

# The Fair Work Ombudsman and

## ▶ Registered Organisations Commission Entity

ANNUAL  
REPORT

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**18 – 19**



The Fair Work Ombudsman and Registered Organisations  
Commission Entity Annual Report 2018–19

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The Hon Christian Porter MP  
Attorney-General and Minister for Industrial Relations  
Parliament House  
CANBERRA ACT 2600

20 September 2019

Dear Minister

In accordance with section 686 of the Fair Work Act 2009, section 329FC of the Fair Work (Registered Organisations) Act 2009 and section 46 of the Public Governance, Performance and Accountability (PGPA) Act 2013, I am pleased to submit the Fair Work Ombudsman (FWO) and Registered Organisations Commission (ROC) Entity annual report for the financial year ending 30 June 2019. It includes information on the Entity's general organisation, administration and performance.

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

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

Yours sincerely,



Sandra Parker  
Fair Work Ombudsman

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# Year in review

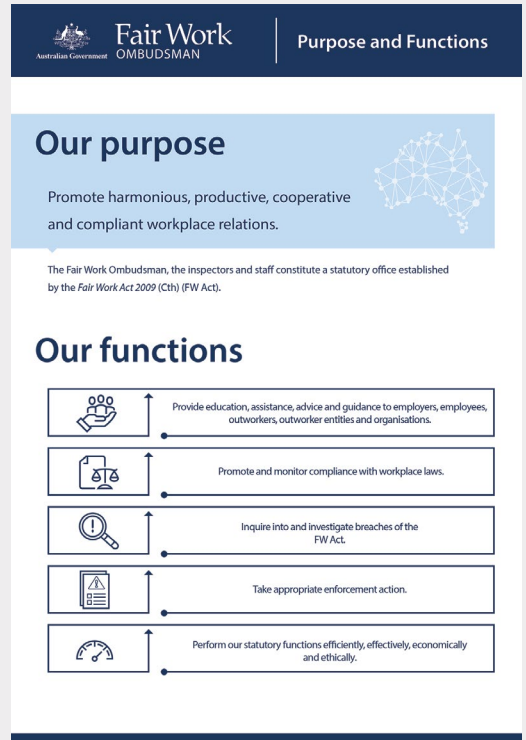


*Pictured: Sandra Parker, Fair Work Ombudsman.*

A key question I asked when I took up the appointment of Australia's Fair Work Ombudsman in mid July–2018, was whether the agency has the right capability to discharge its functions effectively. I commissioned an independent capability review of the agency.

In response to the recommendations from the review, we reaffirmed our purpose under the Fair Work Act 2009 (Fair Work Act), announced annual compliance and enforcement priorities underpinned by strengthened policy and implementation governance, and established new corporate governance arrangements in consultation with our Audit and Risk Committee.

Australian workplaces are changing, as are the community's expectations of its regulators. There is now much greater community awareness about the need to uphold standards across the whole labour market. This is evident from the findings of the Banking Royal Commission and the Migrant Workers' Taskforce, which urged regulators to take a firmer stance and use all their regulatory tools, particularly where vulnerable members of the community are involved.



*Image: Fair Work Ombudsman Purpose and Functions*

In 2018–19, our intelligence-led approach to education and compliance activities resulted in recoveries of over \$40 million for nearly 18,000 workers. We conducted over 2800 workplace audits nationally, with our proactive investigations strategically targeting sectors at high risk of non-compliance.

The courts also imposed penalties of \$4.4 million as a result of our litigation action during the year. This included \$383,616 in combined penalties against the operators of three sushi outlets in regional NSW, for underpaying vulnerable employees over \$70,000.

## Firm but fair approach to non-compliance

It's a fact that mistakes happen, and this can lead to underpayments. However, the onus is on the employer to comply with workplace laws, and immediately rectify any issues that arise.

Under our new Compliance and Enforcement Policy, I announced that we would increase our use of compliance notices. Fair Work Inspectors issue compliance notices if they reasonably believe an employer has breached workplace laws.

If the breach isn't fixed, we won't resile from taking the matter to court.

Compliance notices are an important tool for us in addressing and rectifying alleged breaches expeditiously. In 2018–19, we recovered more than \$1 million in unpaid wages through 274 compliance notices.

We have seen an increase in self-reporting of underpayments to us, mainly from businesses with large workforces and complex payroll errors. I welcome self-disclosures, as they suggest our compliance and enforcement activities are creating the desired deterrence effect.

Where companies self-disclose, the Fair Work Ombudsman (FWO) will consider all appropriate enforcement options, and litigation may still be the most appropriate for serious non-compliance and/or late or incomplete disclosure.

We expect non-compliant employers as a minimum to enter into a court enforceable undertaking (EU) and immediately pay back money plus interest owed to workers. We also expect them to pay for ongoing independent audits of their payroll, with FWO oversight, to ensure underpayments don't happen again. Companies that do not comply with the EU and companies that do not work cooperatively with us can expect litigation. Consistent with open and transparent governance, FWO will publish EUs on our website.

## Strategic enforcement

The flow-on effect of requiring employers to take responsibility, in this way, is that we can direct our finite resources to serious matters or industries with systemic problems.

We are charged with regulating nearly 13 million workers<sup>1</sup> and over 2 million businesses.<sup>2</sup> This makes an intelligence-led and risk-based approach critical for determining our priorities and the most effective ways to make an impact on key sectors of the economy.

Intelligence, data and experience show that non-compliance rates remain high in the fast food, restaurants and cafes sector. It's the highest ranked

industry group for disputes across the last five financial years.

Our Harvest Trail Inquiry also found widespread non-compliance in the horticulture industry, where labour hire and supply chain issues are rife. This activity recovered more than \$1 million in unpaid wages for over 2500 horticulture workers. We note the effort by key stakeholders in continuing to work with us in implementing the recommendations in the report to address the issues identified.

These industries remain a priority for us. We are considering all options for driving sustainable behavioural change, including education, compliance and enforcement, and raising consumer awareness to help people make informed purchasing decisions.

## Advice, education and assistance

While we are taking a more transparent and consistent approach to compliance and enforcement using all the tools available to us under the Fair Work Act, we also have a critical role under the Act to educate and advise employers, workers and the community about workplace rights and legal obligations.

I'm extremely proud of the work that our frontline staff do every day, resolving workplace disputes through education, advice and assistance. Nearly \$30 million was returned to underpaid workers through assisted dispute resolution and our Infoline answered more than 380,000 calls.

Our online channels and resources continue to grow in popularity. There were nearly 18 million visits to our website. Our new tools and resources received positive feedback and engagement. We provided advice and assistance to more people through our social media channels and online portal. And the community lodged more anonymous reports of suspected non-compliance.

## Protecting vulnerable workers

Increased powers and additional resources are enabling us to send a strong message of deterrence to would-be lawbreakers.<sup>3</sup> In the past year, we have filed five Protecting Vulnerable Workers Act matters before the courts.

<sup>1</sup> Australian Bureau of Statistics (ABS) Labour Force, Aug 2019, cat. No. 6202.0  
<sup>2</sup> Australian Bureau of Statistics (ABS) Counts of Australian Businesses, including Entries and Exits, June 2014 to June 2018, cat. No. 8165.0

<sup>3</sup> Employers now face penalties of \$630,000 for a company and \$126,000 for an individual per serious contravention.

In addition, the Government agreed in principle to all recommendations in the Report of the Migrant Workers' Taskforce<sup>7</sup>, which the FWO supports, including through the development of key information and resources to assist this highly vulnerable group.

In June, I was pleased to announce our 2019–20 Compliance and Enforcement Priorities. We will use the priorities to drive our proactive compliance and enforcement decisions and provide guidance to the community on our key areas of focus.

It is my intention to review our priorities at the end of each year and refine them if necessary. Through this process, the views of stakeholders will be carefully considered. I look forward to engaging in this regard to promote harmonious, productive, cooperative and compliant workplace relations in Australia.

Sandra Parker

Sandra Parker  
Fair Work Ombudsman



4 Fair Work Ombudsman v Desire Food Pty Ltd & Chern Ming Lee; Fair Work Ombudsman v Pulis Plumbing Pty Ltd & Anor; *and* Fair Work Ombudsman v China Bar Buffet (Epping) Pty Ltd & Ors.  
5 Fair Work Ombudsman v A & K Property Services Pty Ltd & Ors.  
6 Fair Work Ombudsman v IE Enterprises & Anor.  
7 Australian Government, Report on the Migrant Workers' Taskforce, [https://www.ag.gov.au/industrial-relations/industrial-relations-publications/Documents/mwt\\_final\\_report.pdf](https://www.ag.gov.au/industrial-relations/industrial-relations-publications/Documents/mwt_final_report.pdf)







# 01: Entity overview



*Pictured: Jeremy O'Sullivan, Chief Counsel; Kristen Hannah, Deputy Fair Work Ombudsman Strategy, Engagement & Communications; Sandra Parker, Fair Work Ombudsman; Michael Campbell, Deputy Fair Work Ombudsman Operations and Mark Scully, Deputy Fair Work Ombudsman Corporate.*

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

- the Fair Work Ombudsman, created by the Fair Work Act 2009
- the Registered Organisations Commission (ROC), established under the Fair Work (Registered Organisations) Amendment Act 2016.

## Outcome and planned performance

### Fair Work Ombudsman

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

#### Program 1.1 — Education services and compliance activities deliverables

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

### Registered Organisations Commission

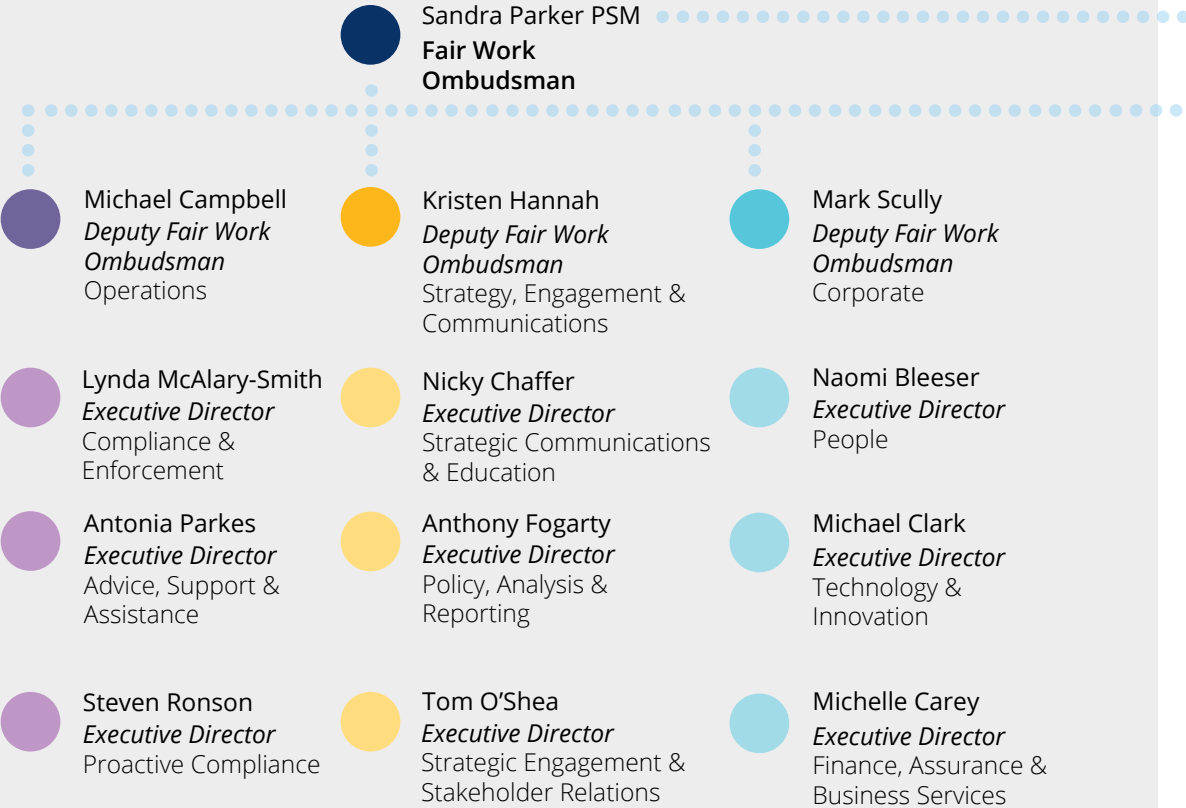
Outcome 2 — Effective governance and financial transparency of registered employee and employer organisations, through regulation, investigation and appropriate enforcement action.

#### Program 2.1 — Registered Organisations Commission deliverables

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

# Entity structure

Figure 1: Entity organisation structure as at 30 June 2019





*Note: Sandra Parker, the Fair Work Ombudsman, is the agency head for the purposes of the Public Service Act 1999 and is the accountable authority for the purposes of finance laws. She has been the accountable authority since 15 July 2018. Natalie James was the accountable authority prior to this date.*

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



# 02: FWO performance report



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# Fair Work Ombudsman annual performance statement

I, Sandra Parker, as the Entity's accountable authority, present the 2018–19 annual performance statement, as required under paragraph 39(1)(a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). The statement is based on properly maintained records, accurately reflects the Entity's performance, and complies with subsection 39(2) of the PGPA Act.

## Agency purpose

The FWO is the Australian Government agency responsible for ensuring compliance with workplace relations laws. Our purpose is to promote harmonious, productive, cooperative and compliant workplace relations.

## Results

Performance criteria	Indicator	Target	Achieved	Further information on results
The FWO manages requests for assistance in a timely manner.	Average number of days requests for assistance involving a workplace dispute are finalised.	30 days	26 days	Activities and recoveries, p.15
The FWO provides information and advice that is accessible, timely and reliable.	Availability of website services (time available as a percentage of total time).	99%	99%	Online services, p.15
	Availability of contact centre services (percentage of availability during advertised hours).	99%	99%	Phone services, p.17
The FWO takes a risk-based and proportionate approach to its compliance and enforcement activities.	Requests for assistance involving a workplace dispute finalised through education and dispute resolution services.	At least 90%	96%	Assisted dispute resolution services, p.17
	Requests for assistance involving a workplace dispute finalised through compliance and enforcement tools.	No more than 10%	4%	Enforcement outcomes, p.23
The FWO has a positive impact on sectors/regions or issues of importance to the community.	<p><b>Indicator:</b> Seek to gain a more comprehensive understanding of the reasons for non-compliance with workplace relations laws.</p> <p><b>Achieved:</b> The FWO continues to undertake detailed analysis to understand trends in the internal and external environment to ensure operational priorities and activities target problematic sectors and industries.</p> <p>We finalised our Harvest Trail Inquiry, our longest-running and most in-depth inquiry to date. The inquiry has helped us better understand the prevalence and drivers of non-compliance in the horticulture industry and develop strategies to bring about sustained behaviour change.</p> <p>The fast food, restaurants and cafes sector continued to be a key focus of our compliance operations. In an effort to understand the reasons for systemic and persistent non-compliance, we consulted with industry leaders, unions and employer associations, and continued to audit businesses to examine the factors influencing the high non-compliance rates. This is allowing us to focus on addressing the main issues that employers have difficulty with when trying to comply with workplace laws.</p>			Intelligence-led activities, p.19

Source: FWO and ROC Entity 2018–19 Portfolio Budget Statements: Program 1.1 (page 140) and FWOROCE Corporate Plan 2018–2019.

Note: FWO performance indicators and targets are currently under review and any changes will be reflected in the next Portfolio Budget Statements and FWOROCE Corporate Plan.

## Analysis of performance against FWO purpose

In 2018–19, we met all our performance indicators.

The FWO's progress towards its purpose was achieved in the context of a complex operating environment influenced by changes to business and labour market conditions, community expectations about corporate sector responsibilities and behaviour that includes an increasing intolerance for underpayments to workers. Changing business and labour market conditions include that:

- Staff turnover rates are at a ten-year high of around 18% and higher for young people, with more than half of them leaving their employer each year.<sup>8</sup>

<sup>8</sup> See Australian HR Institute, Turnover and Retention Research Report, August 2018.

- Franchising is a common business model in Australia.<sup>9</sup>
- Migration is the largest contributor to employment growth.<sup>10</sup>
- The number of temporary visa holders arriving in Australia each year is substantially larger than the permanent migration program.<sup>11</sup>
- Technology is driving changes to workplaces and the nature of work. The emergence of the on-demand economy and automation have created new flexibilities in how services are delivered.

A changing workplace environment increases the opportunity for unscrupulous employers to evade detection, particularly where vulnerable workers are employed. Wage exploitation of migrant workers also remains a complex issue as it crosses employment, migration, corporations, taxation and other laws.

We introduced new governance frameworks to steer the implementation of our compliance and enforcement priorities and corporate governance accountabilities. We also continued to enhance the capability of our staff to provide the right level of information and support to our customers and manage risks.

We maintained our measured and risk-based approach to enforcing the Fair Work laws, including in our use of new powers and functions. We also further invested in establishing clear and evidence-based strategies to identify and address systemic non-compliance. This has resulted in significant general deterrence outcomes that have enabled our frontline education and advice activities to complete 96% of workplace disputes.

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<sup>9</sup> See *Parliamentary Joint Committee on Corporations and Financial Services, Australian Senate, Fairness in Franchising, March 2019, p.10-11.*

<sup>10</sup> See *Department of Home Affairs statistics available at <https://www.homeaffairs.gov.au/research-and-stats/files/migration-trends-highlights-2017-18.pdf>*


<sup>11</sup> *Australian Government, Report on the Migrant Workers' Taskforce, [https://www.ag.gov.au/industrial-relations/industrial-relations-publications/Documents/mwt\\_final\\_report.pdf](https://www.ag.gov.au/industrial-relations/industrial-relations-publications/Documents/mwt_final_report.pdf), p.11.*



# Performance snapshot

Total monies recovered


\$40,204,976




Workers back paid: 17,718



Completed disputes: 29,130





23 litigations filed

Matters currently before courts: 67\*

Court ordered penalties: \$4,400,772

\*as at 30 June 2019



Appeals commenced: 2

Debt recovery actions: 8



Record penalties for failing to comply with Fair Work Commission Orders – \$105,000 ordered against business and director



Website visits: 17,846,171



Pay tool visits: 4,559,387



Pay tool calculations: 6,162,221



My account logins: 495,345



My account registrations: 132,411



Email subscribers: 493,185



Calls answered: 383,206

Social media followers:



123,323 Facebook



18,877 Twitter



**17** enforceable undertakings entered into, with over **\$1.7 million** in unpaid wages recovered



Biggest EU recovery **\$447,717** for **1174** cleaners



EUs involving visa workers: **47%**



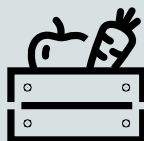
**563** infringement notices issued, with **\$479,900** in on-the-spot fines



**274** compliance notices issued, with more than **\$1 million** in unpaid wages recovered



**13** fast food, restaurant and cafe litigation decisions handed down, with **\$1,637,661** in penalties ordered



Harvest Trail Inquiry – over **\$1 million** back paid to more than **2500** workers



**18** litigation decisions handed down involving visa workers, with **\$1,775,236** in penalties ordered



Record my hours downloads: **20,039**



Find my award searches: **1,065,822**



Online enquiries answered: **62,790**



Online courses commenced: **38,491**



Views of in-language information: **125,815**



Pages translated: Over **253,000**  
(Most popular - Simplified Chinese with nearly **115,000** pages translated)

**AWARD:** 'Best in Class Contact Centre with over 30 seats' at the Government Contact Centre Excellence Awards



**AWARD:** Silver at the 2018 GovDesign Awards for our young worker videos, produced in partnership with the Foundation for Young Australians



## Activities and recoveries

The FWO provides education, advice and a range of tailored dispute resolution tools to promote harmonious, productive, cooperative and compliant workplace relations. We also enforce workplace laws. Further details about our functions and approach are included in our Purpose and our Compliance and Enforcement Policy, which are both available on the FWO website.

In 2018–19, we recovered over \$40.2 million in unpaid wages for more than 17,000 workers through requests for assistance involving a workplace dispute and FWO-initiated activities. These recoveries were the result of:

- 29,130 requests for assistance involving a workplace dispute, of which:
  - 96% (27,874) were resolved through education and dispute resolution activities, recovering more than \$26.9 million
  - 4% (1256) were resolved through compliance activities, recovering almost \$8.7 million.
- 3535 FWO-initiated activities including evidence-based investigations and inquiries in sectors at high risk of non-compliance. We recovered more than \$4.6 million through these activities.

We also issued 98 media releases over the year that reported on our compliance and enforcement activities.

## Online services

The FWO website, [www.fairwork.gov.au](http://www.fairwork.gov.au), is our main education and advice channel. The mobile-friendly site provides:

- comprehensive information about workplace rights and obligations
- industry-specific information on workplace laws
- self-service tools
- information and resources in over 30 languages.

In 2018–19, visits to the website increased by 7% to over 17.8 million. Traffic to the website has increased by 1.5 million over the last two years.

**Table 1: Website visits and users, 2017–19**

	2018–19	2017–18	2016 –17
fairwork.gov.au visits	17,846,171	16,756,865	16,328,246
fairwork.gov.au users	10,081,020	9,383,211	9,556,221

*Note: Visits represent the total number of individual visits to the website. Users represent the number of individuals who have visited the website. These figures count visits from the same user as an additional visit, but not as an additional user.*

## Tailored information and resources

We've continued to enhance and expand our online resources to provide more tailored information to our customers.

### Fast food, restaurants and cafes

We developed a tailored website section that provides industry-specific information for fast food, restaurant and cafe businesses and workers. The web pages include interactive graphics and templates, providing information in a simple and practical way.

The pages also cover common issues that employers and employees in the sector have difficulty with, such as:

- award coverage
- pay
- pay slips and record-keeping
- salary payments
- hours of work
- calculating leave.

Since its launch in March 2019, the pages in this section have collectively been viewed more than 82,000 times.

We won Silver at the 2018 GovDesign Awards for our young worker videos, produced in partnership with the Foundation for Young Australians. The videos, available on the FWO website and YouTube channel, have been viewed 245,343 times.

### Small business

Since its launch in April 2018, our digital Small Business Showcase has been viewed more than 100,000 times, receiving nearly 73,000 views in the last financial year.

The showcase provides tailored resources, tools and information, including instructional videos and

templates, to support small business employers. It covers topics such as:

- hiring employees
- calculating pay
- keeping accurate records.

### **Supporting employers to manage family and domestic violence issues**

We worked with the Department of Employment, Skills, Small and Family Business to develop the Employer guide to family and domestic violence. The guide is an initiative of the Department of Social Services' National Plan to Reduce Violence against Women and their Children 2010–2022.<sup>12</sup>

Launched in June 2019, the resource sets out workplace obligations and provides guidance on developing a workplace response to managing family and domestic violence.

### **In-language information**

We have information and resources in over 35 languages for people from culturally and linguistically diverse backgrounds. This includes extensive information, downloadable resources and videos, as well as an auto-translation tool, which translates most pages on our website.

We upgraded the tool during the year to improve contextual accuracy and make translations quicker. Over 253,000 website pages were translated using the auto-translation tool. The most translated pages related to pay and minimum wages.

**Table 2: Website translation tool, most popular languages 2018–19**

Language	Number of pages translated
Simplified Chinese	114,945
Korean	29,113
Spanish	18,057
French	12,431
Japanese	12,030

In 2018–19, we expanded our professionally translated in-language content, adding in-language videos in nine new languages to address the most common questions and queries asked by migrant workers. Our in-language resources were viewed over 125,000 times, and our in-language videos have been viewed nearly 85,000 times.

Our Anonymous Report tool is also available in 16 languages (in addition to English). Further information about anonymous reports is detailed in Intelligence-led activities on page 19.

### **Email subscription services**

Subscribers to our email update service increased by more than 100,000 during the year, to over 493,000 active subscribers. Subscribers can opt-in to receive email updates on various topics, including:

- pay rates and entitlements
- new products and resources
- industry updates.

### **Online education and proactive compliance tools**

Customer engagement with our online tools increased during the year. Our tools aim to proactively educate both employers and employees about their entitlements and obligations, and enable them to resolve issues.

In 2018–19, we developed interactive templates that reduce the time needed to prepare correspondence for those navigating employment related decisions, such as:

- applying for leave
- requesting flexible working arrangements
- asking to view and receive copies of employment records
- providing notice of resignation.

We experienced a 7% increase in the use of our popular Pay Calculator, the Pay and Conditions Tool, with an average of 513,000 calculations a month.

Our Find my Award tool, which helps customers determine award coverage, was used over 1 million times.

<sup>12</sup> See Department of Social Services' National Plan to Reduce Violence against Women and their Children 2010 – 2022 available at <https://www.dss.gov.au/women/programs-services/reducing-violence/the-national-plan-to-reduce-violence-against-women-and-their-children-2010-2022>.

Our Online Learning Centre was migrated into My account to make accessing it easier for more of our customers. Users commenced 38,491 online learning courses, a 4% increase from the previous year. The most popular courses included:

- Starting a new job
- Managing performance
- Difficult conversations in the workplace – employee and employer course
- Record-keeping and pay slips.

Our Record My Hours smartphone app, which assists employees to record their hours of work, was downloaded 20,039 times, a 16% increase from the previous financial year.

Table 3: Online resources and usage 2017-19

Resource use	2018-19	2017-18
Online Learning Centre	38,491	37,080
Record my hours app	20,039	17,217
Pay Tool visits	4,559,387	4,413,288
Pay Tool calculations	6,162,221	5,775,755
My account logins	495,345	348,383
My account registrations	132,411	102,342
Find my Award searches	1,065,822	1,075,311

### Online enquiries

In 2018-19, we answered 62,790 online enquiries via My account, web chat, email, Facebook and Twitter.

My account, our online customer portal, allows customers to:

- send general enquiries about workplace issues
- save website pages and wage calculations
- receive communications and information tailored to their industry
- undertake online learning courses.

We answered 43,410 My account enquiries, most from employees and their representatives (78%). The majority of enquiries came from the following industries:

- accommodation and food services (12%)
- health care and social assistance (11%)
- professional, scientific and technical services (10%)

- retail trade (9%)
- construction (9%).

We answered over 2600 enquiries through our Facebook and Twitter accounts in 2018-19. Our Facebook followers grew by 22% over the year, with 123,323 followers at 30 June 2019. Our Twitter account had 18,877 followers, a growth of 4.7%.

### Phone services

Our advisers answered more than 383,000 calls in 2018-19, most from employees or their representatives (70%). Our dedicated Small Business Helpline answered 81,481 of those calls. The most common enquiry types were:

- entitlements
- wages
- termination.

Table 4: Calls answered, 2017-19

Phone service	2018-19	2017-18
Non-Small Business Helpline	301,725	277,583
Small Business Helpline	81,481	98,641
Total (Fair Work Helpline)	383,206	376,224

The decrease in Small Business Helpline calls is offset by the increased use of our online resources, including the Small Business Showcase and our Pay and Conditions Tool.

We were awarded 'Best in Class Contact Centre with over 30 seats' at the Government Contact Centre Excellence Awards. We were also a finalist for the successful implementation of a software solution that captures customer interactions across telephone, My account and web chat.

### Advice, education and dispute resolution assistance

Our advice, education and dispute resolution services recognise that different issues require different types of assistance. When deciding how best to assist people, we assess each request for assistance, including the circumstances and issues, on a case-by-case basis. We aim to resolve problems between employers and employees before they escalate into formal disputes. This approach helps maintain productive and cooperative employment relationships and enables the faster recovery of unpaid wages.

In 2018–19, the number of workplace disputes finalised through our early intervention, mediation and small claims assistance services increased compared to all previous years. The FWO finalised 27,874 of workplace disputes (96% of all disputes) through our advice, education and assisted dispute resolution services.

### Early intervention

Where employees and employers need assistance to resolve their workplace issues, we may refer them to an early intervention specialist in the first instance.

The early intervention specialist tailors advice for both parties in response to the issues raised and the needs of the customers. This can include:

- providing advice and education in relation to workplace rights and obligations
- facilitating discussions, focusing on supporting the parties to have effective workplace conversations
- talking employees and employers through their options
- providing online resources and education
- beginning a mediation process, if appropriate.

We completed more than 22,000 disputes through early intervention in 2018–19. Of the \$26.9 million recovered from our education and dispute resolution activities, over \$18.8 million came from early intervention. Seventy per cent of all monies recovered through dispute resolution were a result of early intervention activities.

Table 5: Early intervention disputes and recoveries, 2017–19

	2018–19	2017–18
Disputes completed	22,652	20,538
Monies recovered	\$18,805,858	\$12,611,943

### Mediation

We mediate workplace disputes where facts are unclear and where parties consent.

In 2018–19, our accredited mediators worked with parties to complete 4490 disputes and recover over \$6.7 million in unpaid wages. The recoveries are a 3% increase from the previous year.

In addition to monetary and entitlement settlements, outcomes agreed by the parties can include:

- apologies
- changes to working arrangements
- the return of goods and documents.

### Small claims assistance

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

Our assistance team helps customers in a number of ways, including:

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

In 2018–19, the FWO provided information and guidance to assist over 1000 people with small claims and recovery of \$1,123,616 in unpaid entitlements.

FWO lawyers also attend small claims hearings 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 procedure. In 2018–19, the FWO attended as a friend of the court in over 400 matters.

### Investigations

In 2018–19, we conducted 1256 investigations into more complex or significant matters (involving vulnerable workers, serious non-compliance and/or uncooperative employers).

We commenced investigations into individual cases of potential non-compliance with workplace laws, and compliance activities targeting industries, geographic regions and businesses with high or emerging levels of non-compliance.

## Intelligence-led activities

We rely on intelligence to determine the industries, regions and businesses to target in our compliance activities.

We gather intelligence from:

- internal operational data
- requests for assistance from individuals
- stakeholders
- public reports of non-compliance (e.g. media stories)
- anonymous reports from the community.

## Proactive audits and compliance activities

Using this intelligence, we proactively audited 2859 workplaces in 2018–19 and recovered \$2,527,642 in unpaid wages.

Our compliance activities allow us to:

- verify our intelligence by targeting industries, sectors and businesses that our intelligence indicates may be non-compliant
- better understand the drivers of non-compliance
- provide targeted education, information and advice to non-compliant businesses
- develop strategies for sustained behavioural change.

Key compliance activities for the 2018–19 year included audits of approximately 200 businesses in the Victorian city of Geelong. We targeted the suburbs in and surrounding two University campuses, based on intelligence that employers in the area were at risk of breaching workplace laws. The area was chosen because of the high concentration of young workers, a cohort who are particularly vulnerable to workplace exploitation.

We also continued our series of compliance activities involving popular food precinct areas. For more information on these activities, see Fast food, restaurants and cafes on page 20.

The overall compliance rate for our audits for the year was 45%, with the most common contraventions relating to:

- hourly rate underpayments (33%)
- failure to provide pay slips in their prescribed form (23%)
- penalty rates for weekend work (10%).

## Anonymous reporting

Members of the community can use our Anonymous Report tool to notify us of businesses or individuals who they suspect of breaching workplace laws.

The tool is available in 16 languages (in addition to English). This enables more migrant workers (one of our most vulnerable cohorts) to report workplace issues anonymously to us in their language.

As of 30 June 2019, we received 16,485 anonymous reports, an increase of 9% from 2017–18. Of these reports, 1212 were in languages other than English.

Of all reports received in 2018–19, hospitality was by far the most reported industry, amounting to 36% of all reports. The next highest industries were retail (13%) and building and construction (5%).

The most used language to make reports in languages other than English were:

- Simplified Chinese (32%)
- Traditional Chinese (18%)
- Korean (17%)
- Japanese (11%).

The industry that we received the most in-language anonymous reports on was also hospitality, totalling 38%, followed by:

- agriculture (11%)
- food manufacturing and processing (11%)
- retail (7%).

The data we collect from anonymous reports, combined with other operational data and research, has helped to improve our targeting for compliance activities. For example, the inner-west Sydney region has one of the highest rates of anonymous reports in New South Wales, with most of the reports coming from young workers or visa holders. Relying on this intelligence (among others), we conducted over 60 unannounced audits of outlets in a popular dining precinct strip in Newtown, Sydney, in the last financial year.

## Fast food, restaurants and cafes

The fast food, restaurants and cafes sector continues to be a key priority. While only accounting for 7% of the labour force, the hospitality industry has consistently had the highest number of disputes we've assisted with for the last five financial years.

The hospitality industry accounts for 36% of all anonymous reports we received in the last financial year (more than three times higher than the second highest ranked industry) and accounted for one-quarter of all our litigations. Within this industry, the highest rates of non-compliance are found in the fast food, restaurants and cafes sector.

Our intelligence shows that barriers to addressing non-compliance in the fast food, restaurants and cafes sector include:

- high business turnover due to competition and low barriers to entry
- a high concentration of young, vulnerable workers, many of whom are on migrant visas
- the transient nature of the workforce.

We launched our Fast Food, Restaurants and Cafes (FRAC) Strategy in 2018–19. The strategy seeks to engage, educate and influence this sector, and improve compliance levels through an ongoing program of proactive intelligence-led activities, including:

- working with key business owners and influencers in the industry to drive behaviour change
- delivering targeted information, education and communications activities
- communicating our messages across sector networks
- holding business owners to account, including using our new legislative powers with respect to lead businesses and others involved in non-compliance.

As part of the strategy, we have:

- conducted unannounced audits at various locations and businesses, based on intelligence. This includes:
  - 92 stores under the Retail Food Group (one of Australia's largest multi-brand retail food franchisors) across the country
  - 19 Gami Chicken stores across Melbourne, Sydney and Perth
  - popular dining locations in the Melbourne and Sydney CBD areas
- worked with key stakeholders to better understand the drivers of non-compliance in this sector, and build a culture of compliance

- created industry-specific templates and online resources for both employers and employees in the industry. For more information about these resources, see Online services on page 15
- delivered communications campaigns to raise awareness of our online resources for the hospitality industry, including targeted online advertising through social media (Facebook and Instagram), websites and Spotify; search promotion via Google Ads; and advertising in industry-specific newsletters. These ads were collectively viewed over 7 million times.

In 2018–19, we also used enforceable undertakings against five businesses in the fast food, restaurants and cafes sector, and initiated 13 litigations. We secured a total of \$1,637,661 in court-ordered penalties against non-compliant companies, business owners and their accessories in this industry. For more information about these cases, see Enforcement outcomes on page 23.

## Horticulture

We published the findings of our Harvest Trail Inquiry in November 2018.

Our report into the Harvest Trail detailed widespread non-compliance among employers in the horticulture and viticulture sectors, a significant reliance on migrant workers and a negative impact where illegal labour-hire arrangements were used.

The Inquiry involved inspectors conducting close to 1300 education and audit activities, engaging with growers, workers, industry bodies and community groups and surveying 1025 consumers. We recovered \$1,022,698 for over 2500 employees, and at the time of report publication, we had secured more than \$520,000 in court-ordered penalties in six matters. However, poor record-keeping, cash payments and a transient workforce meant we weren't able to determine the full extent of underpayments. Other issues identified include the misuse of piece rates and low consumer awareness of workplace conditions, and an unwillingness from the consumer to pay more for 'domestic fair trade' produce.

Since the Inquiry, we have developed a horticulture strategy to address the outcomes of the report and enhance compliance through engagement, education and enforcement. The new strategy includes creating



tailored online resources for the industry and raising awareness of rights and obligations via online and print advertising.

The first communications campaign targeted employees during the busy fruit and vegetable picking period in March 2019. Facebook and digital display advertising was seen over 3.3 million times and generated over 7000 clicks to tailored web content. It included translated social media posts in eight key languages including Chinese (traditional and simplified), French, German, Italian, Korean, Portuguese and Thai. This campaign also included a survey targeting employees to gather more demographic information, as well as their reasons for undertaking work on the harvest trail and the way they received information about working in Australia. The survey recorded a high completion rate of 92% from a total of 291 responses.

The second communications campaign launched in June 2019, targeted growers in the industry with a focus on record-keeping and hiring employees. The campaign included regional radio advertising as well as advertising across digital display and social media. Radio ads were played 446 times and digital advertising was seen over 3.3 million times.

A key element of the horticulture strategy is working with an Industry Reference Group comprised of major employer and employee organisations, retailers and growers to build a culture of compliance in the sector.

Further details on the Inquiry's outcomes and recommendations are available on the FWO website.

### ***Vulnerable and migrant workers***

Intelligence continues to tell us that migrant workers are one of the most vulnerable cohorts. They're over-represented in our disputes and compliance and enforcement outcomes. While migrant workers make up only 6% of the Australian workforce<sup>13</sup>, they account for:

- 22% of all formal disputes completed
- 24% of anonymous reports received
- 83% of the litigations we commenced in 2018–19.

<sup>13</sup> This percentage has been derived by dividing the number of selected visa types with working entitlements by total persons employed. Home Affairs, Temporary entrants and New Zealand citizens in Australia, as at 30 June 2016, Temporary entrants in Australia (stock data) statistics, p. 3, accessed 27 September 2018. Australian Bureau of Statistics (ABS), Labour Force Australia, June 2016, cat. no. 6202.0, Table 1. Labour force status by Sex, Australia - Trend, Seasonally adjusted and Original, accessed 27 September 2018.

Our research indicates that migrant workers are often vulnerable to exploitation because they:

- are new to the Australian labour market
- have limited knowledge about their workplace rights and entitlements
- may be experiencing language and cultural barriers.

Some migrant workers may also not want to speak with public officials and may be concerned about their visa status if they do.

We actively encourage migrant workers to seek our help by identifying and removing barriers that may make them reluctant to reach out.

The Fair Work Act's Protecting Vulnerable Worker's Amendment recognises that the exploitation of vulnerable workers is a serious issue in Australia. Higher penalties (in certain circumstances) and new tools are helping us respond more effectively to this exploitation. We have utilised these new tools, initiating a number of litigations using the new powers under the Protecting Vulnerable Workers Act in the 2018–19 financial year.

We have continued to work to understand and remedy the exploitation of these vulnerable workers. Activities included:

- using enforcement tools to deal with the most serious cases of non-compliance against this cohort. In 2018–19, we secured nearly \$1.8 million in court-ordered penalties for cases involving migrant workers, and recovered almost \$3.2 million. See Litigation on page 24 for examples
- contributing as a member of the Migrant Workers' Taskforce
- continuing to work with the Department of Home Affairs on our visa assurance protocol. Under the protocol, a worker's visa won't be cancelled if they request our assistance with workplace issues and meet other criteria, including following their visa conditions in the future. We also continued to share intelligence and data with Home Affairs to target and disrupt those looking to commit visa fraud and exploit migrant workers
- participating in Taskforce Cadena, an Australian Border Force led taskforce that aims to detect and disrupt criminal syndicates that profit from exploitation of migrant workers in Australia

- supporting the Pacific Labour Scheme and Seasonal Workers Programme
- participating in forums and networks, and working collaboratively with government bodies and key stakeholders to combat human trafficking and slavery-like practices. This includes referring suspected human trafficking and slavery cases to the Australian Federal Police
- monitoring how the Modern Slavery Act 2018 may impact on our work.

We've also shared information about our work through:

- the Interdepartmental Committee (IDC) on Human Trafficking and Slavery
- the National Human Trafficking Roundtable.

While human trafficking offences don't fall within our remit, we understand that we may interact with victims or perpetrators of human trafficking and slavery.

### ***Supporting supply chain compliance***

We find breaches of workplace laws regularly occur where a business engages in multiple levels of subcontracting, without establishing processes to monitor or manage their labour supply chains. Where systemic issues of non-compliance occur, they usually involve vulnerable workers performing low-skilled work.

While the Fair Work Act requires the direct employer to ensure workers are receiving their proper entitlements, the company at the top of the supply chain has an obligation to ensure that unlawful conduct is not occurring within their business network. Where operators deliberately ignore exploitation in their supply chains, we use every lever available to ensure they are held accountable.

During the year, we secured penalties of \$168,071 in a matter involving a cleaning supply chain in Melbourne. Penalties of \$17,926 were ordered against two former directors of the since-deregistered cleaning company for breaches of sham contracting, frequency of payment and pay slip provisions. The head contractor (who supplied labour from the cleaning company to the customer at the top of the chain) admitted to having been involved in underpayment contraventions and was ordered to pay penalties of \$132,218. As a result of the FWO investigation, the head contractor

also undertook measures to increase transparency and compliance in its supply chain.

Businesses can take practical steps to minimise their legal and reputational risks by downloading our supply chain resources. In 2018–19, these guides were collectively viewed over 4000 times.

We also continued to support companies to take ethical responsibility through industry-driven initiatives aimed at fostering sustainable, long-term culture changes. Activities included:

- participating in and supporting the Cleaning Accountability Framework — a multi-stakeholder industry-led initiative that seeks to improve labour and cleaning standards in Australia through a certification scheme
- entering into a second Proactive Compliance Partnership with Woolworths Group Limited in relation to their cleaning services supply chain. Under the terms of this second partnership, Woolworths has agreed to report regularly to the FWO on issues such as employee records, underpayments and complaints, implementing responsible measures to ensure their cleaning contractors are meeting their workplace obligations and paying their workers correctly. This is in addition to a separate Proactive Compliance Deed we have with Woolworths in relation to their trolley collection supply chain.

### ***Assessing emerging labour markets under the Fair Work Act***

We finalised two matters involving the threshold issue of whether the national workplace relations system covers workers operating as part of business models in the gig economy.

Our investigation relating to Uber Australia Pty Ltd found that the relationship between the company and its drivers is not an employment relationship.

In June 2018, we commenced proceedings against food delivery company Foodora Australia Pty Ltd (Foodora) alleging that the company engaged food delivery workers as independent contractors when they were in fact employees. As a result, we alleged that Foodora had underpaid its workers under the Fast Food Industry Award 2010.

In August 2018, Foodora ceased operations and went into external administration. Our proceedings were

later discontinued following the sale of Foodora's assets and the execution of a deed of company arrangement under which more than 1000 delivery workers received 31% of the entitlements owing to them, including the three workers subject to the FWO's legal action.

The FWO's findings in investigations relating to Uber Australia and Foodora relate solely to those specific matters. Companies in the gig economy use a range of business models and we will continue to assess allegations of non-compliance on a case-by-case basis, and encourage anyone with concerns about their employment arrangements to contact the FWO.

## Enforcement outcomes

We use our statutory enforcement tools for cases of serious non-compliance and for matters considered to be in the public interest. This may include instances of:

- blatant disregard of the law
- the exploitation of vulnerable workers, or
- systemic issues of non-compliance, where there is a need for specific deterrence.

Our Compliance and Enforcement Policy provides more detail of our approach.

In 2018–19, we used 877 enforcement tools. This figure includes:

- infringement notices
- compliance notices
- court enforceable undertakings
- litigations.

Additionally, we wrote to 644 employers, formally cautioning them to correct compliance issues we'd identified.

## Infringement notices

Infringement notices are on-the-spot fines we issue to employers for breaching record-keeping and pay slip requirements. Before issuing a notice, we consider:

- the employer's previous compliance history
- how much their lack of record-keeping impacts our ability to find, calculate and recover entitlements.

In 2018–19, we issued 563 infringement notices for a total amount of \$479,900.

## Compliance notices

Compliance notices formally require a person to take specific action to fix alleged entitlement-based breaches of the Fair Work Act.

In 2018–19, we recovered more than \$1 million in unpaid wages through 274 compliance notices. If a person doesn't comply with a compliance notice in accordance with the statutory requirements, we take court action to enforce it. This can result in orders for remedial action and penalties.

## FWO notice

A FWO notice requires a person or a business to give information, produce documents or attend an interview to answer questions. The FWO notice is a new enforcement tool, which is a provision of the Fair Work Act's Protecting Vulnerable Worker's Amendment.

We can apply to the Administrative Appeals Tribunal for the issuing of a FWO notice, if we believe on reasonable grounds:

- a person has evidence that would assist us in an investigation
- we have exhausted all other avenues to obtain that evidence.

We use FWO notices when people we wish to speak to regarding an investigation decline.

We issued one FWO notice in 2018–19.

## Enforceable undertakings

Enforceable undertakings (EU) are court-enforcement, legally binding arrangements, where employers:

- admit liability
- express contrition
- agree to fix any breaches
- commit to ongoing compliance.

FWO's EUs often require the employer to, as a minimum:

- pay outstanding wages and entitlements including any interest
- ensure payroll managers are properly trained
- commission independent payroll audits.

In 2018–19, we entered into 17 EUs, recovering over \$1.7 million in back-payments. We also commenced

one litigation against an employer for failing to comply with the terms of an EU.

Copies of FWO's EUs are publicly available on our website.

**Table 6: Enforcement outcomes 2018–19**

Enforcement outcomes 2018–19	2018–19
Infringement notices issued	563
Compliance notices issued	274
Enforceable undertakings executed	17
Litigations commenced	23

## Litigation

We generally reserve litigation for more serious cases of non-compliance. For example, we litigate matters where obtaining court orders will stop people from engaging in unlawful behaviour and will send a powerful public message to others not to engage in similar conduct. We also litigate to clarify the law and help the community understand the various obligations and rights arising from workplace laws.

In 2018–19, we achieved \$4,400,772 in million court-ordered penalties (\$3,487,585 against companies and \$913,187 against individuals).

We achieved a number of significant litigation outcomes in matters where there was a high level of public interest.

### *Record penalties in relation to failure to comply with Fair Work Commission orders*

The FWO obtained record penalties of \$105,000 against a Brisbane-based wireless technology and radio communication business and its director (who was penalised a further \$20,600) for failing to comply with an unfair dismissal order. After making several requests for the company to pay the \$20,769 in compensation and \$8470 in costs ordered, we took legal action against the business for failing to comply with Fair Work Commission orders.

### *Young workers*

A Sydney-based fashion industry start-up and its director was penalised a total of \$329,133 for underpaying three employees more than \$40,000. One of the employees was treated as an unpaid intern when they should have been considered a part-time employee.

The unpaid intern was a graphic designer, who had completed a university degree, worked two days per week for almost six months without pay before receiving one payment of just \$1000.

The employees have now been back-paid in full.

In another significant case, an online news service covering regional Queensland and its director was penalised a total of \$264,924 for underpaying young journalists and production staff.

The court also ordered the company and its director to back-pay 23 staff a total of \$305,780 in underpayments.

The workers were underpaid more than \$30,000 each, with the largest underpayment of wages and entitlements being \$48,217.

### *Migrant workers*

We achieved significant penalties against a company and its operators running a 7-Eleven franchise and Japanese restaurant in Melbourne. The company, its director and its manager were penalised \$335,664 for underpaying Chinese workers.

The 7-Eleven outlet was found to have required three international students to repay part of their wages in an unlawful cashback scheme. The company also underpaid a migrant worker at its restaurant significantly below the minimum hourly rate, with underpayments amounting to nearly \$10,000.

We also litigated against the operator of an Adelaide nail salon for exploiting two young, migrant workers and creating false records in an attempt to cover up the exploitation. The nail salon and its director were ordered to pay a total of \$130,000 in penalties for underpaying the two employees more than \$50,000 over an 18-month period.

### *Fast food, restaurants and cafes*

We secured \$383,616 in combined penalties against the operators of three sushi outlets in regional NSW for underpaying their mostly vulnerable employees over \$70,000.

The pay rates at the outlets did not comply with the Fast Food Industry Award, leading to underpayment of weekday rates, casual loadings and penalty rates. The case involved 31 employees including significant numbers of young workers and visa holders.

In another significant litigation in this industry, a café and its director was penalised \$257,000 for underpaying 54 workers a combined total of \$73,347. We first put the company and its director on notice about paying minimum entitlements including penalty rates. The affected employees included 25 visa holders, who were mainly on student and 417 working holiday visas.

### *Gender equity in briefings*

In 2018–19, we remained committed to the Law Council of Australia's Equitable Briefing Policy, which aims to improve gender equality in the number of briefs issued to barristers across the country. In 2018–19, the FWO briefed female counsel 31 times (50%) and male counsel 31 times (50%).

FWO's Special Counsel, Janine Dennis, was recognised by Doyle's Guide as one of 2019's leading 'In-House Employment and WHS Lawyers'. Doyle's Guide provides a list of the leading firms and best lawyers across Australia, and their reviews are objectively compiled through peer-based surveys and interviews with clients, peers and relevant industry bodies.







# 03: ROC performance report



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## Review by the Commissioner



*Pictured: Mark Bielecki, Registered Organisations Commissioner*

The Registered Organisations Commission (ROC) is the independent regulator of 106 federally registered employer and employee organisations. Our functions include promoting the efficient management of organisations, and high standards of accountability of organisations and their office holders, as set out in the Fair Work (Registered Organisations) Act 2009 (RO Act).

There are 61 employer associations and 45 unions which, including those entities, are comprised of 354 reporting units across Australia. They report to the ROC that cumulatively they have more than two million members, control almost \$3.2 billion in assets and collect annual revenue in the order of \$1.7 billion.

A key objective of the ROC is to encourage behaviours in registered organisations that see them consistently focused on acting in the best interests of their members, ensuring members' money is spent in a way that is transparent, properly authorised and which complies with their obligations under the RO Act.

When the Registered Organisations Commission commenced two years ago, a key aim was to increase compliance with the financial reporting requirements in the RO Act by focusing on building structures, approaches and resources within the ROC to help drive positive compliance cultures in registered organisations. It was our assessment that the majority of registered organisations and their office holders wanted to achieve high levels of compliance and, in order to add value, the ROC could assist them by delivering a range of measures including focusing on education, face-to-face workshops, providing guidance notes, templates, fact sheets, expansive toolkits,

an array of web-based resources and the personal engagement of my staff.

I am pleased to report that contributed to by the efforts of our dedicated team, the quality of compliance within financial reports has increased from 56% in 2015 (prior to the establishment of the ROC when financial reports were lodged with the Fair Work Commission) to 84% in the current reporting period of 2018. In 2015–16, 96% of financial reports due were lodged in accordance with statutory timeframe obligations, while that has increased in 2018–19 to 99%. The percentage of annual returns of information lodged within the statutory timeframe has remained at 100% in 2019, again contributed to by continued regulatory intervention and focus.

The qualitative improvement in financial reporting can also be attributed in part to the implementation and management by the ROC of an auditor registration scheme which coincided with the commencement of the ROC in 2017. The RO Act requires all financial reports of organisations and branches be audited by an auditor registered by the ROC before they are provided to members. Regulatory engagement, information workshops and the proactive tools we have provided to the 290 auditors we have registered since May 2017 have helped to improve financial consistency and compliance in organisations by assisting them to meet statutory requirements, including the reporting guidelines I issue.

A further important measure to promote general and specific compliance with the financial reporting and accountability requirements of the RO Act has included our conduct of a range of civil penalty proceedings in the Federal Court. At the same time, we have been challenged in the Federal Court and have been required to devote very significant resources in defending our jurisdiction, with the Australian Workers' Union (AWU) commencing proceedings seeking to prevent the ROC from investigating potential breaches of civil penalty provisions which may have occurred prior to 1 May 2017. The ROC is currently awaiting the outcome of that Federal Court challenge to our jurisdiction.

The general trajectory of enhanced compliance has been achieved while the ROC has simultaneously met all of its key performance indicators (KPIs). This has happened against a backdrop of significant competing work priorities and challenges.

For example, during the 2018–19 financial year we successfully implemented a new case management system (CMS). This was a significant project requiring the deployment of significant resources. For an organisation of 29 staff, this was a substantial commitment as these resources primarily come from operational staff who were concurrently delivering on the ROC's other priorities. The new CMS equips us to better and more quickly meet the extensive and ongoing needs of registered organisations. I thank my staff for their contribution to this project while sustaining the ROC's performance across its other functions.

Further and in the reporting period, ROC staff delivered successful education campaigns, including face-to-face workshops in Sydney, Melbourne, Darwin, Perth and Brisbane. A total of 233 office holders and representatives of our stakeholders attended our 2018–19 workshops. This means that in the past two years more than 400 people, representing 76 registered organisations, have attended a ROC workshop, which is almost three-quarters of the registered organisations we interact with. Feedback from these sessions is overwhelmingly positive with 97% of workshop participants responding to ROC surveys indicating they would benefit from and attend future ROC workshops.

In addition, throughout this period we have continued to work with registered organisations as part of our expansive whistleblower work to equip them to achieve, if they decide to, an internal 'speak-up' culture.

During 2018–19, we also further progressed 19 referrals from the Royal Commission into Trade Union Governance and Corruption (TURC) by undertaking investigations and continuing proceedings in the Federal Court. Two other referrals were finalised.

In 2018–19, organisations and their branches were for the first time required by the RO Act to lodge officer and related party disclosure statements with the ROC. We provided detailed fact sheets, guidance notes and webinars; facilitated expert panel discussions at our information workshops; and delivered one-on-one consultations about these new regulatory requirements. In the result, 92% of organisations and branches lodged their statements within the statutory timelines.

## The year ahead

Now in our third year, the ROC is embedded in its regulatory role. We remain focused on fulfilling our functions and we are committed to adding value to organisations and fostering good governance and financial transparency, as well as compliance with the RO Act, by:

- continuing to encourage and support organisations to improve financial reporting and statutory compliance
- expanding our education campaign and engagement with registered auditors to drive enhanced compliance
- helping organisations to further embed a culture of compliance and increase core organisational skills and capabilities to achieve it
- promoting high standards of accountability to members
- implementing the 2019–20 national ROC Education Strategy, which schedules our key education activities in the year ahead
- delivering further interactive information workshops tailored to the feedback we continue to receive
- encouraging democratic control by enabling accountability of office holders to their members through arranging for elections and publishing annual returns of information in a timely manner
- continuing to engage with registered auditors and work with organisations to ensure their disclosures meet statutory requirements
- progressing the audit of governance training by officers of organisations
- building our reporting capability through our new CMS
- replenishing and updating our educational materials
- continuing our work in educating about whistleblowers and receiving, assessing, investigating and, where necessary, further acting on disclosures
- continuing to monitor the acts and practices of organisations in complying with the provisions of the RO Act
- undertaking inquiries and investigations into suspected contraventions of the RO Act while working collaboratively with organisations to remediate harm and promote effective governance; and

- taking appropriate and proportionate evidence-based enforcement action designed to achieve both specific and general deterrence.

The ROC has continued to deliver on its functions throughout 2018–19. Notwithstanding that we are a compact Commission, we have delivered significant outputs towards achieving our statutory objectives and outcomes. We look forward to achieving more in 2019–20.

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

Mark Bielecki  
Registered Organisations Commissioner

# Registered Organisations Commission annual performance statement

I, Sandra Parker, as the entity's accountable authority, present the 2018–19 annual performance statement, as required under paragraph 39 (1) (a) of the Public Governance, Performance and Accountability Act 2013 (PGPA Act). The statement is based on properly maintained records, accurately reflects the entity's performance, and complies with subsection 39(2) of the PGPA Act.

## Agency purpose

The ROC is responsible for improving the governance and financial accountability of registered employer and employee organisations through education, guidance (incorporating assistance and advice), regulation, monitoring, inquiries, investigation and appropriate enforcement.

Performance criteria	Indicator	Target	Achieved	Further information on results
The ROC improves the governance and financial accountability of organisations by regulating compliance with the RO Act	Financial reports required to be lodged are assessed for compliance within 40 working days	95%	100%	Page 41
	Annual returns required to be lodged are assessed for compliance within 40 working days	95%	99%	Page 41
	Lodgements of prescribed information for an election are dealt with within 40 working days	95%	95%	Page 41
	Applications for registration by auditors are dealt with within 40 working days	95%	100%	Page 42
	Information to educate employee and employer registered organisations and their members is made available	Multiple items	22 major education items	Page 33

## Analysis of performance against ROC purpose

As at 30 June 2019, there are 106 federally registered organisations comprised of approximately 354 reporting units. In general, a reporting unit is a branch or national office of a registered organisation. Under the RO Act, each reporting unit is required to lodge audited financial reports with the ROC (unless exempt). Since 2 May 2017, it has been a legislative requirement that auditors of the financial reports of reporting units are registered by the Commissioner.

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

The ROC is pleased to report that 100% of financial reports have been assessed, and 100% of applications for registration by auditors dealt with, within the KPI of 40 working days. The ROC has also met timeliness measures for processing annual returns with 99% processed within 40 working days, and for lodgement of prescribed information for elections with 95% dealt with within 40 working days.

We helped to promote improved compliance by fostering the governance and financial accountability of organisations through education and the provision of advice and assistance. In 2018–19, we engaged with registered organisations and their peak bodies in the development and delivery of a diverse and comprehensive range of education activities and resources for organisations and their members.

# ROC priorities and activities: driving and influencing compliance

## Our vision, aim and methods

The ROC’s vision is to be valued by the community for the way we regulate and foster the efficient management and accountability of registered organisations. We aim to:

- proactively educate registered organisations about financial and other reporting responsibilities
- encourage democratic control and improved financial and disclosure compliance practices by registered organisations; and
- undertake inquiries and investigations into suspected contraventions with an evidence and risk-based approach.

## How we influence organisations

### Education activities

The provision of compliance and governance education to registered organisations, supported by practical resources, is a priority for the ROC. Our education activities have been developed in consultation with organisations and their peak bodies, and are continuously refined in response to feedback.

Since the inception of the ROC, we have held face-to-face information workshops in most capital cities. In 2018–19 this included Darwin, Perth, Brisbane, Sydney and Melbourne. Over the past two years, there have been more than 400 attendees at these sessions, representing 76 of 106 registered organisations, other interested bodies and audit and accounting firms. This included 233 attendances in 2018–19. Feedback from participants has been overwhelmingly positive with 97% of workshop participants responding to ROC surveys indicating they would attend and benefit from future ROC workshops.

The ROC has released further education tools throughout the year, including quarterly ROC newsletters. Topics covered included common areas of non-compliance in financial reporting, new reporting guidelines, corrupting benefits legislation guidance, new whistleblower resources, compliance reminders, financial training audit information, officer and related party disclosures (ORPs) and frequently asked questions.

The ROC website ([www.roc.gov.au](http://www.roc.gov.au)) continues to provide information and tools to assist organisations with compliance. In 2018–19, we received 182,825 visits to the website and 20,620 documents were downloaded. Subscriber numbers to our emails have increased. We now have 1003 subscribers who receive email communications from the ROC, including our quarterly newsletters, educational material and event information. We also conducted seven webinars, which attracted 188 participants, and 56 one-to-one meetings with organisations and peak bodies about compliance.

In 2018–19, we delivered 22 major education activities targeted at organisations and their members. These campaigns covered topics including information about whistleblowing, ORPs, annual returns, prescribed information for elections and financial reporting.

Table 7: ROC education activities provided to employer and employee organisations and their members, July 2018 to June 2019

Type of activity	Provided to
Updated fact sheet about timelines for financial reporting	Employer and employee organisations (and peak bodies and registered auditors)
Information session: Darwin	Employee and employer organisations (and peak bodies, registered auditors and other stakeholders)
Officer and related party disclosure education materials, including guidance notes, webinars and panel discussions at information sessions	Employee and employer organisations (and peak bodies and registered auditors)
Webinar about the new reporting guidelines for financial year ending 30 June 2018	Employee and employer organisations (and peak bodies and registered auditors)
Fifth edition of ROC quarterly newsletter with information about the national 2018–19 education strategy, common areas of non-compliance in financial reporting and new reporting guidelines	Employee and employer organisations (and peak bodies and registered auditors)
Release of upgraded online compliance calculator	Employee and employer organisations (and peak bodies and registered auditors)

Type of activity	Provided to
Information session: Perth	Employee and employer organisations (and peak bodies, registered auditors and other stakeholders)
Education materials: Understanding Financial Statements	Members and officers of employee and employer organisations
Sixth edition of ROC quarterly newsletter with information about available corrupting benefits guidance, upcoming Brisbane information session and summary of outcomes for 2018	Employee and employer organisations (and peak bodies)
Information session: Brisbane	Employee and employer organisations (and peak bodies, registered auditors and other stakeholders)
Various education materials about financial reporting, including new model financial statements, new fact sheet and webinars	Employee and employer organisations (and peak bodies and registered auditors)
New and updated educational resources about annual returns, including the release of a webinar	Employee and employer organisations (and peak bodies)
Education campaign about the corrupting benefits amendments to the Fair Work Act. Included release of two comprehensive guidance notes and panel discussions at Darwin, Perth and Brisbane information sessions	Employee and employer organisations (and employers)
Seventh edition of ROC quarterly newsletter with information about new whistleblower resources, interstate workshops, the tailored subscription service and compliance reminders	Employee and employer organisations (and peak bodies)
Education about whistleblowing rights, obligations and the development of an in-house 'speak-up' culture	Members of organisations, employee and employer organisations (and potential whistleblowers)
Workshop: Sydney	Employee and employer organisations (and peak bodies, registered auditors and other stakeholders)
Update of existing education resources about elections, including a webinar, fact sheets and templates	Employee and employer organisations (and peak bodies)

Type of activity	Provided to
Eighth edition of ROC quarterly newsletter with information about the financial training audit, ORPs, frequently asked questions, the forthcoming national 2019–20 education strategy and recent changes/ new resources including for whistleblowers and an election template	Employee and employer organisations (and peak bodies)
Workshop: Melbourne	Employee and employer organisations (and peak bodies, registered auditors and other stakeholders)
Launch of the national 2019–20 education strategy	Employee and employer organisations (and peak bodies, registered auditors and other stakeholders)
Financial reporting refresher campaign: updating existing tools	Employee and employer organisations (and peak bodies and registered auditors)
Officer and related party disclosures refresher campaign: updating existing guidance note	Employee and employer organisations (and peak bodies)

### *Implementation of a new case management system*

The ROC implemented a new case management system during 2018–19 to manage all of the matters we handle. We invested in an 'off-the-shelf' software solution that was then customised to meet the ROC's unique requirements. The system will be a single source of 'truth' for all cases that we manage and is a foundation we can build upon in the future to provide a portal for organisations where they will be able to lodge and access information. This was a major project for the ROC. Some 7000 staff hours were spent over 10 months to make this new system a reality. This involved scoping out requirements, testing the software when it was delivered and ensuring all required system standards were met.

### *Promoting effective governance and financial transparency*

In 2018–19, we promoted effective governance and financial transparency within organisations by:

- sending tailored, organisation specific reminders about upcoming statutory obligations
- assessing financial reports
- seeking to ensure all auditors are registered; and
- approving financial management training for office holders.

## Reminders and alerts

As a service to registered organisations, the ROC actively emails specifically tailored reminders to them and to their reporting units prior to their obligations arising. This is designed to assist them with the timely meeting of their compliance obligations. In 2018–19, we issued more than 1550 such reminders and alerts, a 73% uplift on the previous financial year, comprising:

- 701 reminders about the requirement to lodge an officer and related party disclosure statement
- 160 reminders about the requirement to lodge an annual return of information
- 398 reminders about the requirement to lodge a financial report
- 212 reminders about lodging statements of loans, grants and donations
- 86 reminders about the requirement to lodge information for an election; and
- 515 alerts about training for office holders.

## Officer and related party disclosure statements

The requirement for organisations and branches to lodge a copy of their officer and related party disclosure statement came into effect in 2018–19. The statements provide information about remuneration received by the top five-ranked officers of organisations and branches, including remuneration received by officers from a board or a related party of the organisation. Certain payments made by organisations and branches to related parties and declared persons or bodies are also required to be disclosed.

The ROC developed a range of comprehensive educational materials to help organisations comply with these new requirements, including fact sheets, guidance notes and webinars. We also presented panel discussions about these new requirements at each of our information sessions and workshops. This provided a means for organisations to take a more collaborative approach in understanding these new requirements by discussing and exploring issues and learning from one another, as well as to seek guidance from the subject matter experts in the ROC. The ROC also engaged directly with organisations and branches on 126 occasions about how the provisions are applicable to their circumstances.

More than 92% of organisations and branches lodged their statements with the ROC within the statutory timelines, which we consider to be a good result given the provisions had only been recently introduced. As familiarity with these statements improves, the ROC

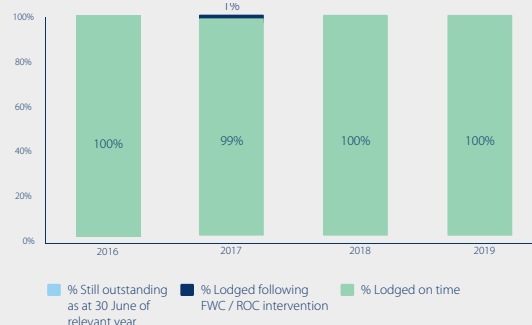
expects that compliance with lodgement timeframes will increase in future reporting periods.

## Annual returns of information

Annual returns provide information about office holders, election requirements, branches and an organisation's membership numbers. It is important for the democratic control of organisations for these returns to be accurate, lodged and published in a timely manner, so members can easily determine who their officers are and when elections are due.

In 2018–19, we are pleased to report that all organisations lodged their annual returns within the statutory deadline of 31 March. While the ROC continues to intervene in the period immediately prior to 31 March by directly engaging with organisations that have not yet lodged, it is anticipated that our intervention will diminish in future years and that voluntary compliance, with minimal intervention, will be achieved.

**Figure 2: Percentage of annual returns of information lodged within statutory timelines**



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

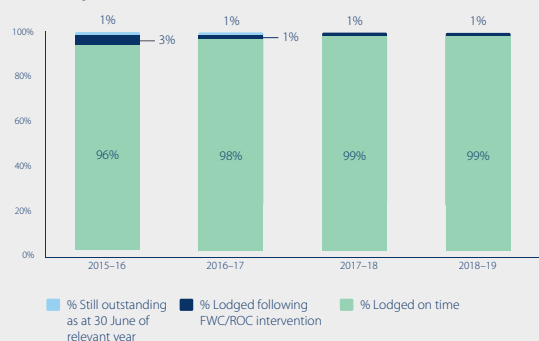
## Financial returns

Financial returns include lodgements by organisations and their branches of financial reports, applications for exemptions from financial reporting and applications for reduced reporting requirements. Timely lodgement of accurate returns and publication of these documents promotes financial transparency.

Compliance rates for the lodgement of financial returns within the statutory timeframe have incrementally improved over four years. Following our proactive intervention, encouragement and the deployment of our model financial statements, 99% of reporting units lodged financial returns on time in 2018–19.



**Figure 3: Percentage of financial returns lodged within statutory timelines**



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

## Assessment for compliance and publication for transparency

When assessing documents against compliance requirements (including annual returns of information, financial reports, election information and officer and related party disclosure statements), the ROC takes a risk-based approach which is designed to direct resources to areas where the risk of non-compliance is highest. In 2018-19, 1638 regulatory matters were subject to risk-based assessment and closed. This was a 13% increase over the previous financial year. Most documents lodged by organisations are published on our website.

## Improving financial reporting compliance

The contents of all financial returns are assessed against key compliance requirements (primary review), while 20-25% are subject to a further review (advanced review). Over a five-year period, each reporting unit has been subjected to an advanced review at least once (more often if circumstances warrant). To be considered compliant, a financial report must meet the key compliance requirements in the primary review. This includes whether:

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

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

As at 30 June 2019 not all financial returns with a 2018 year-end had been lodged. Of those that had been lodged and assessed for compliance, 84% met the compliance measures, compared to 73% in 2017, 70% in 2016 and 56% in 2015.

**Table 8: Initial compliance of financial returns with financial year-end 2015, 2016, 2017 and 2018**

	2018	2017	2016	2015
Primary review	83%	70%	68%	48%
Advanced review	70%	57%	45%	39%
Applications for reduced reporting requirements and applications for exemptions	99%	99%	98%	93%
<b>TOTAL</b>	<b>84%</b>	<b>73%</b>	<b>70%</b>	<b>56%</b>

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

## Registration of auditors

All auditors of organisations' financial reports are required to meet criteria specified in the RO Act and be registered with the Commissioner. As at 30 June 2019, the Commissioner had registered 290 auditors since registration commenced on 2 May 2017. This was a 9% increase in registrations over the number at 30 June 2018. In 2018-19 all financial reports, but one, lodged with the ROC have been audited by a registered auditor. In the previous year, three were not audited by a registered auditor. These three matters were each the subject of an inquiry, and one proceeded to an investigation, see page 37.

## Office holder training

The RO Act requires holders of office with financial duties to undertake financial training that has been approved by the Commissioner, within six months of taking office (s. 293K). Twelve training packages have been approved and are listed on our website. During 2018-19, the ROC began a major project to look at compliance with this requirement, extensively mapping office holders with financial duties across all organisations and branches. We have been engaging with organisations with the aim of reaching a common understanding about which officers have financial duties and whether they have undertaken training. This audit process has been voluntary, and is expected to increase awareness of this legislative requirement to undertake training as well as broaden officers' understanding of their financial duties.



An office holder can be exempted from training if the Commissioner is satisfied that the office holder has a proper understanding of their financial duties based on their experience as a company director, as an officer of a registered organisation or other professional qualifications and experience (s. 293M). In 2018–19, 30 exemptions were granted by the Commissioner.

## ROC's regulatory role

### Driving compliance through regulation

Helping organisations to remedy non-compliance with the RO Act is a priority for the ROC. To do this, we have implemented a stepped approach for assessment of probable contraventions, taking into account the nature and history of an organisation's compliance, as well as any remedial actions the organisation has undertaken.

Whenever we begin an inquiry or investigation, we seek to work with the organisation and relevant persons to remedy any non-compliance and promote good governance. This includes consultation with the organisation and assessing whether any harmful conduct has occurred, and if so, whether it has, or can be, remedied. The degree of cooperation by an organisation and actions taken to remedy harmful conduct informs how we progress alleged non-compliance. The vast majority of the matters we assess and our inquiries and investigations do not result in litigation. However, we will commence court proceedings if, after consideration of all the circumstances, it is warranted and in the public interest.

### Inquiries

The Commissioner has the power to make inquiries into or conduct investigations as to whether financial obligations or civil penalty provisions in the RO Act have been contravened by registered organisations. We seek to take a collaborative approach to inquiries and aim to work with registered organisations to make sure compliance is achieved and any harms, so far as is possible, are remedied.

Table 9: Inquiries initiated and closed under chapter 11, part 4 of the RO Act in 2018–19

	No. open as at 30 June 2018	No. commenced during 2018–19	No. concluded during 2018–19	No. open as at 30 June 2019
Inquiries	3	0	3	0

Table 10 details the inquiries undertaken during the reporting period.

Table 10: Inquiries under chapter 11, part 4 of the RO Act 1 July 2018 to 30 June 2019

Name	Type*	Commencement date	Issue	Completion date or estimated completion date	Outcome
Clubs Victoria Inc.	s. 330	11 May 2018	Inquiry considering circumstances surrounding appointment of unregistered auditor	27 August 2018	Investigation commenced 1 November 2018
Australian Road Transport Industrial Organization, Tasmanian Branch	s. 330	8 May 2018	Inquiry considering circumstances surrounding appointment of unregistered auditor	10 August 2018	No further action
Master Builders Association of New South Wales	s. 330	8 May 2018	Inquiry considering circumstances surrounding appointment of unregistered auditor	10 August 2018	No further action

\*s. 330: inquiry as to whether contravention of financial obligations and/or civil penalty provisions

### Investigations

If satisfied there are reasonable grounds for doing so, the Commissioner is empowered to conduct investigations into compliance by registered organisations with their financial obligations, or to ascertain whether there has been a breach of a civil penalty provision. Table 11 provides an overview of investigations that commenced or were continuing during 2018–19.

**Table 11: Investigations initiated and closed under chapter 11, part 4 of the RO Act in 2018–19**

	No. open as at 30 June 2018	No. commenced during 2018–19	No. concluded during 2018–19	No. open as at 30 June 2019
Investigations	3	5	1	7

As at 1 July 2018, the Commissioner was conducting three investigations (under ss. 331 and 332 of the RO Act) into organisations about alleged contravention of financial and/or civil penalty provisions. During 2018–19, five further investigations were commenced and one concluded, under s. 331. See table 12 for details of investigations.

**Table 12: Investigations under chapter 11, part 4 of the RO Act in 2018–19**

Name	Type*	Commencement date	Issue	Completion date or estimated completion date	Outcome (as at 30 June 2019)
Australia Hotels Association, Queensland Branch	s. 331	20 October 2017	Elections not held over extended period	Concluded 5 October 2018	Current penalty proceedings in the Federal Court (listed for hearing in September 2019)
Construction, Forestry, Maritime, Mining and Energy Union, Mining and Energy Division, Queensland District Branch	ss. 331 & 332	14 March 2018	Whether there has been inappropriate credit card usage and loans to officers and employees	Estimate: December 2019	Still under investigation
The Australian Workers' Union, National Office and Victorian Branch	s. 331	20 October 2017	Alleged unapproved donations	On hold due to Federal Court action	On hold pending outcome of Federal Court action
National Union of Workers, New South Wales Branch	s. 331	13 July 2018	Alleged misappropriation of branch funds and governance failures	October 2019	Still under investigation
Australian Property Services Association	s. 331	9 August 2018	Compliance with financial reporting obligations and officers' duties	August 2019	Still under investigation
Clubs Victoria Inc.	s. 331	1 November 2018	Appointment of unregistered auditor	July 2019	Still under investigation
Motor Traders' Association of NSW	s. 331	5 November 2018	Compliance with financial reporting obligations and officers' duties	March 2020	Still under investigation
Health Services Union Victoria No. 1 Branch	s. 331	16 January 2019	Whether current or former office holders complied with obligations to act with due care and diligence	November 2019	Still under investigation

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

## Investigations: whistleblowers

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

The ROC coordinates the regulatory approach under this scheme across Commonwealth agencies and law enforcement bodies receiving, allocating or investigating whistleblower disclosures under the RO Act. We meet regularly with those agencies to ensure a consistent approach to each aspect of the scheme.

To ensure a best practice approach, the ROC has consulted with stakeholders, including academics and representatives of whistleblower groups, and we continue to refine our processes as our experience grows and the scheme matures. For example, in 2018–19 as part of our education strategy, we have developed, promoted and made extensive whistleblower materials available to organisations to enable them, if they so choose, to develop their own internal whistleblower policies and a positive in-house ‘speak-up’ culture. A decision to do so does not displace the statutory whistleblower scheme.

**Table 13: Protected disclosures under chapter 11, part 4A of the RO Act 2018–19**

No. open at 30 June 2018	No. opened 1 July 2018–30 June 2019	No. closed 1 July 2018–30 June 2019 because ineligible disclosure	No. closed–ROC did not consent to allocation	No. allocated to authorised official external to the ROC	No. allocated to the RO Commissioner 1 July 2018–30 June 2019	No. closed with no investigation conducted 1 July 2018–30 June 2019	No. closed with investigation completed 1 July 2018–30 June 2019	No. closed with investigation discontinued 1 July 2018–30 June 2019	No. open as at 30 June 2019
15	64	16	1	0	47	6	44	1	11

### **Royal Commission into Trade Union Governance and Corruption**

The Final Report of the Royal Commission into Trade Union Governance and Corruption (TURC) was tabled in Parliament in December 2015. It made 30 referrals to the FWC of which 24 were transferred to the ROC in May 2017. All of these have been completed, or are in progress, save for one, which is in abeyance pending criminal proceedings.

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

Referred to the ROC	Before the Federal Court	Subject to formal investigation by the ROC under s. 331 of the RO Act	Closed by the ROC with no further action	In abeyance, pending police investigations or criminal proceedings	Completed Court action
24	10*	9**	3	1	1

\* There is one TURC-related matter before the Federal Court. The proceedings against the AWU and Mr Melhem are based on 10 referrals from the TURC.

\*\* The matter relates to one reporting unit and a range of its officers and is the subject of one investigation.

### **Enforcing provisions of the RO Act**

The ROC’s approach to enforcement is that it will proceed where the evidence takes it. If the evidence leads the ROC to conclude that enforcement of compliance obligations is warranted and is in the public interest, we will commence proceedings where it is appropriate to do so.

In 2018–19, two penalties were imposed as the result of the ROC’s court action: \$29,250 on the Australian Midwifery and Nursing Federation for the failure of the Western Australian Branch to lodge financial returns over three consecutive years, and a further penalty of \$6630 on its Western Australian Branch Secretary, Mr Olson, for failing to discharge his duties with the degree of care and diligence that a reasonable person in his position would exercise.

As a result of a TURC referral, proceedings against the Transport Workers Union (TWU) concluded on 21 November 2018 following an appeal by the TWU against the initial judgment. The outcome was that \$163,000 in penalties were imposed against the TWU.

The allegations, orders sought and outcomes (if finalised) of legal action are detailed in table 15.

**Table 15: Alleged contraventions and orders sought under s. 310(1)(a) of the RO Act (completed 2018–19 and still ongoing)**

Name	Date	Alleged contraventions	Orders applied for	Date of completion	Outcome
<i>Registered Organisations Commissioner v Australian Nursing and Midwifery Federation &amp; Mark Olson</i> [WAD470/2015]	21 August 2015	The Western Australian Branch failed to comply with its financial reporting obligations in 2009–10, 2010–11 and 2011–12	Declarations, civil penalties and any other order the court deems appropriate	14 December 2018	Penalty of \$29,250 imposed on the ANMF for contraventions by the WA Branch in failing over three consecutive years to lodge financial returns within the statutory timeframes. In relation to the above conduct, a penalty of \$6630 imposed on Mr Olson for his failure to exercise his powers and discharge his duties with the degree of care and diligence that a reasonable person in his position would exercise
<i>Registered Organisations Commissioner v Transport Workers Union of Australia [NSD2041/2016] and its subsequent appeal</i> <i>Transport Workers Union of Australia v Registered Organisations Commissioner</i> [NSD232/2018]	25 November 2016	Failing to remove unfinancial NSW members from its register  Failing to keep a register in New South Wales and Western Australia  Failing to keep a copy of the member register for a Queensland Branch election (referral from the TURC)	Declarations, civil penalties and any other order the court deems appropriate	21 November 2018	Penalties of \$271,362 imposed on the TWU comprising \$200,000 for failing to remove 20,907 unfinancial members from the register and \$71,362 for failing to keep records in NSW and WA  Unsuccessful regarding allegation of failure to keep register of members in Queensland  These penalties were varied following an appeal by the TWU. The Full Court of the Federal Court imposed \$163,000, comprising \$95,000 for failing to remove 20,907 unfinancial members from the register and \$68,000 for failing to keep records
<i>Registered Organisations Commissioner v Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia</i> [NSD802/2018]	10 May 2018	Failure to keep an accurate record of office holders  Failure to notify changes to records	Declarations, civil penalties and any other order the court deems appropriate	Ongoing	Listed for hearing in the Federal Court in July 2019
<i>Registered Organisations Commissioner v The Australian Workers Union &amp; Melhem</i> [VID583/2018]	16 May 2018	Entering on the register of members, without their knowledge, 851 people who were not members and failing to remove 2534 unfinancial members from their register. Receipt of payments by the Victorian Branch that were not legitimately due	Declarations, civil penalties and any other order the court deems appropriate	Ongoing	Listed for hearing in the Federal Court in September 2019
<i>Registered Organisations Commissioner v Australian Hotels Association</i> [VID1442/2018]	13 November 2018	Failing over an extended period of time to lodge prescribed information to commence elections and failing to notify changes to the office holders relating to Queensland Branch	Declarations, civil penalties and any other order the court deems appropriate	Ongoing	Listed for penalty hearing (as liability is admitted) in the Federal Court in September 2019

### Action taken against the ROC

On 20 October 2017, the ROC commenced an investigation into allegations concerning donations made by the Australian Workers' Union (AWU). The investigation is currently on hold pending the outcome of proceedings commenced by the AWU challenging both the ROC's jurisdiction in general and the decision to commence the investigation in particular. Following a trial conducted in February and March 2019, the court has reserved its decision.

## Service standards

The ROC works to ensure that annual returns, financial reports, elections and auditor registrations are assessed and dealt with in a timely manner. In 2018–19, all timeliness targets were met or exceeded.

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

### Financial reports

Our service standard for financial reports is that, of those lodged under the RO Act, 95% are assessed for compliance within 40 working days. Assessing a financial report for compliance means that the financial report has been reviewed against a primary review checklist or an advanced review checklist (see page 36). For the assistance of organisations and their auditors, primary and advanced review checklists are published at [www.roc.gov.au](http://www.roc.gov.au).

Table 16: Performance of financial reports function against timeliness target

Year and agency	Number assessed	Number within KPI	Result
2018–19 ROC	370	370	100%
2017–18 ROC	369	369	100%
2016–17 FWC/ROC	375	375	100%

### Annual returns

The service standard for annual returns of information required to be lodged under the RO Act is that 95% of those lodged are assessed for compliance within 40 working days. Assessing an annual return for compliance means that it has been assessed against the ROC checklist for compliance with the RO Act. For the assistance of organisations, the annual return checklist is published at [www.roc.gov.au](http://www.roc.gov.au).

Table 17: Performance of annual returns function against timeliness target

Year and agency	Number assessed	Number within KPI	Result
2018–19 ROC	106	105	99%
2017–18 ROC	109	109	100%
2016–17 FWC/ROC	109	109	100%

### Elections

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

Table 18: Performance of election function against timeliness target

Year and agency	Number dealt with	Number within KPI	Result
2018–19 ROC	235	223	95%
2017–18 ROC	211	210	99%
2016–17 FWC/ROC	223	221	99%

*Registration of auditors*

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

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

Year and agency	Number dealt with	Number within KPI	Result
2018–19 ROC	24	24	100%
2017–18 ROC	81	80	99%
May–June 2017 ROC	188	188	100%

In addition to meeting all of our timing targets in 2018–19, comparison with previous years shows constant achievement of 100% timeliness for the assessment of financial reports. Dealing with applications for registration of auditors within 40 working days rose from 99% to 100%. Our ability to meet or improve upon our timing targets means that documents lodged by organisations are promptly assessed and published, ensuring ‘real-time’ transparency of lodged information.



# ■ 04: Management and accountability



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# Workforce demographics

At 30 June 2019, the Entity employed 780 ongoing, 66 non-ongoing and zero casual employees under the Public Service Act 1999.

In 2018–19, we had a total of 74 ongoing engagements, 71 non-ongoing engagements and 96 internal promotions.

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

**Table 20: Employees by classification, at 30 June 2019 and 30 June 2018**

Classification	2019	2018
APS1 ongoing	0	0
APS1 non-ongoing	0	0
APS1 total	0	0
APS2 ongoing	2	4
APS2 non-ongoing	3	1
APS2 total	5	5
APS3 ongoing	62	56
APS3 non-ongoing	44	43
APS3 total	106	99
APS4 ongoing	110	118
APS4 non-ongoing	8	1
APS4 total	118	119
APS5 ongoing	288	286
APS5 non-ongoing	7	2
APS5 total	295	288
APS6 ongoing	168	161
APS6 non-ongoing	1	1
APS6 total	169	162
EL1 ongoing	102	96
EL1 non-ongoing	2	3
EL1 total	104	99
EL2 ongoing	34	36
EL2 non-ongoing	1	1
EL2 total	35	37
SES Band 1 ongoing	10	10
SES Band 1 non-ongoing	0	0
SES Band 1 total	10	10
SES Band 2 ongoing	4	3
SES Band 2 non-ongoing	0	0
SES Band 2 total	4	3
Total	846	822

**Table 21: Employees by employment status, at 30 June 2019 and 30 June 2018**

Employment status	2019	2018
Ongoing full-time	571	571
Non-ongoing full-time	55	47
Total full-time	626	618
Ongoing part-time	209	199
Non-ongoing part-time	11	5
Total part-time	220	204

**Table 22: Employees by gender, at 30 June 2019 and 30 June 2018**

Gender	2019	2018
Female ongoing	490	495
Female non-ongoing	43	33
Total female	533	528
Male ongoing	290	275
Male non-ongoing	23	19
Total male	313	294

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

**Table 23: Employees by location, at 30 June 2019 and 30 June 2018**

Location	2019	2018
Ongoing ACT	48	46
Non-ongoing ACT	4	3
Total ACT	52	49
Ongoing NSW	222	219
Non-ongoing NSW	13	13
Total NSW	235	232
Ongoing VIC	272	266
Non-ongoing VIC	36	26
Total VIC	308	292
Ongoing QLD	100	98
Non-ongoing QLD	5	7
Total QLD	105	105
Ongoing SA	70	72
Non-ongoing SA	0	3
Total SA	70	75
Ongoing WA	37	37
Non-ongoing WA	5	0
Total WA	42	37
Ongoing NT	3	3
Non-ongoing NT	0	0
Total NT	3	3

**Table 23 (continued)**

Location	2019	2018
Ongoing TAS	28	29
Non-ongoing TAS	3	0
Total TAS	31	29

**Table 24: Workplace diversity profile, at 30 June 2019 and 30 June 2018**

Self-disclosure category	2019	2018
People with disability	26	30
People from culturally and linguistically diverse backgrounds-ongoing	246	228
People from culturally and linguistically diverse backgrounds-non-ongoing	24	15
People from culturally and linguistically diverse backgrounds-total	270	243
People from Aboriginal and Torres Strait Islander backgrounds-ongoing	8	10
People from Aboriginal and Torres Strait Islander backgrounds-non-ongoing	0	0
People from Aboriginal and Torres Strait Islander backgrounds-total	8	10

**Table 25: Senior executive and executive-level employees by classification and gender, at 30 June 2019 and 30 June 2018**

Classification	2019 female	2018 female	2019 male	2018 male	2019 total	2018 total
EL 1	72	67	32	32	104	99
EL 2	16	15	19	22	35	37
SES Band 1	5	5	5	5	10	10
SES Band 2	1	1	3	2	4	3
<b>Total</b>	<b>94</b>	<b>88</b>	<b>59</b>	<b>61</b>	<b>153</b>	<b>149</b>

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

## Workforce management

### Capability development

In 2018–19, the Entity has continued to invest in developing our workforce capability. Our long-term Manager Academy project, aimed at developing and refreshing the skills of our managers, continued to deliver targeted solutions to current and future management challenges. This included the delivery of management basics training to new managers, unconscious bias training, quality communication e-learning and workshops, and facilitated conversations with senior executives.

Other 2018–19 capability development initiatives included:

- development and delivery of Fair Work Act legislative training to frontline staff
- provision of e-learning or face-to-face training in areas such as judgment and decision-making, mental health first aid, family and domestic violence, fraud awareness and the Child Safe Framework
- supporting staff to undertake formal accredited courses through our study assistance scheme
- providing a continuing professional development program to maintain the technical knowledge and professional development of staff
- enhancing the development pathway for new starters through an improved induction experience
- providing all employees with access to an online learning platform containing self-paced courses to cost-effectively enable employees to upskill at a time and place convenient to them.

### Employee engagement

The Entity has high engagement levels between staff, supervisors and the agency, and generally performs well in the Australian Public Service (APS) Employee Census, being consistently above the average for other medium-sized agencies, regulatory agencies and the APS overall.

Our staff report believing strongly in the purpose of the Entity and feel supported to develop new and innovative ways of working. Our higher-than-average engagement levels reflect an ongoing commitment to our branch level Census Action Plans, and encouragement of flexible work so that staff are supported to achieve work-life balance.

### Ethics and values

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

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

## Diversity and inclusion

We value diversity and inclusion and recognise the positive contribution made by employees from diverse backgrounds.

In 2018–19, our commitment to an inclusive and flexible workplace continued through:

- implementation of our new Diversity and Inclusion Strategy and Diversity and Inclusion Action Plan 2018–21
- implementation of our new Gender Equality Action Plan 2018–21
- providing online training to increase diversity awareness for the following diversity groups — Gay, Lesbian, Bisexual, Transgender and Intersex; Aboriginal and Torres Strait Islander; Multi-Cultural; and People with Disability
- development of resources to support and promote the take-up of flexible work arrangements
- review of the Domestic and Family Violence Policy, and support mechanisms for employees experiencing family or domestic violence confirmed to include access to up to 20 days paid leave per calendar year, and a large increase in the number of trained Domestic and Family Violence Contact Officers
- maintaining and promoting a register of multilingual staff willing to assist customers from diverse backgrounds
- sponsorship of employee networks including our Gay, Lesbian, Bisexual, Transgender and Intersex Network; Gender Equality Network; Aboriginal and Torres Strait Islander Peoples Network; and Disability Network
- publication of a suite of resources to support our employee networks, including operational guidelines and templates
- our practice of briefing both male and female counsel; we briefed female counsel 31 times and male counsel 31 times
- continued accreditation by White Ribbon Australia as a workplace that takes active steps to prevent and respond to violence against women
- accreditation by the Australian Breastfeeding Association as a Breastfeeding Friendly Workplace
- participation in the Australian Network on Disability Stepping Into Internships Program, which facilitates paid internships for university students with disability

- participation in the Red Cross Next Generation Leadership Program, which places humanitarian visa holders in Australian workplaces to gain experience in leadership and advocacy
- publication of a diversity and culture calendar to celebrate and raise awareness of the diversity within our workplace and communities.

## Disability reporting

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

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–20, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014 and can be found on the Department of Social Services website.

## Remuneration and employment conditions

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

The agreement covers APS1–EL2 employees and provides access to a range of leave, flexible working arrangements, allowances and other benefits. It also provides for an Agency Consultative Forum, which facilitates staff consultation on workplace matters.

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

**Table 26: Employee workplace agreements, common law contracts, and individual flexibility agreements by classification, at 30 June 2019 and 30 June 2018**

Classification	2019 enterprise agreement	2018 enterprise agreement	2019 common law contract	2018 common law contract	2019 individual flexibility agreement	2018 individual flexibility agreement	2019 total	2018 total
APS1	0	0	0	0	0	0	0	0
APS2	5	5	0	0	0	0	5	5
APS3	106	99	0	0	0	0	106	99
APS4	118	119	0	0	0	0	118	119
APS5	295	288	0	0	0	0	295	288
APS6	167	162	0	0	2	0	169	162
EL1	104	99	0	0	0	0	104	99
EL2	32	34	0	0	3	3	35	37
SES Band 1	0	0	10	10	0	0	10	10
SES Band 2	0	0	4	3	0	0	4	3
<b>Total</b>	<b>827</b>	<b>806</b>	<b>14</b>	<b>13</b>	<b>5</b>	<b>3</b>	<b>846</b>	<b>822</b>

Our remuneration policy operates in accordance with parameters that apply across the APS. As per a common law agreement, a performance bonus of \$20,000 was paid to one SES B1 employee in 2018-19.

**Table 27: Salary ranges by classification, at 30 June 2019**

Classification	Salary ranges
APS1	\$49,814–\$51,766
APS2	\$56,443–\$61,772
APS3	\$63,461–\$68,402
APS4	\$70,610–\$76,589
APS5	\$78,668–\$83,347
APS6	\$85,166–\$97,905
EL1	\$108,302–\$116,881
EL2	\$124,809–\$178,602
SES Band 1	\$212,026–\$249,111
SES Band 2	\$264,446–\$283,635

Non-salary staff benefits can include:

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

## Executive Remuneration Reporting

During the reporting period ended 30 June 2019, the Entity had seven executives who meet the definition of key management personnel (KMP).

Their names and the length of term as KMP are summarised in Table 28.

**Table 28: Name, position and length of term of Key Management Personnel**

Name	Position	Term as KMP
Sandra Parker	Fair Work Ombudsman	Part year – Appointed 15 July 2018
Mark Bielecki	Registered Organisations Commissioner	Full year
Mark Scully	Deputy FWO, Corporate	Full year
Michael Campbell	Deputy FWO, Operations	Full year
Kristen Hannah	Deputy FWO, Strategic Engagement & Communications	Full year
Natalie James	Fair Work Ombudsman	Part year – End of appointment 14 July 2018
Jeremy O'Sullivan	Chief Counsel*	Part year – Appointed 1 April 2019

*\*The position of Chief Counsel was not part of the Corporate Board prior to the appointment of Mr O'Sullivan in April 2019.*

The remuneration and other benefits for the positions of Fair Work Ombudsman and the Registered Organisations Commissioner are set by the Remuneration Tribunal. All other KMP are remunerated through common law contracts that reference elements of the Entity's Enterprise Agreement and the policies of the entity.

In the notes to the financial statements for the period ending 30 June 2019, the Entity disclosed the following KMP remuneration expenses.

**Table 29: KMP remuneration expenses**

	2019 \$'000
Short-term employee benefits	1719
Post-employment benefits	284
Other long-term employee benefits	60
Total key performance management personnel remuneration expenses	2063

In accordance with the PGPA Rule, this information is further disaggregated as shown in Table 30.

**Table 30: Disaggregated KMP remuneration expenses**

Name	Position	Short-term benefits		Post-employment benefits	Other long-term benefits	Total Remuneration
		Base salary	Other benefits and allowances	Superannuation contributions	Long service leave	
Sandra Parker	Fair Work Ombudsman	361,699	–	65,857	12,635	440,191
Mark Bielecki	Registered Organisations Commissioner	338,752	–	52,168	11,726	402,646
Michael Campbell	Deputy FWO, Operations	278,326	33,014	51,695	10,783	373,818
Mark Scully	Deputy FWO, Corporate	262,710	33,014	45,542	10,343	351,609
Kristen Hannah	Deputy FWO, Strategic Engagement & Communications	260,540	33,014	47,102	10,267	350,923
Jeremy O'Sullivan	Chief Counsel	94,616	11,640	19,832	3854	129,942
Natalie James	Fair Work Ombudsman	11,895	–	1769	410	14,074
<b>Total</b>		<b>1,608,538</b>	<b>110,682</b>	<b>283,965</b>	<b>60,018</b>	<b>2,063,203</b>

During the reporting period ended 30 June 2019, the Entity had 11 other senior executives who did not meet the definition of a KMP. The remuneration of these senior executives is disclosed in remuneration bands in Table 31 and remuneration within each band is calculated as an average.

The average amounts for the relevant category are based on the number of senior executives within the relevant band, not the full-time equivalent.

**Table 31: Remuneration of senior executives**

Remuneration band	Number of senior executives	Short-term benefits		Post-employment benefits	Other long-term benefits	Average total remuneration
		Average base salary	Average other benefits and allowances	Average superannuation contributions	Average long service leave	
\$0-\$220,000	1	93,132	10,827	17,214	3620	124,793
\$245,001-\$270,000	1	184,750	27,911	32,750	8282	253,693
\$270,001-\$295,000	2	212,206	29,478	35,897	8449	286,031
\$295,001-\$320,000	4	229,766	28,688	40,834	8893	308,181
\$320,001-\$345,000	3	240,326	30,060	44,983	9434	324,803

## Work health and safety

In 2018–19, the Health and Wellbeing Framework 2018–2020 was implemented. The purpose of the Framework is to support, develop and embrace employee psychological and physical wellbeing, with the strategic focus on prevention, early intervention, and rehabilitation and injury management. Key initiatives aim to raise awareness, increase capability and provide appropriate support.

Initiatives included:

- hazard and risk identification, assessment, removal or mitigation, management, and evaluation
- regular review of health and safety-related policies, guides and fact sheets (e.g. the Children and Young People in the Workplace Policy, the Domestic and Family Violence Policy, Field Visit Risk Assessment Guide, and the Self-Care Guide for frontline staff)
- ongoing commitment of the Health and Safety Committee, including Health and Safety Representatives, who advised and consulted with the broader agency on workplace health and safety policy-related matters, reviewed trends in claim and incident data, and contributed to broader workplace health and safety initiatives
- provision of work health and safety training and information. Training has included WHS Responsibilities for FWO Officers, and Managing Unreasonable Complainant Conduct. Information was disseminated via the intranet and through targeted communications such as the quarterly WHS Executive Update to assist managers to meet their WHS obligations
- provision of training, webinars and information to promote wellbeing initiatives and encourage employees to actively look after their health (includes Practical Resilience training, 'New Year – New You' intranet articles and Mental Health First Aid training)
- programs in support of staff health and wellbeing included the 10,000 Steps Challenge to encourage physical activity, Speed Networking to encourage better relationships and communication, and RUOK? Day activities to support mental health in the workplace
- an influenza vaccination program
- workstation assessments (office and home) to promote good ergonomic practices and prevent body stressing injuries
- flexible working arrangements

- access to services through our employee assistance provider. Specialist and confidential support can be provided for a range of personal issues for individuals and work issues for people leaders
- early intervention and rehabilitation case management services.

During 2018–19, one new workers' compensation claim was accepted and the average weeks of incapacity per accepted claim remains low at 6.8 weeks, compared to the Commonwealth average of 13.7 weeks. The agency's initiatives and commitment to early intervention, rehabilitation, return to work principles and ongoing education continues to provide a safe and rewarding workplace for our employees.

## Work health and safety incident reporting

Under section 38 of the Work Health and Safety Act 2011, we are required to notify Comcare of any deaths, serious injury or illness, or dangerous incidents arising out of our work. There were two notifiable incidents reported to Comcare in 2018-19. Both related to lift malfunctions and were also reported to Worksafe Victoria.

Under Schedule 2, Part 3 of the Work Health and Safety Act 2011, we are required to report on any investigations undertaken by Comcare or any notices we received under Part 10 of the Work Health and Safety Act 2011. There were no investigations conducted or notices received during 2018–19.

## Property and environmental management

In 2018–19, we enhanced our commitment to environmental sustainability by replacing our internal combustion engine motor vehicle fleet with new hybrid battery-powered electric and petrol combustion vehicles.

Our other initiatives to reduce waste, energy and water consumption, and greenhouse emissions included:

- establishing an employee Green Team to consider and promote additional ways the Entity and its staff can reduce their environmental impact
- sensor lighting in offices, with a timer mechanism switching lighting off when rooms are not occupied

- participating in Earth Hour 2019, which involved turning off all non-essential lighting in our 23 tenancies on 30 March 2019
- using video conferencing and technology as a sustainable alternative to travel
- print-on-demand and setting default printing properties to duplex and black and white
- using recycled copy paper and engaging scheduled document destruction and recycling of cardboard/paper to reduce our environmental footprint
- continuing to replace paper-based processes with digital solutions
- participating in programs to recycle toner cartridges and mobile phones
- providing organic matter and recycling bins in addition to general waste kitchen bins in our office accommodation
- participating in disposable coffee cup recycling in selected offices.

## Governance

### Corporate Board

The Corporate Board makes key strategic and operational decisions on financial and corporate matters, and ensures compliance with the Public Governance, Performance and Accountability Act 2013, Public Service Act 1999 and other Commonwealth legislation and government policies.

The Corporate Board is chaired by the Fair Work Ombudsman and consists of the SES Band 2 Officers from each Group.

The Corporate Board is supported by the following Committees:

- **The Accountability Committee** has oversight of implementation of fraud controls, compliance with the Protective Security Policy Framework and decisions with respect to risks arising from the FWO's customer commitment, data analytical methodologies and information management
- **The Information Technology Committee** has oversight, and makes recommendations for approval, of information and communications technology related matters and projects
- **The People Committee** makes strategic and operational decisions on matters related to people, and monitors compliance with people related legislative obligations.

Regular meetings also occur with the Registered Organisations Commissioner pursuant to a Memorandum of Understanding.

### Enforcement Board

The Enforcement Board is the key decision-making body established with respect to the powers and functions of the FWO under the Fair Work Act 2009. This Board sets the FWO's strategic compliance and enforcement priorities and determines education, research and compliance and enforcement activities in line with these. The Board steers implementation and evaluation of agreed annual compliance and enforcement activities.

The Enforcement Board is chaired by the Fair Work Ombudsman and consists of the Fair Work Ombudsman and the three Deputies.

### SES Forum

Senior executives meet on a quarterly basis to discuss key strategic issues such as agency planning, professional development and other Entity-wide initiatives. Senior representatives from the FWO also meet regularly with representatives from the ROC pursuant to a Memorandum of Understanding.

### Audit and Risk Committee

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

In 2018–19, the Audit and Risk Committee comprised three independent members (including the Chair) and one senior officer from the FWO. During the period, the committee considered internal reviews of:

- payroll
- community Engagement Grants Program Administration
- IT Applications and Investment
- enforceable undertakings and compliance partnerships
- property management.

## Health and Safety Committee

The Health and Safety Committee reviews and provides recommendations for matters involving work health and safety, including implementing preventative initiatives and reporting on the implementation of relevant legislation and practices. Work health and safety outcomes are outlined at Workforce management on page 46.

## Business planning

Organisational goals are set out in our Corporate Plan and the FWO Purpose. These form the basis for the development of business plans which contain internal performance measures. Business plans provide a link between the Corporate Plan, strategic goals and individual performance plans.

Plans are updated to reflect changes in priorities, and performance against the plans is monitored by the Corporate Board and senior management. Our Corporate Plan and Purpose are made available to external stakeholders via our website and the Corporate Plan is submitted to the Department of Finance and Portfolio Minister annually.

## Risk and fraud management

A risk management framework facilitates the identification and management of risks across operational and corporate areas and informs the internal audit plan. Owners are assigned to risks, and controls and treatments are identified through a strategic risk register.

Following consultation, an internal audit plan was developed for 2019-20 that targets identified risk areas. The Audit and Risk Committee reviews the plan and risk information.

## Fraud controls and investigations

Our 2018-20 Fraud Control Plan and risk assessment enables us to manage and monitor identified fraud risks through prevention, detection and response initiatives.

All reasonable measures were taken to minimise fraud risk and to investigate possible fraud against the FWO and the ROC.

## External scrutiny

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

We welcome feedback from customers about their experience with us. Our Feedback and Complaints Management Policy is available on our website and enables customers to:

- give feedback — comment about our services
- submit a service complaint — express dissatisfaction with an aspect of our service
- request a review — ask for a decision to be reassessed.

**Table 32: Service complaints and requests for reviews received and finalised**

Action	2018-19	2017-18
Received	324	199
Finalised	316	197

Of the 324 matters reported in 2018-19, 91 matters related to technical issues experienced by users of the website, following active solicitation of feedback.

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

The ROC provides a formal complaint handling process for complaints about its staff and administrative processes, which is published on the ROC website.

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



## Reports to the Commonwealth Ombudsman

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

The Commonwealth Ombudsman investigates complaints about our actions and identifies and conducts its own motion investigations on administration matters. In 2018–19, no formal reviews were conducted in relation to the FWO’s operations. One outstanding matter was finalised by the Commonwealth Ombudsman in 2018–19, with no adverse findings.

In 2018–19, no formal reviews were conducted in relation to the ROC’s operations.

Table 33: Commonwealth Ombudsman investigations and findings

Action	2018–19	2017–18
Commonwealth Ombudsman investigations	0	7
Adverse findings	0	0

In 2018–19, there were no reports by the Auditor-General, the Australian National Audit Office, a parliamentary committee or the Commonwealth Ombudsman in relation to the FWO’s or ROC’s operations.

## Freedom of information

### FOI requests to FWO

The FWO received 50 requests for information under the Freedom of Information Act 1982 (FOI Act) in 2018–19. This compared with 60 requests received in 2017–18. The FWO’s disclosure log is available at [www.fairwork.gov.au](http://www.fairwork.gov.au). We continue to facilitate document access through our Information Access Policy, also available on the website, which reduces the need to make formal FOI requests. The FWO received 126 informal information access requests in 2018–19, compared with 125 requests in 2017–18.

### FOI requests to ROC

The ROC received five requests for information under the Freedom of Information Act 1982 (FOI Act) in 2018–19. The ROC’s disclosure log, which is published on the ROC website, reports what information has been provided and how to access it.

Formal FOI requests are not required for most documents held by the ROC. Most documents lodged by registered organisations are publicly available on the ROC website at [www.roc.gov.au](http://www.roc.gov.au).

## Information Publication Scheme

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

## Privacy

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

The FWO reported no privacy breaches to the Office of the Australian Information Commissioner (OAIC) in 2018–19. Two privacy complaints about the FWO were reported to OAIC in 2018–19. There were no adverse findings in one matter, and the other matter remains outstanding.

The ROC reported no privacy breaches to the OAIC during the year, compared with one matter reported in 2017–18.

## Judicial decisions or administrative reviews

There were no judicial decisions, or decisions of administrative tribunals or the Australian Information Commissioner, that have had a significant effect on the operations of the FWO or ROC in 2018–19.

## Regulator Performance Framework

Under the Regulator Performance Framework, the FWO’s and the ROC’s performance was measured against six key performance indicators in 2018–19. These measures involved reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.

Publicly reporting on the FWO's and the ROC's contributions to reducing unnecessary or inefficient regulation will give the community further confidence in the FWO's and the ROC's work. FWO's reports are available on the FWO website. The ROC's first Regulator Performance Framework report was for the period 2017–18. This report will be published on the ROC's website once approved.

## Financial management

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

Our financial results for 2018–19 are outlined in the financial statements. The operating loss for 2018–19 was \$6.745 million and includes depreciation expense of \$7.203 million, which is not funded by government appropriations.

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

In 2018–19, we reported no significant non-compliance with finance law.

### Purchaser-provider arrangements

During 2018–19, we purchased IT services and a number of other administrative functions on a fee-for-service basis through a longstanding arrangement with the Technology Services Division within the Department of Employment, Skills, Small and Family Business under a Memorandum of Understanding. The management of enterprise resource planning services was provided to the Entity on a fee-for-service basis under a Memorandum of Understanding with the Service Delivery Office within the Department of Finance.

### Procurement initiatives to support small and medium enterprises

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

- reducing tendering burden through use of the Commonwealth Contracting Suite for low-risk procurements under \$200,000
- adhering to the Commonwealth's 30-day payment policy
- engaging with small business organisations to increase understanding of each other's offerings and needs
- using credit cards to facilitate on-time payments.

Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance website ([www.finance.gov.au](http://www.finance.gov.au)).

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

### Procurement to support Indigenous enterprises

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

A total of eight contracts were awarded to Indigenous suppliers during the year, totalling \$138,339.34 (GST inclusive).

### Consultants

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

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

During 2018–19, 15 new consultancy contracts were entered into involving total expenditure of \$1,161,328 (including GST). In addition, seven ongoing consultancy contracts were active during the period, involving total expenditure of \$755,450.

**Table 34: Consultancy contract spending**

Action	2018-19	2017-18	2016-17
Number of new consultancy contracts	15	17	17
Value	\$1,161,328	\$509,168	\$976,186

Information on the value of contracts and consultancies is available on the AusTender website ([www.tenders.gov.au](http://www.tenders.gov.au)).

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

## Grants

During 2018-19, the Entity continued to administer the Community Engagement Grants Program (CEGP). Grants under that program run for four years to 31 December 2020.

Information on grants awarded under the CEGP is available at [www.fairwork.gov.au](http://www.fairwork.gov.au).

## Advertising and market research

Payments made to market research and media advertising organisations in 2018-19 are detailed in Table 35.

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

No advertising campaigns for which expenditure was greater than \$250,000 were undertaken in 2018-19.

**Table 35: Market research, direct mail and media advertising contracts over \$13 000 in 2018-19**

	Organisation	Service provided	Total paid in 2018-19 (GST inclusive)
Media advertising organisations	Universal McCann	Communication campaigns	\$64,499
	Universal McCann	Media advertising	\$345,421
Market research	ThinkPlace Australia		\$69,075
	Qualtrics		\$26,500





# 05: Financial Statements



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# Agency Resource Statement

Table 36: Agency Resource Statement 2018–2019

	Actual Available Appropriation for 2018–19 \$'000	Payments Made 2018–19 \$'000	Balance Remaining 2018–19 \$'000
	(a)	(b)	(a-b)
<b>Ordinary Annual Services<sup>1</sup></b>			
Departmental appropriation <sup>2</sup>	170,546	120,011	50,535
<b>Total Ordinary Annual Services</b>	<b>170,546</b>	<b>120,011</b>	<b>50,535</b>
<b>Other services</b>			
<b>Special Appropriation</b>			
Administered outputs	450	417	33
<b>Total Special Appropriation</b>	<b>450</b>	<b>417</b>	<b>33</b>
<b>Total Available Annual Appropriation</b>	<b>170,996</b>	<b>120,428</b>	<b>50,568</b>
<b>Funds Held by CRF</b>			
Opening balance	2,599	–	2,599
Non-appropriation receipts	723	–	723
Payments	–	417	(417)
<b>Total Funds Held by CRF</b>	<b>3,322</b>	<b>417</b>	<b>2,905</b>
<b>Special Account</b>			
Opening balance	2,208	–	2,208
Non-appropriation receipts	8,750	–	8,750
Payments	–	7,727	(7,727)
<b>Total Special Account</b>	<b>10,958</b>	<b>7,727</b>	<b>3,231</b>
<b>Total Net Resourcing for Fair Work Ombudsman and Registered Organisations Commission Entity</b>	<b>185,276</b>	<b>128,572</b>	<b>56,704</b>

<sup>1</sup> Appropriation Act (No. 1) 2018–19. This may also include prior-year departmental appropriation and section 74 retained revenue receipts.

<sup>2</sup> Includes an amount of \$6.897m in 2018–19 for the departmental capital budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

Table 37: 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 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation \$'000
	(a)	(b)	(a-b)
<b>Program 1: Education Services and Compliance Activities</b>			
Departmental Expenses			
Departmental appropriation	111,940	112,165	(225)
S74 Retained revenue receipts	1,100	1,568	(468)
Expenses not requiring appropriation in the budget year	8,085	7,203	882
<b>Total for Program 1</b>	<b>121,125</b>	<b>120,936</b>	<b>189</b>
<b>Total Expenses for Outcome 1</b>	<b>121,125</b>	<b>120,936</b>	<b>189</b>
		<b>2018–19</b>	
Average staffing level (number)		705	

**Table 38: Expenses and Resources for Outcome 2**

Outcome 2: Effective governance and financial transparency of registered employee and employer organisations, through regulation, investigation, and appropriate enforcement activities.	Budget 2018–19 \$'000	Actual Expenses 2018–19 \$'000	Variation \$'000
	(a)	(b)	(a-b)
<b>Program 1: Registered Organisations Commission</b>			
Departmental Expenses			
Departmental appropriation	7,752	7,069	683
<b>Total for Program 1</b>	<b>7,752</b>	<b>7,069</b>	<b>683</b>
<b>Total Expenses for Outcome 2</b>	<b>7,752</b>	<b>7,069</b>	<b>683</b>
		<b>2018–19</b>	
Average staffing level (number)		25	





## INDEPENDENT AUDITOR'S REPORT

### To the Minister for Industrial Relations

#### Opinion

In my opinion, the financial statements of the Fair Work Ombudsman and Registered Organisations Commission Entity ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

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

#### Basis for opinion

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

#### Accountable Authority's responsibility for the financial statements

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

Australian National Audit Office



Peter Kerr

Executive Director

Delegate of the Auditor-General

Canberra

16 September 2019

**STATEMENT BY THE ACCOUNTABLE AUTHORITY AND CHIEF FINANCIAL OFFICER**

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Sandra Parker  
Accountable Authority

16 September 2019



Russell Thackeray  
Chief Financial Officer

16 September 2019

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## STATEMENT OF COMPREHENSIVE INCOME for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	82,908	80,647	81,770
Suppliers	1.1B	36,227	35,862	35,422
Grants		1,667	1,612	1,669
Depreciation and amortisation	3.2	7,203	10,102	8,085
Losses from asset sales		–	1	–
<b>Total expenses</b>		<b>128,005</b>	<b>128,224</b>	<b>126,946</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Rental income		582	912	500
Other income	1.2A	986	935	600
<b>Total own-source revenue</b>		<b>1,568</b>	<b>1,847</b>	<b>1,100</b>
<b>Gains</b>				
Other gains		–	200	–
<b>Total gains</b>		<b>–</b>	<b>200</b>	<b>–</b>
<b>Total own-source income</b>		<b>1,568</b>	<b>2,047</b>	<b>1,100</b>
<b>Net cost of services</b>		<b>(126,437)</b>	<b>(126,177)</b>	<b>(125,846)</b>
Revenue from Government	1.2B	119,692	116,973	117,761
<b>Deficit</b>		<b>(6,745)</b>	<b>(9,204)</b>	<b>(8,085)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		–	205	–
<b>Total other comprehensive income</b>		<b>–</b>	<b>205</b>	<b>–</b>
<b>Total comprehensive loss attributable to the Australian Government</b>		<b>(6,745)</b>	<b>(8,999)</b>	<b>(8,085)</b>

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

Original budget reflects the figures presented in the 2018-19 Portfolio Budget Statements (PBS).

## Budget variance commentary

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

#### *Depreciation*

Lower than budgeted depreciation arose from delays in the finalisation of, and lower than expected expenditure on, capital projects.

#### *Grants*

Grant expense was not separately identified in the PBS, but was calculated as a discrete item during the budget phase, based on contracted payments and an estimate of the annual indexation to be applied.

#### *Other Income*

Higher than estimated revenue was received from services provided to other Government agencies and court costs awarded to the FWOROCe arising from litigations.

## STATEMENT OF FINANCIAL POSITION as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	3.1A	1,611	1,892	1,868
Trade and other receivables	3.1B	56,154	52,103	59,852
<b>Total financial assets</b>		<b>57,765</b>	<b>53,995</b>	<b>61,720</b>
<b>Non-financial assets</b>				
Land and buildings (leasehold improvements)	3.2	17,886	20,978	16,586
Property, plant and equipment	3.2	900	1,550	495
Intangibles	3.2	10,124	8,782	8,294
Prepayments		1,894	1,424	1,081
<b>Total non-financial assets</b>		<b>30,804</b>	<b>32,734</b>	<b>26,456</b>
<b>Total assets</b>		<b>88,569</b>	<b>86,729</b>	<b>88,176</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	3.3A	6,729	5,877	15,030
Other payables	3.3B	8,345	9,632	593
<b>Total payables</b>		<b>15,074</b>	<b>15,509</b>	<b>15,623</b>
<b>Provisions</b>				
Employee provisions	6.1A	24,087	21,584	21,471
Other provisions	3.4	1,086	1,466	5,863
<b>Total provisions</b>		<b>25,173</b>	<b>23,050</b>	<b>27,334</b>
<b>Total liabilities</b>		<b>40,247</b>	<b>38,559</b>	<b>42,957</b>
<b>Net assets</b>		<b>48,322</b>	<b>48,170</b>	<b>45,219</b>
<b>EQUITY</b>				
Contributed equity		110,564	103,667	110,882
Reserves		5,981	5,981	5,776
Retained earnings (accumulated deficit)		(68,223)	(61,478)	(71,439)
<b>Total equity</b>		<b>48,322</b>	<b>48,170</b>	<b>45,219</b>

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

Original Budget reflects the figures presented in the 2018–19 PBS.

## Budget variance commentary

### Statement of Financial Position for FWOROCE

#### *Trade and other receivables*

Higher than budgeted capital expenditure payments made in the second half of the 2017-18 financial year reduced the opening appropriation receivable balance at 1 July 2018. The original budget was not able to be amended to reflect these payments prior to the publication of the PBS.

#### *Intangibles and Non-financial assets*

Delays in the completion and subsequent recognition of assets from capital projects resulted in a lower than expected depreciation of non-financial assets and a higher than budgeted written down value.

#### *Prepayments*

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

#### *Suppliers*

The timing of payment of invoices led to a significantly lower creditors balance at 30 June 2019 compared to the budget.

#### *Other payables*

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

#### *Employee provisions*

Lower than expected bond rates have reduced the discounting effect on leave entitlements, resulting in higher than budgeted Employee provisions.

#### *Other provisions*

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



## STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening Balance</b>				
Balance carried forward from previous period		103,667	98,384	103,667
<b>Opening balance</b>		<b>103,667</b>	<b>98,384</b>	<b>103,667</b>
<b>Comprehensive Income</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriations		-	-	-
Departmental capital budget	5.1	6,897	5,283	7,215
<b>Total transactions with owners</b>		<b>6,897</b>	<b>5,283</b>	<b>7,215</b>
<b>Closing balance as at 30 June</b>		<b>110,564</b>	<b>103,667</b>	<b>110,882</b>

## ASSET REVALUATION RESERVE

<b>Opening Balance</b>				
Balance carried forward from previous period		5,981	5,776	5,776
<b>Opening balance</b>		<b>5,981</b>	<b>5,776</b>	<b>5,776</b>
<b>Comprehensive Income</b>				
Revaluation	3.2	-	205	-
<b>Total comprehensive income</b>		<b>-</b>	<b>205</b>	<b>-</b>
<b>Closing balance as at 30 June</b>		<b>5,981</b>	<b>5,981</b>	<b>5,776</b>

## RETAINED EARNINGS

<b>Opening Balance</b>				
Balance carried forward from previous period		(61,478)	(52,274)	(63,354)
<b>Opening balance</b>		<b>(61,478)</b>	<b>(52,274)</b>	<b>(63,354)</b>
<b>Comprehensive Income</b>				
Surplus/(Deficit) for the period		(6,745)	(9,204)	(8,085)
<b>Total comprehensive income</b>		<b>(6,745)</b>	<b>(9,204)</b>	<b>(8,085)</b>
<b>Closing balance as at 30 June</b>		<b>(68,223)</b>	<b>(61,478)</b>	<b>(71,439)</b>

## TOTAL EQUITY

<b>Opening Balance</b>				
Balance carried forward from previous period		48,170	51,886	46,089
<b>Opening balance</b>		<b>48,170</b>	<b>51,886</b>	<b>46,089</b>
<b>Comprehensive Income</b>				
Surplus/(Deficit) for the period		(6,745)	(9,204)	(8,085)
Revaluation		-	205	-
<b>Total comprehensive income</b>		<b>(6,745)</b>	<b>(8,999)</b>	<b>(8,085)</b>
<b>Transactions with owners</b>				
<b>Contributions by owners</b>				
Equity injection - Appropriations		-	-	-
Departmental capital budget		6,897	5,283	7,215
<b>Total transactions with owners</b>		<b>6,897</b>	<b>5,283</b>	<b>7,215</b>
<b>Closing balance as at 30 June</b>		<b>48,322</b>	<b>48,170</b>	<b>45,219</b>

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

Original Budget reflects the figures presented in the 2018-19 PBS.

## Accounting policy

### ***Equity injections***

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

### ***Restructuring of administrative arrangements***

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

## Budget variance commentary

### ***Surplus/(Deficit) for the period***

Depreciation did not reach budgeted levels due to the lower than planned finalisation of capital projects and combined with higher revenue from sub-lease rental income and receipts for services provided to other agencies to produce the lower deficit result for the year.

## CASH FLOW STATEMENT for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		117,305	125,193	118,798
Sales of goods and rendering of services		1,842	1,526	1,893
Net goods and services tax (GST) received		2,794	4,425	-
Other		-	-	500
<b>Total cash received</b>		<b>121,941</b>	<b>131,144</b>	<b>121,191</b>
<b>Cash used</b>				
Employees		80,581	80,167	81,770
Suppliers		37,709	40,377	37,421
Section 74 receipts transferred to Official Public Account (OPA)		4,075	3,007	-
<b>Total cash used</b>		<b>122,365</b>	<b>123,551</b>	<b>119,191</b>
<b>Net cash from (used by) operating activities</b>		<b>(424)</b>	<b>7,593</b>	<b>2,000</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of non-financial assets		4,803	14,666	9,215
<b>Total cash used</b>		<b>4,803</b>	<b>14,666</b>	<b>9,215</b>
<b>Net cash used by investing activities</b>		<b>(4,803)</b>	<b>(14,666)</b>	<b>(9,215)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		4,946	7,097	7,215
<b>Total cash received</b>		<b>4,946</b>	<b>7,097</b>	<b>7,215</b>
<b>Net cash from financing activities</b>		<b>4,946</b>	<b>7,097</b>	<b>7,215</b>
<b>Net increase/(decrease) in cash held</b>		<b>(281)</b>	<b>24</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		1,892	1,868	1,868
<b>Cash and cash equivalents at the end of the reporting period</b>	3.1A	<b>1,611</b>	<b>1,892</b>	<b>1,868</b>

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

Original Budget reflects the figures presented in the 2018-19 PBS.

## **Budget variance commentary**

### ***Operating activities***

#### ***Section 74 receipts***

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

### ***Investing activities***

#### ***Purchase of non-financial assets***

Lower than planned expenditure on non-financial assets was due to savings made against a number of software projects and fewer than estimated projects being undertaken.

#### ***Contributed equity***

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

## ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original Budget \$'000
<b>NET COST OF SERVICES</b>				
Expenses				
Write-down and impairment of assets	2.1	988	2,714	-
<b>Total expenses</b>		<b>988</b>	<b>2,714</b>	<b>-</b>
<b>LESS:</b>				
Income				
Non-taxation revenue				
Fees and fines	2.2A	4,890	8,100	300
<b>Total revenue</b>		<b>4,890</b>	<b>8,100</b>	<b>300</b>
<b>Net contribution by services</b>		<b>3,902</b>	<b>5,386</b>	<b>300</b>
<b>Surplus</b>		<b>3,902</b>	<b>5,386</b>	<b>300</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>3,902</b>	<b>5,386</b>	<b>300</b>

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

Original Budget reflects the figures presented in the 2018-19 PBS.

### Budget variance commentary

#### *Write down and impairment of assets*

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

#### *Fees and fines*

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

## ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES as at 30 June 2019

	Notes	2019 \$'000	2018 \$ '000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Trade and other receivables	4.1A	6,284	4,736	2,530
Other financial assets	4.1B	944	1,087	913
<b>Total financial assets</b>		<b>7,228</b>	<b>5,823</b>	<b>3,443</b>
<b>Total assets administered on behalf of Government</b>		<b>7,228</b>	<b>5,823</b>	<b>3,443</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Other payables		-	1	-
<b>Total payables</b>		<b>-</b>	<b>1</b>	<b>-</b>
<b>Total liabilities administered on behalf of Government</b>		<b>-</b>	<b>1</b>	<b>-</b>
<b>Net assets</b>		<b>7,228</b>	<b>5,822</b>	<b>3,443</b>

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

Original Budget reflects the figures presented in the 2018-19 PBS.

### Budget variance commentary

#### *Trade and other receivables*

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

#### *Other financial assets*

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

## ADMINISTERED RECONCILIATION SCHEDULE as at 30 June 2019

	2019 \$ '000	2018 \$'000
Opening assets less liabilities as at 1 July	5,822	3,442
<b>Net (cost of)/contribution by services</b>		
Income	4,890	8,100
Expenses	(988)	(2,714)
<b>Transfers to/from Australian Government:</b>		
Transfers to OPA	(2,604)	(2,735)
Transfers to OPA by other agencies	108	(271)
Closing assets less liabilities as at 30 June	7,228	5,822

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 Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by the agency on behalf of the Government and reported as such in the schedule of administered cash flows and in the administered reconciliation schedule.

## ADMINISTERED CASH FLOW STATEMENT for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Fees and fines		2,604	2,735
<b>Total cash received</b>		<b>2,604</b>	<b>2,735</b>
<b>Net cash from operating activities</b>		<b>2,604</b>	<b>2,735</b>
<b>Net increase in cash held</b>		<b>2,604</b>	<b>2,735</b>
Cash and cash equivalents at the beginning of the reporting period		-	-
Cash from the OPA			
Administered accounts		(2,604)	(2,735)
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>-</b>	<b>-</b>

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 2019

## Overview

### The Basis of Preparation

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

The financial statements have been prepared in accordance with:

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

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

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

### New Australian Accounting Standards

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

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

AASB 9 *Financial Instruments* became effective on 1 July 2018. Refer to note 7.2 for the respective accounting policy and impact on adoption.

AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of NFP Entities* will become effective for the agency for the 2019-20 financial year. Both of these standards have been assessed and neither are expected to result in a material impact on the agency's financial statements.

### Taxation

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

### Reporting of Administered Activities

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

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

### Events After the Reporting Date

#### *Departmental*

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

#### *Administered*

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

# 1. Financial Performance

This section analyses the financial performance of FWOROCE for the year ended 2019.

## 1.1 Expenses

	2019 \$'000	2018 \$'000
<b>1.1A: Employee Benefits</b>		
Wages and salaries	57,835	56,238
Superannuation:		
Defined contribution plans	7,534	7,065
Defined benefit plans	4,027	4,088
Leave and other entitlements	12,010	10,184
Separation and redundancies	1,127	2,625
Other employee expenses	375	447
<b>Total employee benefits</b>	<b>82,908</b>	<b>80,647</b>
<b>Accounting policy</b>		
Accounting policies for employee related expenses are contained in the People and Relationships section (p. 91)		
<b>1.1B: Suppliers</b>		
<b>Goods and services supplied or rendered</b>		
Contractors	10,424	10,211
Legal fees	4,542	4,611
Property outgoings	2,683	2,688
Travel	2,248	2,276
Training	992	1,000
Telecommunications	1,520	1,483
Software licensing, support and maintenance	1,058	579
Consultants	925	626
Other	3,932	3,534
<b>Total goods and services supplied or rendered</b>	<b>28,324</b>	<b>27,008</b>
Goods supplied	1,556	1,341
Services rendered	26,768	25,667
<b>Total goods and services supplied or rendered</b>	<b>28,324</b>	<b>27,008</b>
<b>Other suppliers</b>		
Operating lease rentals	7,341	8,185
Workers compensation expenses	562	669
<b>Total other suppliers</b>	<b>7,903</b>	<b>8,854</b>
<b>Total suppliers</b>	<b>36,227</b>	<b>35,862</b>

## 1.1 Expenses<sup>(continued)</sup>

2019	2018
\$'000	\$'000

### Leasing commitments

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

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

Within 1 year	9,833	8,843
Between 1 to 5 years	39,029	31,760
More than 5 years	12,176	19,142
<b>Total operating lease commitments</b>	<b>61,038</b>	<b>59,745</b>

### Accounting policy

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

## 1.2 Own-Source Revenue and Gains

Own-Source Revenue	2019 \$'000	2018 \$'000
<b>1.2A: Other Income</b>		
Resources received free of charge - audit fees	75	77
Other income	911	858
<b>Total other income</b>	<b>986</b>	<b>935</b>

### 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.

### 1.2B: Revenue from Government

#### Appropriations

Departmental appropriations	119,692	116,973
<b>Total revenue from Government</b>	<b>119,692</b>	<b>116,973</b>

### Accounting policy

#### *Revenue from Government*

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

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

## 2. Income and Expenses Administered on Behalf of Government

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

### 2.1 Administered—Expenses

	2019 \$'000	2018 \$'000
<b>Write-Down and Impairment of Assets</b>		
Impairment of financial instruments	988	2,714
<b>Total write-down and impairment of assets</b>	<b>988</b>	<b>2,714</b>

#### Accounting policy

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

### 2.2 Administered - Income

Revenue	2019 \$'000	2018 \$'000
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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	3,848	7,649
Infringement notices	589	451
Other fees from regulatory services	453	-
<b>Total fees and fines</b>	<b>4,890</b>	<b>8,100</b>

#### Accounting policy

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

## 3. Financial Position

This section analyses the FWOROCE assets used to conduct its operations and the operating liabilities incurred as a result.

Employee related information is disclosed in the People and Relationships section.

### 3.1 Financial Assets

	2019 \$'000	2018 \$'000
<b>3.1A: Cash and Cash Equivalents</b>		
Cash on hand or on deposit	1,505	816
Cash held by contracted agents	106	1,076
<b>Total cash and cash equivalents</b>	<b>1,611</b>	<b>1,892</b>
<b>3.1B: Trade and Other Receivables</b>		
<b>Goods and services receivable</b>		
Goods and services	2,212	1,701
<b>Total goods and services receivables</b>	<b>2,212</b>	<b>1,701</b>
<b>Appropriations receivables</b>		
Appropriation receivable	52,155	46,740
<b>Total appropriations receivables</b>	<b>52,155</b>	<b>46,740</b>
<b>Other receivables</b>		
GST receivable from the ATO	217	304
Other	1,570	3,358
<b>Total other receivables</b>	<b>1,787</b>	<b>3,662</b>
<b>Total trade and other receivables</b>	<b>56,154</b>	<b>52,103</b>
No provision for impairment is provided for as at balance date.		
Credit terms for goods and services were within 30 days (2018: 30 days).		

#### Accounting policy

##### *Trade and other receivables*

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

##### *Impairment of financial assets*

Financial assets are assessed for credit risk on initial recognition and subsequently assessed for impairment at the end of each reporting period.

## 3.2 Non-Financial Assets

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

#### Reconciliation of the opening and closing balances of property, plant and equipment and intangibles for 2019

	Land and buildings (leasehold improvements) \$'000	Property, plant and equipment \$'000	Intangibles (computer software) <sup>1</sup> \$'000	Total \$'000
<b>As at 1 July 2018</b>				
Gross book value	30,838	5,265	35,956	72,059
Accumulated depreciation and amortisation	(9,860)	(3,715)	(27,174)	(40,749)
<b>Total as at 1 July 2018</b>	<b>20,978</b>	<b>1,550</b>	<b>8,782</b>	<b>31,310</b>
<b>Additions</b>				
Purchase	187	54	4,562	4,803
Depreciation and amortisation	(3,279)	(704)	(3,220)	(7,203)
<b>Total as at 30 June 2019</b>	<b>17,886</b>	<b>900</b>	<b>10,124</b>	<b>28,910</b>
<b>Total as at 30 June 2019 represented by</b>				
Gross book value	31,025	5,313	40,518	76,856
Accumulated depreciation, amortisation and impairment	(13,139)	(4,413)	(30,394)	(47,946)
<b>Total as at 30 June 2019</b>	<b>17,886</b>	<b>900</b>	<b>10,124</b>	<b>28,910</b>

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

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

The FWOROCE has no properties that have leasehold improvements where the lease is due for renewal or cessation within the next 12 months.

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

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

#### Revaluations of non-financial assets

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

#### Accounting policy

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

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

#### Asset recognition threshold

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



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

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

#### **Depreciation**

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

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

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

	2019	2018
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 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

#### **Derecognition**

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

#### **Intangibles**

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

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the agency's software are three years (2017-18: three years).

All software assets were assessed for indications of impairment as at 30 June 2019.

## 3.3 Payables

	2019 \$'000	2018 \$'000
<b>3.3A: Suppliers</b>		
Trade creditors and accruals	3,863	3,357
Operating lease rentals	2,866	2,520
<b>Total suppliers</b>	<b>6,729</b>	<b>5,877</b>

Settlement is usually made net 30 days.

<b>3.3B: Other Payables</b>		
Salaries and wages	624	600
Lease incentives	7,721	9,032
<b>Total other payables</b>	<b>8,345</b>	<b>9,632</b>

### Accounting policy

#### *Trade and other receivables*

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

## 3.4 Other Provisions

### 3.4: Other Provisions

	Provision for Onerous leases \$'000	Total \$'000
<b>As at 1 July 2018</b>	<b>1,466</b>	<b>1,466</b>
Releases of provisions	(380)	(380)
<b>Total as at 30 June 2019</b>	<b>1,086</b>	<b>1,086</b>

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 assets and liabilities that FWORCE does not control but administers on behalf of Government. Unless otherwise noted, the accounting policies adopted are consistent with those applied for departmental reporting.

### 4.1 Administered—Financial Assets

#### 4.1A: Trade and Other Receivables

	2019 \$ '000	2018 \$ '000
<b>Other receivables</b>		
Court-awarded penalties	10,110	9,034
<b>Total trade and others receivables (gross)</b>	<b>10,110</b>	<b>9,034</b>
<b>Less Impairment loss allowance</b>		
Other receivables—Court-awarded penalties	(3,826)	(4,298)
<b>Total trade and others receivables (net)</b>	<b>6,284</b>	<b>4,736</b>

All receivables are expected to be settled within 12 months.

#### 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 employees, workers and organisations as a result of court-awarded penalties.

	2019 \$ '000	2018 \$ '000
<b>4.1B: Other Financial Assets</b>		
Accrued revenue	944	1,087
<b>Total other financial assets</b>	<b>944</b>	<b>1,087</b>

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

## 5. Funding

This section identifies the FWOROCE funding structure.

### 5.1 Appropriations

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

##### Annual Appropriation for 2019

	Annual Appropriation \$'000	Adjustments to Appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation Applied in 2019 (current and prior Years) \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	119,692	4,075	123,767	120,303	3,464
Capital Budget <sup>3</sup>	7,215	(318)	6,897	4,946	1,951
<b>Total departmental</b>	<b>126,907</b>	<b>3,757</b>	<b>130,664</b>	<b>125,249</b>	<b>5,415</b>

#### Notes

1. Adjustments to Appropriation in 2018-19 comprised PGPA Act Section 74 receipts of \$4.075 million. In the 2018-19 financial year, the Department of Finance transferred \$318,000 of Departmental Capital Budget to the Service Delivery Office as FWOROCE's contribution to the upgrading of the SAP system.
2. The variance between total appropriation and appropriation applied in 2019 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 2018

	Annual Appropriation \$'000	Adjustments to Appropriation <sup>1</sup> \$'000	Total appropriation \$'000	Appropriation Applied in 2019 (current and prior Years) \$'000	Variance <sup>2</sup> \$'000
<b>Departmental</b>					
Ordinary annual services	116,973	3,007	119,980	132,723	(12,743)
Capital Budget <sup>4</sup>	5,283	–	5,283	7,097	(1,814)
<b>Total departmental</b>	<b>122,256</b>	<b>3,007</b>	<b>125,263</b>	<b>139,820</b>	<b>(14,557)</b>

#### Notes

1. Adjustments to Appropriation in 2017-18 comprised PGPA Act Section 74 receipts of \$3.007 million.
2. The variance between total appropriation and appropriation applied in 2018 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

	2019 \$'000	2018 \$'000
Appropriation Act (No 3) 2016-17	-	1,814
Appropriation Act (No. 1) 2017-18	-	45,254
Appropriation Act (No. 2) 2017-18	-	1,564
Appropriation Act (No. 1) 2018-19	51,802	-
Appropriation Act (No. 1) - Capital Budget (DCB) 2018-19	1,964	-
Total	53,766	48,632

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

Represented by:	Appropriations receivable	52,155	46,740
	Cash	1,611	1,892
		53,766	48,632

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

Authority	Type	Purpose	Appropriation Applied	
			2019 \$'000	2018 \$'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.	417	661
Total special appropriations applied			417	661

## 5.2 Special Accounts

	ROC Special Account <sup>1</sup>	
	2019 \$'000	2018 \$'000
<b>Balance brought forward from previous period</b>	<b>2,208</b>	<b>1,379</b>
Increases	8,750	6,509
<b>Total increases</b>	<b>8,750</b>	<b>6,509</b>
<b>Available for payments</b>	<b>10,958</b>	<b>7,888</b>
Decreases	7,727	5,680
<b>Total decreases</b>	<b>7,727</b>	<b>5,680</b>
<b>Total balance carried to the next period</b>	<b>3,231</b>	<b>2,208</b>
<b>Balance represented by:</b>		
Cash held in the agency bank account	–	–
Cash held in the OPA	3,231	2,208
<b>Total balance carried forward to next period</b>	<b>3,231</b>	<b>2,208</b>

1. Appropriation: PGPA Act, section 80.

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

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

## 6. People and Relationships

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

### 6.1 Employee Provisions

	2019 \$'000	2018 \$'000
<b>6.1A: Employee Provisions</b>		
Leave	23,656	21,541
Separations and redundancies	409	-
Other	22	43
<b>Total employee provisions</b>	<b>24,087</b>	<b>21,584</b>

#### Accounting policy

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

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

#### Leave

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

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

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

#### Separation and redundancy

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

#### Superannuation

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

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

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

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

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

#### Accounting judgements and estimates

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

## 6.2 Key Management Personnel Remuneration

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

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,719	3,663
Post-employment benefits	284	615
Other long-term employee benefits	60	444
<b>Total key management personnel remuneration expenses<sup>1</sup></b>	<b>2,063</b>	<b>4,722</b>

Notes: The total number of senior management personnel that are included in the above table are 7 (2018: 16)<sup>2</sup>.

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

2. The appointment of a new Chief Executive in July 2018 saw changes to the management structure of the entity, including the dissolution of the former Executive Board and the establishment of a Corporate Board as the primary decision-making body in the entity. The Corporate Board is comprised of the Chief Executive and her four direct reportees.

## 6.3 Related Party Disclosures

### Related party relationships:

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

### Transactions with related parties:

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

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



# 7. Managing Uncertainties

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

## 7.1 Contingent Assets and Liabilities

### 7.1A Contingent Assets and Liabilities

#### Unquantifiable contingencies

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

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

#### Accounting policy

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

7.1B: Administered—Contingent Assets and Liabilities
Quantifiable Administered Contingencies
At 30 June 2019, the agency has no quantifiable administered contingent assets. (2018: nil)
At 30 June 2019, the agency has no quantifiable administered contingent liabilities. (2018: nil)
Unquantifiable Administered Contingencies
At 30 June 2019, the agency is currently involved in litigation against 70 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. (2018: 88)
At 30 June 2019, the agency has no unquantifiable administered contingent liabilities. (2018: nil)

## 7.2 Categories of Financial Instruments

	2019 \$'000	2018 \$'000
<b>7.2A: Categories of Financial Instruments</b>		
<b>Financial Assets under AASB 139</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents		1,892
Goods and services receivables		1,701
Other receivables		3,358
<b>Total loans and receivables</b>		6,951
<b>Total financial assets</b>		6,951
<b>Financial Assets under AASB 9</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	1,611	
Goods and services receivables	2,212	
Other receivables	1,570	
<b>Total financial assets at amortised cost</b>	5,393	
<b>Total financial assets</b>	5,393	
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Suppliers	6,729	5,877
<b>Total financial liabilities measured at amortised cost</b>	6,729	5,877
<b>Total financial liabilities</b>	6,729	5,877

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

### Classification of financial assets on the date of initial application of AASB 9

Financial asset class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 Carrying amount at 30 June 2018 \$'000	AASB 9 Carrying amount at 1 July 2018 \$'000
<b>Financial Assets</b>					
Cash and cash equivalents	3.1A	Held-to-maturity	Amortised Cost	1,892	1,892
Goods and services receivables	3.1B	Held-to-maturity	Amortised Cost	1,701	1,701
Other receivables	3.1B	Held-to-maturity	Amortised Cost	3,358	3,358
<b>Total financial assets</b>				6,951	6,951

## 7.2 Categories of Financial Instruments *(continued)*

### Reconciliation of carrying amounts of financial assets on the date of initial application of AASB9

	AASB 139 Carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 Carrying amount at 1 July 2018 \$'000
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	1,892	–	–	1,892
Goods and services receivables	1,701	–	–	1,701
Other receivables	3,358	–	–	3,358
<b>Total amortised cost</b>	<b>6,951</b>	<b>–</b>	<b>–</b>	<b>6,951</b>

1. The change is carrying amount (by category) based on measurement under AASB 139 is \$0. The change in measurement on transition to AASB 9 is \$0.

#### Accounting policy

##### **Financial assets**

*With the implementation of AASB9 Financial Instruments for the first time in 2019, FWORCE classifies its financial assets in the following category:*

- *financial assets measured at amortised cost*

*The classification depends on both FWORCE's business model for managing financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.*

*Comparatives have not been restated on initial application.*

##### **Financial Assets at Amortised Cost**

Financial assets included in this category need to meet two criteria:

- (1) the financial asset is held in order to collect the contractual cash flows; and
- (2) the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using effective interest method.

##### **Effective Interest Method**

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

##### **Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

##### **Financial liabilities**

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

##### **Financial Liabilities at Amortised Cost**

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

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

## 7.3 Fair Value Measurement

### Accounting policy

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

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

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

### 7.3: Fair Value Measurement

	Fair value measurements at the end of the reporting period	
	2019 \$'000	2018 \$'000
<b>Non-financial assets</b>		
Land and buildings (leasehold improvements)	17,886	20,978
Property, plant and equipment	900	1,550
<b>Total fair value measurements of assets in the Statement of Financial Position</b>	<b>18,786</b>	<b>22,528</b>

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

## 8. Other information

### 8.1 Aggregate Assets and Liabilities

#### 8.1A: Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
<b>Assets expected to be recovered in:</b>		
No more than 12 months	59,659	55,419
More than 12 months	28,910	31,310
<b>Total assets</b>	<b>88,569</b>	<b>86,729</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	17,706	16,898
More than 12 months	22,541	21,661
<b>Total liabilities</b>	<b>40,247</b>	<b>38,559</b>

#### 8.1B: Administered Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
<b>Assets expected to be recovered in:</b>		
No more than 12 months	7,228	5,823
More than 12 months	-	-
<b>Total assets</b>	<b>7,228</b>	<b>5,823</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	-	1
More than 12 months	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1</b>

### 8.2 Assets Held in Trust

#### 8.2A: 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.

	2019 \$'000	2018 \$'000
<b>Monetary Assets</b>		
<b>As at 1 July</b>	<b>2,599</b>	<b>2,265</b>
Receipts	723	995
Payments	(417)	(661)
<b>Total monetary assets held in trust as at 30 June</b>	<b>2,905</b>	<b>2,599</b>

The values above are at fair value.

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# Reporting on specific legislation

Legislation	Section
Section 311A Commonwealth Electoral Act 1918	Advertising and market research (page 55)
Section 516A Environment Protection and Biodiversity Conservation Act 1999	Property and environmental management (page 50)
Part II Freedom of Information Act 1982	Freedom of information (page 53)
Schedule 2, Part 4 Work Health and Safety Act 2011	Work health and safety (page 50)
Section 329FC of the Registered Organisations Act	ROC priorities and activities (page 33)

# Glossary

## Annual performance statement

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

## Appropriation

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

## APS Employee Census

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

## AusTender

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

## Australian Public Service (APS) employee

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

## Comcare

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

## Common law contract

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

## Compliance notice

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

## Compliance partnership

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

## Corporate governance

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

## Corporate plan

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

## Customer Service Charter

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

## Early intervention

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

## Enforceable undertakings (EUs)

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

## Enterprise agreement

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



## Fair Work Act 2009

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

Fair Work (Registered Organisations) Act 2009

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

## Fair Work Amendment (Protecting Vulnerable Workers) Act 2017

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

## Find my award tool

An online tool that helps customers determine their award coverage.

## Freedom of Information Act 1982 (FOI Act)

This legislation gives people the right to request access to government-held information. This includes information they hold about individuals and government policies and decisions.

## Grant

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

## Individual flexibility agreement

A written agreement used by an employer and employee to change the effect of certain clauses in their award or registered agreement – making alternative arrangements that better suit the needs of the employer and employee. Other known term: flexibility term.

## 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](http://www.fairwork.gov.au/about-us/our-policies).

## Migrant Worker Taskforce

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

## 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 Employment Standards (NES)

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

## Online learning centre

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

## Outcomes

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

## Pay and Conditions Tool (PACT)

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

## Portfolio Budget Statements (PBS)

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

## Proactive compliance deed

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

## Program/Programme

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

## Public Governance, Performance and Accountability (PGPA) Act 2013

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

## Public Service Act 1999

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

## Purchaser-provider arrangements

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

## Purpose

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

## Regulator Performance Framework

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

## Record my hours

A application that is designed to assist employees record their hours of work.

## Small business

A business that employs fewer than 20 employees.

## Taskforce Cadena

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

## Abbreviations and acronyms

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
ACT	Australian Capital Territory
APS	Australian Public Service
APSC	Australian Public Service Commission
ATO	Australian Taxation Office
CEGP	Community Engagement Grants Program
CFMEU	Construction, Forestry, Mining and Energy Union
CSS	Commonwealth Superannuation Scheme
DCB	Departmental Capital Budgets
DHS	Department of Human Services
EL1	Executive Level 1
EL2	Executive Level 2
Fair Work Act	Fair Work Act 2009
FBT	Fringe benefits tax
FOI	Freedom of Information
FOI Act	Freedom of Information Act 1982
FRAC	Fast food, restaurant and café
FWO	Fair Work Ombudsman
FWOROCE	Fair Work Ombudsman and Registered Organisations Commission Entity
GST	Goods and services tax
IAGDP	Indigenous Australian Government Development Programme
IDC	Interdepartmental Committee
IPP	Indigenous Procurement Policy
IPS	Information Publication Scheme
IT	Information technology
KPI	Key performance indicator
NES	National Employment Standards

<b>NSW</b>	New South Wales
<b>NT</b>	Northern Territory
<b>OAIC</b>	Office of the Australian Information Commissioner
<b>OPA</b>	Official Public Account
<b>ORPs</b>	Officer and related party disclosures
<b>PACT</b>	Pay and Conditions Tool
<b>PBS</b>	Portfolio Budget Statements
<b>PCD</b>	Proactive Compliance Deed
<b>PGPA</b>	Public Governance, Performance and Accountability
<b>PGPA Act</b>	Public Governance, Performance and Accountability Act 2013
<b>Privacy Act</b>	Privacy Act 1988
<b>PSS</b>	Public Superannuation Scheme
<b>PSSap</b>	PSS Accumulation Plan
<b>Qld</b>	Queensland
<b>RO Act</b>	Fair Work (Registered Organisations) Act 2009
<b>ROC</b>	Registered Organisations Commission
<b>SA</b>	South Australia
<b>SES</b>	Senior Executive Service
<b>SME</b>	Small and medium enterprises
<b>Tas.</b>	Tasmania
<b>TURC</b>	Royal Commission into Trade Union Governance and Corruption
<b>Vic.</b>	Victoria
<b>WA</b>	Western Australia

# List of requirements

PGPA Rule reference	Part of report	Description	Requirement	Page/s
<b>17AD(g)</b>	<b>Letter of transmittal</b>			
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
<b>17AD(h)</b>	<b>Aids to access</b>			
17AJ(a)		Table of contents.	Mandatory	iv
17AJ(b)		Alphabetical index.	Mandatory	100–103
17AJ(c)		Glossary of abbreviations and acronyms.	Mandatory	90–94
17AJ(d)		List of requirements.	Mandatory	95–98
17AJ(e)		Details of contact officer.	Mandatory	104
17AJ(f)		Entity's website address.	Mandatory	104
17AJ(g)		Electronic address of report.	Mandatory	104
<b>17AD(a)</b>	<b>Review by accountable authority</b>			
17AD(a)		A review by the accountable authority of the entity.	Mandatory	1–2
<b>17AD(b)</b>	<b>Overview of the entity</b>			
17AE(1)(a)(i)		A description of the role and functions of the entity.	Mandatory	4
17AE(1)(a)(ii)		A description of the organisational structure of the entity.	Mandatory	5–6
17AE(1)(a)(iii)		A description of the outcomes and programmes administered by the entity.	Mandatory	4
17AE(1)(a)(iv)		A description of the purposes of the entity as included in corporate plan.	Mandatory	4
17AE(1)(aa)(i)		Name of the accountable authority or each member of the accountable authority	Mandatory	
17AE(1)(aa)(ii)		Position title of the accountable authority or each member of the accountable authority	Mandatory	
17AE(1)(aa)(iii)		Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory	
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
<b>17AD(c)</b>	<b>Report on the performance of the entity</b>			
	<b>Annual performance statements</b>			
17AD(c)(i); 16F		Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	9, 27
<b>17AD(c)(ii)</b>	<b>Report on financial performance</b>			
17AF(1)(a)		A discussion and analysis of the entity's financial performance.	Mandatory	46–47
17AF(1)(b)		A table summarising the total resources and total payments of the entity.	Mandatory	49–50

PGPA Rule reference	Part of report	Description	Requirement	Page/s
17AF(2)		If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, mandatory	46
17AD(d)	<b>Management and accountability</b>			
	<i>Corporate governance</i>			
17AG(2)(a)		Information on compliance with section 10 (fraud systems)	Mandatory	44
17AG(2)(b)(i)		A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	iii
17AG(2)(b)(ii)		A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	iii
17AG(2)(b)(iii)		A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	iii
17AG(2)(c)		An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	43–44
17AG(2)(d) – (e)		A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non compliance with Finance law and action taken to remedy non compliance.	If applicable, mandatory	N/A
	<i>External scrutiny</i>			
17AG(3)		Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	44–45
17AG(3)(a)		Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, mandatory	46
17AG(3)(b)		Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, mandatory	N/A
17AG(3)(c)		Information on any capability reviews on the entity that were released during the period.	If applicable, mandatory	N/A
	<i>Management of human resources</i>			
17AG(4)(a)		An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	40–43
17AG(4)(aa)		Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender (d) statistics on staff location	Mandatory	
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"><li>• statistics on staffing classification level</li><li>• statistics on full time employees</li><li>• statistics on part time employees</li><li>• statistics on gender</li><li>• statistics on staff location</li><li>• statistics on employees who identify as Indigenous.</li></ul>	Mandatory	39–40

PGPA Rule reference	Part of report	Description	Requirement	Page/s
17AG(4)(c)		Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory	42
17AG(4)(c)(i)		Information on the number of SES and non SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	42
17AG(4)(c)(ii)		The salary ranges available for APS employees by classification level.	Mandatory	42
17AG(4)(c)(iii)		A description of non salary benefits provided to employees.	Mandatory	42
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, mandatory	N/A
17AG(4)(d)(ii)		Information on aggregate amounts of performance pay at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iii)		Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, mandatory	N/A
17AG(4)(d)(iv)		Information on aggregate amount of performance payments.	If applicable, mandatory	N/A
<b>Assets management</b>				
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
<b>Purchasing</b>				
17AG(6)		An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory	46–47
<b>Consultants</b>				
17AG(7)(a)		A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory	46–47
17AG(7)(b)		A statement that “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]”.	Mandatory	46–47
17AG(7)(c)		A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	46–47
17AG(7)(d)		A statement that “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.”	Mandatory	46–47
<b>Australian National Audit Office access clauses</b>				
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/s
<b>Exempt contracts</b>				
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
<b>Small business</b>				
17AG(10)(a)		A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory	46
17AG(10)(b)		An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	46
17AG(10)(c)		If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, mandatory	46
<b>Financial statements</b>				
17AD(e)		Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	48–87
<b>Executive Remuneration</b>				
17AD(da)		Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2 3 of the Rule.	Mandatory	
17AD(f)	<b>Other mandatory information</b>			
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)(iii)		If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, mandatory	47
17AH(1)(b)		A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, mandatory	47
17AH(1)(c)		Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	41
17AH(1)(d)		Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	45
17AH(1)(e)		Correction of material errors in previous annual report.	If applicable, mandatory	99
17AH(2)		Information required by other legislation: <ul style="list-style-type: none"> <li>Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)</li> <li>Advertising and Market Research (section 311A of the <i>Commonwealth Electoral Act 1918</i>)</li> <li>Ecologically sustainable development and environmental performance (section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>).</li> </ul>	Mandatory	89



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# Contact

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## Mail

Annual Report Coordinator  
Strategic Communications & Education  
Fair Work Ombudsman  
GPO box 9887  
Melbourne Victoria 3000

Email [communications@fwo.gov.au](mailto:communications@fwo.gov.au)

Annual report [fairwork.gov.au/annual-report](http://fairwork.gov.au/annual-report)

Website [fairwork.gov.au](http://fairwork.gov.au)

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