in Australia² compared to the FWO's formal interactions in 2015-16



Notes: *26% of workplace dispute forms finalised within the 2015-16 financial year involved 15 – 25 year olds (the FWO's definition of a young worker)

**22% of workplace dispute forms finalised within the 2015-16 financial year involved 15 – 24 years olds (the ABS definition of a young worker)

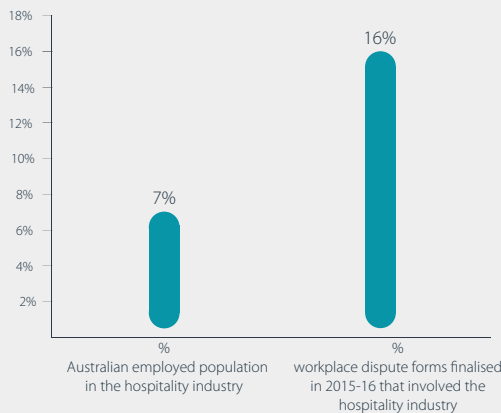
2. Australian Bureau of Statistics (ABS) labour force survey (6202.0 - Labour Force, Australia, June 2016, trend) - [http://www.ausstats.abs.gov.au/ausstats/meisubs.nsf/0/702ADCA7FC70AE78CA257FEF007D96B4/\\$File/62020_jun%202016.pdf](http://www.ausstats.abs.gov.au/ausstats/meisubs.nsf/0/702ADCA7FC70AE78CA257FEF007D96B4/$File/62020_jun%202016.pdf)

Hospitality industry

Hospitality workers also feature at the top of a number of FWO's lists. This industry makes up approximately 7%³ of the working population and almost half⁴ of hospitality workers are aged between 15 and 24 years.

In 2015-16 workers in the hospitality industry accounted for the highest number of dispute forms from a single industry (16%) and 35.7% of anonymous reports. It's a worrying early trend that the percentage of anonymous reports is more than double the proportion of dispute forms, suggesting many workers are afraid to formally report their concerns.

Figure 3: The proportion of hospitality workers in Australia compared to the FWO's formal interactions in 2015-16



The hospitality industry also featured in over a third of our court actions (34%) and nearly half of our enforceable undertakings (45%).

It is encouraging that this industry features highly in our phone and My account queries (10%), suggesting people are seeking the information they need.

Our takeaway foods phase of the National Hospitality Campaign exposed a dismal 33% compliance rate among the businesses audited. This campaign revealed widespread underpayment of base rates and penalties.

3. Department of Employment, labour market information portal, industry information, derived from ABS labour force survey (ABS, Labour Force, Australia, Detailed, Quarterly, cat. no. 6291.0.55.003, trend), 2016 - <http://lmp.gov.au/default.aspx?LMIP/IndustryInformation>
4. Industry Outlook – Accommodation and Food Services, Labour Market Research and Analysis Branch, Department of Employment, 2014 - <http://lmp.gov.au/default.aspx?LMIP/Publications/IndustryReports>

Results for other parts of the sector were not as alarming. There was a 42% compliance rate for the restaurants, cafes and catering phase and a 69% compliance rate for accommodation, pubs, taverns and bars. However, with an overall compliance rate for the industry of just 48%, one wonders how those businesses doing the right thing are able to compete. Given the average compliance rate for our campaigns is 61%, it is clear that this industry has work to do, and we will be looking for industry leaders to step up and work with us to enhance understanding of and compliance with workplace laws throughout hospitality.

Innovation and technology

Most employers who come to the FWO want to do the right thing. Most problems arise because of misunderstandings about the application of the law, rather than a blatant disregard for it.

We help millions every year, and we want to reach more people. We are improving our operating model to meet this increased demand, make compliance easy, and equip employees and employers with the knowledge to make good choices in their workplace.

To achieve this, we are innovating in two core streams: digital services and tailored solutions focusing on early intervention. Leveraging data and intelligence and technology is driving our success. Technology is helping overcome complexity, enabling us to reach and assist customers in increasingly tailored ways, when and where they choose. In 2015–16 we invested in capital funding to build and maintain the systems to support this operating model, and it is paying off.

Our customers are accessing our 'anytime, anywhere' digital services in record numbers. During the year we responded to 72% more online enquiries. Our greatest success to date has been transforming our wage enquiries, which have historically made up the largest proportion of phone enquiries, into an effective digital service. Since releasing our Pay and Conditions Tool (PACT) in May 2015, there has been a 66% increase in calculations obtained (totalling over five million calculations) from the use of our online pay tools. This has allowed our more resource intensive phone service to focus on more complicated enquiries, further improving this service for our customers.

Over 74% of the workplace relations matters brought to us in 2015–16 were resolved by assisting employers and employees to find their own solutions without the need for compliance or enforcement action, and led to over \$15 million in back-payment. Our early intervention model is driving this success, with a 39% increase in customers assisted through the service in 2015–16 and a 25% decrease in dispute form lodgements. Most matters dealt with through early intervention are resolved within six days, compared to 131 days to resolve disputes through compliance and enforcement action. We are resolving more customers' workplace issues before they become disputes, reducing the impost on time-poor small businesses and helping to maintain employment relationships.

Supporting small business

We continue to support small business to comply with workplace laws and work with other government and industry bodies to ensure we are meeting the needs of small business employers.

This year, we participated in the Small Business and Franchising Consultative Committee, established by the ACCC, to address issues affecting the small business and franchising sectors under competition and consumer law.

We also coordinated joined-up activities and strategies with other government agencies through the Federal Regulatory Agency Group, convened by the Australian Small Business and Family Enterprise Ombudsman.

Our research tells us the majority of small businesses want to understand what they need to do to fulfil their employment obligations, and we are focused on getting them what they need in a form that is accessible and useful.

The year ahead

FWO will continue to augment our customer services. In particular, developing digital solutions to support people to understand the rules and make good choices in their workplaces.

We will be launching our Library — a new online resource providing enhanced information to our customers. This additional information will be integrated into our website. It is the same material our experienced advisers draw on to help customers over the phone. Making more information available about award operation will assist people to understand and comply with the law.

I welcome the Government's proposed reforms to the Fair Work Act and we look forward to working together in framing effective and appropriately balanced amendments.

While there is no one solution to ensure compliance with Australia's workplace laws, we anticipate the Government's commitment to enhance the investigative abilities of the FWO and to increase penalties under the Fair Work Act will greatly assist us in gathering evidence and deterring non-compliance with workplace laws.

We also look forward to contributing to the recently announced Migrant Worker Taskforce.

Working within Government and engaging with communities is as critical as ensuring our enforcement tools provide a sufficient deterrent. For some time now the FWO has seen vulnerable migrant workers being exploited by businesses that are operated by recent arrivals. We are seeing rates of pay that are sometimes less than \$10 an hour, well below the minimum wage of \$17.70 per hour. And we hear employers say they were paying the 'going rate' for workers from that community.

The idea that migrant workers can be paid less than 'Aussies' is abhorrent and clearly, legally wrong.

FWO needs to engage with communities to send a clear message that this is not acceptable. To prioritise and coordinate this critical work with migrant workers and stakeholders, we have established a Migrant Worker Strategy & Engagement Branch. We have started with the large Australian Chinese community, launching our Chinese Australian Engagement Strategy in January 2016. As part of this strategy, we have been working closely with business and media representatives to help raise awareness among

Chinese employees and employers of their workplace rights and obligations.

Next year we will continue to build on our early work engaging with the Chinese community. This will include working with more than 50 local councils that represent large Chinese communities in both Sydney and Melbourne. We will also take a proactive approach to engaging with other communities, including the Korean community, as collaborators and partners in order to overcome barriers to compliance with workplace laws.

Our Corporate Plan for 2016–17 makes it clear that we will continue prioritising cohorts that evidence tells us need the most help to understand and apply workplace laws. We will focus on systemic non-compliance, which is significantly impacting vulnerable individuals and/or a significant sector of the labour market. This includes supporting small business to comply and focusing on vulnerable cohorts, in particular, migrant and young workers. Industries or subsectors with high levels of non-compliance such as hospitality, retail, cleaning, security and trolley collecting will also be prioritised.

We all have a part to play in compliance— employers, employees, community groups, industrial advisers and government agencies. There are many opportunities for us to draw on our mutual interests: to see employers do the right thing, avoid a nasty back-payment bill, ensure a level playing field for all business and to build a culture of compliance.



Natalie James
Fair Work Ombudsman

Part one:

Agency overview

Agency overview

The Fair Work Ombudsman's (FWO) vision is to be valued by the community for supporting compliant, productive and inclusive Australian workplaces.

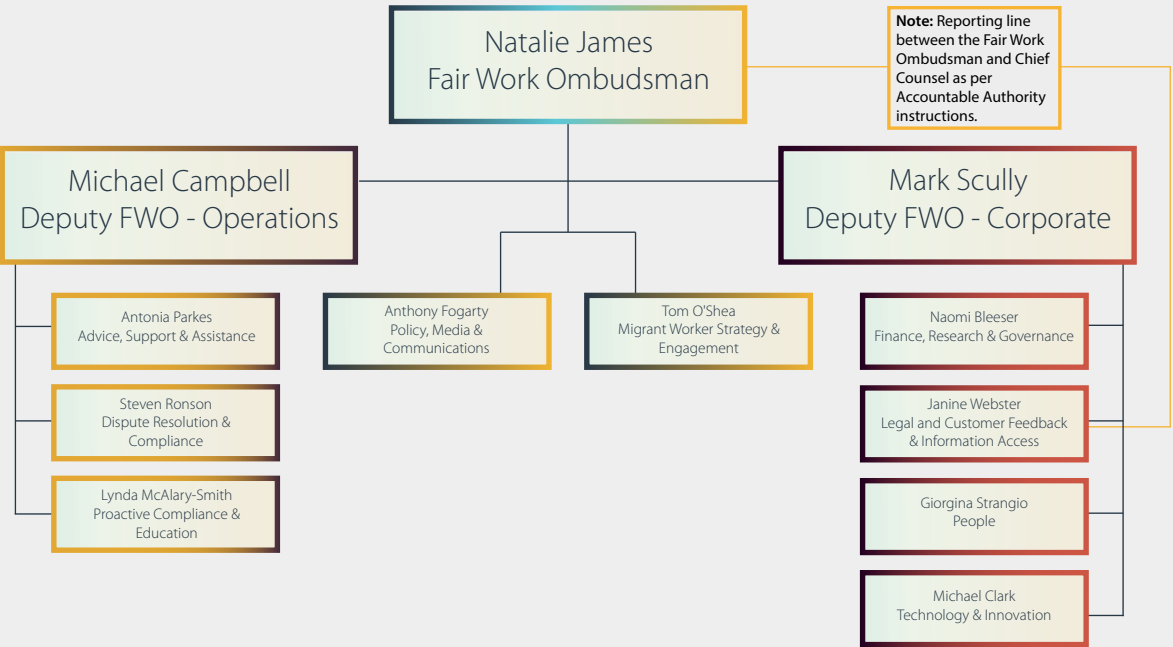
We are an independent government agency responsible for ensuring compliance with the *Fair Work Act 2009* through advice, education and, where necessary, enforcement.

This outcome is achieved through a single program of education services and compliance activities, three program deliverables and seven key performance indicators, as prescribed in the FWO Portfolio Budget Statements. These are used to monitor and assess our performance.

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.

Figure 4: FWO organisation chart as at 30 June 2016



Part two: Performance report

Annual performance statement

Agency priorities and activities

Online services

Phone services

Media outcomes

Stakeholder engagement

Compliance and enforcement activities

Campaigns

Inquiries

Enforcement outcomes

Annual performance statement

I, Natalie James, as the FWO's Accountable Authority, present the 2015–16 FWO annual performance statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The statement is based on properly maintained records, accurately reflects the FWO's performance, and complies with subsection 39(2) of the PGPA Act.

Agency purpose

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

Results

Indicator	Target	Achieved
Number of campaigns:		Four national campaigns commenced: National Compliance Monitoring; Textile, Clothing & Footwear; Remote & Regional; Healthcare & Social Assistance. Sixteen regional campaigns were also commenced, with at least two occurring in each state and territory.
National	4	
State (number of campaigns in each state/territory)	2	
Investigations into complaints about breaches of federal agreements or awards completed within 90 days (percentage of total complaints)	80%	We received 13 877 formal allegations of non-compliance through workplace dispute forms and finalised 14 329 dispute forms, some from the previous financial year. Of these, 95% were finalised within 90 days.
Calls to the Fair Work Infoline resolved at the first point of contact (percentage of total calls)	80%	The 'first contact resolution' key performance indicator was 98% for the year.
Availability of Fair Work Infoline services (percentage of availability during advertised hours)	99%	Fair Work Infoline services were available 99% of the time between 8 am – 5:30 pm local time Monday to Friday, excluding public holidays.
Availability of website (time available as a percentage of total time)	99%	The FWO website, fairwork.gov.au, was available 99% of the time.
Procurement policies consistent with the <i>Public Governance, Performance and Accountability Act 2013</i> (PGPA Act) and the Commonwealth Procurement Rules	Consistent with all requirements	The FWO's procurement policies remained consistent with the PGPA Act and the Commonwealth Procurement Rules.
Financial statements are prepared in accordance with the Finance Minister's Orders	Consistent with all requirements	The FWO's 2015–16 financial statements are based on properly maintained records and comply with the PGPA Act.

Source: FWO Corporate Plan 2015–19 and FWO 2015–16 Portfolio Budget Statements: Programme 1.1 (p. 160–61).

Analysis of performance against our purpose

In 2015–16, the main factors that contributed to the FWO achieving its purpose and exceeding key performance indicators included an evolving business model and community and government engagement.

We employed technology to reach and assist more customers with tailored solutions, when and where it suited them. Digitising services allowed us to meet increasing demand from the community with a decreasing budget. Reflecting this, advice provided over the phone decreased by 12% while enquiries answered via online channels increased by 72%.

We supported more than 74% of employers and employees to find their own solutions to workplace issues without the need for compliance or enforcement action. Over the last year, the number of people requesting our assistance through a dispute form decreased. The corresponding increase in our early interventions indicates this method, first introduced in 2014, is succeeding: we're resolving more customers' workplace issues before they become disputes and maintaining employment relationships.

We continued to evolve our inquiry methodology – an intelligence-led and targeted approach that takes a deep dive into systemic non-compliance occurring in parts of the labour market, and entities with influence in supply chains and networks to leverage that influence and drive a culture of compliance with workplace laws.

Increased community concern and media attention around visa holder exploitation brought our work into the spotlight. It also influenced businesses to consider their broader responsibilities, legally, morally and ethically for compliance within their sphere of influence.

The Government's focus on worker exploitation saw our participation in a senate inquiry and ministerial working group on visa holder matters, and a commitment to increase our powers and penalties under the Fair Work Act.

Agency priorities and activities

The FWO’s Strategic Intent and Corporate Plan set out our vision and the five strategic priorities which frame our work and activities. To make a positive difference for the Australian community, we:

- provide practical workplace relations advice that’s easy to access, understand and apply
- encourage and empower employees and employers to resolve issues in their workplace
- build a culture of compliance with workplace laws
- work with stakeholders to find solutions to workplace issues and opportunities to collaborate
- focus on being a high-performing, capable and responsive agency that delivers exceptional customer service and manages risk well.

We deliver a range of services to achieve our vision and support compliant, productive and inclusive Australian workplaces. This involves providing advice, assistance and, where appropriate, enforcing workplace laws.

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

Online services

The FWO website offers mobile-friendly tailored information and self-service tools. Translated material is provided in 27 different languages.

Visits to the website increased to over 15.3 million in 2015-16, 14% more visits than in 2014-15. Mobile device visits accounted for 40%, with customers increasingly choosing to access information on their phones and tablets. There were more than nine million website users.

On average, customers viewed 2.9 web pages per visit, indicating they’re able to navigate to the information they need quickly. The most popular topics included awards, pay rates and the National Employment Standards (NES).

Customers sought clarification on the substitute Boxing Day public holiday in late 2015. This resulted in a 226% increase in page views for public holiday content, compared to the same period in the previous year.

Table 1: Website visits and users, 2014–16

	2015–16	2014–15
fairwork.gov.au visits	15 308 115	13 380 802
fairwork.gov.au users	9 017 902	7 902 577

The website’s content and structure is regularly revised and refined in response to user analysis and feedback. In 2015–16:

- Interactive guided user pathways helped customers find and verify the information they needed to self-resolve their query. Our most popular pathway provides information and assistance with determining pay. Each month ‘Verify my pay’ enabled 9000 customers to receive online assurance about the accuracy of the figures generated in the Pay and Conditions Tool (PACT), reducing their need to call. After using the pathway, less than 10% of customers navigated to our phone number. Each month, our ‘Get help’ pathway also guided more than 25 000 customers to services or resources tailored to their enquiry.
- Pay tool visits almost doubled when compared to 2014–15, with the PACT’s responsive design providing pay rates to more people via desktop and mobile devices when it suited them. Commonly accessed modern awards included retail, building and construction, and hospitality.
- A ‘Workplace Basics’ quiz was launched to enable employers and employees to assess their knowledge about everyday workplace issues like pay, leave, record-keeping, termination and more. Quiz results are accompanied with tailored information designed to further a customer’s understanding of workplace laws. From September 2015, there were approximately 63 000 commencements and 49 000 completions of quiz modules.
- With the introduction of our Anonymous Report tool, customers could alert the FWO to potential non-compliance issues. Community intelligence about issues, industries and regions helps us tailor and target our compliance efforts. From its release on 11 April 2016 to the end of the financial year, we received 1713 reports from the public.

An anonymous report alleging underpayment and unlawful deductions from seasonal workers picking vegetables sparked joint education visits to farms in Bowen by the FWO and Australian Border Force.

Fact sheets, guides and templates remain popular resources, with a 13% increase in downloads and views.

Table 2: Online resources and usage, 2014–16

Availability and use	2015–16	2014–15
Fact sheets available	41	40
Fact sheet views	2 753 574	2 360 739
Fact sheet downloads	345 637	302 786
Best practice guides available	13	13
Best practice guide views	512 143	424 394
Templates and checklists available	86	86
Template and checklist downloads	805 647	820 454
Pay tool visits	4 021 289	2 219 905
Pay tool calculations provided	5 024 736	1 704 349
Online learning centre courses available	5	5
Online learning centre courses commenced	18 220	20 543
My account registrations	82 507	39 744
My account enquires answered	47 605	22 308

Our Online learning centre won 'Best in Class' for online design in the legal category at the 2015 Interactive Media Awards. Scoring 490 out of 500, judges said it was 'one of the world's most well executed sites'.

My account

My account is an authenticated online space that enables customers to save tailored information, such as pay rates, access previous searches and submit enquiries. My account registrations more than doubled in 2015–16, with over 82 000 customers signing up for the online self-service gateway.

During the year, My account was used to provide tailored information to the building and construction industry based on compliance issues identified through a national campaign.

We answered over 47 000 My account enquiries, up from 22 306 in 2014–15. An additional 7400 enquiries received through an after-hours web form were also answered. This service ceased in November 2015, with customers directed to My account.

Modern awards most commonly saved in My account included clerks, retail, manufacturing, and building and construction.

In one instance, My account enabled us to reduce a 20 minute phone call to six minutes — with an adviser saving tailored information about wages into the account of a registered small business owner. The customer was able to review the resources and ask further questions online at times that suited them.

Subscription services

Our employer newsletter, covering the latest employment issues and news, was emailed to almost 14 000 subscribers in 2015–16, up 15% on the previous year. Issues covered included workplace flexibility, record-keeping, job classification, shut-down periods over the Christmas break and processing leave requests.

Email updates were received by almost 46 000 subscribers, an increase of 24% from 2014–15. These emails alert people about important changes to workplace laws, including the wage increase from the annual wage review and new annual leave clauses in modern awards.

Monthly knowledge updates were also emailed to more than 480 workplace relations practitioners interested in understanding how we interpret and apply legislation.

Practitioner service

The FWO answered just under 1400 enquiries through Practitioner Assist, a dedicated telephone and email service for employer organisations, workplace relations practitioners and unions. The majority of the enquiries related to modern award coverage. An online booking system was introduced during the year, enabling customers to schedule a time to discuss their enquiry.

Phone services

Fair Work advisers answered more than 394 460 calls in 2015–16, with employees or their agents making up 67% of the enquiries. The average call wait time was 11:07 minutes with the average call lasting 10:08 minutes.

The Fair Work Infoline won Auscontact ‘Government Centre of the Year’ in 2015 for demonstrating passion, leadership and innovation.

Table 3: Calls answered, 2014–16

Phone service	2015–16	2014–15
Fair Work Infoline	285 161 (72%)	332 979 (71%)
Small Business Helpline	109 302 (28%)	135 775 (29%)
Total	394 463 (100%)*	468 754 (100%)

** We also responded to around 20 000 customers that opted to leave a voicemail message.*

Encouraging customers to visit the FWO website, access the PACT and submit enquiries through My account, including outside business hours, saw a reduction in calls answered during 2015–16.

The Translating and Interpreting Service was used by 3886 customers. Many culturally and linguistically diverse customers were also supported by our own multilingual staff who performed simple translation services. The increasing use and development of our own people’s skills in this regard is supported by our bilingual register.

Advice on wages was again the most common reason people called. Entitlements and termination of employment were also of interest.

Calls commonly related to people working in construction (13%), followed by other services including personal services and repair and maintenance (10%), retail (10%), and accommodation and food services (10%).

Media outcomes

During 2015–16, we issued 230 media releases to raise community awareness of our activities, outcomes and services.

We featured in more than 21 000 media items throughout Australia. This is a 45% increase, compared to 14 640 media items in 2014–15.

Table 4: Traditional media coverage, 2014–16

	2015-16	2014-15
Media releases issued	230	226
Media items:	21 247	14 640
online articles	12 256	7797
radio items	6263	4580
print articles	1534	1429
television items	1194	834

Key media included:

- The ABC’s Four Corners program about alleged exploitation of 7-Eleven employees, followed by page one coverage of our 7-Eleven Inquiry report in major Fairfax newspapers. In total, the FWO was mentioned in more than 150 newspaper articles and almost 2000 radio and TV reports about 7-Eleven during the 2015-16 financial year, reaching an audience of millions.
- Coverage across more than 10 newspapers and 200 websites about our inquiry into Woolworths’ procurement of trolley collection services. Over 200 radio segments featured comments from Fair Work Ombudsman Natalie James.
- Reports in almost 20 newspapers and on more than 120 websites about our inquiry into the procurement of housekeeping services at four-and-five-star hotels.

Social media

Facebook, Twitter and YouTube play an integral role in ensuring the community is aware of their workplace rights and obligations.

We issued more than 1060 tweets, over 220 Facebook posts and seven videos.

We responded to more than 1500 enquires through Facebook and Twitter, and had over 4200 new Twitter and 13 290 new Facebook followers.

Our tweets were seen almost three million times and Facebook posts more than 4.4 million times.

On LinkedIn we had more than 5300 followers and people viewed our YouTube videos more than 133 130 times. Our PACT promotional video was watched in its entirety by 16.63% of people who saw it online — over three times the Australian Government benchmark of 5%. Accompanying campaign content, including social media posts and digital advertising, was seen over 1.9 million times.

Content is tailored to reach target audiences, which in 2015–16 included:

- Hairdressing apprentices and their employers. Hairdressing campaign content was seen over 1.7 million times across Twitter and Facebook, and drove over 4500 visits to the dedicated web page. There were more than 13 000 customer comments, shares and likes on Facebook. Other campaign activity included posters and brochures for training organisations, an education presentation at NSW TAFE, targeted emails and text messages, and follow-up phone calls to employers.
- Employees picking fruit and vegetables on the harvest trail. Visits to the dedicated web page increased by 573% during the campaign period, which included Facebook promotion highlighting top tips for working travellers and physical advertisements at regional airports.
- Small business employers and employees, encouraging them to complete the Workplace Basics quiz. Digital campaign content was viewed over 500 000 times and drove 24 000 visits to the web page.

Stakeholder engagement

Engaging with industry, unions, government, academia and others helps us identify opportunities to improve and deliver the best services for the community. We value the findings, ideas and views of all stakeholders.

Working with government

Consulting and collaborating across government, to leverage all programs and laws, builds compliance throughout Australia and reduces regulatory burden on the community. In 2015–16 we:

- tackled allegations of worker exploitation involving temporary visa holders as a foundation member of Taskforce Cadena, by presenting four times at the senate inquiry into temporary work visa holders and participating in the Protecting Vulnerable Visa Holders Ministerial Working Group
- continued to work on detecting and deterring fraudulent phoenix behaviour through the Inter-Agency Phoenix Forum and the Phoenix Taskforce — a businesswoman involved in phoenixing was penalised \$97 920 in a FWO litigation decided during the year
- assisted in the transition of Norfolk Island into the national workplace relations system with the Department of Infrastructure, the Department of Employment and other key agencies
- participated in the Small Business and Franchising Consultative Committee, established by the ACCC, to address issues affecting the small business and franchising sectors under competition and consumer law
- coordinated joined-up activities and strategies with other government agencies through the Federal Regulatory Agency Group, convened by the Australian Small Business and Family Enterprise Ombudsman
- assessed 463 entities employing 752 temporary skilled work visa holders, referring 107 entities to the Department of Immigration and Border Protection (DIBP) due to concerns that the 138 workers involved were not receiving their nominated salary and performing the nominated position in their visa.

Under Taskforce Cadena, the FWO and Australian Border Force coordinated surprise record-keeping audits at karaoke bars in Melbourne and Perth. Back-payments of \$40 000 and adherence to payslip obligations has since been sought, with compliance and infringement notices issued.

Finding solutions together

Leveraging others' expertise and insight maximises our impact and results in better services for the public. In 2015–16 we:

- contributed to University of Melbourne research on the FWO's approach to non-compliance in supply chains, and sought input from specialist academics and major corporate bodies to develop the FWO Supply Chain Strategy
- partnered with the University of Melbourne Law School to conduct research into Australian businesses' perceptions of the FWO's general deterrence strategies
- co-designed a Hairdressing Assist tool with customers from the industry
- tested modern award application with unions and employer associations via Knowledge Connect
- held workshops with participants in the personal services (nannies and au pairs) sector to discuss workplace issues
- consulted with key industry associations, peak bodies and chambers of commerce to design, develop and deliver four national and 16 regional education and compliance campaigns
- presented at events, including to industry, unions and academia, such as those organised by the Australian Labour and Employment Relations Association, Australian Industry Group and the Centre for Employment and Labour Relations Law
- developed an Anonymous Report tool with assistance from the ATO's Co-design Centre, enabling the community to flag potential workplace issues and unlawful practices without personal identification.

Working with intermediaries

Engaging with diverse community networks and intermediaries helps us reach and assist those most fearful of approaching government bodies and susceptible to exploitation. In 2015–16 we:

- established the Migrant Worker Strategy & Engagement Branch to coordinate effective compliance, education and engagement activities for visa workers
- hosted roundtables with Chinese business leaders and media to inform and launch our Chinese Engagement Strategy, which guides effective education for the sector about workplace rights and obligations
- worked with an in-language specialist to develop Chinese resources, including a dedicated web page, information booklet and a range of 'quick guides'
- participated in secondments at community and legal centres, including Marrickville Legal Centre and JobWatch

- presented at the 2015 International Education Providers Forum and the Melbourne Chinese Masonic Society, where information was provided in English and Mandarin
- participated in the Melbourne Law School's Migrant Worker Campaign Steering Group.

Assisting small business

Making compliance easier for small business, who are often time-poor and have limited human resource expertise, helps them focus on being successful, creating jobs and contributing to Australia's economy. In 2015–16 we:

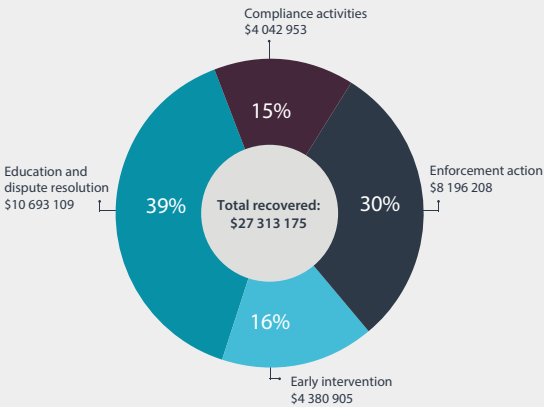
- hosted and took part in a number of multi-agency webinars, presentations and expos including with the ATO, ASIC and the ACCC
- hosted our third Small Business Forum where we identified opportunities to engage and collaborate with intermediaries in the sector
- provided information and advice at events including those organised by the state Small Business Commissioners, the Association of Accounting Technicians, Small Enterprise Association of Australia and New Zealand, and at the National Small Business Summit, Business-to-Business Expo, Migrant Small Business Expo in Brisbane and Adelaide, and Clare Small Business Forum
- participated in the ATO-led 'Small Business Fix-It Squads', which bring together small business owners, industry and government to solve problems that arise when running a business.

Compliance and enforcement activities

In 2015-16, we recovered more than \$27.3 million in back-payments by assisting over 11 150 customers involved in over 29 900 instances of alleged non-compliance. Of these, more than:

- 10 250 (34%) were finalised through early intervention
- 11 930 (40%) were resolved through education and dispute resolution services
- 1740 (6%) were addressed through enforcement action
- 6020 (20%) were addressed through compliance activities or FWO-initiated inquiries and audit campaigns.

Figure 5: How we recovered back-payments for workers in 2015-16



We received 13 877 dispute form lodgements and, of the 29 900 instances of alleged non-compliance we finalised during the year, 14 329 were raised through a dispute form. Of those finalised, 43% came from females and 57% from males.

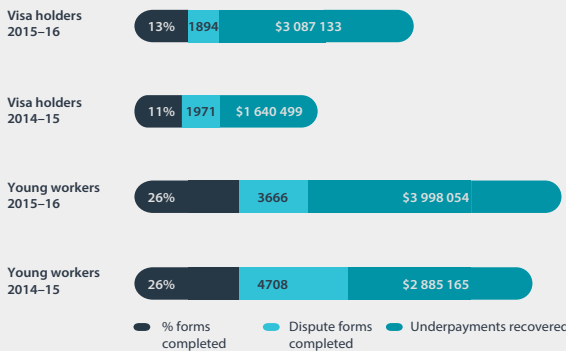
Consistent with last year, the highest percentage of dispute forms completed related to people working in accommodation and food services (16%), construction (12%) and administrative and support services (10%).

In determining how best to help, we considered the individual's circumstances, the issues at the workplace and the situation more generally. We provided tailored solutions and education resources, recognising that not every issue required the same type of assistance or intervention.

We focused our efforts on areas where we could have the greatest impact, in particular on matters involving those vulnerable to exploitation.

Visa holders and young workers are more likely to face significant barriers to taking their own action, making them priority groups for the FWO. The figure below shows a decrease in completed dispute forms relating to these workers compared with 2014-15. This reflects the overall decrease in dispute forms and that visa holders are a growing proportion of our customers who submit these forms. The amount in underpayments recovered increased, highlighting the impact of our work in this area and the importance of continuing to focus on these vulnerable worker groups.

Figure 6: Dispute forms finalised and underpayments recovered by key demographic



With a commitment to preventing issues from escalating into disputes, our early intervention service resolved most issues within six days, compared to an average of 28 days for other dispute resolution services. Where compliance and enforcement action was required, an average of 131 days was invested.

Our Compliance and Enforcement Policy details the services we offer to support compliance with workplace laws, and is available on [the FWO website](#).

Early intervention

Early intervention involves addressing concerns at first contact to resolve a workplace issue and stop it from escalating further.

We conducted over 10 250 early interventions assisting customers with issues raised during an initial call to the Fair Work Infoline or through a My account enquiry, and before lodgement of a dispute form. This is a 39% increase on early interventions completed in 2014-15, and resulted in over \$4.3 million back-payments being recovered.

Since the program began in March 2014, early interventions have recovered over \$8.1 million for workers.

Education and dispute resolution

When a dispute form is lodged, we start by working with the parties to assist them in resolving the dispute.

Each intervention and assisted resolution is tailored and aims to preserve employment relationships by keeping the matter in the hands of the parties. Customers are coached through their options, referred to online resources and supported to have effective workplace conversations.

We resolved 7343 matters raised through lodgement of a dispute form, recovering over \$2 458 000 for more than 780 employees.

Where matters are not resolved in this early stage, they can move to mediation. Other unresolved matters may also be referred to small claims.

We intervened early to assist a casual employee who was incorrectly paid as part time. Equipped with our advice and assistance from the FWO's difficult conversations course, the employee spoke with the employer. They were back-paid approximately \$1000 and continued working for the business under a casual rate.

Mediation

In 2015–16, the Mediation team finalised 4500 workplace disputes and assisted more than 1590 employees secure over \$7 million in back-payment.

Our accredited and impartial mediators worked with parties who hadn't resolved their dispute in an earlier intervention to reach a settlement during mediation, which is a confidential scheduled telephone conference. Participating in mediation is voluntary, with parties controlling the outcome.

In addition to monetary settlements, other outcomes agreed by the parties through mediation included written apologies, returning property and deciding to return to work.

Customer engagement

In 2015–16, we resolved over 820 disputes through our Customer Engagement Program. This program targets employers with a history of non-compliance. We engage with the employers to identify factors driving non-compliance and determine how to support behavioural or process change. During the year we recovered over \$2.5 million for more than 610 workers through the program.

Tailored and proportionate responses were used to address repeated instances of non-compliance, including issuing 112 letters of caution and 51 infringement notices. Two employers entered into enforceable undertakings and we referred two other cases for litigation.

In response to multiple underpayment claims, we met on several occasions with directors of a quickly expanding family business to understand the causes of non-compliance and offer solutions. In response to our advice, infringement notice and letter of caution, the company back-paid employees and improved payroll processes. They have since opened a further 19 stores.

Campaigns

Campaigns help us check, maintain and improve conscious compliance within workplaces.

National and state/territory-based campaigns are run in response to emerging issues across various geographic locations and industry sectors. A proportionate and evidence-based approach determines where to focus our attention and which workplace relations issues to target.

Industry associations, employer representatives, unions and community groups assist with campaign development, design and implementation by providing intelligence, advice and assistance in raising awareness among businesses.

Overall, more than 4530 campaign audits were conducted in 2015–16, recovering in excess of \$1 750 000 for employees.

The audits found a 61% compliance rate, which is consistent with the previous two years. Of the non-compliant businesses in 2015–16, 41% had non-monetary contraventions such as not meeting their record-keeping and pay slip obligations.

The national campaigns commenced during the year focused on:

- the healthcare and social assistance industry, which is the largest employing industry in Australia
- the textile, clothing and footwear industry, which predominantly employs culturally and linguistically diverse outworkers
- remote and regional areas, to address vulnerabilities which are not as prevalent in major urban areas
- compliance monitoring of employers who were previously identified as non-compliant with workplace laws.

The National Compliance Monitoring Campaign involved more than 890 return audits and recovered in excess of \$207 990 from 130 businesses for over 480 employees.

Sixteen regional education and compliance campaigns were commenced in 2015–16, with at least two occurring in each state and territory.

Campaign reports are available on [the FWO website](#) and provide further details of activities undertaken, including specific outcomes.

Through joint site visits with ASIC, first-time company directors in Brisbane were educated on, and their compliance was checked against, relevant legislation. This collaborative approach reduced regulatory burden on the businesses selected and encouraged good compliance habits from an early stage.

Inquiries

Data trends, large scale non-compliance or significant public concern may prompt an inquiry. Our initial findings and intelligence determine the approach, duration and scope.

We may apply a number of methodologies to examine the structural and behavioural drivers that led to systemic and entrenched non-compliance in an industry, region, supply chain, labour market or a combination of these.

An inquiry may involve site visits, interviews, surveys and audits of workplace records to map the particular industry subsector or issues. This can prompt a number of in-depth investigations. At the conclusion, inquiry findings, recommendations and actions are documented in a report. These reports are published on [the FWO website](#).

Table 5: Inquiries completed in 2015–16

Inquiry	Duration	Findings	Outcomes
Inquiry into 7-Eleven tested allegations of significant wage underpayment and falsification of employment records across the Australian franchise network.	June 2014–April 2016	<ul style="list-style-type: none"> A general acceptance from stores and employees that pay rates would be below the lawful minimum rate. Visa holders were reluctant to report underpayments or cooperate for fear of self-incrimination and consequent investigation by another regulator or retribution from their employer. Franchisees deliberately falsified records to disguise underpayments and 7-Eleven head office failed to address clear problems in a meaningful way until faced with public scrutiny. 	<ul style="list-style-type: none"> Seven matters filed in court One enforceable undertaking 20 letters of caution, 14 infringement notices and three compliance notices issued Over \$293 500 recovered for more than 70 workers More than \$779 510 in court-ordered penalties
Inquiry into the procurement of housekeepers by Starwood Hotels and Resorts, The Accor Group and Oaks Hotels & Resorts tested allegations that housekeepers were being paid a flat rate for each room cleaned, instead of an hourly award rate as full-time, part-time or casual employees.	July 2014–May 2016	<ul style="list-style-type: none"> Cleaning contracting organisations were mistakenly paying wages under the Hospitality Industry (General) Award, instead of the Cleaning Services Award, or engaging workers as independent contractors, when they should have been classified as employees. Some cleaning contracting organisations were also making unlawful deductions from wages. 	<ul style="list-style-type: none"> Three enforceable undertakings Eight letters of caution, two infringement notices and six compliance notices issued \$57 000 recovered for 120 workers
Inquiry into trolley collection services procurement by Woolworths Limited tested allegations of wage underpayment and intentional recruitment of vulnerable workers throughout businesses involved in Woolworths' labour supply chains.	June 2014–June 2016	<ul style="list-style-type: none"> Out of 130 sites, more than three in every four (79%) had indications of non-compliance. Almost half (49%) presented serious non-compliance. Workers were being paid rates as low as \$10 an hour. Complex supply chains with networks of corporate structures and intermediaries to facilitate cash payments, recruit vulnerable workers and produce false records. 	<ul style="list-style-type: none"> Two matters filed in court Nine letters of caution issued Over \$36 090 recovered for more than 20 workers A number of matters being considered for further enforcement action

Inquiries continuing in 2016–17 are examining:

- the wages and conditions of those working under the 417 Working Holiday visa program
- the procurement arrangements for cleaners in Tasmanian Coles and Woolworths supermarkets
- the procurement arrangements of security officers within local governments
- the employment arrangements of seasonal workers on the harvest trail.

Enforcement outcomes

Enforcement action is reserved for serious non-compliance. Matters may involve exploitation of vulnerable workers, blatant disregard for the law or the need for a strong deterrence message.

When deciding how to respond to breaches of workplace laws, a range of relevant factors are considered. The FWO Compliance and Enforcement Policy explains our approach, which includes use of four enforcement tools available to us under the Fair Work Act.

Table 6: Enforcement outcomes, 2014–16

Enforcement tool	2015–16	2014–15
Infringement notices issued	573	348
Compliance notices issued	186	118
Enforceable undertakings executed	43	42
Litigations commenced	50	50
Total	852	558

Small claims assistance

FWO assisted over 1000 people to pursue their small claims directly before the courts in 2015–16. We helped workers and employers to complete court documents. Our small claims guide was made available through the courts and our explanatory videos received 18 381 views during the year.

Additional assistance was offered to people with barriers to taking action, such as those from culturally or linguistically diverse backgrounds, or with low literacy.

In 2015–16, more than \$960 620 was awarded for the 180 applicants we assisted to make small claims. FWO lawyers also appeared in over 300 small claims matters as a ‘friend of the court’. In this capacity we don’t act for either party, but can assist the parties and the court on points of law or practice.

Infringement notices

Infringement notices are on-the-spot penalties for record-keeping or pay slip contraventions — evidentiary items regarded as the ‘bedrock of compliance’. In the first instance, we educated those who made mistakes and resolved issues voluntarily. This means not every contravention led to an infringement notice.

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

In 2015–16, we issued more than 570 infringement notices, up from 348 in 2014–15. Of these, almost 170 were issued digitally, reducing costs and improving efficiency.

The increase in the overall number of notices issued reflects our enhanced monitoring capability through the work we performed on behalf of the DIBP concerning subclass 457 visa holders.

Compliance notices

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

Prior to the issuing of a compliance notice, the FWO takes the nature of the breach and the employer’s level of cooperation into consideration. Most contraventions were resolved voluntarily, without needing to issue a compliance notice.

We’re increasingly using notices to recover unpaid wages efficiently, with more than \$1 300 790 recovered through over 180 compliance notices issued in 2015–16. Up 58% from 2014–15, the increase in compliance notices issued reflects our experience in ensuring enforcement responses are both reasonable and proportionate.

Non-compliance with these notices is actionable in a court and can result in penalties. We initiated five litigations against employers alleging they failed to comply with their notice. In one case, a penalty of \$16 830 was handed down for failure to back-pay more than \$22 320 in unpaid employee entitlements. In each case, the FWO made extensive efforts to facilitate back-payments before launching court action.

The accommodation and food services industry accounts for the highest percentage of infringement and compliance notices issued and enforceable undertakings executed.

Enforceable undertakings

Enforceable undertakings are legally-binding documents that set out a company's written commitment to address contraventions and prevent future breaches. This is often through back-payment, training sessions for managers and independent wage audits.

In 2015–16, more than 40 employers acknowledged they had breached the law, accepted responsibility and agreed to cooperate with us to fix the issues by entering into an enforceable undertaking.

Almost half (43%) related to visa workers, compared to 35% in 2014–15. Over \$4 million in back-payments were recovered through all enforceable undertakings.

Copies of our enforceable undertakings are publicly available on [the FWO website](#).

Litigation

Court action is reserved for the most serious instances of non-compliance.

Cases typically involve deliberate exploitation of vulnerable workers, refusal of an employer to cooperate with the FWO or a significant history of non-compliance. Our Litigation Policy is available on [the FWO website](#).

In 2015–16, we initiated 50 civil penalty litigations. The majority (66%) concerned wages and conditions and, of these, 30% also alleged pay slip and record-keeping contraventions. Two of these litigations involved trolley collection services in Woolworths supply chains and five were 7-Eleven matters.

Of the litigations commenced, 76% involved visa workers and 44% involved young workers.

The sectors with the highest number of litigated matters were the restaurant industry (22%), retail (16%) and cleaning (14%).

Table 7: Types of civil penalty litigations commenced, 2014–16

Main contravention type	2015–16	2014–15
Adverse action	0	2
Discrimination	0	1
Failure to comply with a compliance notice	5	8
Failure to comply with a notice to produce	1	3
Failure to comply with an Order of the Fair Work Commission	2	6
Industrial action	2	0
Record-keeping and payslips	4	3
Sham contracting	3	6
Wages and conditions	23	21
Wages and conditions and record-keeping	10	0

There were 44 matters finalised in court, 41 of these were commenced in previous financial years. We secured more than \$2.9 million in court-ordered penalties.

Table 8: Civil penalty litigations and outcomes, 2014–16

Court action	2015–16	2014–15
Civil litigations commenced	50	50
Penalty decisions	41	33
Penalties awarded	\$2 918 643	\$2 380 638
Underpayments recovered	\$1 411 910	\$863 847

In 2015–16, we were involved in several test cases to clarify the operation of the Fair Work Act, including two High Court matters.

- *Fair Work Ombudsman v Quest South Perth Holdings Pty Ltd* clarified the law regarding sham contracting with the court agreeing an employer attempted to change employees into independent contractors through a third party to avoid statutory obligations.
- *Commonwealth of Australia v Director, Fair Work Building Industry Inspectorate & Construction, Forestry, Mining and Energy Union (CFMEU) v Director, Fair Work Building Industry Inspectorate* resulted in a decision allowing the Commonwealth to continue providing courts with its view on appropriate penalty levels in civil litigation.

A director was ordered to personally back-pay almost \$22 780 following our legal action, setting a new precedent and deterring other employers from winding up companies to avoid their lawful obligations.

In 2015–16, 46 civil penalty litigations commenced involved an accessory — a company or individual other than the employing entity who was involved in the contravention. Penalties of more than \$684 820 were ordered against individuals named as accessories during the year, including directors, a union assistant secretary and human resource officer. A further \$35 400 was ordered against businesses, including a security company that was an accessory to the breaches of its underpaying subcontractor.

Seven initiated matters involved companies that contracted work to other businesses, with over \$70 000 recovered for workers throughout supply chains.

In addition to financial penalties, we sought court orders for back-pay or compensation, injunctions, and other requirements to rectify breaches. These included:

- Freezing orders to prevent businesses and accessories from transferring assets. The assets of one company were frozen to the value of almost \$84 600 in alleged underpayments during the year. The accessory named in these proceedings also had assets frozen to the value of \$12 000.
- An attachment of earnings order requiring a company director (accessory) to personally pay court-imposed penalties, with \$500 a fortnight deducted from their earnings.
- Injunctive orders to prevent a person from contravening the Fair Work Act in the future.
- Corrective action orders, requiring parties to complete training and future audits to address non-compliance.
- Orders requiring parties to notify the FWO if they planned to sell their business or acquire new businesses.

During 2015–16, we were also involved in eight debt recovery proceedings and three appeals.

We achieved a record \$408 348 penalty against a 7-Eleven franchisee and its director during the year. The franchisee exploited international students by creating false employment records and running a scam requiring employees to return back-paid wages to their employer.

Part three:

Management and accountability

Workforce demographics

Workforce management

Governance

External scrutiny

Financial management

Workforce demographics

At 30 June 2016, the FWO employed 760 ongoing, 45 non-ongoing and no casual employees under the *Public Service Act 1999*.

In 2015–16, we had a total of 39 ongoing engagements, 61 non-ongoing engagements and 36 internal promotions. The size, location and makeup of our workforce are detailed below.

Table 9: Employees by classification, at 30 June 2016 and 30 June 2015

Classification	2016	2015
APS1 ongoing	0	0
APS1 non-ongoing	0	0
APS1 total	0	0
APS2 ongoing	5	4
APS2 non-ongoing	2	0
APS2 total	7	4
APS3 ongoing	71	77
APS3 non-ongoing	31	31
APS3 total	102	108
APS4 ongoing	139	135
APS4 non-ongoing	2	2
APS4 total	141	137
APS5 ongoing	260	249
APS5 non-ongoing	7	1
APS5 total	267	250
APS6 ongoing	148	145
APS6 non-ongoing	1	1
APS6 total	149	146
EL1 ongoing	96	100
EL1 non-ongoing	2	1
EL1 total	98	101
EL2 ongoing	32	32
EL2 non-ongoing	0	1
EL2 total	32	33
SES Band 1 ongoing	7	9
SES Band 1 non-ongoing	0	0
SES Band 1 total	7	9
SES Band 2 ongoing	2	2
SES Band 2 non-ongoing	0	0
SES Band 2 total	2	2
Total	805	790

Table 10: Employees by employment status, at 30 June 2016 and 30 June 2015

Employment status	2016	2015
Ongoing full-time	564	574
Non-ongoing full-time	38	31
Total full-time	602	605
Ongoing part-time	196	179
Non-ongoing part-time	7	6
Total part-time	203	185

Table 11: Employees by gender, at 30 June 2016 and 30 June 2015

Gender	2016	2015
Female ongoing	487	476
Female non-ongoing	26	24
Total female	513	500
Male ongoing	273	277
Male non-ongoing	19	13
Total male	292	290

Table 12: Employees by location, at 30 June 2016 and 30 June 2015

Location	2016	2015
Ongoing ACT	56	60
Non-ongoing ACT	4	2
Total ACT	60	62
Ongoing NSW	232	250
Non-ongoing NSW	5	4
Total NSW	237	254
Ongoing VIC	240	226
Non-ongoing VIC	21	20
Total VIC	261	246
Ongoing QLD	90	90
Non-ongoing QLD	10	4
Total QLD	100	94
Ongoing SA	77	71
Non-ongoing SA	0	0
Total SA	77	71
Ongoing WA	35	29
Non-ongoing WA	5	7
Total WA	40	36
Ongoing NT	4	5
Non-ongoing NT	0	0
Total NT	4	5
Ongoing TAS	26	22
Non-ongoing TAS	0	0
Total TAS	26	22

Table 13: Workplace diversity profile, at 30 June 2016 and 30 June 2015

Self-disclosure category	2016	2015
People with disability ongoing	30	29
People with disability non-ongoing	2	0
People with disability total	32	29
People from culturally and linguistically diverse backgrounds ongoing	218	167
People from culturally and linguistically diverse backgrounds non-ongoing	10	9
People from culturally and linguistically diverse backgrounds total	228	176
People from Aboriginal and Torres Strait Islander backgrounds ongoing	8	7
People from Aboriginal and Torres Strait Islander backgrounds non-ongoing	1	0
People from Aboriginal and Torres Strait Islander backgrounds total	9	7

Table 14: Senior executive and executive level employees by classification and gender at 30 June 2016 and 30 June 2015

Classification	2016 female	2015 female	2016 male	2015 male	2016 total	2015 total
EL 1	61	64	37	37	98	101
EL 2	14	13	18	20	32	33
SES Band 1	4	5	3	4	7	9
SES Band 2	0	0	2	2	2	2
Total	79	82	60	63	139	145

Note: Tables 9 – 14 exclude the Fair Work Ombudsman.

Workforce management

The FWO used strategic workforce planning to anticipate and respond to current and future workforce risks and opportunities. This included succession planning, which assisted us to identify critical roles, mitigate succession risk and build agency capability. A FWO Succession Management Framework was introduced during the year.

Graduate program

To support current and future work, we offer graduate positions each calendar year. These are structured professional development roles designed specifically for new or recent graduates.

In December 2015, 11 employees completed their graduate year at the FWO. These graduates have degrees in law, information technology, arts, human resources and social sciences.

In January 2016, five employees commenced as graduates. These graduates have degrees in commerce, law, business and information technology.

The program is run in conjunction with the Australian Public Service Commission Graduate Development Program and enables the agency to build capability in specialist roles and capacity in critical areas.

Capability development

The FWO Capability Framework was introduced in 2016 to guide investment in the right professional development for successful outcomes, today and in the future. It provides a structured approach for mapping skills and knowledge. It also supports and guides workforce management and strategic workforce planning activities including recruitment, induction, performance management, learning and career development, and succession planning.

Other 2015–16 capability development initiatives included:

- conducting a pilot talent program aimed at high performers with high potential; focusing on growing, rewarding and recognising our talented people
- supporting employees to undertake formal accredited courses through our study assistance scheme
- a Continuing Professional Development Program to maintain the technical knowledge and professional development of frontline staff
- delivering 25 training courses to more than 1500 participants through 65 online and face-to-face sessions nationally, equating to approximately 10 840 training hours.

Employee engagement

APS Employee Census results continue to provide evidence of a highly engaged workforce.

In 2015–16, activities to promote a positive and engaged workplace included:

- recognising high performance through reward programs, including our Annual Achievement Awards
- facilitating employee feedback on workplace matters through our Agency Consultative Forum
- enhancing performance management practices to support the setting of clear expectations and regular, meaningful feedback conversations between managers and employees
- formalising and streamlining requests for flexible working arrangements.

Ethics and values

The Australian Public Service (APS) Values, Code of Conduct and Employment Principles promote responsible public administration and help to shape our culture. They underpin our positive workplace approach — one that encourages and recognises high performance, strong leadership and inclusion.

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

Diversity

We value diversity and recognise the positive contribution employees from diverse backgrounds make at the FWO. In 2015–16, our commitment to an inclusive and flexible workplace continued through:

- accreditation by White Ribbon Australia as a workplace which takes active steps to prevent and respond to violence against women
- accreditation by the Australian Breastfeeding Association as a Breastfeeding Friendly Workplace
- a register of multilingual staff willing to assist customers from diverse backgrounds
- support mechanisms for employees experiencing family or domestic violence
- sponsorship of employee networks including our Gay, Lesbian, Bisexual, Transgender and Intersex Network; Women's Forum; Indigenous Employee Network; and Disability Network
- sustained gender equality at executive levels, with 58% female executive managers and 44% female senior executive managers at 30 June 2016
- our practice of briefing both male and female counsel; we briefed 54 female (one Indigenous) and 42 male barristers.

Changes to disability reporting

Since 1994, non-corporate Commonwealth entities have reported on their performance as a policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's (APSC) State of the Service reports and the APS Statistical Bulletin. These reports are available on the APSC's website (www.apsc.gov.au).

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

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, 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 first of these progress reports was published in 2014, and can be found on the Department of Social Services website (www.dss.gov.au).

Remuneration and employment conditions

The FWO Enterprise Agreement 2011–14 is past its nominal expiry date but remains the main source of terms and conditions of employment for APS1–EL2 employees during the reporting period. It sets out the agency's commitment to flexible working arrangements and includes information on remuneration and performance management. Employees continue to receive information to help them understand their rights and obligations under the agreement and associated policies.

The agency was negotiating a new enterprise agreement in 2015–16. This was endorsed by staff on 23 September 2016.

Table 15: Employee workplace agreements by classification, at 30 June 2016 and 30 June 2015

Classification	2016 enterprise agreement	2015 enterprise agreement	2016 common law contract	2015 common law contract	2016 individual flexibility agreement	2015 individual flexibility agreement	2016 total	2015 total
APS 1	0	0	0	0	0	0	0	0
APS 2	7	4	0	0	0	0	7	4
APS 3	102	108	0	0	0	0	102	108
APS 4	141	137	0	0	0	0	141	137
APS 5	267	250	0	0	0	0	267	250
APS 6	149	146	0	0	0	0	149	146
EL 1	98	101	0	0	0	0	98	101
EL 2	27	27	0	0	5	6	32	33
SES Band 1	0	0	7	9	0	0	7	9
SES Band 2	0	0	2	2	0	0	2	2
Total	791	773	9	11	5	6	805	790

Note: Excludes the Fair Work Ombudsman.

Our remuneration policy operates in accordance with parameters that apply across the APS. No performance bonuses were paid to staff in 2015–16.

Table 16: Salary ranges by classification, at 30 June 2016

Classification	Salary ranges
APS 1	\$46 546 – \$48 384
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	\$215 883 – \$228 659
SES Band 2	\$247 588 – \$259 414

Note: Excludes the Fair Work Ombudsman.

Non-salary staff benefits can include:

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

Work health and safety

In 2015–16, initiatives and outcomes of the FWO's Health and Wellbeing Strategy included:

- maintaining a safe working environment with hazards and risks removed, minimised or managed
- introducing a new policy to prohibit the use of e-cigarettes in and/or near the workplace

- a preventative health campaign to encourage employees to actively look after their health
- mental health first aid and work health and safety training
- an influenza vaccination program
- a rehabilitation management system audit, with 100% compliance found
- installation of more than 300 sit-to-stand desks
- rehabilitation case management services.

There was a decrease in worker compensation claims during the year, reducing the FWO's Comcare premium.

Work health and safety incident reporting

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 employees.

One notifiable accident, where an employee received an electric shock, was reported to Comcare in 2015–16. No dangerous occurrences were reported.

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 2015–16.

Property and environmental management

In 2015–16, we reduced property expenditure and size by improving occupational density ratios and use of office space.

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

Environmental performance

Initiatives of our Environmental Management Action Plan to reduce waste, energy and water consumption, and greenhouse emissions included:

- advising employees of their environmental responsibilities at work
- using print-on-demand, requiring staff to swipe their identification card to print
- using 100% carbon neutral paper for internal printing
- implementing paperless processes in operational areas
- participating in programs to recycle toner cartridges and mobile phones
- introducing bin-less offices in new accommodation and encouraging more recycling.

The action plan is regularly reviewed to ensure its effectiveness.

Information technology

Responsibility for the FWO's information technology is shared with the Department of Employment and Department of Education and Training Shared Services Centre.

In 2015–16, 129 employees received new personal computers. We also deployed 168 desktop-anywhere laptops to provide employees greater flexibility in accessing the agency's network around and outside the office. This rollout will continue in 2016–17.

Investment in digital customer products and services enables us to be more innovative and productive. Infringement notices were digitalised during the year, enabling Fair Work Inspectors to issue notices via email, reducing time and cost. The FWO also deployed a new customer relationship management system for frontline employees, increasing our ability to provide consistent, high-quality information and advice.

Governance

The Executive Committee oversees the FWO's corporate governance 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 at Agency overview (on p. 7).

The Executive Committee sets the FWO's strategic direction, and evaluates, approves and monitors strategic, operational and financial plans to achieve a high standard of professional and ethical conduct, financial accountability and risk management.

On average, the Executive Committee met every two months and distributed meeting outcomes to staff via the intranet.

Audit Committee

The FWO Audit Committee provides independent assurance on the agency's financial and performance reporting, risk management framework, internal control system, and legislation and policy compliance.

The Audit Committee is comprised of two independent members and one senior FWO officer. During 2015–16, they considered internal reviews of the agency's:

- payroll
- contract management
- financial controls data analytics.

The Audit Committee also considered post-implementation reviews for major IT projects completed during the year.

IT Projects and Capital Expenditure Sub-Committee

The IT Projects and Capital Expenditure Sub-Committee provides strategic governance for major IT and capital expenditure projects.

Health and Safety Committee

The Health and Safety Committee reviews and provides recommendations for matters involving work health and safety at the FWO. This includes implementing preventative initiatives and reporting on relevant legislation. Our work health and safety outcomes are outlined at Workforce management (on p. 28).

Diversity Council

The Diversity Council progresses the FWO's diversity goals and monitors our work against diversity strategies, plans and targets.

Discussion of diversity initiatives can be found in Workforce management (on p. 27). Statistics on our culturally and linguistically diverse staff appears in Workforce demographics (on p. 25).

Business planning

The FWO's Corporate Plan sets the agency's strategic direction for the reporting periods 2015–16 through to 2018–19. Based on this, each business area develops operational plans with performance measures. These business plans provide a link between the FWO's strategic goals and individual performance plans. Business plans are regularly updated to reflect priority shifts.

Performance against these plans is monitored by senior management. The FWO's performance is also scrutinised by a range of external stakeholders.

Risk and fraud management

The FWO's Risk Management Framework facilitates the identification and management of risks across operational and corporate areas, and informs the agency's internal audit program. Owners are assigned risks, and controls and treatments are identified through a risk register. The Audit Committee reviews the internal audit program and risk information.

The Protective Security Policy Framework provides controls for the Australian Government to protect its people, information and assets at home and overseas. In 2015–16, we complied with all 36 mandatory reporting requirements.

Fraud controls and investigations

The FWO's 2015–16 Fraud Control Plan enabled us to manage and monitor identified fraud risks through prevention, detection and response initiatives.

All reasonable measures are taken to minimise fraud risk and to investigate and recover the proceeds of fraud against the FWO.

There were no known or suspected cases of significant fraud committed against the FWO in 2015–16.

External scrutiny

The FWO welcomes feedback from customers about their experience with us. The FWO Customer Service Charter outlines our services, what customers can expect from us and what they should do if unsatisfied. The charter is available on [the FWO website](#).

During 2015–16, we introduced a new Feedback and Complaints Management Policy to improve and clarify the process. The policy is available on [the FWO website](#) and enables customers to:

- give feedback — comment about the FWO's services
- submit a service complaint — express dissatisfaction with some aspect of our service
- request a review — express dissatisfaction and ask for a FWO decision to be reassessed.

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

In 2015–16, there was an 8% increase in the number of requests for review and feedback received, compared with 2014–15.

Table 17: Operations Group reviews received and finalised

Action	2015–16	2014–15
Received	214	198
Finalised	210	199

Reports relating to operations

The Commonwealth Ombudsman investigates complaints about our actions, and identifies and conducts its own motion investigations on administration matters. In 2015–16, two formal reviews were conducted in relation to the FWO's operations with no adverse findings made.

Table 18: Commonwealth Ombudsman investigations and findings

	2015-16	2014-15
Commonwealth Ombudsman investigations	2	1
Adverse findings	0*	0

* One investigation is ongoing.

The Australian National Audit Office conducts an audit of our financial statements. The 2015-16 Independent Auditor's Report is available in the FWO Financial Statements (on p. 36).

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

Freedom of information

We received 72 freedom of information (FOI) requests throughout the year, with nine requests outstanding at 30 June 2016. This is five more FOI requests received than in 2014–15.

Customers wishing to access documents held by the FWO are directed to a new Information Access Policy available on [the FWO website](#). The policy details our renewed focus on releasing information when we can, communicating and being responsive, and respecting people's privacy and confidentiality. Where appropriate, document access was facilitated without a formal FOI request.

Information publication scheme

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display a plan on its website showing what information it publishes in accordance with IPS requirements. The FWO's IPS Agency Plan is available on [the FWO website](#).

The plan sets out what information is published under the IPS, how and to whom it is published, and how FWO otherwise complies with IPS requirements.

Privacy

We are committed to protecting the privacy of individuals who provide their personal information to us. During 2015–16, a new Privacy Breach Guide and awareness program prepared staff on what they should do if there is a privacy breach. Privacy impact assessments were also conducted for new projects and processes.

In 2015–16, the Office of the Australian Information Commissioner (OAIC) received one privacy complaint about the FWO. The OAIC did not investigate on the grounds that the FWO had not breached the *Privacy Act 1988* (the Privacy Act).

Decisions by the Australian Information Commissioner

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

The Information Commissioner received one application to review a FOI decision made by the FWO during 2015–16. A third party objected to the release of a document containing information about their business. The OAIC affirmed the FWO's decision to release the document on the basis that there was no exemption to prevent its release. This matter is currently under review by the Administrative Appeals Tribunal.

Another matter, filed with the OAIC in 2014–15, was decided in 2015–16. This involved a request for documents created during the FWO's confidential mediation processes. The Information Commissioner affirmed the FWO's decision not to release these documents on the basis they contained confidential material that was exempt under section 45 of the FOI Act.

Judicial decisions or administrative reviews

There were no administrative reviews or findings that affected our operations in 2015–16. There were two significant judicial decisions that did, and will, affect our operations.

In *FWO v Step Ahead Security Service Pty Ltd & Anor* a new precedent was set. As a result of orders sought by the FWO, the director was ordered to personally back-pay employees \$22 779.72. The agency will continue pursuing similar orders as part of our approach to deter employers from winding up a company to avoid back-paying employees.

The FWO was also one of five instructing agencies (with the ACCC, ATO, ASIC, and Fair Work Building and Construction) in an appeal by the Commonwealth to the High Court.

In *Commonwealth of Australia v Director, Fair Work Building Industry Inspectorate & Construction, Forestry, Mining and Energy Union (CFMEU) v Director, Fair Work Building Industry Inspectorate* the High Court unanimously held that parties in civil penalty proceedings may make submissions about the quantum of penalties to be imposed in a case, either on an agreed or separate basis. For future litigations, the FWO can make submissions that communicate our assessment of the respondent's conduct. This will allow us to advocate for the outcome we consider to be in the best public interest.

Regulator Performance Framework

Under the Regulator Performance Framework, the FWO's performance was measured against six key performance indicators in 2015–16. These measures involved reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.

Publicly reporting on the agency's contribution to reducing unnecessary or inefficient regulation will give the community further confidence in the FWO's work. The report is due in December 2016.

Financial management

Our strong focus on budget management continues to ensure resources are allocated to deliver the greatest benefit and impact.

Our financial results for 2015–16 are outlined in the FWO Financial Statements (on p. 34). The operating loss for 2015–16 was \$13.763 million and includes depreciation expense of \$13.924 million, which is not funded by Government appropriations.

An increase in the operating loss compared to 2014–15 was budgeted for, but was compounded after we reviewed the useful life of a number of assets. This resulted in accelerated depreciation for these assets and a greater depreciation expense for 2015–16.

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

In 2015–16, we reported no significant non-compliance with finance law.

Purchaser–provider arrangements

During 2015–16, we purchased information technology services and other administrative functions on a fee-for-service basis through a memorandum of understanding. The services were provided by the Department of Employment and Department of Education and Training Shared Services Centre.

Procurement initiatives to support small and medium enterprises

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

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

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

Procurement to support Indigenous enterprises

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

Procurement targets were allocated to portfolios, who then assigned targets to individual portfolio agencies. The FWO was allocated one contract as its target for 2015–16. This was exceeded, with five contracts awarded to Indigenous suppliers over the year, totalling \$101 209.

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 *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and related regulations, including the Commonwealth Procurement Rules and internal policies.

During 2015–16, eight new consultancy contracts were entered into involving total actual expenditure of \$588 953 (including GST). In addition, four ongoing consultancy contracts were active during the period, involving total actual expenditure of \$490 340. Two ongoing consultancy contracts were active in the previous financial year, 2014–15, involving total actual expenditure of \$84 370.

Table 19: Consultancy contract spending

	2015–16	2014–15	2013–14
Number of new consultancy contracts	8	19	15
Value	\$588 953	\$1 366 356	\$581 438

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website (www.tenders.gov.au).

There were no requests for exemption or exemptions given from publishing a contract on AusTender.

All our contracts allow for the Auditor-General to access the contractor’s premises.

Grants

The FWO administers the Community Based Employment Advisory Services (CBEAS) grants program.

Information on grants awarded under the CBEAS during 2015-16 is available on [the FWO website](#).

Advertising and market research

Payments made to market research and media advertising organisations in 2015–16 are detailed in Table 20.

Where the total amount paid to an organisation is less than \$12 700, 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 2015–16.

Table 20: Market research, direct mail and media advertising contracts over \$12 700, 2015–16

	Organisation	Service provided	Total \$ paid in 2015–16 (GST Inclusive)
Media advertising organisations	Dentsu Mitchell Media Australia	Communication campaigns	\$206 504
	Dentsu Mitchell Media Australia	Media advertising	\$24 855
Market research	U1 Group		\$26 641
	Taylor Nelson Sofres Australia Pty Ltd		\$132 000

Part four:

Financial statements

Agency Resource Statement 2015-16

Independent auditor's report

Statement by the Accountable Authority and Chief Financial Officer

Primary financial statements and notes

Table 21: Agency Resource Statement 2015–16

	Actual Available Appropriations for 2015–16 \$'000	Payments Made 2015–16 \$'000	Balance Remaining 2015–16 \$'000
	(a)	(b)	(a-b)
Ordinary Annual Services			
Departmental Outputs			
Departmental outputs	188,933	125,275	63,658
Total Ordinary Annual Services	188,933	125,275	63,658
Special Appropriation			
Administered outputs	500	450	50
Total Special Appropriation	500	450	50
Total Available Annual Appropriations	189,433	125,725	63,708
Funds Held by CRF			
Opening balance	2,388	–	2,388
Non-appropriation receipts	187	–	187
Payments	–	450	(450)
Total Funds Held by CRF	2,575	450	2,125
Total Net Resourcing for Fair Work Ombudsman	192,008	126,175	65,833

Table 22: 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 2015–16 \$'000	Actual Expenses 2015–16 \$'000	Variation \$'000
	(a)	(b)	(a-b)
Program 1: Education Services and Compliance Activities			
Departmental Expenses			
Ordinary Annual Services (Appropriation Bill No.1)	118,687	121,758	(3,071)
Revenue from independent sources (Section 31)	3,300	4,569	(1,269)
Total for Program 1	121,987	126,327	(4,340)
Total Expenses for Outcome 1	121,987	126,327	(4,340)
		2015–16	
Average staffing level (number)		704	

Note: Budget information reflects budgets as set out in the Portfolio Budget Statements 2015–16.



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 2016, 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;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the Financial Statements.

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 2016 and its financial performance and cash flows for the year then ended.

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

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.

Australian National Audit Office



John Jones

Executive Director

Delegate of the Auditor-General

Canberra

10 October 2016

STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2016 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.



Natalie James
Accountable Authority

10 October 2016



Russell Thackeray
Chief Financial Officer

10 October 2016

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STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	75,109	74,883	72,904
Suppliers	1.1B	35,391	34,459	38,482
Grants	1.1C	1,849	1,851	–
Depreciation and amortisation	3.2A	13,924	7,572	10,601
Losses from asset sales		54	2	–
Total expenses		126,327	118,767	121,987
LESS:				
Own-Source Income				
Own-source revenue				
Rental income	1.2A	3,069	4,515	2,900
Other income	1.2B	1,131	657	300
Total own-source revenue		4,200	5,172	3,200
Gains				
Other gains	1.2C	369	75	100
Total gains		369	75	100
Total own-source income		4,569	5,247	3,300
Net cost of services		(121,758)	(113,520)	(118,687)
Revenue from Government	1.2D	107,995	111,184	108,086
Deficit		(13,763)	(2,336)	(10,601)
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		(13,763)	(2,336)	(10,601)

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

Statement of Comprehensive Income

Budget variance commentary:

Employee benefits

Lower interest rates used to discount the employee benefits provision has resulted in a higher expense.
The agency undertook an unbudgeted voluntary redundancy program towards the end of the financial year.

Depreciation

The decision to not exercise options on a number of property rental contracts resulted in accelerated depreciation charges.

Other income

Contributions to FWO grants program by Department of Employment not recognised in the budget figures. Higher than estimated receipts from services provided to Fair Work Building Industry Inspectorate.

Other gains

FWO was not required to pay for the make-good restoration at the end of the Canberra office lease and the provision for this payment has been released as a gain.

STATEMENT OF FINANCIAL POSITION as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
ASSETS				
Financial assets				
Cash and cash equivalents	3.1A	2,142	2,973	3,160
Trade and other receivables	3.1B	62,486	63,986	63,975
Total financial assets		64,628	66,959	67,135
Non-financial assets				
Land and buildings (leasehold improvements)	3.2A	13,161	13,085	12,486
Property, plant and equipment	3.2A	2,410	2,191	3,160
Intangibles	3.2A	13,170	11,171	11,611
Other non-financial assets	3.2B	974	1,785	1,452
Total non-financial assets		29,715	28,232	28,709
Total assets		94,343	95,191	95,844
LIABILITIES				
Payables				
Suppliers	3.3A	9,948	9,314	10,370
Other payables	3.3B	5,858	3,439	–
Total payables		15,806	12,753	10,370
Provisions				
Employee provisions	6.1A	21,831	18,929	19,725
Other provisions	3.4	3,179	6,030	5,969
Total provisions		25,010	24,959	25,694
Total liabilities		40,816	37,712	36,064
Net assets		53,527	57,479	59,780
EQUITY				
Contributed equity		91,385	81,574	102,373
Reserves		5,776	5,776	5,776
Retained earnings (accumulated deficit)		(43,634)	(29,871)	(48,369)
Total equity		53,527	57,479	59,780

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

Statement of Financial Position

Budget variance commentary

Other non-financial assets

The lower rental charges associated with new property leases has reduced prepayments at year end.

Other payables

A number of new property leases were entered into where significant lease incentives were provided by the property owners.

Employee provisions

Lower interest rates used to discount the employee benefits provision has resulted in a higher provision.

STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
CONTRIBUTED EQUITY				
Opening Balance				
Balance carried forward from previous period		81,574	88,230	92,562
Opening balance		81,574	88,230	92,562
Comprehensive Income				
Contributions by owners				
Repeal of capital appropriation		–	(10,988)	–
Departmental capital budget		9,811	4,332	9,811
Total transactions with owners		9,811	(6,656)	9,811
Closing balance as at 30 June		91,385	81,574	102,373
ASSET REVALUATION RESERVE				
Opening Balance				
Balance carried forward from previous period		5,776	5,776	5,776
Opening balance		5,776	5,776	5,776
Comprehensive Income				
Revaluation		–	–	–
Total comprehensive income		–	–	–
Closing balance as at 30 June		5,776	5,776	5,776
RETAINED EARNINGS				
Opening Balance				
Balance carried forward from previous period		(29,871)	(27,535)	(37,768)
Opening balance		(29,871)	(27,535)	(37,768)
Comprehensive Income				
Surplus/(Deficit) for the period		(13,763)	(2,336)	(10,601)
Total comprehensive income		(13,763)	(2,336)	(10,601)
Closing balance as at 30 June		(43,634)	(29,871)	(48,369)
TOTAL EQUITY				
Opening Balance				
Balance carried forward from previous period		57,479	66,471	60,570
Opening balance		57,479	66,471	60,570
Comprehensive Income				
Surplus/(Deficit) for the period		(13,763)	(2,336)	(10,601)
Total comprehensive income		(13,763)	(2,336)	(10,601)
Transactions with owners				
Contributions by owners				
Repeal of capital appropriation		–	(10,988)	–
Departmental capital budget		9,811	4,332	9,811
Total transactions with owners		9,811	(6,656)	9,811
Transfers between equity components		–	–	–
Closing balance as at 30 June		53,527	57,479	59,780

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

Statement of Changes in Equity

Accounting policy

Equity injections

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

Restructuring of Administrative Arrangements

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

Budget variance commentary

Appropriations

Undrawn Appropriations were repealed by the *Omnibus Repeal Day (Autumn 2014) Act 2014* requiring an unbudgeted adjustment to the equity of the agency as at 30 June 2015.

Surplus/(Deficit) for the period

The acceleration of depreciation on leasehold improvements due to the reduced useful life of a number of leases has increase the deficit for the year.

CASH FLOW STATEMENT for the period ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000	Original Budget \$'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		112,366	112,600	111,031
Sales of goods and rendering of services		4,376	5,163	2,900
Net GST received		4,133	3,789	-
Other		292	-	300
Total cash received		121,167	121,552	114,231
Cash used				
Employees		74,974	74,176	73,254
Suppliers		31,116	42,006	39,468
Section 74 receipts transferred to OPA		6,272	5,877	2,000
Total cash used		112,362	122,059	114,722
Net cash from (used by) operating activities	5.3A	8,805	(507)	(491)
INVESTING ACTIVITIES				
Cash used				
Purchase of non-financial assets		16,272	8,549	9,320
Total cash used		16,272	8,549	9,320
Net cash used by investing activities		(16,272)	(8,549)	(9,320)
FINANCING ACTIVITIES				
Cash received				
Contributed equity		6,636	8,869	9,811
Total cash received		6,636	8,869	9,811
Net cash from financing activities		6,636	8,869	9,811
Net increase in cash held		(831)	(187)	-
Cash and cash equivalents at the beginning of the reporting period		2,973	3,160	3,160
Cash and cash equivalents at the end of the reporting period	3.1A	2,142	2,973	3,160

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

Cash Flow Statement

Budget variance commentary

Cash received

Net GST received not separately identified in the budgeted Cash Flow Statement. Contributions to FWO grants program by Department of Employment not recognised in the budget figures. Higher than estimated receipts from services provided to Fair Work Building Industry Inspectorate.

Cash used

Net GST received not separately identified in the budgeted Cash Flow Statement. Higher than planned other revenues returned to, and drawn down from, OPA as Section 74 revenues.

Investing activities

Higher than planned expenditure on new leasehold improvements and payments for software originally budgeted to be made in 2014-15.

Financing activities

Higher than planned amount of cash drawn down from own resources to fund capital.

ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME for the period ended 30 June 2016

	Notes	2016 \$ (*)	2015 \$ (*)	Original Budget \$ (*)
NET COST OF SERVICES				
Expenses				
Write-down and impairment of assets	2.1	622,056	981,833	–
Total expenses		622,056	981,833	–
LESS:				
Income				
Non-taxation revenue				
Fees and fines	2.2A	3,606,100	2,665,275	300,000
Interest	2.2B	–	1,684	–
Total revenue		3,606,100	2,666,959	300,000
Net contribution by services		2,984,044	1,685,126	300,000
Surplus		2,984,044	1,685,126	300,000
OTHER COMPREHENSIVE INCOME				
Total Other Comprehensive Income		–	–	–
Total Comprehensive Income		2,984,044	1,685,126	300,000

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

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

Budget variance commentary

Fees and fines

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.

ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES as at 30 June 2016

	Notes	2016 \$ (*)	2015 \$ (*)	Original Budget \$ (*)
ASSETS				
Financial assets				
Trade and other receivables	4.1A	2,364,530	1,697,984	1,281,000
Other financial assets	4.1B	956,610	251,161	90,000
Total financial assets		3,321,140	1,949,145	1,371,000
Total assets administered on behalf of Government				
		3,321,140	1,949,145	1,371,000
LIABILITIES				
Total liabilities administered on behalf of Government		–	–	–
Net assets				
		3,321,140	1,949,145	1,371,000

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

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

Budget variance commentary

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.

ADMINISTERED RECONCILIATION SCHEDULE as at 30 June 2016

	2016 \$ (*)	2015 \$ (*)
Opening assets less liabilities as at 1 July	1,949,145	1,370,786
Net (cost of)/contribution by services		
Income	3,606,100	2,666,959
Expenses	(622,056)	(981,833)
Transfers to/from Australian Government:		
Transfers to Official Public Account (OPA)	(1,501,549)	(1,017,049)
Transfers to OPA by other agencies	(110,500)	(89,718)
Closing assets less liabilities as at 30 June	3,321,140	1,949,145

(*) These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 "Commonwealth Entities Financial Statements Guide"
The above schedule should be read in conjunction with the accompanying notes.

Accounting policy

Administered cash transfers to and from the OPA

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

ADMINISTERED CASH FLOW STATEMENT for the period ended 30 June 2016

	Notes	2016 \$ (*)	2015 \$ (*)
OPERATING ACTIVITIES			
Cash received			
Interest		–	1,685
Fines		1,501,549	1,015,364
Total cash received		1,501,549	1,017,049
Net cash from operating activities		1,501,549	1,017,049
Net increase in cash held	5.3B	1,501,549	1,017,049
Cash and cash equivalents at the beginning of the reporting period		–	–
Cash from the OPA			
Appropriations		–	–
Cash to the OPA			
Administered accounts		(1,501,549)	(1,017,049)
Cash and cash equivalents at the end of the reporting period		–	–
(*) These amounts are rounded to the nearest dollar, as required by the Resource Management Guide No. 125 "Commonwealth Entities Financial Statements Guide"			
The above statement should be read in conjunction with the accompanying notes.			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the period ending 30 June 2016

Overview

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 is a not-for-profit entity.

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 contributing towards the outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income 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.

The Basis of Preparation

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:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* for reporting periods ending on or after 1 July 2015; 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.

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.

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

Future Australian Accounting Standard Requirements

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

Taxation

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

Reporting of Administered Activities

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

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

Events After the Reporting Date

Departmental

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

Administered

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

1. Financial Performance

This section analyses the financial performance of the Fair Work Ombudsman for the year ended 30 June 2016.

1.1 Expenses

	2016 \$'000	2015 \$'000
1.1A: Employee Benefits		
Wages and salaries	50,887	52,933
Superannuation:		
Defined contribution plans	5,911	6,428
Defined benefit plans	4,525	4,676
Leave and other entitlements	11,380	9,500
Separation and redundancies	1,996	711
Other employee expenses	410	635
Total employee benefits	75,109	74,883

Accounting policy

Accounting policies for employee related expenses are contained in the People and Relationships section (p.73).

1.1B: Suppliers

Goods and services supplied or rendered		
Contractors	7,814	7,304
Legal fees	2,626	1,958
Property outgoings	2,830	2,925
Travel	2,348	2,443
Training	839	854
Telecommunications	1,630	1,590
Other	6,225	7,071
Total goods and services supplied or rendered	24,312	24,145
Goods supplied	1,224	1,429
Services rendered	23,088	22,716
Total goods and services supplied or rendered	24,312	24,145
Other suppliers		
Operating lease rentals in connection with:		
Minimum lease payments	9,326	8,613
Workers compensation premiums	1,753	1,701
Total other suppliers	11,079	10,314
Total suppliers	35,391	34,459

1.1 Expenses *(Continued)*

	2016	2015
	\$'000	\$'000

Leasing commitments

The Fair Work Ombudsman in its capacity as lessee holds office accommodation leases for varying periods up to ten years. Lease payments are subject to increases as specified in the leases. These increases are a combination of fixed annual adjustments and periodic movements to reflect market rates.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within 1 year	9,120	13,634
Between 1 to 5 years	20,802	21,903
More than 5 years	13,250	15,428
Total operating lease commitments	43,172	50,965

Accounting policy

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

Prior Year Adjustments

For the 2014-15 financial year, the provision relating to the onerous contract for the Sydney office lease was removed resulting in a decrease in the expenditure reported for the year. A rounding correction was also made against employee provisions to balance.

	Reported 2015 \$'000	Adjustment \$'000	Restated 2015 \$'000
Note 4B (2014-15), Note 1.1B (2015-16)			
Minimum lease payments	13,593	(4,980)	8,613
Total other suppliers	15,294	(4,980)	10,314
Total suppliers	39,439	(4,980)	34,459

Statement of Comprehensive Income

Total expenses	123,747	(4,980)	118,767
Net cost of services	(118,500)	4,980	(113,520)
Deficit	(7,316)	4,980	(2,336)

Note 10 (2014-15), Note 3.4 (2015-16)

Employee provisions - leave	18,869	1	18,870
Total employee provisions	18,928	1	18,929
Provision for onerous leases	10,719	(4,981)	5,738
Total other provisions	11,011	(4,981)	6,030

Statement of Financial Position

Total provisions	29,939	(4,980)	24,959
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1.1C: Grants

Grants to private sector entities	1,849	1,851
Total grants	1,849	1,851

1.2 Own-Source Revenue and Gains

Own-Source Revenue	2016 \$'000	2015 \$'000
1.2A: Rental Income		
Operating lease rentals	3,069	4,515
Total rental income	3,069	4,515
Subleasing rental income commitments		
The Fair Work Ombudsman in its capacity as lessor sublets office accommodation leases for varying periods up to ten years. Lease receipts are subject to increases as specified in the leases/memorandum of understandings. These increases are a combination of fixed annual adjustments and periodic movements to reflect market rates.		
Commitments for sublease rental income receivables are as follows:		
Within 1 year	828	2,696
Between 1 to 5 years	821	1,415
Total sublease rental income commitments	1,649	4,111
1.2B: Other Income		
Other income	1,131	657
Total other income	1,131	657
1.2C: Other Gains		
Resources received free of charge — audit fees	77	75
Other — gains from make-good	292	-
Total other gains	369	75

Accounting policy

Resources received free of charge

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

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

Gains from make-good

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

1.2D: Revenue from Government

Appropriations		
Departmental appropriations	107,995	111,184
Total revenue from Government	107,995	111,184

Accounting policy

Revenue from Government

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

2. Income and Expenses Administered on Behalf of Government

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

2.1 Administered — Expenses

	2016 \$ (*)	2015 \$ (*)
Write-Down and Impairment of Assets		
Impairment of financial instruments	622,056	981,833
Total write-down and impairment of assets	622,056	981,833

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

2.2 Administered - Income

Revenue	2016 \$ (*)	2015 \$ (*)
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Accounting policy

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

2.2A Fees and Fines

Court-awarded penalties	3,219,498	2,419,040
Infringement notices	386,602	246,235
Total fees and fines	3,606,100	2,665,275

Accounting policy

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.

2.2B 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"

3. Financial Position

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

3.1 Financial Assets

	2016 \$'000	2015 \$'000
3.1A: Cash and Cash Equivalents		
Cash on hand or on deposit	936	1,318
Cash held by outsiders	1,206	1,655
Total cash and cash equivalents	2,142	2,973

Accounting policy

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

- a) cash on hand; and
- b) 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.

3.1B: Trade and Other Receivables		
Goods and services receivable		
Goods and services	483	253
Total goods and services receivables	483	253
Appropriations receivables		
Appropriation receivable	61,516	62,712
Total appropriations receivables	61,516	62,712
Other receivables		
GST receivable from the Australian Taxation Office	328	606
Other	159	415
Total other receivables	487	1,021
Total trade and other receivables (gross)	62,486	63,986
Total trade and other receivables (gross)	62,486	63,986
Trade and other receivables (gross) expected to be recovered		
No more than 12 months	62,486	63,986
More than 12 months	–	–
Total trade and other receivables (gross)	62,486	63,986

3.1 Financial Assets *(continued)*

	2016 \$'000	2015 \$'000
Trade and other receivables (gross) aged as follows:		
Not overdue	62,463	63,970
Overdue by:		
0 to 30 days	21	2
31 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	2	14
Total trade and other receivables (gross)	62,486	63,986

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

Credit terms for goods and services were within 30 days (2015: 30 days).

Accounting policy

Loans and receivables

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

Impairment of financial assets

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

Accounting judgements and estimates

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.

3.2 Non-Financial Assets

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

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2016

	Land and buildings (leasehold improvements) \$'000	Property, plant and equipment \$'000	Intangibles (computer software) ¹ \$'000	Total \$'000
As at 1 July 2015				
Gross book value	18,132	3,358	24,599	46,089
Accumulated depreciation and amortisation	(5,047)	(1,167)	(13,428)	(19,642)
Total as at 1 July 2015	13,085	2,191	11,171	26,447
Additions				
By purchase	8,363	1,171	6,738	16,272
Revaluations and impairments through equity	–	–	–	–
Depreciation and amortisation	(8,287)	(938)	(4,699)	(13,924)
Disposals				
Other	–	(14)	(40)	(54)
Total as at 30 June 2016	13,161	2,410	13,170	28,741
Total as at 30 June 2016 represented by				
Gross book value	20,057	4,431	28,809	53,297
Accumulated depreciation, amortisation and impairment	(6,896)	(2,021)	(15,639)	(24,556)
Total as at 30 June 2016	13,161	2,410	13,170	28,741

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

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

The Fair Work Ombudsman has 10 properties that have leasehold improvements where the lease is due for renewal or cessation within the next 12 months. The total net book value of the leasehold improvements for these properties was \$2.158 million as at 30 June 2016.

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

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

Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2015

	Land and buildings (leasehold improvements) \$'000	Property, plant and equipment \$'000	Intangibles (computer software) ² \$'000	Total \$'000
As at 1 July 2014				
Gross book value	15,366	2,957	19,219	37,542
Accumulated depreciation and amortisation	(246)	(12)	(11,812)	(12,070)
Total as at 1 July 2014	15,120	2,945	7,407	25,472
Additions				
By purchase	2,766	403	5,380	8,549
Revaluations and impairments through equity	–	–	–	–
Depreciation and amortisation	(4,801)	(1,155)	(1,616)	(7,572)
Disposals				
Other	–	(2)	–	(2)
Total as at 30 June 2015	13,085	2,191	11,171	26,447
Total as at 30 June 2015 represented by				
Gross book value	18,132	3,358	24,599	46,089
Accumulated depreciation, amortisation and impairment	(5,047)	(1,167)	(13,428)	(19,642)
Total as at 30 June 2015	13,085	2,191	11,171	26,447

2. The carrying amount of computer software of \$11.171 million related entirely to internally generated software.

Accounting policy

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

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

Asset recognition threshold

Purchases of land and buildings (leasehold improvements), property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$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 are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

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

Depreciation

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

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

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

	2016	2015
Leasehold improvements	Lesser of term and useful life	Lesser of term and useful life
Plant and equipment	5 years	5 years
Computer equipment	3–8 years	3–8 years

Impairment

All assets were assessed for impairment at 30 June 2016. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

Derecognition

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

Intangibles

The agency's intangible assets comprise internally developed software 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 (2014–15: three years).

All software assets were assessed for indications of impairment as at 30 June 2016.

Accounting judgement and estimate

In the process of applying the accounting policies listed in this note, the agency has made the following judgement that has 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.

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 within the next reporting period.

	2016 \$'000	2015 \$'000
3.2B: Other Non-Financial Assets		
Prepayments	974	1,785
Total other non-financial assets	974	1,785
Other non-financial assets expected to be recovered		
No more than 12 months	974	1,785
Total other non-financial assets	974	1,785

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

3.3 Payables

	2016 \$'000	2015 \$'000
3.3A: Suppliers		
Trade creditors and accruals	8,047	7,898
Operating lease rentals	1,901	1,416
Total suppliers	9,948	9,314

Suppliers expected to be settled

No more than 12 months	8,047	7,432
More than 12 months	1,901	1,882
Total suppliers	9,948	9,314

Settlement is usually made net 30 days.

3.3B: Other Payables

Salaries and wages	280	2,519
Lease incentives	5,578	920
Total other payables	5,858	3,439

Other payables to be settled

No more than 12 months	1,211	3,164
More than 12 months	4,647	275
Total other payables	5,858	3,439

3.4 Other Provisions

3.4: Other Provisions

	Provisions for Restoration \$'000	Provision for Onerous leases \$'000	Total \$'000
As at 1 July 2015	292	5,738	6,030
Additional provisions made	–	1,963	1,963
Amounts used	(292)	(4,522)	(4,814)
Total as at 30 June 2016	–	3,179	3,179
		2016 \$'000	2016 \$'000
Other provisions are expected to be settled in:			
No more than 12 months		1,286	4,522
More than 12 months		1,893	1,508
Total other provisions		3,179	6,030

The agency currently has no (2015: one) agreements for the leasing of premises which has a provision requiring the agency to restore the premises to its original condition at the conclusion of the lease. The provision previously held has been released to profit and loss in the 2015–16 financial year.

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

4. Assets and Liabilities Administered on Behalf of Government

This section analyses the financial performance of the Fair Work Ombudsman for the year ended 30 June 2016.

4.1 Administered — Financial Assets

4.1A: Trade and Other Receivables

	2016 \$ (*)	2015 \$ (*)
Other receivables		
Court-awarded penalties	3,517,269	3,100,698
Total trade and others receivables (gross)	3,517,269	3,100,698
Less Impairment allowance		
Other receivables — Court-awarded penalties	(1,152,739)	(1,402,714)
Total trade and others receivables (net)	2,364,530	1,697,984
Trade and other receivables (gross) aged as follows		
Not overdue	689,358	309,419
Overdue by:		
0 to 30 days	271,190	90,000
31 to 60 days	4,500	157,732
61 to 90 days	481,020	57,330
More than 90 days	2,071,201	2,486,217
Total trade and others receivables (gross)	3,517,269	3,100,698
Impairment allowance aged as follows		
Not overdue	--	-
Overdue by:		
0 to 30 days	(23,500)	-
31 to 60 days	-	(157,732)
61 to 90 days	(94,050)	(38,250)
More than 90 days	(1,035,189)	(1,206,732)
Total impairment allowance	(1,152,739)	(1,402,714)
All receivables are expected to be settled within 12 months.		
Reconciliation of the Impairment Allowance		
Movements in relation to 2016		
	Other receivables \$ (*)	Total \$ (*)
As at 1 July 2015	(1,402,714)	(1,402,714)
Amounts written off	872,031	872,030
Increase recognised in net surplus	(622,056)	(622,056)
Total as at 30 June 2016	(1,152,739)	(1,152,740)

4.1 Administered — Financial Assets *(continued)*

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)

Accounting policy

Receivables

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

	2016 \$ (*)	2015 \$ (*)
4.1B: Other Financial Assets		
Accrued revenue	956,610	251,161
Total other financial assets	956,610	251,161

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

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

5. Funding

This section identifies the Fair Work Ombudsman's funding structure.

5.1 Appropriations

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

Annual Appropriation for 2016

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation Applied in 2016 (current and prior Years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
Departmental							
Ordinary annual services	107,995	–	6,272	–	114,267	118,571	(4,304)
Capital Budget ³	9,811	–	–	–	9,811	6,704	3,107
Equity Injections	–	–	–	–	–	–	–
Total departmental	117,806	–	6,272	–	124,078	125,275	(1,197)

1. Appropriations reduced under Appropriation Acts (No. 1,3,5) 2015–16: sections 10, 11 and 12 and under Appropriation Acts (No. 2,4,6) 2015–16: sections 13 and 14. Departmental appropriations do not lapse at financial year-end. However, the responsible Minister may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

2. The variance between total appropriation and appropriation applied in 2016 relates to payments funded from unspent prior year appropriation items.

3. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

Annual Appropriation for 2015

	Appropriation Act		FMA Act		Total appropriation \$'000	Appropriation Applied in 2015 (current and prior Years) \$'000	Variance ² \$'000
	Annual Appropriation ¹ \$'000	Advance to the Finance Minister \$'000	Section 74 Receipts \$'000	Section 75 Transfers \$'000			
Departmental							
Ordinary annual services	111,184	–	5,877	–	117,061	118,323	(1,262)
Capital Budget ³	4,332	–	–	–	4,332	9,023	(4,691)
Equity	–	–	–	–	–	–	–
Total departmental	115,516	–	5,877	–	121,393	127,346	(5,953)

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. 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.

2. The variance between total appropriation and appropriation applied in 2015 relates to payments funded from unspent prior year appropriation items.

3. Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1, 3, 5). They form part of ordinary annual services, and are not separately identified in the appropriation acts.

5.1 Appropriations *(continued)*

5.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')

Departmental

	2016 \$'000	2015 \$'000
Appropriation Act (No. 1) 2014-15	–	64,423
Appropriation Act (No. 1) - Capital Budget (DCB) 2014-15	–	1,262
Appropriation Act (No. 1) 2015-16	59,289	–
Appropriation Act (No. 1) - Capital Budget (DCB) 2015-16	4,369	–
Total	63,658	65,685

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

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

Authority	Type	Purpose	Appropriation Applied	
			2016 \$'000	2015 \$'000
<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.	450	521
Total			450	521

5.2 Net Cash Appropriation Arrangements

	2016 \$'000	2015 \$'000
Total comprehensive income less depreciation/amortisation		
expenses previously funded through revenue appropriations¹	161	5,236
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	(13,924)	(7,572)
Total comprehensive loss - as per the Statement of Comprehensive Income	(13,763)	(2,336)

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.

5.3 Cash Flow Reconciliation

5.3A: Cash Flow Reconciliation

	2016 \$'000	2015 \$'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	2,142	2,973
Statement of financial position	2,142	2,973
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	(121,758)	(113,520)
Revenue from Government	107,995	111,184
Adjustments for non-cash items		
Depreciation and amortisation	13,924	7,572
Losses from asset sales	54	2
Movements in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	4,675	933
(Increase)/Decrease in prepayments	811	(333)
Liabilities		
Increase/(Decrease) in employee provisions	1,493	667
Increase/(Decrease) in suppliers payables	634	(1,912)
Increase/(Decrease) in other payables	3,829	(869)
Increase/(Decrease) in other provisions	(2,852)	(4,231)
Net cash from/(used by) operating activities	8,805	(507)

5.3B: Administered - Cash Flow Reconciliation

	2016 \$ (*)	2015 \$ (*)
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	2,984,044	1,685,126
Adjustments for non-cash items		
Transfers to Official Public Account by other agencies	(110,500)	(89,718)
Movements in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	(666,546)	(417,198)
(Increase)/Decrease in other financial assets	(705,449)	(161,161)
Net cash from operating activities	1,501,549	1,017,049

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

6. People and Relationships

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

6.1 Employee Provisions

	2016 \$'000	2015 \$'000
6.1A: Employee Provisions		
Leave	20,398	18,870
Separations and redundancies	1,410	-
Other	23	59
Total employee provisions	21,831	18,929
Employee provisions are expected to be settled		
No more than 12 months	13,133	11,697
More than 12 months	8,698	7,232
Total employee provisions	21,831	18,929

Accounting policy

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

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

Leave

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

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

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

Separation and redundancy

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

Superannuation

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

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

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

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

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

Accounting judgements and estimates

In the process of applying the accounting policies listed in this note, the agency has made the following judgement that has the most significant impact on the amounts recorded in the financial statements: The Australian Government shorthand method has been used to estimate the present value of long service leave liabilities.

6.2 Senior Management Personnel Remuneration

	2016 \$'000	2015 \$'000
Short-term employee benefits		
Salary	2,277	2,435
Motor vehicle and other allowances	381	403
Total short-term employee benefits	2,658	2,838
Post-employment benefits		
Superannuation	436	507
Total post-employment benefits	436	507
Other long-term employee benefits		
Annual leave	221	237
Long service leave	99	107
Total other long-term employee benefits	320	344
Termination benefits		
Termination benefits	63	-
Total termination benefits	63	-
Total senior executive remuneration expenses	3,477	3,689

Notes: The total number of senior management personnel that are included in the above table are 12 (2015: 12).

7. Managing Uncertainties

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

7.1 Contingent Assets and Liabilities

7.1A Contingent Assets and Liabilities

Unquantifiable contingencies

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

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

Accounting policy

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

7.1B: Administered — Contingent Assets and Liabilities
Quantifiable Administered Contingencies
At 30 June 2016, the agency has no quantifiable administered contingent assets (2015: nil).
At 30 June 2016, the agency has no quantifiable administered contingent liabilities (2015: nil)
Unquantifiable Administered Contingencies
At 30 June 2016, the agency is currently involved in litigation against 92 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 (2015: 90).
At 30 June 2016, the agency has no unquantifiable administered contingent liabilities (2015: nil).

7.2 Financial Instruments

	2016 \$'000	2015 \$'000
7.2A: Categories of Financial Instruments		
Financial Assets		
Loans and receivables		
Cash and cash equivalents	2,142	2,973
Goods and services receivables	483	253
Other receivables	159	415
Total loans and receivables	2,784	3,641
Total financial assets	2,784	3,641
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers	9,948	9,314
Total financial liabilities measured at amortised cost	9,948	9,314
Total financial liabilities	9,948	9,314

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

Accounting policy

Financial assets

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

Impairment of financial assets

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

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

Financial liabilities

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

Other financial liabilities

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

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

7.2B: Fair Value of Financial Instruments

	Carrying amount 2016 \$'000	Fair value 2016 \$'000	Carrying amount 2015 \$'000	Fair value 2015 \$'000
Financial Assets				
Cash and cash equivalents	2,142	2,142	2,973	2,973
Goods and services receivables	483	483	253	253
Other receivables	159	159	415	415
Total financial assets	2,784	2,784	3,641	3,641
Financial Liabilities				
Suppliers	9,948	9,948	9,314	9,314
Total financial liabilities	9,948	9,948	9,314	9,314

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.

7.2C: 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 2015–16.

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:

	2016 \$'000	2015 \$'000
Financial Assets		
Cash and cash equivalents	2,142	2,973
Goods and services receivables	483	253
Other receivables	159	415
Total	2,784	3,641

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

	Not past due nor impaired 2016 \$'000	Not past due nor impaired 2015 \$'000	Past due or impaired 2016 \$'000	Past due or impaired 2015 \$'000
Financial Assets				
Cash and cash equivalents	2,142	2,973	–	–
Goods and services receivables	483	239	–	14
Other receivables	159	413	–	2
Total	2,784	3,625	–	16

Ageing of financial assets that are past due but not impaired for 2016

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

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

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

7.2D: Liquidity Risk

Liquidity risk is the risk that the agency will not be able to meet its obligations as they fall due.

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 — 2016

	On demand \$'000	within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Financial Liabilities						
Suppliers	–	9,948	–	–	–	9,948
Total	–	9,948	–	–	–	9,948

Maturities for non-derivative financial liabilities — 2015

	On demand \$'000	within 1 year \$'000	between 1 to 2 years \$'000	between 2 to 5 years \$'000	more than 5 years \$'000	Total \$'000
Financial Liabilities						
Suppliers	–	7,432	70	30	1,782	9,314
Total	–	7,432	70	30	1,782	9,314

7.2E: Market Risk

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

7.3 Administered — Financial Instruments

	2016 \$ (*)	2015 \$ (*)		
7.3A: Categories of Financial Instruments				
Financial Assets				
Receivables	2,364,530	1,697,984		
Other financial assets	956,610	251,161		
Total financial assets	3,321,140	1,949,145		
7.3B: Net Income and Expense from Financial Assets				
Financial Assets				
Write-down and impairment of assets	(622,056)	(981,833)		
Net Loss From Financial Assets	(622,056)	(981,833)		
7.3C: Fair Value of Financial Instruments				
	Carrying Amount 2016 \$ (*)	Fair Value 2016 \$ (*)	Carrying Amount 2015 \$ (*)	Fair Value 2015 \$ (*)
Financial Assets				
Loans and receivables				
Receivables	2,364,530	2,364,530	1,697,984	1,697,984
Other financial assets	956,610	956,610	251,161	251,161
Total financial assets	3,321,140	3,321,140	1,949,145	1,949,145

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

7.3D: 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 \$1 152 739 in 2015–16 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:

	2016 \$ (*)	2015 \$ (*)
Financial Assets		
Receivables	3,517,269	3,100,698
Accrued revenue	956,610	251,161
Total	4,473,879	3,351,859

Credit quality of financial instruments for 2016:

	Not Past Due Nor Impaired 2016 \$ (*)	Not Past Due Nor Impaired 2015 \$ (*)	Past due or impaired 2016 \$ (*)	Past due or impaired 2015 \$ (*)
Financial Assets				
Receivables	689,358	309,419	2,827,911	2,791,279
Accrued revenue	956,610	251,161	-	-
Total	1,645,968	560,580	2,827,911	2,791,279

Ageing of financial assets that are past due but not impaired for 2016

	0 to 30 days \$ (*)	31 to 60 days \$ (*)	61 to 90 days \$ (*)	90+ days \$ (*)	Total \$ (*)
Financial Assets					
Receivables	247,690	4,500	386,970	1,036,012	1,675,172
Total	247,690	4,500	386,970	1,036,012	1,675,172

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

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

7.3E: Market Risk

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

7.4 Fair Value Measurement

The following tables provide an analysis of assets and liabilities that are measured at fair value. The remaining assets and liabilities disclosed in the statement of financial position do not apply the fair value hierarchy.

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.

Accounting policy

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

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

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

The agency procured valuation services from Rodney Hyman Asset Services Pty Ltd (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 Australian Accounting Standards Board 13.

7.4A: Fair Value Measurement

Fair value measurements at the end of the reporting period

	2016 \$'000	2015 \$'000	Category (Level 1, 2 or 3)	Valuation Techniques and Inputs Used ¹
Non-financial assets				
Land and buildings (leasehold improvements)	13,161	13,085	Level 3	Valuation technique is based on the depreciated replacement cost. Inputs used include replacement cost, total useful life and remaining useful life.
Property, plant and equipment	2,410	2,191	Level 3	Valuation technique is based on the depreciated replacement cost. Inputs used include replacement cost, total useful life and remaining useful life.
Total fair value measurements of assets in the Statement of Financial Position	15,571	15,276		

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

7.4B: Reconciliation for Recurring Level 3 Fair Value Measurements

Non-financial assets						
	Land and Buildings (Leasehold Improvements)		Property, Plant and Equipment		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
As at 1 July	13,085	15,120	2,191	2,945	15,276	18,065
Total losses recognised in net cost of services ¹	(8,287)	(4,801)	(938)	(1,155)	(9,225)	(5,956)
Total gains recognised in other comprehensive income ²	–	–	–	–	–	–
Purchases	8,363	2,766	1,171	403	9,534	3,169
Sales	-	-	(14)	(2)	(14)	(2)
Total as at 30 June	13,161	13,085	2,410	2,191	15,571	15,276

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 7.4.

8. Other information

8.1 Assets Held in Trust

8.1A: Assets Held in Trust

Monetary assets

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

	2016 \$ (*)	2015 \$ (*)
Monetary Assets		
As at 1 July	2,388,302	2,669,495
Receipts	186,464	240,073
Payments	(450,076)	(521,266)
Total monetary assets held in trust as at 30 June	2,124,690	2,388,302

The values above are at fair value.

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

8.2 Reporting of Outcomes

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

	Outcome 1 & Total ¹ 2016 \$'000	Outcome 1 & Total ¹ 2015 \$'000
Departmental		
Expenses ²	126,327	118,767
Own-source income ²	4,569	5,247
Administered		
Expenses ³	622	982
Own-source income ³	3,606	2,667
Net cost of outcome delivery	118,774	111,835

1. Outcome 1 is described in the Overview. Net costs shown include intra-Government costs that are eliminated in calculating the actual budget outcome. Refer to Outcome 1 Resourcing Table on (page 35.) of this Annual Report.

2. 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.

3. 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.

Part five:

Reference materials

[Reporting on specific legislation](#)

[Glossary](#)

[Abbreviations and acronyms](#)

[List of requirements](#)

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[Contact](#)

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Reporting on specific legislation

Table 23: Other reporting requirements

Legislation	Section
Section 311A <i>Commonwealth Electoral Act 1918</i>	Advertising and market research (p. 33)
Section 516A <i>Environment Protection and Biodiversity Conservation Act 1999</i>	Property and environmental management (p. 29)
Part II <i>Freedom of Information Act 1982</i>	Freedom of information (p. 31)
Schedule 2, Part 4 <i>Work Health and Safety Act 2011</i>	Work health and safety (p. 28)

Glossary

APS Employee Census

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

AusTender

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

Australian Public Service (APS) employee

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

Comcare

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

Common law contract

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

Compliance notice

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

Corporate governance

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

Customer Service Charter

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

Early intervention

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

Enforceable undertakings

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

Enterprise agreement

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 Act 2009

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

Grant

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

Interactive guided user pathway

A website decision tree that directs customers to specific content, based on their selections and answers to questions.

Key performance indicators (KPIs)

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

Mediation

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

Memorandum of understanding

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

Modern awards

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.

My account

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

National Australian Built Environment Rating System

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

National Employment Standards (NES)

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

Online learning centre

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

Pay and Conditions Tool (PACT)

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

Phoenixing

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

Portfolio Budget Statements

Statements prepared by portfolios to explain the budget appropriations in terms of planned government outcomes.

Proactive compliance deed

A written commitment outlining how a business will work cooperatively with the Fair Work Ombudsman (FWO) to build compliance capacity.

Programme

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

Public Governance, Performance and Accountability Act 2013

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

Public Service Act 1999

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

Purchaser–provider arrangements

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

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.

Shared Services Centre

Provides corporate and transactional services, including information technology support, to APS departments.

Small business

A business that employs fewer than 15 employees.

Small Business Fix-It Squads

A group of small business owners, intermediaries and representatives from federal and state government agencies that make improvements for small business owners and reduce red tape.

Taskforce Cadena

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

Abbreviations and acronyms

AASB	Australian Accounting Standards Board
ABC	Australian Broadcasting Corporation
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
APS	Australian Public Service
APSC	Australian Public Service Commission
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
CBEAS	Community Based Employment Advisory Services
CFMEU	Construction, Forestry, Mining and Energy Union
CSS	Commonwealth Superannuation Scheme
DCP	Departmental Capital Budgets
DIBP	Department of Immigration and Border Protection
EL1	Executive Level 1
EL2	Executive Level 2
Fair Work Act	<i>Fair Work Act 2009</i>
FBT	Fringe benefits tax
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1982</i>
FWO	Fair Work Ombudsman
GST	Goods and services tax
IPP	Indigenous Procurement Policy
IPS	Information Publication Scheme
IT	Information technology
KPI	Key Performance Indicator
NES	National Employment Standards

NSW	New South Wales
NT	Northern Territory
OAIC	Office of the Australian Information Commissioner
OPA	Official Public Account
PACT	Pay and Conditions Tool
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
Privacy Act	<i>Privacy Act 1988</i>
PSS	Public Superannuation Scheme
PSSap	PSS Accumulation Plan
QLD	Queensland
SA	South Australia
SES	Senior Executive Service
SME	Small and medium enterprises
TAFE	Technical and further education
TAS	Tasmania
VIC	Victoria
WA	Western Australia

List of requirements

PGPA Rule reference	Part of report	Description	Requirement	Page
17AD(g)	Letter of transmittal			
17AI		A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	III
17AD(h)	Aids to access			
17AJ(a)		Table of contents.	Mandatory	IV
17AJ(b)		Alphabetical index.	Mandatory	99-102
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	90-91
17AJ(d)		List of requirements.	Mandatory	92-95
17AJ(e)		Details of contact officer.	Mandatory	98
17AJ(f)		Entity's website address.	Mandatory	98
17AJ(g)		Electronic address of report.	Mandatory	98
17AD(a)	Review by accountable authority			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1-5
17AD(b)	Overview of the entity			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	7
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	7
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	7
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	7
17AE(1)(b)		An outline of the structure of the portfolio of the entity.	Portfolio departments—mandatory	N/A
17AE(2)		Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, mandatory	N/A
17AD(c)	Report on the performance of the entity			
	Annual performance statements			
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	9-10
17AD(c)(ii)	Report on financial performance			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	32-33
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	35

PGPA Rule reference	Part of report	Description	Requirement	Page
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory	32
17AD(d)	Management and accountability			
	<i>Corporate governance</i>			
17AG(2)(a)		Information on compliance with section 10 (fraud systems).	Mandatory	30
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	111
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	111
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	111
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	29–30
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, mandatory	N/A
	<i>External scrutiny</i>			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	30-31
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	31
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	30
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	N/A
	<i>Management of human resources</i>			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	26-29
17AG(4)(b)		Statistics on the entity's APS employees on an ongoing and non ongoing basis; including the following: <ul style="list-style-type: none"> statistics on staffing classification level statistics on full time employees statistics on part time employees statistics on gender statistics on staff location statistics on employees who identify as Indigenous. 	Mandatory	25-26

PGPA Rule reference	Part of report	Description	Requirement	Page
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	28
17AG(4)(c)(i)		Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AD(4)(c).	Mandatory	28
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	28
17AG(4)(c)(iii)		A description of non-salary benefits provided to employees.	Mandatory	28
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	N/A
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, mandatory	N/A
Assets management				
17AG(5)		An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	N/A
Purchasing				
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	32–33
Consultants				
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	32–33
17AG(7)(b)		A statement that <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory	32–33
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	32–33
17AG(7)(d)		A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory	32–33
Australian National Audit Office access clauses				
17AG(8)		If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, mandatory	N/A

PGPA Rule reference	Part of report	Description	Requirement	Page
Exempt contracts				
17AG(9)		If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	N/A
Small business				
17AG(10)(a)		A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory	32
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	32
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, mandatory	32
Financial statements				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	34–85
17AD(f)	Other mandatory information			
17AH(1)(a)(i)		If the entity conducted advertising campaigns, a statement that "During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."	If applicable, mandatory	N/A
17AH(1)(a)(ii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	33
17AH(1)(b)		A statement that "Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity's website]."	If applicable, mandatory	33
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	27
17AH(1)(d)		Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	31
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	96–97
17AH(2)		Information required by other legislation: <ul style="list-style-type: none"> • Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>) • Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) • Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>). 	Mandatory	87

Corrections

The following errors appeared in our 2014–15 annual report.

Serious non-compliance priorities

Overseas workers

As printed on page 39:

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



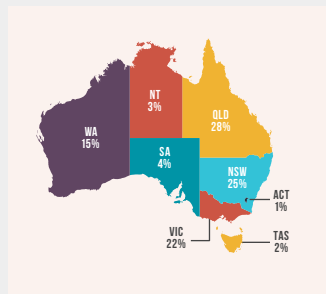
Correction:

Number of overseas workers paid: 488

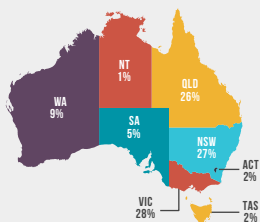
Young workers

As printed on page 43:

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



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



Appendix 2

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

As printed on page 61:

Classification	2015 enterprise agreement	2014 enterprise agreement	2015 common law contract	2014 common law contract	2015 individual flexibility agreement	2014 individual flexibility agreement	2015 total	2014 total
APS 1	0	1	0	0	0	0	0	1
APS 2	4	6	0	0	0	0	4	6
APS 3	108	115	0	0	0	0	108	115
APS 4	137	161	0	0	0	0	137	161
APS 5	250	239	0	0	0	0	250	239
APS 6	146	154	0	0	0	0	146	154
EL 1	101	95	0	0	0	0	101	95
EL 2	33 27	36 32	0	0	6	4	33	36
SES Band 1	0	0	9	9	0	0	9	9
SES Band 2	0	0	2	3	0	0	2	3
Total	779 773	867 803	11	12	6	4	790	819

Contact

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